



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, 2015 (Unaudited)			March 31, 2015 (Unaudited)		June 30, 2014 (Unaudited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 17,023	\$ 528,895	32.9	\$ 437,412	28.1	\$ 255,054	19.0	\$ 91,483	20.9	\$ 273,841	107.4
Investments in Marketable Financial Instruments	691	21,456	1.4	81,562	5.2	59,540	4.4	(60,106)	(73.7)	(38,084)	(64.0)
Accounts Receivable	3,210	99,737	6.2	99,122	6.4	86,887	6.4	615	0.6	12,850	14.8
Inventories	2,133	66,279	4.1	64,600	4.2	50,954	3.8	1,679	2.6	15,325	30.1
Other Current Assets	483	15,002	0.9	7,798	0.5	6,765	0.5	7,204	92.4	8,237	121.8
Total Current Assets	<u>23,540</u>	<u>731,369</u>	<u>45.5</u>	<u>690,494</u>	<u>44.4</u>	<u>459,200</u>	<u>34.1</u>	<u>40,875</u>	<u>5.9</u>	<u>272,169</u>	<u>59.3</u>
Non-current Assets											
Long-term Investments	894	27,774	1.7	32,181	2.1	28,378	2.1	(4,407)	(13.7)	(604)	(2.1)
Property, Plant and Equipment	26,704	829,703	51.6	813,220	52.2	837,168	62.3	16,483	2.0	(7,465)	(0.9)
Intangible and Other Non-current Assets	644	20,007	1.2	21,000	1.3	20,211	1.5	(993)	(4.7)	(204)	(1.0)
Total Non-current Assets	<u>28,242</u>	<u>877,484</u>	<u>54.5</u>	<u>866,401</u>	<u>55.6</u>	<u>885,757</u>	<u>65.9</u>	<u>11,083</u>	<u>1.3</u>	<u>(8,273)</u>	<u>(0.9)</u>
Total Assets	<u>\$ 51,782</u>	<u>\$ 1,608,853</u>	<u>100.0</u>	<u>\$ 1,556,895</u>	<u>100.0</u>	<u>\$ 1,344,957</u>	<u>100.0</u>	<u>\$ 51,958</u>	<u>3.3</u>	<u>\$ 263,896</u>	<u>19.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 180	\$ 5,593	0.3	\$ 18,683	1.2	\$ 34,705	2.6	\$ (13,090)	(70.1)	\$ (29,112)	(83.9)
Accounts Payable	679	21,101	1.3	20,205	1.3	21,697	1.6	896	4.4	(596)	(2.7)
Payables to Contractors and Equipment Suppliers	1,404	43,611	2.7	27,373	1.8	34,658	2.6	16,238	59.3	8,953	25.8
Cash Dividends Payable	3,756	116,683	7.3	-	-	77,786	5.8	116,683	-	38,897	50.0
Accrued Expenses and Other Current Liabilities	3,589	111,523	6.9	121,304	7.8	77,789	5.8	(9,781)	(8.1)	33,734	43.4
Current Portion of Bonds Payable and Bank Loans	350	10,868	0.7	-	-	-	-	10,868	-	10,868	-
Total Current Liabilities	<u>9,958</u>	<u>309,379</u>	<u>19.2</u>	<u>187,565</u>	<u>12.1</u>	<u>246,635</u>	<u>18.4</u>	<u>121,814</u>	<u>64.9</u>	<u>62,744</u>	<u>25.4</u>
Non-current Liabilities											
Bonds Payable	6,497	201,857	12.6	213,209	13.7	210,869	15.7	(11,352)	(5.3)	(9,012)	(4.3)
Other Non-current Liabilities	997	30,989	1.9	32,205	2.0	9,801	0.7	(1,216)	(3.8)	21,188	216.2
Total Non-current Liabilities	<u>7,494</u>	<u>232,846</u>	<u>14.5</u>	<u>245,414</u>	<u>15.7</u>	<u>220,670</u>	<u>16.4</u>	<u>(12,568)</u>	<u>(5.1)</u>	<u>12,176</u>	<u>5.5</u>
Total Liabilities	<u>17,452</u>	<u>542,225</u>	<u>33.7</u>	<u>432,979</u>	<u>27.8</u>	<u>467,305</u>	<u>34.8</u>	<u>109,246</u>	<u>25.2</u>	<u>74,920</u>	<u>16.0</u>
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,346	259,304	16.1	259,303	16.7	259,294	19.3	1	0.0	10	0.0
Capital Surplus	1,820	56,533	3.5	56,275	3.6	56,027	4.2	258	0.5	506	0.9
Legal Capital Reserve	5,717	177,641	11.1	151,251	9.7	151,251	11.2	26,390	17.4	26,390	17.4
Unappropriated Earnings	18,321	569,249	35.4	632,904	40.7	397,420	29.5	(63,655)	(10.1)	171,829	43.2
Others	124	3,854	0.2	24,111	1.5	13,486	1.0	(20,257)	(84.0)	(9,632)	(71.4)
Equity Attributable to Shareholders of the Parent	<u>34,328</u>	<u>1,066,581</u>	<u>66.3</u>	<u>1,123,844</u>	<u>72.2</u>	<u>877,478</u>	<u>65.2</u>	<u>(57,263)</u>	<u>(5.1)</u>	<u>189,103</u>	<u>21.6</u>
Noncontrolling Interests	2	47	-	72	-	174	-	(25)	(34.7)	(127)	(73.0)
Total Shareholders' Equity	<u>34,330</u>	<u>1,066,628</u>	<u>66.3</u>	<u>1,123,916</u>	<u>72.2</u>	<u>877,652</u>	<u>65.2</u>	<u>(57,288)</u>	<u>(5.1)</u>	<u>188,976</u>	<u>21.5</u>
Total Liabilities & Shareholders' Equity	<u>\$ 51,782</u>	<u>\$ 1,608,853</u>	<u>100.0</u>	<u>\$ 1,556,895</u>	<u>100.0</u>	<u>\$ 1,344,957</u>	<u>100.0</u>	<u>\$ 51,958</u>	<u>3.3</u>	<u>\$ 263,896</u>	<u>19.6</u>

