



**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Balance Sheets**

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

	December 31, 2012 (Audited)			September 30, 2012 (Unaudited)		December 31, 2011 (Audited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	\$4,939	\$143,411	15.0	\$138,738	15.8	\$143,472	18.6	\$4,673	3.4	(\$61)	(0.0)
Investments in Marketable Financial Instruments	258	7,507	0.8	9,009	1.0	7,150	0.9	(1,502)	(16.7)	357	5.0
Accounts Receivable - Trade	1,794	52,093	5.4	58,412	6.6	40,948	5.3	(6,319)	(10.8)	11,145	27.2
Inventories	1,303	37,831	4.0	33,249	3.8	24,841	3.2	4,582	13.8	12,990	52.3
Other Current Assets	394	11,447	1.2	5,917	0.7	8,849	1.1	5,530	93.5	2,598	29.4
<b>Total Current Assets</b>	<b>8,688</b>	<b>252,289</b>	<b>26.4</b>	<b>245,325</b>	<b>27.9</b>	<b>225,260</b>	<b>29.1</b>	<b>6,964</b>	<b>2.8</b>	<b>27,029</b>	<b>12.0</b>
Long-term Investments	2,266	65,786	6.9	28,641	3.3	34,459	4.5	37,145	129.7	31,327	90.9
Property, Plant and Equipment	55,713	1,617,814	169.4	1,545,707	175.9	1,366,627	176.5	72,107	4.7	251,187	18.4
Less: Accumulated Depreciation	(34,447)	(1,000,285)	(104.7)	(965,627)	(109.9)	(876,252)	(113.2)	(34,658)	3.6	(124,033)	14.2
<b>Property, Plant and Equipment, Net</b>	<b>21,266</b>	<b>617,529</b>	<b>64.7</b>	<b>580,080</b>	<b>66.0</b>	<b>490,375</b>	<b>63.3</b>	<b>37,449</b>	<b>6.5</b>	<b>127,154</b>	<b>25.9</b>
Intangible and Other Assets	669	19,431	2.0	24,606	2.8	24,171	3.1	(5,175)	(21.0)	(4,740)	(19.6)
<b>Total Assets</b>	<b>\$32,889</b>	<b>\$955,035</b>	<b>100.0</b>	<b>\$878,652</b>	<b>100.0</b>	<b>\$774,265</b>	<b>100.0</b>	<b>\$76,383</b>	<b>8.7</b>	<b>\$180,770</b>	<b>23.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>											
<b>Current Liabilities</b>											
Short-term Loans	\$1,195	\$34,715	3.6	\$29,750	3.4	\$25,927	3.3	\$4,965	16.7	\$8,788	33.9
Accounts Payables	525	15,239	1.6	14,556	1.6	11,859	1.5	683	4.7	3,380	28.5
Payables to Contractors and Equipment Suppliers	1,544	44,832	4.7	32,786	3.7	35,541	4.6	12,046	36.7	9,291	26.1
Accrued Expenses and Other Current Liabilities	1,637	47,522	5.0	41,836	4.8	39,117	5.1	5,686	13.6	8,405	21.5
Current Portion of Bonds Payable and Long-term Debts	4	128	-	125	-	4,563	0.6	3	2.4	(4,435)	(97.2)
<b>Total Current Liabilities</b>	<b>4,905</b>	<b>142,436</b>	<b>14.9</b>	<b>119,053</b>	<b>13.5</b>	<b>117,007</b>	<b>15.1</b>	<b>23,383</b>	<b>19.6</b>	<b>25,429</b>	<b>21.7</b>
Bonds Payable	2,755	80,000	8.4	75,600	8.6	18,000	2.3	4,400	5.8	62,000	344.4
Other Long-term Liabilities	236	6,845	0.7	6,853	0.8	7,214	1.0	(8)	(0.1)	(369)	(5.1)
<b>Total Liabilities</b>	<b>7,896</b>	<b>229,281</b>	<b>24.0</b>	<b>201,506</b>	<b>22.9</b>	<b>142,221</b>	<b>18.4</b>	<b>27,775</b>	<b>13.8</b>	<b>87,060</b>	<b>61.2</b>
<b>Shareholders' Equity Attributable to Shareholders of the Parent</b>											
Capital Stock at Par Value	8,928	259,245	27.1	259,220	29.5	259,162	33.5	25	0.0	83	0.0
Capital Surplus	1,933	56,138	5.9	56,074	6.4	55,847	7.2	64	0.1	291	0.5
Legal Capital Reserve	3,988	115,820	12.1	115,820	13.2	102,400	13.2	-	-	13,420	13.1
Special Capital Reserve	262	7,606	0.8	7,606	0.9	6,434	0.8	-	-	1,172	18.2
Unappropriated Earnings	9,890	287,175	30.1	245,606	27.9	213,357	27.6	41,569	16.9	73,818	34.6
Others	(96)	(2,786)	(0.3)	(9,783)	(1.1)	(7,606)	(1.0)	6,997	(71.5)	4,820	(63.4)
<b>Equity Attributable to Shareholders of the Parent</b>	<b>24,905</b>	<b>723,198</b>	<b>75.7</b>	<b>674,543</b>	<b>76.8</b>	<b>629,594</b>	<b>81.3</b>	<b>48,655</b>	<b>7.2</b>	<b>93,604</b>	<b>14.9</b>
Minority Interests	88	2,556	0.3	2,603	0.3	2,450	0.3	(47)	(1.8)	106	4.3
<b>Total Shareholders' Equity</b>	<b>24,993</b>	<b>725,754</b>	<b>76.0</b>	<b>677,146</b>	<b>77.1</b>	<b>632,044</b>	<b>81.6</b>	<b>48,608</b>	<b>7.2</b>	<b>93,710</b>	<b>14.8</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$32,889</b>	<b>\$955,035</b>	<b>100.0</b>	<b>\$878,652</b>	<b>100.0</b>	<b>\$774,265</b>	<b>100.0</b>	<b>\$76,383</b>	<b>8.7</b>	<b>\$180,770</b>	<b>23.3</b>

