



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, 2013 (Audited)			September 30, 2013 (Unaudited)		December 31, 2012 (Audited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 8,144	\$ 242,695	19.2	\$ 216,604	18.4	\$ 143,411	14.9	\$ 26,091	12.0	\$ 99,284	69.2
Investments in Marketable Financial Instruments	89	2,647	0.2	1,561	0.1	7,507	0.8	1,086	69.6	(4,860)	(64.7)
Accounts Receivable	2,414	71,942	5.7	79,672	6.8	58,131	6.0	(7,730)	(9.7)	13,811	23.8
Inventories	1,258	37,495	3.0	36,917	3.1	37,831	3.9	578	1.6	(336)	(0.9)
Other Current Assets	124	3,708	0.3	3,457	0.3	3,446	0.4	251	7.3	262	7.6
Total Current Assets	12,029	358,487	28.4	338,211	28.7	250,326	26.0	20,276	6.0	108,161	43.2
Non-current Assets											
Long-term Investments	2,993	89,184	7.1	89,174	7.6	65,717	6.9	10	-	23,467	35.7
Property, Plant and Equipment	26,600	792,666	62.8	727,716	61.8	617,562	64.2	64,950	8.9	175,104	28.4
Intangible and Other Non-current Assets	762	22,718	1.7	22,439	1.9	27,750	2.9	279	1.2	(5,032)	(18.1)
Total Non-current Assets	30,355	904,568	71.6	839,329	71.3	711,029	74.0	65,239	7.8	193,539	27.2
Total Assets	\$ 42,384	\$ 1,263,055	100.0	\$ 1,177,540	100.0	\$ 961,355	100.0	\$ 85,515	7.3	\$ 301,700	31.4
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 525	\$ 15,645	1.2	\$ 18,053	1.5	\$ 34,715	3.6	\$ (2,408)	(13.3)	\$ (19,070)	(54.9)
Accounts Payables	549	16,359	1.3	15,073	1.3	15,239	1.6	1,286	8.5	1,120	7.3
Payables to Contractors and Equipment Suppliers	3,014	89,810	7.1	58,381	5.0	44,832	4.7	31,429	53.8	44,978	100.3
Accrued Expenses and Other Current Liabilities	2,281	67,964	5.4	56,777	4.8	53,560	5.6	11,187	19.7	14,404	26.9
Current Portion of Bonds Payable and Bank Loans	-	-	-	-	-	128	-	-	-	(128)	(100.0)
Total Current Liabilities	6,369	189,778	15.0	148,284	12.6	148,474	15.5	41,494	28.0	41,304	27.8
Non-current Liabilities											
Bonds Payable	7,073	210,768	16.7	210,416	17.9	80,000	8.3	352	0.2	130,768	163.5
Other Non-current Liabilities	494	14,734	1.2	14,665	1.2	9,787	1.0	69	0.5	4,947	50.5
Total Non-current Liabilities	7,567	225,502	17.9	225,081	19.1	89,787	9.3	421	0.2	135,715	151.2
Total Liabilities	13,936	415,280	32.9	373,365	31.7	238,261	24.8	41,915	11.2	177,019	74.3
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,701	259,286	20.5	259,284	22.0	259,245	27.0	2	-	41	-
Capital Surplus	1,874	55,859	4.4	55,842	4.7	55,675	5.8	17	-	184	0.3
Legal Capital Reserve	4,444	132,436	10.6	132,436	11.3	115,820	12.0	-	-	16,616	14.3
Special Capital Reserve	93	2,786	0.2	2,786	0.2	7,606	0.8	-	-	(4,820)	(63.4)
Unappropriated Earnings	12,851	382,971	30.3	338,753	28.8	284,985	29.6	44,218	13.1	97,986	34.4
Others	476	14,170	1.1	14,776	1.3	(2,780)	(0.3)	(606)	(4.1)	16,950	609.7
Equity Attributable to Shareholders of the Parent	28,439	847,508	67.1	803,877	68.3	720,551	74.9	43,631	5.4	126,957	17.6
Noncontrolling Interests	9	267	-	298	-	2,543	0.3	(31)	(10.4)	(2,276)	(89.5)
Total Shareholders' Equity	28,448	847,775	67.1	804,175	68.3	723,094	75.2	43,600	5.4	124,681	17.2
Total Liabilities & Shareholders' Equity	\$ 42,384	\$ 1,263,055	100.0	\$ 1,177,540	100.0	\$ 961,355	100.0	\$ 85,515	7.3	\$ 301,700	31.4

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.80 as of December 31, 2013

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended December 31, 2013, September 30, 2013, December 31, 2012
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")⁽¹⁾)
Except for Per Share Amounts and Shares Outstanding)

