



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⁾

	June 30, 2014 (Unaudited)			March 31, 2014 (Unaudited)		June 30, 2013 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 8,543	\$ 255,054	19.0	\$ 231,697	17.8	\$ 225,833	19.3	\$ 23,357	10.1	\$ 29,221	12.9
Investments in Marketable Financial Instruments	1,994	59,540	4.4	3,251	0.3	1,791	0.1	56,289	1731.4	57,749	3224.4
Accounts Receivable	2,910	86,887	6.4	74,333	5.7	80,340	6.9	12,554	16.9	6,547	8.1
Inventories	1,707	50,954	3.8	43,481	3.3	38,615	3.3	7,473	17.2	12,339	32.0
Other Current Assets	226	6,765	0.5	3,128	0.3	5,883	0.5	3,637	116.3	882	15.0
Total Current Assets	15,380	459,200	34.1	355,890	27.4	352,462	30.1	103,310	29.0	106,738	30.3
Non-current Assets											
Long-term Investments	951	28,373	2.1	90,847	7.0	78,262	6.7	(62,474)	(68.8)	(49,889)	(63.7)
Property, Plant and Equipment	28,040	837,168	62.3	828,012	63.8	715,595	61.2	9,156	1.1	121,573	17.0
Intangible and Other Non-current Assets	680	20,304	1.5	23,990	1.8	23,566	2.0	(3,686)	(15.4)	(3,262)	(13.8)
Total Non-current Assets	29,671	885,845	65.9	942,849	72.6	817,423	69.9	(57,004)	(6.0)	68,422	8.4
Total Assets	\$ 45,051	\$ 1,345,045	100.0	\$ 1,298,739	100.0	\$ 1,169,885	100.0	\$ 46,306	3.6	\$ 175,160	15.0
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,162	\$ 34,705	2.6	\$ 24,844	1.9	\$ 31,466	2.7	\$ 9,861	39.7	\$ 3,239	10.3
Accounts Payable	727	21,697	1.6	16,711	1.3	15,203	1.3	4,986	29.8	6,494	42.7
Payables to Contractors and Equipment Suppliers	1,162	34,658	2.6	53,461	4.1	60,884	5.2	(18,803)	(35.2)	(26,226)	(43.1)
Cash Dividends Payable	2,605	77,786	5.8	-	-	77,773	6.6	77,786	-	13.0	-
Accrued Expenses and Other Current Liabilities	2,605	77,789	5.8	79,381	6.1	58,305	5.0	(1,592)	(2.0)	19,484	33.4
Total Current Liabilities	8,261	246,635	18.4	174,397	13.4	243,631	20.8	72,238	41.4	3,004	1.2
Non-current Liabilities											
Bonds Payable	7,063	210,869	15.6	211,798	16.3	169,801	14.5	(929)	(0.4)	41,068	24.2
Other Non-current Liabilities	354	10,580	0.8	14,546	1.2	10,217	0.9	(3,966)	(27.3)	363	3.6
Total Non-current Liabilities	7,417	221,449	16.4	226,344	17.5	180,018	15.4	(4,895)	(2.2)	41,431	23.0
Total Liabilities	15,678	468,084	34.8	400,741	30.9	423,649	36.2	67,343	16.8	44,435	10.5
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,685	259,294	19.3	259,291	20.0	259,283	22.2	3	0.0	11	0.0
Capital Surplus	1,876	56,027	4.2	55,835	4.3	55,829	4.8	192	0.3	198	0.4
Legal Capital Reserve	5,066	151,251	11.2	132,436	10.2	132,436	11.3	18,815	14.2	18,815	14.2
Special Capital Reserve	-	-	-	2,786	0.2	2,786	0.2	(2,786)	(100.0)	(2,786)	(100.0)
Unappropriated Earnings	13,288	396,729	29.5	430,842	33.2	286,801	24.5	(34,113)	(7.9)	109,928	38.3
Others	452	13,486	1.0	16,584	1.2	8,777	0.8	(3,098)	(18.7)	4,709	53.7
Equity Attributable to Shareholders of the Parent	29,367	876,787	65.2	897,774	69.1	745,912	63.8	(20,987)	(2.3)	130,875	17.5
Noncontrolling Interests	6	174	-	224	-	324	-	(50)	(22.3)	(150)	(46.3)
Total Shareholders' Equity	29,373	876,961	65.2	897,998	69.1	746,236	63.8	(21,037)	(2.3)	130,725	17.5
Total Liabilities & Shareholders' Equity	\$ 45,051	\$ 1,345,045	100.0	\$ 1,298,739	100.0	\$ 1,169,885	100.0	\$ 46,306	3.6	\$ 175,160	15.0

