



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⁾

	December 31, 2014 (Unaudited)			September 30, 2014 (Unaudited)		December 31, 2013 (Audited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 11,301	\$ 358,449	24.0	\$ 225,884	16.7	\$ 242,695	19.2	\$ 132,565	58.7	\$ 115,754	47.7
Investments in Marketable Financial Instruments	2,474	78,475	5.2	64,461	4.8	2,647	0.2	14,014	21.7	75,828	2864.7
Accounts Receivable	3,627	115,048	7.7	114,532	8.5	71,942	5.7	516	0.5	43,106	59.9
Inventories	2,092	66,338	4.4	65,337	4.8	37,495	3.0	1,001	1.5	28,843	76.9
Other Current Assets	260	8,257	0.6	6,016	0.5	3,708	0.3	2,241	37.3	4,549	122.7
Total Current Assets	19,754	626,567	41.9	476,230	35.3	358,487	28.4	150,337	31.6	268,080	74.8
Non-current Assets											
Long-term Investments	947	30,051	2.0	28,846	2.1	89,184	7.1	1,205	4.2	(59,133)	(66.3)
Property, Plant and Equipment	25,796	818,199	54.7	824,310	61.1	792,666	62.8	(6,111)	(0.7)	25,533	3.2
Intangible and Other Non-current Assets	641	20,317	1.4	20,609	1.5	22,718	1.7	(292)	(1.4)	(2,401)	(10.6)
Total Non-current Assets	27,384	868,567	58.1	873,765	64.7	904,568	71.6	(5,198)	(0.6)	(36,001)	(4.0)
Total Assets	\$ 47,138	\$ 1,495,134	100.0	\$ 1,349,995	100.0	\$ 1,263,055	100.0	\$ 145,139	10.8	\$ 232,079	18.4
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,140	\$ 36,159	2.4	\$ 35,883	2.7	\$ 15,645	1.2	\$ 276	0.8	\$ 20,514	131.1
Accounts Payable	737	23,370	1.6	21,709	1.6	16,359	1.3	1,661	7.7	7,011	42.9
Payables to Contractors and Equipment Suppliers	850	26,980	1.8	28,684	2.1	89,810	7.1	(1,704)	(5.9)	(62,830)	(70.0)
Accrued Expenses and Other Current Liabilities	3,610	114,506	7.7	85,972	6.4	67,964	5.4	28,534	33.2	46,542	68.5
Total Current Liabilities	6,337	201,015	13.5	172,248	12.8	189,778	15.0	28,767	16.7	11,237	5.9
Non-current Liabilities											
Bonds Payable	6,737	213,674	14.3	211,797	15.6	210,768	16.7	1,877	0.9	2,906	1.4
Other Non-current Liabilities	1,096	34,769	2.3	9,392	0.7	14,734	1.2	25,377	270.2	20,035	136.0
Total Non-current Liabilities	7,833	248,443	16.6	221,189	16.3	225,502	17.9	27,254	12.3	22,941	10.2
Total Liabilities	14,170	449,458	30.1	393,437	29.1	415,280	32.9	56,021	14.2	34,178	8.2
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,175	259,297	17.4	259,294	19.2	259,286	20.5	3	0.0	11	0.0
Capital Surplus	1,765	55,990	3.7	55,944	4.2	55,859	4.4	46	0.1	131	0.2
Legal Capital Reserve	4,769	151,251	10.1	151,251	11.3	132,436	10.6	-	-	18,815	14.2
Special Capital Reserve	-	-	-	-	-	2,786	0.2	-	-	(2,786)	(100.0)
Unappropriated Earnings	17,443	553,262	37.0	473,065	35.0	382,971	30.3	80,197	17.0	170,291	44.5
Others	812	25,749	1.7	16,866	1.2	14,170	1.1	8,883	52.7	11,579	81.7
Equity Attributable to Shareholders of the Parent	32,964	1,045,549	69.9	956,420	70.9	847,508	67.1	89,129	9.3	198,041	23.4
Noncontrolling Interests	4	127	-	138	-	267	-	(11)	(8.0)	(140)	(52.4)
Total Shareholders' Equity	32,968	1,045,676	69.9	956,558	70.9	847,775	67.1	89,118	9.3	197,901	23.3
Total Liabilities & Shareholders' Equity	\$ 47,138	\$ 1,495,134	100.0	\$ 1,349,995	100.0	\$ 1,263,055	100.0	\$ 145,139	10.8	\$ 232,079	18.4

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.718 as of December 31, 2014

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended December 31, 2014, September 30, 2014, December 31, 2013

