



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⁾

	September 30, 2014 (Unaudited)			June 30, 2014 (Unaudited)		September 30, 2013 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 7,413	\$ 225,884	16.7	\$ 255,054	19.0	\$ 216,604	18.4	\$ (29,170)	(11.4)	\$ 9,280	4.3
Investments in Marketable Financial Instruments	2,116	64,461	4.8	59,540	4.4	1,561	0.1	4,921	8.3	62,900	4029.5
Accounts Receivable	3,759	114,532	8.5	86,887	6.4	79,672	6.8	27,645	31.8	34,860	43.8
Inventories	2,144	65,337	4.8	50,954	3.8	36,917	3.1	14,383	28.2	28,420	77.0
Other Current Assets	198	6,016	0.5	6,765	0.5	3,457	0.3	(749)	(11.1)	2,559	74.0
Total Current Assets	15,630	476,230	35.3	459,200	34.1	338,211	28.7	17,030	3.7	138,019	40.8
Non-current Assets											
Long-term Investments	947	28,846	2.1	28,373	2.1	89,174	7.6	473	1.7	(60,328)	(67.7)
Property, Plant and Equipment	27,053	824,310	61.1	837,168	62.3	727,716	61.8	(12,858)	(1.5)	96,594	13.3
Intangible and Other Non-current Assets	676	20,609	1.5	20,304	1.5	22,439	1.9	305	1.5	(1,830)	(8.2)
Total Non-current Assets	28,676	873,765	64.7	885,845	65.9	839,329	71.3	(12,080)	(1.4)	34,436	4.1
Total Assets	\$ 44,306	\$ 1,349,995	100.0	\$ 1,345,045	100.0	\$ 1,177,540	100.0	\$ 4,950	0.4	\$ 172,455	14.6
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,178	\$ 35,883	2.7	\$ 34,705	2.6	\$ 18,053	1.5	\$ 1,178	3.4	\$ 17,830	98.8
Accounts Payable	712	21,709	1.6	21,697	1.6	15,073	1.3	12	0.1	6,636	44.0
Payables to Contractors and Equipment Suppliers	941	28,684	2.1	34,658	2.6	58,381	5.0	(5,974)	(17.2)	(29,697)	(50.9)
Cash Dividends Payable	-	-	-	77,786	5.8	-	-	(77,786)	-	-	-
Accrued Expenses and Other Current Liabilities	2,822	85,972	6.4	77,789	5.8	56,777	4.8	8,183	10.5	29,195	51.4
Total Current Liabilities	5,653	172,248	12.8	246,635	18.4	148,284	12.6	(74,387)	(30.2)	23,964	16.2
Non-current Liabilities											
Bonds Payable	6,951	211,797	15.6	210,869	15.6	210,416	17.9	928	0.4	1,381	0.7
Other Non-current Liabilities	308	9,392	0.7	10,580	0.8	14,665	1.2	(1,188)	(11.2)	(5,273)	(36.0)
Total Non-current Liabilities	7,259	221,189	16.3	221,449	16.4	225,081	19.1	(260)	(0.1)	(3,892)	(1.7)
Total Liabilities	12,912	393,437	29.1	468,084	34.8	373,365	31.7	(74,647)	(15.9)	20,072	5.4
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,510	259,294	19.2	259,294	19.3	259,284	22.0	-	-	10	0.0
Capital Surplus	1,836	55,944	4.2	56,027	4.2	55,842	4.7	(83)	(0.1)	102	0.2
Legal Capital Reserve	4,964	151,251	11.3	151,251	11.2	132,436	11.3	-	-	18,815	14.2
Special Capital Reserve	-	-	-	-	-	2,786	0.2	-	-	(2,786)	(100.0)
Unappropriated Earnings	15,525	473,065	35.0	396,729	29.5	338,753	28.8	76,336	19.2	134,312	39.6
Others	554	16,866	1.2	13,486	1.0	14,776	1.3	3,380	25.1	2,090	14.1
Equity Attributable to Shareholders of the Parent	31,389	956,420	70.9	876,787	65.2	803,877	68.3	79,633	9.1	152,543	19.0
Noncontrolling Interests	5	138	-	174	-	298	-	(36)	(20.7)	(160)	(53.7)
Total Shareholders' Equity	31,394	956,558	70.9	876,961	65.2	804,175	68.3	79,597	9.1	152,383	18.9
Total Liabilities & Shareholders' Equity	\$ 44,306	\$ 1,349,995	100.0	\$ 1,345,045	100.0	\$ 1,177,540	100.0	\$ 4,950	0.4	\$ 172,455	14.6

