



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⁾

	September 30, 2015 (Unaudited)			June 30, 2015 (Unaudited)		September 30, 2014 (Unaudited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 15,673	\$ 515,731	32.7	\$ 528,895	32.9	\$ 225,884	16.7	\$ (13,164)	(2.5)	\$ 289,847	128.3
Investments in Marketable Financial Instruments	278	9,155	0.6	21,456	1.4	64,461	4.8	(12,301)	(57.3)	(55,306)	(85.8)
Accounts Receivable	2,952	97,123	6.2	99,737	6.2	114,532	8.5	(2,614)	(2.6)	(17,409)	(15.2)
Inventories	1,977	65,066	4.1	66,279	4.1	65,337	4.8	(1,213)	(1.8)	(271)	(0.4)
Other Current Assets	200	6,587	0.4	15,002	0.9	6,016	0.5	(8,415)	(56.1)	571	9.5
Total Current Assets	21,080	693,662	44.0	731,369	45.5	476,230	35.3	(37,707)	(5.2)	217,432	45.7
Non-current Assets											
Long-term Investments	943	31,015	2.0	27,774	1.7	28,852	2.1	3,241	11.7	2,163	7.5
Property, Plant and Equipment	25,248	830,825	52.7	829,703	51.6	824,310	61.1	1,122	0.1	6,515	0.8
Intangible and Other Non-current Assets	630	20,717	1.3	20,007	1.2	20,516	1.5	710	3.5	201	1.0
Total Non-current Assets	26,821	882,557	56.0	877,484	54.5	873,678	64.7	5,073	0.6	8,879	1.0
Total Assets	\$ 47,901	\$ 1,576,219	100.0	\$ 1,608,853	100.0	\$ 1,349,908	100.0	\$ (32,634)	(2.0)	\$ 226,311	16.8
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,020	\$ 33,564	2.1	\$ 5,593	0.3	\$ 35,883	2.7	\$ 27,971	500.1	\$ (2,319)	(6.5)
Accounts Payable	583	19,186	1.2	21,101	1.3	21,709	1.6	(1,915)	(9.1)	(2,523)	(11.6)
Payables to Contractors and Equipment Suppliers	1,044	34,338	2.2	43,611	2.7	28,684	2.1	(9,273)	(21.3)	5,654	19.7
Cash Dividends Payable	-	-	-	116,683	7.3	-	-	(116,683)	-	-	-
Accrued Expenses and Other Current Liabilities	2,768	91,085	5.8	111,523	6.9	85,972	6.4	(20,438)	(18.3)	5,113	5.9
Current Portion of Bonds Payable and Bank Loans	715	23,516	1.5	10,868	0.7	-	-	12,648	116.4	23,516	-
Total Current Liabilities	6,130	201,689	12.8	309,379	19.2	172,248	12.8	(107,690)	(34.8)	29,441	17.1
Non-current Liabilities											
Bonds Payable	5,834	191,971	12.2	201,857	12.6	211,797	15.7	(9,886)	(4.9)	(19,826)	(9.4)
Other Non-current Liabilities	959	31,564	2.0	30,989	1.9	8,618	0.6	575	1.9	22,946	266.3
Total Non-current Liabilities	6,793	223,535	14.2	232,846	14.5	220,415	16.3	(9,311)	(4.0)	3,120	1.4
Total Liabilities	12,923	425,224	27.0	542,225	33.7	392,663	29.1	(117,001)	(21.6)	32,561	8.3
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	7,880	259,304	16.4	259,304	16.1	259,294	19.2	-	-	10	0.0
Capital Surplus	1,711	56,298	3.6	56,533	3.5	55,944	4.1	(235)	(0.4)	354	0.6
Legal Capital Reserve	5,398	177,641	11.3	177,641	11.1	151,251	11.2	-	-	26,390	17.4
Unappropriated Earnings	19,589	644,578	40.9	569,249	35.4	473,752	35.1	75,329	13.2	170,826	36.1
Others	399	13,138	0.8	3,854	0.2	16,866	1.3	9,284	240.9	(3,728)	(22.1)
Equity Attributable to Shareholders of the Parent	34,977	1,150,959	73.0	1,066,581	66.3	957,107	70.9	84,378	7.9	193,852	20.3
Noncontrolling Interests	1	36	-	47	-	138	-	(11)	(23.4)	(102)	(73.9)
Total Shareholders' Equity	34,978	1,150,995	73.0	1,066,628	66.3	957,245	70.9	84,367	7.9	193,750	20.2
Total Liabilities & Shareholders' Equity	\$ 47,901	\$ 1,576,219	100.0	\$ 1,608,853	100.0	\$ 1,349,908	100.0	\$ (32,634)	(2.0)	\$ 226,311	16.8

