



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, 2013 (Unaudited)			March 31, 2013 (Unaudited)		June 30, 2012 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 7,536	\$ 225,833	19.3	\$ 186,029	17.5	\$ 178,441	20.0	\$ 39,804	21.4	\$ 47,392	26.6
Investments in Marketable Financial Instruments	60	1,791	0.1	3,226	0.4	9,926	1.1	(1,435)	(44.5)	(8,135)	(82.0)
Accounts Receivable	2,681	80,340	6.9	65,907	6.2	61,448	6.9	14,433	21.9	18,892	30.7
Inventories	1,288	38,615	3.3	37,834	3.6	30,780	3.5	781	2.1	7,835	25.5
Other Current Assets	196	5,883	0.5	4,756	0.4	3,989	0.5	1,127	23.7	1,894	47.5
Total Current Assets	11,761	352,462	30.1	297,752	28.1	284,584	32.0	54,710	18.4	67,878	23.9
Non-current Assets											
Long-term Investments	2,612	78,262	6.7	70,702	6.6	28,106	3.1	7,560	10.7	50,156	178.5
Property, Plant and Equipment	23,879	715,595	61.2	666,447	62.8	548,185	61.6	49,148	7.4	167,410	30.5
Intangible and Other Non-current Assets	786	23,566	2.0	26,729	2.5	29,715	3.3	(3,163)	(11.8)	(6,149)	(20.7)
Total Non-current Assets	27,277	817,423	69.9	763,878	71.9	606,006	68.0	53,545	7.0	211,417	34.9
Total Assets	\$ 39,038	\$ 1,169,885	100.0	\$ 1,061,630	100.0	\$ 890,590	100.0	\$ 108,255	10.2	\$ 279,295	31.4
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,050	\$ 31,466	2.7	\$ 35,843	3.4	\$ 30,773	3.5	\$ (4,377)	(12.2)	\$ 693	2.3
Accounts Payables	507	15,203	1.3	13,256	1.2	15,437	1.7	1,947	14.7	(234)	(1.5)
Payables to Contractors and Equipment Suppliers	2,032	60,884	5.2	48,601	4.6	45,040	5.1	12,283	25.3	15,844	35.2
Cash Dividends Payable	2,595	77,773	6.6	-	-	77,763	8.7	77,773	-	10	-
Accrued Expenses and Other Current Liabilities	1,946	58,305	5.0	60,375	5.7	49,217	5.5	(2,070)	(3.4)	9,088	18.5
Current Portion of Bonds Payable and Bank Loans	-	-	-	131	-	125	-	(131)	(100.0)	(125)	(100.0)
Total Current Liabilities	8,130	243,631	20.8	158,206	14.9	218,355	24.5	85,425	54.0	25,276	11.6
Non-current Liabilities											
Bonds Payable	5,666	169,801	14.5	125,000	11.8	35,000	3.9	44,801	35.8	134,801	385.1
Other Non-current Liabilities	341	10,217	0.9	9,775	0.9	9,298	1.1	442	4.5	919	9.9
Total Non-current Liabilities	6,007	180,018	15.4	134,775	12.7	44,298	5.0	45,243	33.6	135,720	306.4
Total Liabilities	14,137	423,649	36.2	292,981	27.6	262,653	29.5	130,668	44.6	160,996	61.3
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,652	259,283	22.2	259,282	24.4	259,207	29.1	1	-	76	-
Capital Surplus	1,863	55,829	4.8	55,763	5.3	55,596	6.2	66	0.1	233	0.4
Legal Capital Reserve	4,419	132,436	11.3	115,820	10.9	115,820	13.0	16,616	14.3	16,616	14.3
Special Capital Reserve	93	2,786	0.2	7,606	0.7	7,606	0.9	(4,820)	(63.4)	(4,820)	(63.4)
Unappropriated Earnings	9,570	286,801	24.5	324,562	30.6	194,625	21.9	(37,761)	(11.6)	92,176	47.4
Others	293	8,777	0.8	3,098	0.3	(7,496)	(0.9)	5,679	183.3	16,273	217.1
Equity Attributable to Shareholders of the Parent	24,890	745,912	63.8	766,131	72.2	625,358	70.2	(20,219)	(2.6)	120,554	19.3
Noncontrolling Interests	11	324	-	2,518	0.2	2,579	0.3	(2,194)	(87.1)	(2,255)	(87.4)
Total Shareholders' Equity	24,901	746,236	63.8	768,649	72.4	627,937	70.5	(22,413)	(2.9)	118,299	18.8
Total Liabilities & Shareholders' Equity	\$ 39,038	\$ 1,169,885	100.0	\$ 1,061,630	100.0	\$ 890,590	100.0	\$ 108,255	10.2	\$ 279,295	31.4

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.968 as of June 30, 2013

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended June 30, 2013, March 31, 2013 and June 30, 2012

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

Except for Per Share Amounts and Shares Outstanding)

