



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	March 31, 2014 (Unaudited)			December 31, 2013 (Audited)		March 31, 2013 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 7,601	\$ 231,697	17.8	\$ 242,695	19.2	\$ 186,029	17.5	\$ (10,998)	(4.5)	\$ 45,668	24.5
Investments in Marketable Financial Instruments	107	3,251	0.3	2,647	0.2	3,226	0.4	604	22.8	25	0.8
Accounts Receivable	2,439	74,333	5.7	71,942	5.7	65,907	6.2	2,391	3.3	8,426	12.8
Inventories	1,426	43,481	3.3	37,495	3.0	37,834	3.6	5,986	16.0	5,647	14.9
Other Current Assets	102	3,128	0.3	3,708	0.3	4,756	0.4	(580)	(15.6)	(1,628)	(34.2)
Total Current Assets	11,675	355,890	27.4	358,487	28.4	297,752	28.1	(2,597)	(0.7)	58,138	19.5
Non-current Assets											
Long-term Investments	2,980	90,847	7.0	89,184	7.1	70,702	6.6	1,663	1.9	20,145	28.5
Property, Plant and Equipment	27,163	828,012	63.8	792,666	62.8	666,447	62.8	35,346	4.5	161,565	24.2
Intangible and Other Non-current Assets	787	23,990	1.8	22,718	1.7	26,729	2.5	1,272	5.6	(2,739)	(10.2)
Total Non-current Assets	30,930	942,849	72.6	904,568	71.6	763,878	71.9	38,281	4.2	178,971	23.4
Total Assets	\$ 42,605	\$ 1,298,739	100.0	\$ 1,263,055	100.0	\$ 1,061,630	100.0	\$ 35,684	2.8	\$ 237,109	22.3
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 815	\$ 24,844	1.9	\$ 15,645	1.2	\$ 35,843	3.4	\$ 9,199	58.8	\$ (10,999)	(30.7)
Accounts Payable	548	16,711	1.3	16,359	1.3	13,256	1.2	352	2.2	3,455	26.1
Payables to Contractors and Equipment Suppliers	1,754	53,461	4.1	89,810	7.1	48,601	4.6	(36,349)	(40.5)	4,860	10.0
Accrued Expenses and Other Current Liabilities	2,604	79,381	6.1	67,964	5.4	60,375	5.7	11,417	16.8	19,006	31.5
Current Portion of Bonds Payable and Bank Loans	-	-	-	-	-	131	-	-	-	(131)	(100.0)
Total Current Liabilities	5,721	174,397	13.4	189,778	15.0	158,206	14.9	(15,381)	(8.1)	16,191	10.2
Non-current Liabilities											
Bonds Payable	6,948	211,798	16.3	210,768	16.7	125,000	11.8	1,030	0.5	86,798	69.4
Other Non-current Liabilities	477	14,546	1.2	14,734	1.2	9,775	0.9	(188)	(1.3)	4,771	48.8
Total Non-current Liabilities	7,425	226,344	17.5	225,502	17.9	134,775	12.7	842	0.4	91,569	67.9
Total Liabilities	13,146	400,741	30.9	415,280	32.9	292,981	27.6	(14,539)	(3.5)	107,760	36.8
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,506	259,291	20.0	259,286	20.5	259,282	24.4	5	0.0019	9	0.0
Capital Surplus	1,832	55,835	4.3	55,859	4.4	55,763	5.3	(24)	(0.0)	72	0.1
Legal Capital Reserve	4,345	132,436	10.2	132,436	10.6	115,820	10.9	-	-	16,616	14.3
Special Capital Reserve	91	2,786	0.2	2,786	0.2	7,606	0.7	-	-	(4,820)	(63.4)
Unappropriated Earnings	14,134	430,842	33.2	382,971	30.3	324,562	30.6	47,871	12.5	106,280	32.7
Others	544	16,584	1.2	14,170	1.1	3,098	0.3	2,414	17.0	13,486	435.3
Equity Attributable to Shareholders of the Parent	29,452	897,774	69.1	847,508	67.1	766,131	72.2	50,266	5.9	131,643	17.2
Noncontrolling Interests	7	224	-	267	-	2,518	0.2	(43)	(16.1)	(2,294)	(91.1)
Total Shareholders' Equity	29,459	897,998	69.1	847,775	67.1	768,649	72.4	50,223	5.9	129,349	16.8
Total Liabilities & Shareholders' Equity	\$ 42,605	\$ 1,298,739	100.0	\$ 1,263,055	100.0	\$ 1,061,630	100.0	\$ 35,684	2.8	\$ 237,109	22.3

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.483 as of March 31, 2014

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended March 31, 2014, December 31, 2013, March 31, 2013