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

Except for Per Share Amounts and Shares Outstanding)

	4Q 2014			3Q 2014		4Q 2013		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 7,228	\$ 222,521	100.0	\$ 209,049	100.0	\$ 145,806	100.0	\$ 13,472	6.4	\$ 76,715	52.6
Cost of Revenue	(3,636)	(111,958)	(50.3)	(103,471)	(49.5)	(80,944)	(55.5)	(8,487)	8.2	(31,014)	38.3
Gross Profit	3,592	110,563	49.7	105,578	50.5	64,862	44.5	4,985	4.7	45,701	70.5
Operating Expenses											
Research and Development Expenses	(518)	(15,942)	(7.2)	(15,206)	(7.3)	(12,168)	(8.3)	(736)	4.8	(3,774)	31.0
Sales, General and Administrative Expenses	(183)	(5,633)	(2.5)	(5,935)	(2.8)	(4,966)	(3.4)	302	(5.1)	(667)	13.4
Total Operating Expenses	(701)	(21,575)	(9.7)	(21,141)	(10.1)	(17,134)	(11.7)	(434)	2.1	(4,441)	25.9
Other Operating Income and Expenses	(25)	(766)	(0.4)	(5)	-	26	-	(761)	15220.0	(792)	(3046.2)
Income from Operations	2,866	88,222	39.6	84,432	40.4	47,754	32.8	3,790	4.5	40,468	84.7
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	29	910	0.4	1,037	0.5	1,145	0.8	(127)	(12.2)	(235)	(20.5)
Interest Expenses	(27)	(822)	(0.4)	(816)	(0.4)	(785)	(0.5)	(6)	0.7	(37)	4.7
Other Gains and Losses	33	1,007	0.5	728	0.3	2,259	1.4	279	38.3	(1,252)	(55.4)
Total Non-operating Income and Expenses	35	1,095	0.5	949	0.4	2,619	1.7	146	15.4	(1,524)	(58.2)
Income Before Income Tax	2,901	89,317	40.1	85,381	40.8	50,373	34.5	3,936	4.6	38,944	77.3
Income Tax Expenses	(303)	(9,346)	(4.2)	(9,077)	(4.3)	(5,586)	(3.8)	(269)	3.0	(3,760)	67.3
Net Income	2,598	79,971	35.9	76,304	36.5	44,787	30.7	3,667	4.8	35,184	78.6
Other Comprehensive Income	297	9,138	4.1	3,381	1.6	(1,199)	(0.8)	5,757	170.3	10,337	NM
Comprehensive Income	\$ 2,895	\$ 89,109	40.0	\$ 79,685	38.1	\$ 43,588	29.9	\$ 9,424	11.8	\$ 45,521	104.4
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,599	\$ 79,991	35.9	\$ 76,335	36.5	\$ 44,810	30.7	\$ 3,656	4.8	\$ 35,181	78.5
Noncontrolling Interests	(1)	(20)	-	(31)	-	(23)	-	11	(35.5)	3	(13.0)
	\$ 2,598	\$ 79,971	35.9	\$ 76,304	36.5	\$ 44,787	30.7	\$ 3,667	4.8	\$ 35,184	78.6
Earnings per Share - Diluted	\$ 0.10	\$ 3.08		\$ 2.94		\$ 1.73		\$ 0.14	4.8	\$ 1.35	78.5
Earnings per ADR - Diluted (2)	\$ 0.50	\$ 15.42		\$ 14.72		\$ 8.64		\$ 0.70	4.8	\$ 6.78	78.5
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 30.784 for the fourth quarter of 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income

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

Except for Per Share Amounts and Shares Outstanding)