	2Q 2013			1Q 2013		2Q 2012		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 5,225	\$ 155,886	100.0	\$ 132,755	100.0	\$ 128,186	100.0	\$ 23,131	17.4	\$ 27,700	21.6
Cost of Revenue											
Depreciation/Amortization	(1,163)	(34,709)	(22.3)	(33,338)	(25.1)	(29,623)	(23.1)	(1,371)	4.1	(5,086)	17.2
Other Manufacturing Cost	(1,500)	(44,755)	(28.7)	(38,647)	(29.1)	(36,170)	(28.2)	(6,108)	15.8	(8,585)	23.7
Total Cost of Revenue	(2,663)	(79,464)	(51.0)	(71,985)	(54.2)	(65,793)	(51.3)	(7,479)	10.4	(13,671)	20.8
Gross Profit	2,562	76,422	49.0	60,770	45.8	62,393	48.7	15,652	25.8	14,029	22.5
Operating Expenses											
Research and Development Expenses	(400)	(11,942)	(7.6)	(10,651)	(8.0)	(10,067)	(7.8)	(1,291)	12.1	(1,875)	18.6
Sales, General and Administrative Expenses	(230)	(6,850)	(4.4)	(5,725)	(4.3)	(5,470)	(4.3)	(1,125)	19.7	(1,380)	25.2
Total Operating Expenses	(630)	(18,792)	(12.0)	(16,376)	(12.3)	(15,537)	(12.1)	(2,416)	14.8	(3,255)	20.9
Other Operating Income and Expenses	-	(1)	-	34	-	16	-	(35)	(102.9)	(17)	(106.3)
Income from Operations	1,932	57,629	37.0	44,428	33.5	46,872	36.6	13,201	29.7	10,757	22.9
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	36	1,060	0.7	654	0.5	604	0.4	406	62.1	456	75.5
Interest Expenses	(21)	(635)	(0.4)	(494)	(0.4)	(197)	(0.2)	(141)	28.5	(438)	222.3
Other Gains and Losses	65	1,963	1.2	1,160	0.9	(1,322)	(1.0)	803	69.2	3,285	(248.5)
Total Non-operating Income and Expenses	80	2,388	1.5	1,320	1.0	(915)	(0.8)	1,068	80.9	3,303	(361.0)
Income before Income Tax	2,012	60,017	38.5	45,748	34.5	45,957	35.8	14,269	31.2	14,060	30.6
Income Tax Expenses	(277)	(8,256)	(5.3)	(6,212)	(4.7)	(4,157)	(3.2)	(2,044)	32.9	(4,099)	98.6
Net Income	1,735	51,761	33.2	39,536	29.8	41,800	32.6	12,225	30.9	9,961	23.8
Other Comprehensive Income	189	5,651	3.6	5,907	4.4	2,448	1.9	(256)	(4.3)	3,203	130.8
Comprehensive Income	\$ 1,924	\$ 57,412	36.8	\$ 45,443	34.2	\$ 44,248	34.5	\$ 11,969	26.3	\$ 13,164	29.8
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,737	\$ 51,808	33.2	\$ 39,577	29.8	\$ 41,843	32.6	\$ 12,231	30.9	\$ 9,965	23.8
Noncontrolling interests	(2)	(47)	-	(41)	-	(43)	-	(6)	14.6	(4)	9.3
	\$ 1,735	\$ 51,761	33.2	\$ 39,536	29.8	\$ 41,800	32.6	\$ 12,225	30.9	\$ 9,961	23.8
Earnings per Share - Diluted	\$ 0.07	\$ 2.00		\$ 1.53		\$ 1.61		\$ 0.47	30.9	\$ 0.39	23.8
Earnings per ADR - Diluted (2)	\$ 0.33	\$ 9.99		\$ 7.63		\$ 8.07		\$ 2.36	30.9	\$ 1.92	23.8
Weighted Average Outstanding Shares - Diluted (M)		25,929		25,929		25,927					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of 29.833 for the second quarter of 2013.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Six Months Ended June 30, 2013 and 2012
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	2013			2012		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 9,734	\$ 288,641	100.0	\$ 233,801	100.0	\$ 54,840	23.5
Cost of Revenue							
Depreciation/Amortization	(2,295)	(68,047)	(23.6)	(54,792)	(23.4)	(13,255)	24.2
Other Manufacturing Cost	(2,812)	(83,402)	(28.9)	(66,137)	(28.3)	(17,265)	26.1
Total Cost of Revenue	(5,107)	(151,449)	(52.5)	(120,929)	(51.7)	(30,520)	25.2
Gross Profit	4,627	137,192	47.5	112,872	48.3	24,320	21.5
Operating Expenses							
Research and Development Expenses	(762)	(22,593)	(7.8)	(19,226)	(8.2)	(3,367)	17.5
Sales, General and Administrative Expenses	(424)	(12,575)	(4.3)	(11,227)	(4.8)	(1,348)	12.0
Total Operating Expenses	(1,186)	(35,168)	(12.1)	(30,453)	(13.0)	(4,715)	15.5
Other Operating Income and Expenses	1	33	-	(430)	(0.2)	463	(107.7)
Income from Operations	3,442	102,057	35.4	81,989	35.1	20,068	24.5
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	58	1,714	0.6	626	0.3	1,088	173.8
Interest Expenses	(38)	(1,129)	(0.4)	(415)	(0.2)	(714)	172.0
Other Gains and Losses	105	3,123	1.0	(570)	(0.2)	3,693	(647.9)
Total Non-operating Income and Expenses	125	3,708	1.2	(359)	(0.1)	4,067	(1,132.9)
Income before Income Tax	3,567	105,765	36.6	81,630	35.0	24,135	29.6
Income Tax Expenses	(488)	(14,468)	(5.0)	(6,447)	(2.8)	(8,021)	124.4
Net Income	3,079	91,297	31.6	75,183	32.2	16,114	21.4
Other Comprehensive Income	390	11,558	4.0	146	-	11,412	7,816.4
Comprehensive Income	\$ 3,469	\$ 102,855	35.6	\$ 75,329	32.2	\$ 27,526	36.5
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 3,082	\$ 91,385	31.7	\$ 75,335	32.2	\$ 16,050	21.3
Noncontrolling interests	(3)	(88)	(0.1)	(152)	-	64	(42.1)
	\$ 3,079	\$ 91,297	31.6	\$ 75,183	32.2	\$ 16,114	21.4
Earnings per Share - Diluted	\$ 0.12	\$ 3.52		\$ 2.91		\$ 0.61	21.3
Earnings per ADR - Diluted (2)	\$ 0.59	\$ 17.62		\$ 14.53		\$ 3.09	21.3
Weighted Average Outstanding Shares - Diluted ('M)		25,929		25,927			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.653 for the six months ended June 30, 2013.