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.470 as of September 30, 2014

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended September 30, 2014, June 30, 2014 and September 30, 2013
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	3Q 2014			2Q 2014		3Q 2013		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,968	\$ 209,049	100.0	\$ 183,021	100.0	\$ 162,577	100.0	\$ 26,028	14.2	\$ 46,472	28.6
Cost of Revenue	(3,449)	(103,471)	(49.5)	(91,828)	(50.2)	(83,686)	(51.5)	(11,643)	12.7	(19,785)	23.6
Gross Profit	3,519	105,578	50.5	91,193	49.8	78,891	48.5	14,385	15.8	26,687	33.8
Operating Expenses											
Research and Development Expenses	(507)	(15,206)	(7.3)	(13,609)	(7.4)	(13,357)	(8.2)	(1,597)	11.7	(1,849)	13.8
Sales, General and Administrative Expenses	(198)	(5,935)	(2.8)	(6,643)	(3.7)	(5,904)	(3.6)	708	(10.7)	(31)	0.5
Total Operating Expenses	(705)	(21,141)	(10.1)	(20,252)	(11.1)	(19,261)	(11.8)	(889)	4.4	(1,880)	9.8
Other Operating Income and Expenses	-	(5)	-	(227)	(0.1)	(12)	-	222	(97.8)	7	(58.3)
Income from Operations	2,814	84,432	40.4	70,714	38.6	59,618	36.7	13,718	19.4	24,814	41.6
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	35	1,037	0.5	1,048	0.6	1,113	0.7	(11)	(1.0)	(76)	(6.8)
Interest Expenses	(27)	(816)	(0.4)	(801)	(0.4)	(733)	(0.5)	(15)	1.9	(83)	11.3
Other Gains and Losses	24	728	0.3	3,137	1.7	(649)	(0.4)	(2,409)	(76.8)	1,377	NM
Total Non-operating Income and Expenses	32	949	0.4	3,384	1.9	(269)	(0.2)	(2,435)	(72.0)	1,218	NM
Income before Income Tax	2,846	85,381	40.8	74,098	40.5	59,349	36.5	11,283	15.2	26,032	43.9
Income Tax Expenses	(303)	(9,077)	(4.3)	(14,438)	(7.9)	(7,414)	(4.5)	5,361	(37.1)	(1,663)	22.4
Net Income	2,543	76,304	36.5	59,660	32.6	51,935	32.0	16,644	27.9	24,369	46.9
Other Comprehensive Income	113	3,381	1.6	(3,099)	(1.7)	5,993	3.6	6,480	NM	(2,612)	(43.6)
Comprehensive Income	\$ 2,656	\$ 79,685	38.1	\$ 56,561	30.9	\$ 57,928	35.6	\$ 23,124	40.9	\$ 21,757	37.6
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,544	\$ 76,335	36.5	\$ 59,702	32.6	\$ 51,952	32.0	\$ 16,633	27.9	\$ 24,383	46.9
Noncontrolling interests	(1)	(31)	-	(42)	-	(17)	-	11	(26.2)	(14)	82.4
	\$ 2,543	\$ 76,304	36.5	\$ 59,660	32.6	\$ 51,935	32.0	\$ 16,644	27.9	\$ 24,369	46.9
Earnings per Share - Diluted	\$ 0.10	\$ 2.94		\$ 2.30		\$ 2.00		\$ 0.64	27.9	\$ 0.94	46.9
Earnings per ADR - Diluted (2)	\$ 0.49	\$ 14.72		\$ 11.51		\$ 10.02		\$ 3.21	27.9	\$ 4.70	46.9
Weighted Average Outstanding Shares - Diluted (M)		25,930		25,930		25,929					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT30.000 for the third quarter of 2014.