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.07 as of June 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 June 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 June 30, 2015, March 31, 2015, June 30, 2014

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

Except for Per Share Amounts and Shares Outstanding)

	2Q 2015			1Q 2015		2Q 2014 ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,661	\$ 205,440	100.0	\$ 222,034	100.0	\$ 183,021	100.0	\$ (16,594)	(7.5)	\$ 22,419	12.2
Cost of Revenue	(3,428)	(105,735)	(51.5)	(112,605)	(50.7)	(91,831)	(50.2)	6,870	(6.1)	(13,904)	15.1
Gross Profit	3,233	99,705	48.5	109,429	49.3	91,190	49.8	(9,724)	(8.9)	8,515	9.3
Operating Expenses											
Research and Development Expenses	(538)	(16,612)	(8.1)	(16,782)	(7.6)	(13,610)	(7.4)	170	(1.0)	(3,002)	22.1
Sales, General and Administrative Expenses	(193)	(5,943)	(2.9)	(5,757)	(2.6)	(6,643)	(3.7)	(186)	3.2	700	(10.5)
Total Operating Expenses	(731)	(22,555)	(11.0)	(22,539)	(10.2)	(20,253)	(11.1)	(16)	0.1	(2,302)	11.4
Other Operating Income and Expenses	(3)	(81)	-	(264)	(0.1)	(227)	(0.1)	183	(69.3)	146	(64.3)
Income from Operations	2,499	77,069	37.5	86,626	39.0	70,710	38.6	(9,557)	(11.0)	6,359	9.0
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	26	815	0.4	1,135	0.5	1,048	0.6	(320)	(28.2)	(233)	(22.2)
Interest Expenses	(25)	(783)	(0.4)	(794)	(0.3)	(801)	(0.4)	11	(1.4)	18	(2.2)
Other Gains and Losses	682	21,031	10.3	1,292	0.6	3,137	1.7	19,739	1527.8	17,894	570.4
Total Non-operating Income and Expenses	683	21,063	10.3	1,633	0.8	3,384	1.9	19,430	1189.8	17,679	522.4
Income Before Income Tax	3,182	98,132	47.8	88,259	39.8	74,094	40.5	9,873	11.2	24,038	32.4
Income Tax Expenses	(607)	(18,719)	(9.1)	(9,275)	(4.2)	(14,438)	(7.9)	(9,444)	101.8	(4,281)	29.7
Net Income	2,575	79,413	38.7	78,984	35.6	59,656	32.6	429	0.5	19,757	33.1
Other Comprehensive Income	(657)	(20,259)	(9.9)	(1,646)	(0.8)	(3,099)	(1.7)	(18,613)	1130.8	(17,160)	553.7
Comprehensive Income	\$ 1,918	\$ 59,154	28.8	\$ 77,338	34.8	\$ 56,557	30.9	\$ (18,184)	(23.5)	\$ 2,597	4.6
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,575	\$ 79,417	38.7	\$ 78,990	35.6	59,698	32.6	\$ 427	0.5	\$ 19,719	33.0
Noncontrolling Interests	-	(4)	-	(6)	-	(42)	-	2	(33.3)	38	(90.5)
	\$ 2,575	\$ 79,413	38.7	\$ 78,984	35.6	59,656	32.6	\$ 429	0.5	\$ 19,757	33.1
Earnings per Share - Diluted	\$ 0.10	\$ 3.06		\$ 3.05		\$ 2.30		\$ 0.01	0.5	\$ 0.76	33.0