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$32.906 as of September 30, 2015.

(2) Starting in 2015, TSMC prepares financial statements in accordance with 2013 IFRSs version endorsed by Taiwan. Under IFRS, the impact of newly effected GAAP shall be retroactively applied. The consolidated condensed balance sheets as of September 30, 2014 has been updated accordingly.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended September 30, 2015, June 30, 2015, September 30, 2014
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	3Q 2015			2Q 2015		3Q 2014 ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,665	\$ 212,505	100.0	\$ 205,440	100.0	\$ 209,049	100.0	\$ 7,065	3.4	\$ 3,456	1.7
Cost of Revenue	(3,455)	(110,169)	(51.8)	(105,735)	(51.5)	(103,474)	(49.5)	(4,434)	4.2	(6,695)	6.5
Gross Profit	3,210	102,336	48.2	99,705	48.5	105,575	50.5	2,631	2.6	(3,239)	(3.1)
Operating Expenses											
Research and Development Expenses	(517)	(16,486)	(7.8)	(16,612)	(8.1)	(15,208)	(7.3)	126	(0.8)	(1,278)	8.4
Sales, General and Administrative Expenses	(178)	(5,674)	(2.7)	(5,943)	(2.9)	(5,935)	(2.8)	269	(4.5)	261	(4.4)
Total Operating Expenses	(695)	(22,160)	(10.5)	(22,555)	(11.0)	(21,143)	(10.1)	395	(1.8)	(1,017)	4.8
Other Operating Income and Expenses	(56)	(1,787)	(0.8)	(81)	-	(5)	-	(1,706)	2106.2	(1,782)	35640.0
Income from Operations	2,459	78,389	36.9	77,069	37.5	84,427	40.4	1,320	1.7	(6,038)	(7.2)
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	29	926	0.4	815	0.4	1,037	0.5	111	13.6	(111)	(10.7)
Interest Expenses	(25)	(793)	(0.4)	(783)	(0.4)	(816)	(0.4)	(10)	1.3	23	(2.8)
Other Gains and Losses	153	4,872	2.3	21,031	10.3	728	0.3	(16,159)	(76.8)	4,144	569.2
Total Non-operating Income and Expenses	157	5,005	2.3	21,063	10.3	949	0.4	(16,058)	(76.2)	4,056	427.4
Income Before Income Tax	2,616	83,394	39.2	98,132	47.8	85,376	40.8	(14,738)	(15.0)	(1,982)	(2.3)
Income Tax Expenses	(254)	(8,077)	(3.8)	(18,719)	(9.1)	(9,076)	(4.3)	10,642	(56.9)	999	(11.0)
Net Income	2,362	75,317	35.4	79,413	38.7	76,300	36.5	(4,096)	(5.2)	(983)	(1.3)
Other Comprehensive Income	292	9,284	4.4	(20,259)	(9.9)	3,381	1.6	29,543	NM	5,903	174.6
Comprehensive Income	\$ 2,654	\$ 84,601	39.8	\$ 59,154	28.8	\$ 79,681	38.1	\$ 25,447	43.0	\$ 4,920	6.2
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,363	\$ 75,330	35.4	\$ 79,417	38.7	76,331	36.5	\$ (4,087)	(5.1)	\$ (1,001)	(1.3)
Noncontrolling Interests	(1)	(13)	-	(4)	-	(31)	-	(9)	225.0	18	(58.1)
	\$ 2,362	\$ 75,317	35.4	\$ 79,413	38.7	\$ 76,300	36.5	\$ (4,096)	(5.2)	\$ (983)	(1.3)
Earnings per Share - Diluted	\$ 0.09	\$ 2.91		\$ 3.06		\$ 2.94		\$ (0.15)	(5.1)	\$ (0.03)	(1.3)
Earnings per ADR - Diluted (3)	\$ 0.46	\$ 14.53		\$ 15.31		\$ 14.72		\$ (0.78)	(5.1)	\$ (0.19)	(1.3)
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,930		25,930					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.882 for the third quarter of 2015.