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.856 as of June 30, 2014

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended June 30, 2014, March 31, 2014 and June 30, 2013
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	2Q 2014			1Q 2014		2Q 2013		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,076	\$ 183,021	100.0	\$ 148,215	100.0	\$ 155,886	100.0	\$ 34,806	23.5	\$ 27,135	17.4
Cost of Revenue	(3,049)	(91,828)	(50.2)	(77,815)	(52.5)	(79,464)	(51.0)	(14,013)	18.0	(12,364)	15.6
Gross Profit	3,027	91,193	49.8	70,400	47.5	76,422	49.0	20,793	29.5	14,771	19.3
Operating Expenses											
Research and Development Expenses	(452)	(13,609)	(7.4)	(12,067)	(8.1)	(11,942)	(7.6)	(1,542)	12.8	(1,667)	14.0
Sales, General and Administrative Expenses	(220)	(6,643)	(3.7)	(5,808)	(4.0)	(6,850)	(4.4)	(835)	14.4	207	(3.0)
Total Operating Expenses	(672)	(20,252)	(11.1)	(17,875)	(12.1)	(18,792)	(12.0)	(2,377)	13.3	(1,460)	7.8
Other Operating Income and Expenses	(7)	(227)	(0.1)	(3)	-	(1)	-	(224)	7466.7	(226)	22600.0
Income from Operations	2,348	70,714	38.6	52,522	35.4	57,629	37.0	18,192	34.6	13,085	22.7
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	35	1,048	0.6	955	0.6	1,060	0.7	93	9.7	(12)	(1.1)
Interest Expenses	(27)	(801)	(0.4)	(797)	(0.5)	(635)	(0.4)	(4)	0.5	(166)	26.1
Other Gains and Losses	104	3,137	1.7	622	0.5	1,963	1.2	2,515	404.3	1,174	59.8
Total Non-operating Income and Expenses	112	3,384	1.9	780	0.6	2,388	1.5	2,604	333.8	996	41.7
Income before Income Tax	2,460	74,098	40.5	53,302	36.0	60,017	38.5	20,796	39.0	14,081	23.5
Income Tax Expenses	(479)	(14,438)	(7.9)	(5,456)	(3.7)	(8,256)	(5.3)	(8,982)	164.6	(6,182)	74.9
Net Income	1,981	59,660	32.6	47,846	32.3	51,761	33.2	11,814	24.7	7,899	15.3
Other Comprehensive Income	(103)	(3,099)	(1.7)	2,414	1.6	5,651	3.6	(5,513)	(228.4)	(8,750)	(154.8)
Comprehensive Income	\$ 1,878	\$ 56,561	30.9	\$ 50,260	33.9	\$ 57,412	36.8	\$ 6,301	12.5	\$ (851)	(1.5)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,982	\$ 59,702	32.6	\$ 47,871	32.3	\$ 51,808	33.2	\$ 11,831	24.7	\$ 7,894	15.2
Noncontrolling interests	(1)	(42)	-	(25)	-	(47)	-	(17)	68.0	5	(10.6)
	\$ 1,981	\$ 59,660	32.6	\$ 47,846	32.3	\$ 51,761	33.2	\$ 11,814	24.7	\$ 7,899	15.3
Earnings per Share - Diluted	\$ 0.08	\$ 2.30		\$ 1.85		\$ 2.00		\$ 0.45	24.7	\$ 0.30	15.2
Earnings per ADR - Diluted (2)	\$ 0.38	\$ 11.51		\$ 9.23		\$ 9.99		\$ 2.28	24.7	\$ 1.52	15.2
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\$30.123 for the second quarter of 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	For the Six Months Ended June 30						
	2014			2013		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 10,976	\$ 331,236	100.0	\$ 288,641	100.0	\$ 42,595	14.8
Cost of Revenue	(5,621)	(169,643)	(51.2)	(151,449)	(52.5)	(18,194)	12.0
Gross Profit	5,355	161,593	48.8	137,192	47.5	24,401	17.8
Operating Expenses							
Research and Development Expenses	(851)	(25,676)	(7.8)	(22,593)	(7.8)	(3,083)	13.6
Sales, General and Administrative Expenses	(412)	(12,451)	(3.7)	(12,575)	(4.3)	124	(1.0)
Total Operating Expenses	(1,263)	(38,127)	(11.5)	(35,168)	(12.1)	(2,959)	8.4
Other Operating Income and Expenses	(8)	(230)	(0.1)	33	-	(263)	(797.0)
Income from Operations	4,084	123,236	37.2	102,057	35.4	21,179	20.8
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	66	2,003	0.6	1,714	0.6	289	16.9
Interest Expenses	(53)	(1,598)	(0.5)	(1,129)	(0.4)	(469)	41.5
Other Gains and Losses	124	3,759	1.2	3,123	1.0	636	20.4
Total Non-operating Income and Expenses	137	4,164	1.3	3,708	1.2	456	12.3
Income before Income Tax	4,221	127,400	38.5	105,765	36.6	21,635	20.5
Income Tax Expenses	(659)	(19,894)	(6.0)	(14,468)	(5.0)	(5,426)	37.5
Net Income	3,562	107,506	32.5	91,297	31.6	16,209	17.8
Other Comprehensive Income	(22)	(685)	(0.3)	11,558	4.0	(12,243)	(105.9)
Comprehensive Income	\$ 3,540	\$ 106,821	32.2	\$ 102,855	35.6	\$ 3,966	3.9
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 3,565	\$ 107,573	32.5	\$ 91,385	31.7	\$ 16,188	17.7
Noncontrolling interests	(3)	(67)	-	(88)	(0.1)	21	(23.9)
	\$ 3,562	\$ 107,506	32.5	\$ 91,297	31.6	\$ 16,209	17.8
Earnings per Share - Diluted	\$ 0.14	\$ 4.15		\$ 3.52		\$ 0.63	17.7
Earnings per ADR - Diluted (2)	\$ 0.69	\$ 20.74		\$ 17.62		\$ 3.12	17.7
Weighted Average Outstanding Shares - Diluted ('M)		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\$30.178 for the six months ended June 30, 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Six Months Ended June 30, 2014 and for the Three Months Ended June 30, 2014, March 31, 2014 and June 30, 2013