(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, 2013 and for the Three Months Ended June 30, 2013, March 31, 2013 and June 30, 2012

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

	Six Months 2013 (unaudited)		2Q 2013 (unaudited)	1Q 2013 (unaudited)	2Q 2012 (unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 3,567	\$ 105,765	\$ 60,017	\$ 45,748	\$ 45,957
Depreciation & Amortization	2,515	74,591	38,095	36,496	32,461
Share of Profits of Associates and Joint Venture	(58)	(1,714)	(1,060)	(654)	(604)
Income Tax Paid	(483)	(14,335)	(14,296)	(39)	(10,277)
Changes in Working Capital & Others	(522)	(15,499)	(7,518)	(7,981)	1,130
Net Cash Generated by Operating Activities	<u>5,019</u>	<u>148,808</u>	<u>75,238</u>	<u>73,570</u>	<u>68,667</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 23	\$ 690	\$ 375	\$ 315	\$ 393
Cash Dividend Received	17	494	494	-	1,355
Acquisitions of:					
Property, Plant and Equipment	(5,356)	(158,819)	(78,401)	(80,418)	(59,467)
Marketable Financial Instruments	-	(10)	(6)	(4)	(1)
Financial Assets Carried at Cost	(1)	(17)	-	(17)	(21)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	4	111	98	13	101
Marketable Financial Instruments	218	6,478	2,470	4,008	388
Financial Assets Carried at Cost	1	12	2	10	160
Others	(88)	(2,603)	(1,663)	(940)	(187)
Net Cash Used In Investing Activities	<u>(5,182)</u>	<u>(153,664)</u>	<u>(76,631)</u>	<u>(77,033)</u>	<u>(57,279)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (138)	\$ (4,087)	\$ (4,317)	\$ 230	\$ (4,301)
Proceeds from Issuance of Bonds	3,023	89,645	44,645	45,000	-
Proceeds from Long-term Bank Loans	22	650	650	-	-
Repayment of Long-term Bank Loans	(2)	(63)	(32)	(31)	-
Interest Paid	(13)	(374)	(42)	(332)	(58)
Proceeds from Exercise of Stock Options	4	110	3	107	4
Others	5	148	183	(35)	(153)
Net Cash Generated by (Used In) Financing Activities	<u>2,901</u>	<u>86,029</u>	<u>41,090</u>	<u>44,939</u>	<u>(4,508)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 42	\$ 1,249	\$ 107	\$ 1,142	\$ 741
Net Increase in Cash and Cash Equivalents	<u>2,780</u>	<u>82,422</u>	<u>39,804</u>	<u>42,618</u>	<u>7,621</u>
Cash and Cash Equivalents at Beginning of Period	<u>4,836</u>	<u>143,411</u>	<u>186,029</u>	<u>143,411</u>	<u>170,820</u>
Cash and Cash Equivalents at End of Period	<u>\$ 7,616</u>	<u>\$ 225,833</u>	<u>\$ 225,833</u>	<u>\$ 186,029</u>	<u>\$ 178,441</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.653 for the six months ended June 30, 2013.