(2) Starting in 2015, TSMC prepares financial statements in accordance with 2013 IFRSs version endorsed by Taiwan. Under IFRS, the impact of newly effected GAAP shall be retroactively applied. The consolidated condensed statements of comprehensive income for the three months ended September 30, 2014 has been updated accordingly.

(3) 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 Nine Months Ended September 30								
	2015			2014 ⁽²⁾		YoY			
	USD	NTD	%	NTD	%	NTD	%		
Net Revenue	\$ 20,368	\$ 639,979	100.0	\$ 540,285	100.0	\$ 99,694	18.5		
Cost of Revenue	(10,455)	(328,509)	(51.3)	(273,123)	(50.5)	(55,386)	20.3		
Gross Profit	9,913	311,470	48.7	267,162	49.5	44,308	16.6		
Operating Expenses									
Research and Development Expenses	(1,587)	(49,880)	(7.8)	(40,886)	(7.6)	(8,994)	22.0		
Sales, General and Administrative Expenses	(553)	(17,374)	(2.7)	(18,387)	(3.4)	1,013	(5.5)		
Total Operating Expenses	(2,140)	(67,254)	(10.5)	(59,273)	(11.0)	(7,981)	13.5		
Other Operating Income and Expenses	(68)	(2,132)	(0.4)	(235)	(0.1)	(1,897)	807.2		
Income from Operations	7,705	242,084	37.8	207,654	38.4	34,430	16.6		
Non-operating Income and Expenses									
Share of Profits of Associates and Joint Venture	91	2,876	0.5	3,040	0.6	(164)	(5.4)		
Interest Expenses	(75)	(2,370)	(0.4)	(2,414)	(0.4)	44	(1.8)		
Other Gains and Losses	865	27,195	4.2	4,487	0.8	22,708	506.1		
Total Non-operating Income and Expenses	881	27,701	4.3	5,113	1.0	22,588	441.8		
Income before Income Tax	8,586	269,785	42.1	212,767	39.4	57,018	26.8		
Income Tax Expenses	(1,148)	(36,071)	(5.6)	(28,969)	(5.4)	(7,102)	24.5		
Net Income	7,438	233,714	36.5	183,798	34.0	49,916	27.2		
Other Comprehensive Income	(402)	(12,621)	(2.0)	2,696	0.5	(15,317)	(568.1)		
Comprehensive Income	\$ 7,036	\$ 221,093	34.5	\$ 186,494	34.5	\$ 34,599	18.6		
Net Income (Losses) Attributable to:									
Shareholders of the Parent	\$ 7,439	\$ 233,737	36.5	\$ 183,896	34.0	\$ 49,841	27.1		
Noncontrolling interests	(1)	(23)	-	(98)	-	75	(76.5)		
	\$ 7,438	\$ 233,714	36.5	\$ 183,798	34.0	\$ 49,916	27.2		
Earnings per Share - Diluted	\$ 0.29	\$ 9.01		\$ 7.09		\$ 1.92	27.1		
Earnings per ADR - Diluted (3)	\$ 1.43	\$ 45.07		\$ 35.46		\$ 9.61	27.1		
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,930					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.421 for the nine months ended September 30, 2015.