Earnings per ADR - Diluted (3)	\$ 0.50	\$ 15.31		\$ 15.23		\$ 11.51		\$ 0.08	0.5	\$ 3.80	33.0
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\$30.84 for the second 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 June 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 Six Months Ended June 30						
	2015			2014 ⁽²⁾		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 13,703	\$ 427,474	100.0	\$ 331,236	100.0	\$ 96,238	29.1
Cost of Revenue	(6,999)	(218,340)	(51.1)	(169,649)	(51.2)	(48,691)	28.7
Gross Profit	6,704	209,134	48.9	161,587	48.8	47,547	29.4
Operating Expenses							
Research and Development Expenses	(1,071)	(33,394)	(7.8)	(25,678)	(7.8)	(7,716)	30.0
Sales, General and Administrative Expenses	(375)	(11,700)	(2.7)	(12,452)	(3.7)	752	(6.0)
Total Operating Expenses	(1,446)	(45,094)	(10.5)	(38,130)	(11.5)	(6,964)	18.3
Other Operating Income and Expenses	(11)	(345)	(0.1)	(230)	(0.1)	(115)	50.0
Income from Operations	5,247	163,695	38.3	123,227	37.2	40,468	32.8
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	63	1,950	0.5	2,003	0.6	(53)	(2.6)
Interest Expenses	(51)	(1,577)	(0.4)	(1,598)	(0.5)	21	(1.3)
Other Gains and Losses	716	22,323	5.2	3,759	1.2	18,564	493.9
Total Non-operating Income and Expenses	728	22,696	5.3	4,164	1.3	18,532	445.1
Income before Income Tax	5,975	186,391	43.6	127,391	38.5	59,000	46.3
Income Tax Expenses	(898)	(27,994)	(6.6)	(19,893)	(6.0)	(8,101)	40.7
Net Income	5,077	158,397	37.0	107,498	32.5	50,899	47.3
Other Comprehensive Income	(702)	(21,905)	(5.1)	(685)	(0.3)	(21,220)	3,097.8
Comprehensive Income	\$ 4,375	\$ 136,492	31.9	\$ 106,813	32.2	\$ 29,679	27.8
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 5,078	\$ 158,407	37.1	\$ 107,565	32.5	\$ 50,842	47.3
Noncontrolling interests	(1)	(10)	-	(67)	-	57	(85.1)
	\$ 5,077	\$ 158,397	37.1	\$ 107,498	32.5	\$ 50,899	47.3
Earnings per Share - Diluted	\$ 0.20	\$ 6.11		\$ 4.15		\$ 1.96	47.3
Earnings per ADR - Diluted (3)	\$ 0.98	\$ 30.54		\$ 20.74		\$ 9.80	47.3
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\$31.196 for the six months ended June 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 of comprehensive income for the six months ended June 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 Six Months Ended June 30, 2015 and for the Three Months Ended June 30, 2015, March 31, 2015 and June 30, 2014