	4Q 2013			3Q 2013		4Q 2012		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 4,936	\$ 145,806	100.0	\$ 162,577	100.0	\$ 131,445	100.0	\$ (16,771)	(10.3)	\$ 14,361	10.9
Cost of Revenue											
Depreciation/Amortization	(1,264)	(37,334)	(25.6)	(36,776)	(22.6)	(33,126)	(25.2)	(558)	1.5	(4,208)	12.7
Other Manufacturing Cost	(1,476)	(43,610)	(29.9)	(46,910)	(28.9)	(36,219)	(27.6)	3,300	(7.0)	(7,391)	20.4
Total Cost of Revenue	(2,740)	(80,944)	(55.5)	(83,686)	(51.5)	(69,345)	(52.8)	2,742	(3.3)	(11,599)	16.7
Gross Profit	2,196	64,862	44.5	78,891	48.5	62,100	47.2	(14,029)	(17.8)	2,762	4.4
Operating Expenses											
Research and Development Expenses	(412)	(12,168)	(8.3)	(13,357)	(8.2)	(10,500)	(8.0)	1,189	(8.9)	(1,668)	15.9
Sales, General and Administrative Expenses	(168)	(4,966)	(3.4)	(5,904)	(3.6)	(5,187)	(3.9)	938	(15.9)	221	(4.3)
Total Operating Expenses	(580)	(17,134)	(11.7)	(19,261)	(11.8)	(15,687)	(11.9)	2,127	(11.0)	(1,447)	9.2
Other Operating Income and Expenses	1	26	-	(12)	-	(23)	-	38	(316.7)	49	(213.0)
Income from Operations	1,617	47,754	32.8	59,618	36.7	46,390	35.3	(11,864)	(19.9)	1,364	2.9
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	39	1,145	0.8	1,113	0.7	735	0.5	32	2.9	410	55.8
Interest Expenses	(27)	(785)	(0.5)	(733)	(0.5)	(335)	(0.2)	(52)	7.1	(450)	134.3
Other Gains and Losses	76	2,259	1.4	(649)	(0.4)	(506)	(0.4)	2,908	(448.1)	2,765	(546.4)
Total Non-operating Income and Expenses	88	2,619	1.7	(269)	(0.2)	(106)	(0.1)	2,888	(1073.6)	2,725	(2570.8)
Income before Income Tax	1,705	50,373	34.5	59,349	36.5	46,284	35.2	(8,976)	(15.1)	4,089	8.8
Income Tax Expenses	(189)	(5,586)	(3.8)	(7,414)	(4.5)	(4,765)	(3.6)	1,828	(24.7)	(821)	17.2
Net Income	1,516	44,787	30.7	51,935	32.0	41,519	31.6	(7,148)	(13.8)	3,268	7.9
Other Comprehensive Income	(41)	(1,199)	(0.8)	5,993	3.6	6,406	4.9	(7,192)	(120.0)	(7,605)	(118.7)
Comprehensive Income	\$ 1,475	\$ 43,588	29.9	\$ 57,928	35.6	\$ 47,925	36.5	\$ (14,340)	(24.8)	\$ (4,337)	(9.0)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,517	\$ 44,810	30.7	\$ 51,952	32.0	\$ 41,603	31.7	\$ (7,142)	(13.7)	\$ 3,207	7.7
Noncontrolling interests	(1)	(23)	-	(17)	-	(84)	(0.1)	(6)	35.3	61	(72.6)
	\$ 1,516	\$ 44,787	30.7	\$ 51,935	32.0	\$ 41,519	31.6	\$ (7,148)	(13.8)	\$ 3,268	7.9
Earnings per Share - Diluted	\$ 0.06	\$ 1.73		\$ 2.00		\$ 1.61		\$ (0.27)	(13.7)	\$ 0.12	7.7
Earnings per ADR - Diluted (2)	\$ 0.29	\$ 8.64		\$ 10.02		\$ 8.03		\$ (1.38)	(13.7)	\$ 0.61	7.6
Weighted Average Outstanding Shares - Diluted (M)		25,930		25,929		25,928					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$ 29.541 for the fourth quarter of 2013.