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

	Six Months 2014 (unaudited)		2Q 2014 (unaudited)	1Q 2014 (unaudited)	2Q 2013 (unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 4,221	\$ 127,400	\$ 74,098	\$ 53,302	\$ 60,017
Depreciation & Amortization	2,903	87,601	45,979	41,622	38,095
Share of Profits of Associates and Joint Venture	(66)	(2,003)	(1,048)	(955)	(1,060)
Income Taxes Paid	(749)	(22,603)	(22,424)	(179)	(14,296)
Changes in Working Capital & Others	(457)	(13,785)	(14,856)	1,071	(7,518)
Net Cash Generated by Operating Activities	<u>5,852</u>	<u>176,610</u>	<u>81,749</u>	<u>94,861</u>	<u>75,238</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 41	\$ 1,248	\$ 652	\$ 596	\$ 375
Cash Dividend Received	21	630	630	-	494
Acquisitions of:					
Property, Plant and Equipment	(6,237)	(188,233)	(73,328)	(114,905)	(78,401)
Marketable Financial Instruments	(49)	(1,488)	(86)	(1,402)	(6)
Financial Assets Carried at Cost	-	(4)	-	(4)	-
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	4	115	60	55	98
Marketable Financial Instruments	112	3,374	2,511	863	2,470
Financial Assets Carried at Cost	2	62	33	29	2
Investments Accounted for Using Equity Method	115	3,472	3,472	-	-
Others	(52)	(1,530)	(438)	(1,092)	(1,663)
Net Cash Used In Investing Activities	<u>(6,043)</u>	<u>(182,354)</u>	<u>(66,494)</u>	<u>(115,860)</u>	<u>(76,631)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ 637	\$ 19,220	\$ 10,401	\$ 8,819	\$ (4,317)
Proceeds from Issuance of Bonds	-	-	-	-	44,645
Proceeds from Long-term Bank Loans	-	-	-	-	650
Repayment of Long-term Bank Loans	-	-	-	-	(32)
Interest Paid	(30)	(889)	(25)	(864)	(42)
Proceeds from Exercise of Stock Options	1	33	11	22	3
Others	(2)	(67)	(40)	(27)	183
Net Cash Generated by Financing Activities	<u>606</u>	<u>18,297</u>	<u>10,347</u>	<u>7,950</u>	<u>41,090</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>\$ (6)</u>	<u>\$ (194)</u>	<u>\$ (2,245)</u>	<u>\$ 2,051</u>	<u>\$ 107</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>409</u>	<u>12,359</u>	<u>23,357</u>	<u>(10,998)</u>	<u>39,804</u>
Cash and Cash Equivalents at Beginning of Period	<u>8,042</u>	<u>242,695</u>	<u>231,697</u>	<u>242,695</u>	<u>186,029</u>
Cash and Cash Equivalents at End of Period	<u>\$ 8,451</u>	<u>\$ 255,054</u>	<u>\$ 255,054</u>	<u>\$ 231,697</u>	<u>\$ 225,833</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.178 for the six months ended June 30, 2014.