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

	Six Months 2015 (unaudited)		2Q 2015 (unaudited)	1Q 2015 (unaudited)	2Q 2014 (unaudited) ⁽²⁾
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 5,975	\$ 186,391	\$ 98,132	\$ 88,259	\$ 74,094
Depreciation & Amortization	3,530	110,101	54,623	55,478	45,979
Share of Profits of Associates and Joint Venture	(63)	(1,950)	(815)	(1,135)	(1,048)
Income Taxes Paid	(850)	(26,518)	(26,400)	(118)	(22,424)
Changes in Working Capital & Others	(31)	(956)	(14,473)	13,517	(14,852)
Net Cash Generated by Operating Activities	<u>8,561</u>	<u>267,068</u>	<u>111,067</u>	<u>156,001</u>	<u>81,749</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 57	\$ 1,764	\$ 889	\$ 875	\$ 652
Cash Dividend Received	19	596	596	-	630
Acquisitions of:					
Property, Plant and Equipment	(3,292)	(102,690)	(53,814)	(48,876)	(73,328)
Marketable Financial Instruments	(377)	(11,770)	(2,397)	(9,373)	(86)
Financial Assets Carried at Cost	(3)	(87)	(55)	(32)	-
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	1	30	-	30	60
Marketable Financial Instruments	1,550	48,370	47,534	836	2,511
Financial Assets Carried at Cost	3	87	78	9	33
Investments Accounted for Using Equity Method	127	3,963	3,963		3,472
Others	(49)	(1,541)	(904)	(637)	(438)
Net Cash Used In Investing Activities	<u>(1,964)</u>	<u>(61,278)</u>	<u>(4,110)</u>	<u>(57,168)</u>	<u>(66,494)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (972)	\$ (30,334)	\$ (12,993)	\$ (17,341)	\$ 10,401
Interest Paid	(39)	(1,213)	(351)	(862)	(25)
Proceeds from Exercise of Stock Options	1	34	4	30	11
Others	(2)	(61)	(62)	1	(40)
Net Cash Generated by (Used in) Financing Activities	<u>(1,012)</u>	<u>(31,574)</u>	<u>(13,402)</u>	<u>(18,172)</u>	<u>10,347</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ (121)	\$ (3,770)	\$ (2,072)	\$ (1,698)	\$ (2,245)
Net Increase in Cash and Cash Equivalents	<u>5,464</u>	<u>170,446</u>	<u>91,483</u>	<u>78,963</u>	<u>23,357</u>
Cash and Cash Equivalents at Beginning of Period	<u>11,490</u>	<u>358,449</u>	<u>437,412</u>	<u>358,449</u>	<u>231,697</u>
Cash and Cash Equivalents at End of Period	<u>\$ 16,954</u>	<u>\$ 528,895</u>	<u>\$ 528,895</u>	<u>\$ 437,412</u>	<u>\$ 255,054</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.196 for the six months ended June 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 June 30, 2014 has been updated accordingly.