(2) Starting in 2015, TSMC prepares financial statements in accordance with 2013 IFRSs version endorsed by Taiwan. Under IFRS, the impact of newly effected GAAP sha comprehensive income for the nine months ended September 30, 2014 has been updated accordingly.

(3) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Nine Months Ended September 30, 2015 and for the Three Months Ended September 30, 2015, June 30, 2015 and September 30, 2014

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

	Nine Months 2015 (unaudited)		3Q 2015 (unaudited)	2Q 2015 (unaudited)	3Q 2014 (unaudited) ⁽²⁾
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 8,586	\$ 269,785	\$ 83,394	\$ 98,132	\$ 85,376
Depreciation & Amortization	5,291	166,250	56,149	54,623	56,233
Share of Profits of Associates and Joint Venture	(91)	(2,876)	(926)	(815)	(1,037)
Income Taxes Paid	(1,299)	(40,821)	(14,303)	(26,400)	(7,246)
Changes in Working Capital & Others	(227)	(7,131)	(6,175)	(14,473)	(42,081)
Net Cash Generated by Operating Activities	<u>12,260</u>	<u>385,207</u>	<u>118,139</u>	<u>111,067</u>	<u>91,245</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 83	\$ 2,607	\$ 843	\$ 889	\$ 627
Cash Dividend Received	128	4,024	3,428	596	3,237
Acquisitions of:			-		
Property, Plant and Equipment	(5,506)	(172,993)	(70,303)	(53,814)	(47,882)
Marketable Financial Instruments	(614)	(19,305)	(7,535)	(2,397)	-
Financial Assets Carried at Cost	(3)	(87)	-	(55)	-
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	2	70	40	-	48
Marketable Financial Instruments	2,161	67,891	19,521	47,534	489
Financial Assets Carried at Cost	11	358	271	78	7
Investments Accounted for Using Equity Method	126	3,963	-	3,963	-
Others	(82)	(2,594)	(1,053)	(904)	(1,151)
Net Cash Used In Investing Activities	<u>(3,694)</u>	<u>(116,066)</u>	<u>(54,788)</u>	<u>(4,110)</u>	<u>(44,625)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (84)	\$ (2,628)	\$ 27,706	\$ (12,993)	\$ 1,390
Interest Paid	(86)	(2,705)	(1,492)	(351)	(1,855)
Cash Dividends Paid for Common Stock	(3,713)	(116,683)	(116,683)	-	(77,786)
Proceeds from Exercise of Stock Options	1	34	-	4	-
Others	(2)	(68)	(7)	(62)	(11)
Net Cash Generated by (Used in) Financing Activities	<u>(3,884)</u>	<u>(122,050)</u>	<u>(90,476)</u>	<u>(13,402)</u>	<u>(78,262)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ 324	\$ 10,191	\$ 13,961	\$ (2,072)	\$ 2,472
Net Increase in Cash and Cash Equivalents	<u>5,006</u>	<u>157,282</u>	<u>(13,164)</u>	<u>91,483</u>	<u>(29,170)</u>
Cash and Cash Equivalents at Beginning of Period	<u>11,408</u>	<u>358,449</u>	<u>528,895</u>	<u>437,412</u>	<u>255,054</u>
Cash and Cash Equivalents at End of Period	<u>\$ 16,414</u>	<u>\$ 515,731</u>	<u>\$ 515,731</u>	<u>\$ 528,895</u>	<u>\$ 225,884</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.421 for the nine months ended September 30, 2015.

(2) Starting in 2015, TSMC prepares financial statements in accordance with 2013 IFRSs version endorsed by Taiwan. Under IFRS, the impact of newly effected GAAP shall be retroactively applied. The consolidated condensed cash flow statements for the three months ended September 30, 2014 has been updated accordingly.