	For the Years Ended December 31, 2014 and 2013						
	2014 (Unaudited)			2013 (Audited)		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 25,173	\$ 762,806	100.0	\$ 597,024	100.0	\$ 165,782	27.8
Cost of Revenue	(12,708)	(385,072)	(50.5)	(316,079)	(52.9)	(68,993)	21.8
Gross Profit	12,465	377,734	49.5	280,945	47.1	96,789	34.5
Operating Expenses							
Research and Development Expenses	(1,875)	(56,824)	(7.5)	(48,118)	(8.1)	(8,706)	18.1
Sales, General and Administrative Expenses	(793)	(24,019)	(3.1)	(23,445)	(3.9)	(574)	2.4
Total Operating Expenses	(2,668)	(80,843)	(10.6)	(71,563)	(12.0)	(9,280)	13.0
Other Operating Income and Expenses	(33)	(1,001)	(0.1)	47	-	(1,048)	(2229.8)
Income from Operations	9,764	295,890	38.8	209,429	35.1	86,461	41.3
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	131	3,950	0.5	3,972	0.6	(22)	(0.6)
Interest Expenses	(107)	(3,236)	(0.4)	(2,647)	(0.4)	(589)	22.3
Other Gains and Losses	181	5,494	0.7	4,733	0.8	761	16.1
Total Non-operating Income and Expenses	205	6,208	0.8	6,058	1.0	150	2.5
Income Before Income Tax	9,969	302,098	39.6	215,487	36.1	86,611	40.2
Income Tax Expenses	(1,264)	(38,317)	(5.0)	(27,468)	(4.6)	(10,849)	39.5
Net Income	8,705	263,781	34.6	188,019	31.5	75,762	40.3
Other Comprehensive Income	390	11,834	1.5	16,352	2.7	(4,518)	(27.6)
Comprehensive Income	\$ 9,095	\$ 275,615	36.1	\$ 204,371	34.2	\$ 71,244	34.9
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 8,709	\$ 263,899	34.6	\$ 188,147	31.5	\$ 75,752	40.3
Noncontrolling Interests	(4)	(118)	-	(128)	-	10	(7.8)
	\$ 8,705	\$ 263,781	34.6	\$ 188,019	31.5	\$ 75,762	40.3
Earnings per Share - Diluted	\$ 0.34	\$ 10.18		\$ 7.26		\$ 2.92	40.3
Earnings per ADR - Diluted (2)	\$ 1.68	\$ 50.89		\$ 36.28		\$ 14.61	40.3
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\$30.303 for the year ended December 31, 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Year Ended December 31, 2014 and for the Three Months Ended December 31, 2014, September 30, 2014 and December 31, 2013

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

	2014 (Unaudited)		4Q 2014 (unaudited)	3Q 2014 (unaudited)	4Q 2013 (unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income Before Income Tax	\$ 9,969	\$ 302,098	\$ 89,317	\$ 85,381	\$ 50,373
Depreciation & Amortization	6,608	200,252	56,418	56,233	41,152
Share of Profits of Associates and Joint Venture	(131)	(3,950)	(910)	(1,037)	(1,145)
Income Taxes Paid	(987)	(29,918)	(69)	(7,246)	(65)
Changes in Working Capital & Others	(1,549)	(46,958)	8,913	(42,086)	12,458
Net Cash Generated by Operating Activities	<u>13,910</u>	<u>421,524</u>	<u>153,669</u>	<u>91,245</u>	<u>102,773</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 85	\$ 2,579	\$ 704	\$ 627	\$ 596
Cash Dividend Received	128	3,869	2	3,237	-
Acquisitions of:					
Property, Plant and Equipment	(9,522)	(288,540)	(52,425)	(47,882)	(73,955)
Marketable Financial Instruments	(197)	(5,974)	(4,486)	-	(1,801)
Financial Assets Carried at Cost	(1)	(23)	(19)	-	(9)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	7	200	37	48	77
Marketable Financial Instruments	128	3,889	26	489	748
Financial Assets Carried at Cost	3	88	19	7	14
Investments Accounted for Using Equity Method	114	3,472	-	-	-
Others	(65)	(1,981)	700	(1,151)	(737)
Net Cash Used In Investing Activities	<u>(9,320)</u>	<u>(282,421)</u>	<u>(55,442)</u>	<u>(44,625)</u>	<u>(75,067)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ 613	\$ 18,564	\$ (2,046)	\$ 1,390	\$ (2,322)
Interest Paid	(105)	(3,193)	(449)	(1,855)	(89)
Cash Dividends Paid for Common Stock	(2,567)	(77,786)	-	(77,786)	-
Proceeds from Exercise of Stock Options	1	47	14	-	11
Others	991	30,040	30,118	(11)	(25)
Net Cash Generated by Financing Activities	<u>(1,067)</u>	<u>(32,328)</u>	<u>27,637</u>	<u>(78,262)</u>	<u>(2,425)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Others	\$ 296	\$ 8,979	\$ 6,701	\$ 2,472	\$ 810
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,819</u>	<u>115,754</u>	<u>132,565</u>	<u>(29,170)</u>	<u>26,091</u>
Cash and Cash Equivalents at Beginning of Period	<u>8,009</u>	<u>242,695</u>	<u>225,884</u>	<u>255,054</u>	<u>216,604</u>
Cash and Cash Equivalents at End of Period	<u>\$ 11,828</u>	<u>\$ 358,449</u>	<u>\$ 358,449</u>	<u>\$ 225,884</u>	<u>\$ 242,695</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.303 for the year ended December 31, 2014.