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.038 as of December 31, 2012.



**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Unaudited Consolidated Condensed Income Statements**

For the Three Months Ended December 31, 2012, September 30, 2012, December 31, 2011

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

Except for Per Share Amounts and Shares Outstanding

	4Q 2012			3Q 2012		4Q 2011		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Net Sales	\$4,504	\$131,305	100.0	\$141,375	100.0	\$104,712	100.0	(\$10,070)	(7.1)	\$26,593	25.4
Cost of Sales	(2,379)	(69,357)	(52.8)	(72,345)	(51.2)	(57,940)	(55.3)	2,988	(4.1)	(11,417)	19.7
Gross Profit	2,125	61,948	47.2	69,030	48.8	46,772	44.7	(7,082)	(10.3)	15,176	32.4
Operating Expenses											
Research and Development Expenses	(360)	(10,504)	(8.0)	(10,662)	(7.5)	(8,754)	(8.4)	158	(1.5)	(1,750)	20.0
General and Administrative Expenses	(142)	(4,133)	(3.2)	(4,480)	(3.2)	(3,911)	(3.7)	347	(7.7)	(222)	5.7
Sales and Marketing Expenses	(36)	(1,057)	(0.8)	(1,235)	(0.9)	(1,177)	(1.2)	178	(14.4)	120	(10.2)
Total Operating Expenses	(538)	(15,694)	(12.0)	(16,377)	(11.6)	(13,842)	(13.3)	683	(4.2)	(1,852)	13.4
Income from Operations	1,587	46,254	35.2	52,653	37.2	32,930	31.4	(6,399)	(12.2)	13,324	40.5
Non-Operating Income (Expenses), Net Equity in Earnings of Equity Method Investees, Net	(25)	(730)	(0.6)	380	0.3	710	0.7	(1,110)	(292.1)	(1,440)	(202.8)
Income before Income Tax	1,587	46,247	35.2	53,729	38.0	33,621	32.1	(7,482)	(13.9)	12,626	37.6
Income Tax Expenses	(164)	(4,763)	(3.6)	(4,383)	(3.1)	(2,057)	(1.9)	(380)	8.7	(2,706)	131.6
Net Income	1,423	41,484	31.6	49,346	34.9	31,564	30.2	(7,862)	(15.9)	9,920	31.4
Net Loss (Income) Attributable to Minority Interests	3	85	0.1	(43)	-	14	-	128	(297.7)	71	507.1
Net Income Attributable to Shareholders of the Parent	1,426	41,569	31.7	49,303	34.9	31,578	30.2	(7,734)	(15.7)	9,991	31.6
Earnings per Share - Diluted	\$0.06	\$1.61		\$1.90		\$1.22		(\$0.29)	(15.6)	\$0.39	31.8
Earnings per ADR - Diluted <sup>(2)</sup>	\$0.28	\$8.03		\$9.51		\$6.09		(\$1.48)	(15.6)	\$1.94	31.8
Weighted Average Outstanding Shares - Diluted ('M)		25,928		25,927		25,924					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.153 for the fourth quarter of 2012.

(2) 1 ADR equals 5 ordinary shares.