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	1Q 2014			4Q 2013		1Q 2013		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 4,900	\$ 148,215	100.0	\$ 145,806	100.0	\$ 132,755	100.0	\$ 2,409	1.7	\$ 15,460	11.6
Cost of Revenue											
Depreciation/Amortization	(1,249)	(37,791)	(25.5)	(37,334)	(25.6)	(33,338)	(25.1)	(4,288)	11.5	(8,284)	24.8
Other Manufacturing Cost	(1,323)	(40,024)	(27.0)	(43,610)	(29.9)	(38,647)	(29.1)	7,417	(17.0)	2,454	(6.3)
Total Cost of Revenue	(2,572)	(77,815)	(52.5)	(80,944)	(55.5)	(71,985)	(54.2)	3,129	(3.9)	(5,830)	8.1
Gross Profit	2,328	70,400	47.5	64,862	44.5	60,770	45.8	5,538	8.5	9,630	15.8
Operating Expenses											
Research and Development Expenses	(399)	(12,067)	(8.1)	(12,168)	(8.3)	(10,651)	(8.0)	101	(0.8)	(1,416)	13.3
Sales, General and Administrative Expenses	(193)	(5,808)	(4.0)	(4,966)	(3.4)	(5,725)	(4.3)	(842)	17.0	(83)	1.4
Total Operating Expenses	(592)	(17,875)	(12.1)	(17,134)	(11.7)	(16,376)	(12.3)	(741)	4.3	(1,499)	9.2
Other Operating Income and Expenses	-	(3)	-	26	-	34	-	(29)	(111.5)	(37)	(108.8)
Income from Operations	1,736	52,522	35.4	47,754	32.8	44,428	33.5	4,768	10.0	8,094	18.2
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	32	955	0.6	1,145	0.8	654	0.5	(190)	(16.6)	301	46.0
Interest Expenses	(26)	(797)	(0.5)	(785)	(0.5)	(494)	(0.4)	(12)	1.5	(303)	61.3
Other Gains and Losses	20	622	0.5	2,259	1.4	1,160	0.9	(1,637)	(72.5)	(538)	(46.4)
Total Non-operating Income and Expenses	26	780	0.6	2,619	1.7	1,320	1.0	(1,839)	(70.2)	(540)	(40.9)
Income before Income Tax	1,762	53,302	36.0	50,373	34.5	45,748	34.5	2,929	5.8	7,554	16.5
Income Tax Expenses	(180)	(5,456)	(3.7)	(5,586)	(3.8)	(6,212)	(4.7)	130	(2.3)	756	(12.2)
Net Income	1,582	47,846	32.3	44,787	30.7	39,536	29.8	3,059	6.8	8,310	21.0
Other Comprehensive Income	80	2,414	1.6	(1,199)	(0.8)	5,907	4.4	3,613	NM	(3,493)	(59.1)
Comprehensive Income	\$ 1,662	\$ 50,260	33.9	\$ 43,588	29.9	\$ 45,443	34.2	\$ 6,672	15.3	\$ 4,817	10.6
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,583	\$ 47,871	32.3	\$ 44,810	30.7	\$ 39,577	29.8	\$ 3,061	6.8	\$ 8,294	21.0
Noncontrolling interests	(1)	(25)	-	(23)	-	(41)	-	(2)	8.7	16	(39.0)
	\$ 1,582	\$ 47,846	32.3	\$ 44,787	30.7	\$ 39,536	29.8	\$ 3,059	6.8	\$ 8,310	21.0
Earnings per Share - Diluted	\$ 0.06	\$ 1.85		\$ 1.73		\$ 1.53		\$ 0.12	6.8	\$ 0.32	21.0
Earnings per ADR - Diluted (2)	\$ 0.31	\$ 9.23		\$ 8.64		\$ 7.63		\$ 0.59	6.8	\$ 1.60	21.0
Weighted Average Outstanding Shares - Diluted (M)		25,930		25,930		25,929					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.247 for the first quarter of 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Three Months Ended March 31, 2014, December 31, 2013 and March 31, 2013

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	1Q 2014 (unaudited)		4Q 2013 (unaudited)	1Q 2013 (unaudited)
	USD	NTD	NTD	NTD
Cash Flows from Operating Activities:				
Income before Income Tax	\$ 1,762	\$ 53,302	\$ 50,373	\$ 45,748
Depreciation & Amortization	1,376	41,622	41,152	36,496
Share of Profits of Associates and Joint Venture	(32)	(955)	(1,145)	(654)
Income Tax Paid	(6)	(179)	(65)	(39)
Changes in Working Capital & Others	36	1,071	12,458	(7,981)
Net Cash Generated by Operating Activities	<u>3,136</u>	<u>94,861</u>	<u>102,773</u>	<u>73,570</u>
Cash Flows from Investing Activities:				
Interest Received	\$ 20	\$ 596	\$ 596	\$ 315
Acquisitions of:				
Property, Plant and Equipment	(3,799)	(114,905)	(73,955)	(80,418)
Marketable Financial Instruments	(46)	(1,402)	(1,801)	(4)
Financial Assets Carried at Cost	-	(4)	(9)	(17)
Proceeds from Disposal or Redemption of:				
Property, Plant and Equipment	2	55	77	13
Marketable Financial Instruments	29	863	748	4,008
Financial Assets Carried at Cost	1	29	14	10
Others	(37)	(1,092)	(737)	(940)
Net Cash Used In Investing Activities	<u>(3,830)</u>	<u>(115,860)</u>	<u>(75,067)</u>	<u>(77,033)</u>
Cash Flows from Financing Activities:				
Increase (Decrease) in Short-term Loans	\$ 292	\$ 8,819	\$ (2,322)	\$ 230
Proceeds from Issuance of Bonds	-	-	-	45,000
Repayment of Long-term Bank Loans	-	-	-	(31)
Interest Paid	(29)	(864)	(89)	(332)
Proceeds from Exercise of Stock Options	1	22	11	107
Others	(1)	(27)	(25)	(35)
Net Cash Generated by (Used In) Financing Activities	<u>263</u>	<u>7,950</u>	<u>(2,425)</u>	<u>44,939</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 67	\$ 2,051	\$ 810	\$ 1,142
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(364)</u>	<u>(10,998)</u>	<u>26,091</u>	<u>42,618</u>
Cash and Cash Equivalents at Beginning of Period	<u>8,024</u>	<u>242,695</u>	<u>216,604</u>	<u>143,411</u>
Cash and Cash Equivalents at End of Period	<u>\$ 7,660</u>	<u>\$ 231,697</u>	<u>\$ 242,695</u>	<u>\$ 186,029</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.247 for the three months ended March 31, 2014.