(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, 2013 and 2012						
	2013 (Audited)			2012 (Audited)		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 20,111	\$ 597,024	100.0	\$ 506,745	100.0	\$ 90,279	17.8
Cost of Revenue							
Depreciation/Amortization	(4,789)	(142,157)	(23.8)	(119,658)	(23.6)	(22,499)	18.8
Other Manufacturing Cost	(5,859)	(173,922)	(29.1)	(142,950)	(28.2)	(30,972)	21.7
Total Cost of Revenue	(10,648)	(316,079)	(52.9)	(262,608)	(51.8)	(53,471)	20.4
Gross Profit	9,463	280,945	47.1	244,137	48.2	36,808	15.1
Operating Expenses							
Research and Development Expenses	(1,621)	(48,118)	(8.1)	(40,383)	(8.0)	(7,735)	19.2
Sales, General and Administrative Expenses	(790)	(23,445)	(3.9)	(22,128)	(4.3)	(1,317)	6.0
Total Operating Expenses	(2,411)	(71,563)	(12.0)	(62,511)	(12.3)	(9,052)	14.5
Other Operating Income and Expenses	2	47	-	(449)	(0.1)	496	(110.5)
Income from Operations	7,054	209,429	35.1	181,177	35.8	28,252	15.6
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	134	3,972	0.6	2,073	0.4	1,899	91.6
Interest Expenses	(89)	(2,647)	(0.4)	(1,020)	(0.2)	(1,627)	159.5
Other Gains and Losses	160	4,733	0.8	(554)	(0.1)	5,287	(954.3)
Total Non-operating Income and Expenses	205	6,058	1.0	499	0.1	5,559	1,114.0
Income before Income Tax	7,259	215,487	36.1	181,676	35.9	33,811	18.6
Income Tax Expenses	(925)	(27,468)	(4.6)	(15,552)	(3.1)	(11,916)	76.6
Net Income	6,334	188,019	31.5	166,124	32.8	21,895	13.2
Other Comprehensive Income	551	16,352	2.7	4,252	0.8	12,100	284.6
Comprehensive Income	\$ 6,885	\$ 204,371	34.2	\$ 170,376	33.6	\$ 33,995	20.0
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 6,338	\$ 188,147	31.5	\$ 166,318	32.8	\$ 21,829	13.1
Noncontrolling interests	(4)	(128)	-	(194)	-	66	(34.0)
	\$ 6,334	\$ 188,019	31.5	\$ 166,124	32.8	\$ 21,895	13.2
Earnings per Share - Diluted	\$ 0.24	\$ 7.26		\$ 6.41		\$ 0.85	13.1
Earnings per ADR - Diluted (2)	\$ 1.22	\$ 36.28		\$ 32.07		\$ 4.21	13.1
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,928			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.687 for the year ended December 31, 2013.

(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, 2013 and for the Three Months Ended December 31, 2013, September 30, 2013 and December 31, 2012

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

	2013 (Audited)		4Q 2013 (Unaudited)	3Q 2013 (Unaudited)	4Q 2012 (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 7,259	\$ 215,487	\$ 50,373	\$ 59,349	\$ 46,284
Depreciation & Amortization	5,261	156,182	41,152	40,439	36,205
Share of Profits of Associates and Joint Venture	(134)	(3,972)	(1,145)	(1,113)	(735)
Income Tax Paid	(487)	(14,463)	(65)	(63)	(956)
Changes in Working Capital & Others	(197)	(5,851)	12,458	(2,810)	4,000
Net Cash Generated by Operating Activities	<u>11,702</u>	<u>347,383</u>	<u>102,773</u>	<u>95,802</u>	<u>84,798</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 60	\$ 1,791	\$ 596	\$ 505	\$ 378
Cash Dividend Received	89	2,648	-	2,154	1
Acquisitions of:					
Property, Plant and Equipment	(9,688)	(287,595)	(73,955)	(54,821)	(59,765)
Marketable Financial Instruments	(61)	(1,817)	(1,801)	(6)	(31,522)
Financial Assets Carried at Cost	(1)	(27)	(9)	(1)	(50)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	6	174	77	(14)	40
Marketable Financial Instruments	255	7,564	748	338	1,781
Financial Assets Carried at Cost	2	68	14	42	117
Others	(130)	(3,860)	(737)	(520)	(750)
Net Cash Used In Investing Activities	<u>(9,468)</u>	<u>(281,054)</u>	<u>(75,067)</u>	<u>(52,323)</u>	<u>(89,770)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (661)	\$ (19,636)	\$ (2,322)	\$ (13,227)	\$ 5,252
Proceeds from Issuance of Bonds	4,407	130,845	-	41,200	4,400
Proceeds from Long-term Bank Loans	23	690	-	40	-
Repayment of Long-term Bank Loans	(2)	(63)	-	-	(31)
Interest Paid	(45)	(1,331)	(89)	(868)	(53)
Cash Dividends Paid for Common Stock	(2,620)	(77,773)	-	(77,773)	-
Proceeds from Exercise of Stock Options	4	125	11	4	66
Others	(25)	(752)	(25)	(875)	3
Net Cash Generated by (Used In) Financing Activities	<u>1,081</u>	<u>32,105</u>	<u>(2,425)</u>	<u>(51,499)</u>	<u>9,637</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 29	\$ 850	\$ 810	\$ (1,209)	\$ 8
Net Increase in Cash and Cash Equivalents	<u>3,344</u>	<u>99,284</u>	<u>26,091</u>	<u>(9,229)</u>	<u>4,673</u>
Cash and Cash Equivalents at Beginning of Period	<u>4,831</u>	<u>143,411</u>	<u>216,604</u>	<u>225,833</u>	<u>138,738</u>
Cash and Cash Equivalents at End of Period	<u>\$ 8,175</u>	<u>\$ 242,695</u>	<u>\$ 242,695</u>	<u>\$ 216,604</u>	<u>\$ 143,411</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.687 for the year ended December 31, 2013.