**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Audited Consolidated Condensed Income Statements**

**For the Years Ended December 31, 2012 and 2011**

**(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD"))<sup>(1)</sup>**

**Except for Per Share Amounts and Shares Outstanding)**

	For The Years Ended December 31						
	2012			2011		YoY	
	USD	NTD	%	NTD	%	Amount	%
Net Sales	\$17,116	\$506,249	100.0	\$427,081	100.0	\$79,168	18.5
Cost of Sales	(8,880)	(262,654)	(51.9)	(233,012)	(54.6)	(29,642)	12.7
Gross Profit	8,236	243,595	48.1	194,069	45.4	49,526	25.5
Operating Expenses							
Research and Development Expenses	(1,366)	(40,402)	(8.0)	(33,830)	(7.9)	(6,572)	19.4
General and Administrative Expenses	(596)	(17,638)	(3.4)	(14,164)	(3.3)	(3,474)	24.5
Sales and Marketing Expenses	(152)	(4,498)	(0.9)	(4,518)	(1.1)	20	(0.4)
Total Operating Expenses	(2,114)	(62,538)	(12.3)	(52,512)	(12.3)	(10,026)	19.1
Income from Operations	6,122	181,057	35.8	141,557	33.1	39,500	27.9
Non-Operating Income (Expenses), Net	(52)	(1,532)	(0.3)	2,693	0.7	(4,225)	(156.9)
Equity in Earnings of Equity Method Investees, Net	68	2,029	0.4	898	0.2	1,131	125.9
Income before Income Tax	6,138	181,554	35.9	145,148	34.0	36,406	25.1
Income Tax Expenses	(527)	(15,590)	(3.1)	(10,695)	(2.5)	(4,895)	45.8
Net Income	5,611	165,964	32.8	134,453	31.5	31,511	23.4
Net Loss (Income) Attributable to Minority Interests	7	195	-	(252)	(0.1)	447	(177.4)
Net Income Attributable to Shareholders of the Parent	5,618	166,159	32.8	134,201	31.4	31,958	23.8
Earnings per Share - Diluted	\$0.22	\$6.41		\$5.18		\$1.23	23.8
Earnings per ADR - Diluted <sup>(2)</sup>	\$1.08	\$32.04		\$25.88		\$6.16	23.8
Weighted Average Outstanding Shares - Diluted ('M)		25,928		25,925			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 29.577 for the year ended December 31, 2012.

(2) 1 ADR equals 5 ordinary shares.



# TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

## Consolidated Condensed Statements of Cash Flows

For the Year Ended December 31, 2012, and for the Three Months Ended December 31, 2012, September 30, 2012 and December 31, 2011

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

	2012 (Audited)		4Q 2012 (Unaudited)	3Q 2012 (Unaudited)	4Q 2011 (Unaudited)
	USD	NTD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>					
Net Income Attributable to Shareholders of the Parent	\$ 5,618	\$ 166,159	\$ 41,569	\$ 49,303	\$ 31,578
Net Income (Loss) Attributable to Minority Interests	(7)	(195)	(85)	43	(14)
Depreciation & Amortization	4,441	131,349	36,205	34,678	27,742
Deferred Income Tax	19	573	312	346	(978)
Equity in Earnings of Equity Method Investees, Net	(68)	(2,029)	(723)	(696)	19
Changes in Working Capital & Others	(230)	(6,793)	8,134	(7,043)	14,490
Net Cash Provided by Operating Activities	<u>9,773</u>	<u>289,064</u>	<u>85,412</u>	<u>76,631</u>	<u>72,837</u>
<b>Cash Flows from Investing Activities:</b>					
Acquisitions of:					
Marketable Financial Instruments	(1,065)	(31,526)	(31,522)	(1)	(931)
Property, Plant and Equipment	(8,322)	(246,137)	(59,765)	(78,334)	(29,772)
Financial Assets Carried at Cost	(2)	(57)	(50)	14	(246)
Proceeds from Disposal or Redemption of:					
Marketable Financial Instruments	125	3,676	1,781	823	937
Property, Plant and Equipment and Other Assets	5	157	40	3	191
Financial Assets Carried at Cost	12	354	117	32	19
Others	11	337	(751)	1,694	(345)
Net Cash Used In Investing Activities	<u>(9,236)</u>	<u>(273,196)</u>	<u>(90,150)</u>	<u>(75,769)</u>	<u>(30,147)</u>
<b>Cash Flows from Financing Activities:</b>					
Increase (Decrease) in Short-term Loans	297	8,788	4,965	(1,023)	(10,093)
Decrease in Guarantee Deposits	(8)	(240)	(25)	(24)	(68)
Proceeds from Exercise of Employee Stock Options	8	242	66	36	62
Proceeds from Issuance of Bonds	2,096	62,000	4,400	40,600	-
Repayment of Bonds Payable	(152)	(4,500)	-	-	-
Cash Dividends Paid for Common Stock	(2,629)	(77,749)	-	(77,749)	-
Others	(79)	(2,352)	(3)	(1,131)	(2,747)
Net Cash Used in Financing Activities	<u>(467)</u>	<u>(13,811)</u>	<u>9,403</u>	<u>(39,291)</u>	<u>(12,846)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>70</u>	<u>2,057</u>	<u>4,665</u>	<u>(38,429)</u>	<u>29,844</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(72)	(2,118)	8	(1,274)	(1,208)
Cash and Cash Equivalents at Beginning of Period	<u>4,851</u>	<u>143,472</u>	<u>138,738</u>	<u>178,441</u>	<u>114,836</u>
Cash and Cash Equivalents at End of Period	<u>\$ 4,849</u>	<u>\$ 143,411</u>	<u>\$ 143,411</u>	<u>\$ 138,738</u>	<u>\$ 143,472</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.577 for the year ended December 31, 2012.