

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD
Form 20-F
April 13, 2012
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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F

.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-14700

(Exact Name of Registrant as Specified in Its Charter)

Taiwan Semiconductor Manufacturing Company Limited
(Translation of Registrant's Name Into English)

Republic of China
(Jurisdiction of Incorporation or Organization)

No. 8, Li-Hsin Road 6

Hsinchu Science Park

Hsinchu, Taiwan

Republic of China

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

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Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, par value NT\$10.00 each*	The New York Stock Exchange, Inc.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2011, 25,916,222,575 Common Shares, par value NT\$10 each were outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15)(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

* Not for trading, but only in connection with the listing on the New York Stock Exchange, Inc. of American Depositary Shares representing such Common Shares

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<p>TSMC , tsmc , NEXSYS, NEXSYS Technology for SoC, EFOUNDRY, VIRTUAL FAB, TSMC-YOUR VIRTUAL FAB, TSMC-YOUR VIRTUAL FAB IN SEMICONDUCTOR MANUFACTURING, OPEN INNOVATION and OPEN INNOVATION PLATFORM ARE OUR REGISTERED TRADEMARKS IN VARIOUS JURISDICTIONS INCLUDING THE UNITED STATES OF AMERICA USED BY US. ALL RIGHTS RESERVED.</p>	

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual report includes statements that are, or may be deemed to be, forward-looking statements within the meaning of U.S. securities laws. The terms anticipates, expects, may, will, should and other similar expressions identify forward-looking statements. These statements appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. Important factors that could cause those differences include, but are not limited to:

the volatility of the semiconductor and microelectronics industry;

overcapacity in the semiconductor industry;

the increased competition from other companies and our ability to retain and increase our market share;

our ability to develop new technologies successfully and remain a technological leader;

our ability to maintain control over expansion and facility modifications;

our ability to generate growth and profitability;

our ability to hire and retain qualified personnel;

our ability to acquire required equipment and supplies necessary to meet business needs;

our reliance on certain major customers;

the political stability of our local region; and

general local and global economic conditions.

Forward-looking statements include, but are not limited to, statements regarding our strategy and future plans, future business condition and financial results, our capital expenditure plans, our capacity management plans, expectations as to the commercial production using 20-nanometer and more advanced technologies, technological upgrades, investment in research and development, future market demand, future regulatory or other developments in our industry. Please see Item 3. Key Information Risk Factors for a further discussion of certain factors that may cause actual results to differ materially from those indicated by our forward-looking statements.

Table of Contents**PART I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**Selected Financial and Operating Data**

The selected income statement data, cash flow data and other financial data for the years ended December 31, 2009, 2010 and 2011, and the selected balance sheet data as of December 31, 2010 and 2011, set forth below, are derived from our audited consolidated financial statements included herein, and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements, including the notes thereto. The selected income statement data, cash flow data and other financial data for the years ended December 31, 2007 and 2008 and the selected balance sheet data as of December 31, 2007, 2008 and 2009, set forth below, are derived from our audited consolidated financial statements not included herein. The consolidated financial statements have been prepared and presented in accordance with accounting principles generally accepted (GAAP or R.O.C. GAAP) in the Republic of China (R.O.C. or Taiwan), which differ in some material respects from accounting principles generally accepted in the United States of America (U.S. GAAP) as further explained under note 34 to our consolidated financial statements.

	Year ended and as of December 31					2011 US\$
	2007 NT\$	2008 NT\$	2009 NT\$	2010 NT\$	2011 NT\$	
	(in millions, except for percentages,					
	earnings per share and per ADS, and operating data)					
Income Statement Data:						
R.O.C. GAAP						
Net sales	322,630	333,158	295,742	419,538	427,081	14,109
Cost of sales ⁽⁶⁾	(180,280)	(191,408)	(166,413)	(212,484)	(232,938)	(7,695)
Gross profit before affiliates elimination	142,350	141,750	129,329	207,054	194,143	6,414
Unrealized gross profit from affiliates					(74)	(3)
Gross profit	142,350	141,750	129,329	207,054	194,069	6,411
Operating expenses ⁽⁶⁾	(30,628)	(37,315)	(37,367)	(47,879)	(52,512)	(1,735)
Income from operations	111,722	104,435	91,962	159,175	141,557	4,676
Non-operating income and gains	11,934	10,822	5,654	13,136	5,359	177
Non-operating expenses and losses	(2,014)	(3,785)	(2,153)	(2,041)	(1,768)	(58)
Income before income tax	121,642	111,472	95,463	170,270	145,148	4,795
Income tax expense	(11,710)	(10,949)	(5,997)	(7,988)	(10,695)	(353)
Net income	109,932	100,523	89,466	162,282	134,453	4,442
Net income attributable to minority interests	(755)	(590)	(248)	(677)	(252)	(8)
Net income attributable to shareholders of the parent	109,177	99,933	89,218	161,605	134,201	4,434
Basic earnings per share ⁽¹⁾	4.04	3.84	3.45	6.24	5.18	0.17
Diluted earnings per share ⁽¹⁾	4.04	3.81	3.44	6.23	5.18	0.17
Basic earnings per ADS equivalent ⁽¹⁾	20.21	19.19	17.27	31.19	25.89	0.86
Diluted earnings per ADS equivalent ⁽¹⁾	20.20	19.05	17.22	31.17	25.88	0.86
Basic weighted average shares outstanding ⁽¹⁾	27,005	26,039	25,836	25,906	25,914	25,914
Diluted weighted average shares outstanding ⁽¹⁾	27,025	26,234	25,912	25,920	25,925	25,925

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U.S. GAAP						
Net sales	323,221	334,340	296,109	419,988	427,488	14,123
Cost of sales	(202,046)	(203,734)	(167,122)	(212,771)	(232,989)	(7,697)
Gross profit before affiliates elimination	121,175	130,606	128,987	207,217	194,499	6,426
Unrealized gross profit from affiliates					(74)	(3)
Gross profit	121,175	130,606	128,987	207,217	194,425	6,423
Operating expenses	(44,775)	(44,424)	(37,627)	(48,434)	(52,405)	(1,731)
Income from operations	76,400	86,182	91,360	158,783	142,020	4,692
Income before income tax	85,973	91,884	94,253			