(2) 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 Nine Months Ended September 30						
	2014			2013		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 17,944	\$ 540,285	100.0	\$ 451,218	100.0	\$ 89,067	19.7
Cost of Revenue	(9,071)	(273,114)	(50.5)	(235,135)	(52.1)	(37,979)	16.2
Gross Profit	8,873	267,171	49.5	216,083	47.9	51,088	23.6
Operating Expenses							
Research and Development Expenses	(1,358)	(40,882)	(7.6)	(35,950)	(8.0)	(4,932)	13.7
Sales, General and Administrative Expenses	(610)	(18,386)	(3.4)	(18,479)	(4.1)	93	(0.5)
Total Operating Expenses	(1,968)	(59,268)	(11.0)	(54,429)	(12.1)	(4,839)	8.9
Other Operating Income and Expenses	(8)	(235)	(0.1)	21	-	(256)	(1219.0)
Income from Operations	6,897	207,668	38.4	161,675	35.8	45,993	28.4
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	101	3,040	0.6	2,827	0.6	213	7.5
Interest Expenses	(80)	(2,414)	(0.4)	(1,862)	(0.4)	(552)	29.6
Other Gains and Losses	149	4,487	0.8	2,474	0.5	2,013	81.4
Total Non-operating Income and Expenses	170	5,113	1.0	3,439	0.7	1,674	48.7
Income before Income Tax	7,067	212,781	39.4	165,114	36.5	47,667	28.9
Income Tax Expenses	(962)	(28,971)	(5.4)	(21,882)	(4.8)	(7,089)	32.4
Net Income	6,105	183,810	34.0	143,232	31.7	40,578	28.3
Other Comprehensive Income	89	2,696	0.5	17,551	3.9	(14,855)	(84.6)
Comprehensive Income	<u>\$ 6,194</u>	<u>\$ 186,506</u>	<u>34.5</u>	<u>\$ 160,783</u>	<u>35.6</u>	<u>\$ 25,723</u>	<u>16.0</u>
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 6,108	\$ 183,908	34.0	\$ 143,337	31.7	\$ 40,571	28.3
Noncontrolling interests	(3)	(98)	-	(105)	-	7	(6.7)
	<u>\$ 6,105</u>	<u>\$ 183,810</u>	<u>34.0</u>	<u>\$ 143,232</u>	<u>31.7</u>	<u>\$ 40,578</u>	<u>28.3</u>
Earnings per Share - Diluted	<u>\$ 0.24</u>	<u>\$ 7.09</u>		<u>\$ 5.53</u>		<u>\$ 1.56</u>	<u>28.3</u>
Earnings per ADR - Diluted (2)	<u>\$ 1.18</u>	<u>\$ 35.46</u>		<u>\$ 27.64</u>		<u>\$ 7.82</u>	<u>28.3</u>
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,929			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.109 for the nine months ended September 30, 2014.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Nine Months Ended September 30, 2014 and for the Three Months Ended September 30, 2014, June 30, 2014 and September 30, 2013

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

	Nine Months 2014 (unaudited)		3Q 2014 (unaudited)	2Q 2014 (unaudited)	3Q 2013 (unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 7,067	\$ 212,781	\$ 85,381	\$ 74,098	\$ 59,349
Depreciation & Amortization	4,777	143,834	56,233	45,979	40,439
Share of Profits of Associates and Joint Venture	(101)	(3,040)	(1,037)	(1,048)	(1,113)
Income Taxes Paid	(991)	(29,849)	(7,246)	(22,424)	(63)
Changes in Working Capital & Others	(1,856)	(55,871)	(42,086)	(14,856)	(2,810)
Net Cash Generated by Operating Activities	<u>8,896</u>	<u>267,855</u>	<u>91,245</u>	<u>81,749</u>	<u>95,802</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 62	\$ 1,875	\$ 627	\$ 652	\$ 505
Cash Dividend Received	128	3,867	3,237	630	2,154
Acquisitions of:					
Property, Plant and Equipment	(7,842)	(236,115)	(47,882)	(73,328)	(54,821)
Marketable Financial Instruments	(49)	(1,488)	-	(86)	(6)
Financial Assets Carried at Cost	-	(4)	-	-	(1)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	5	163	48	60	(14)
Marketable Financial Instruments	128	3,863	489	2,511	338
Financial Assets Carried at Cost	2	69	7	33	42
Investments Accounted for Using Equity Method	115	3,472	-	3,472	-
Others	(88)	(2,681)	(1,151)	(438)	(520)
Net Cash Used In Investing Activities	<u>(7,539)</u>	<u>(226,979)</u>	<u>(44,625)</u>	<u>(66,494)</u>	<u>(52,323)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ 685	\$ 20,610	\$ 1,390	\$ 10,401	\$ (13,227)
Proceeds from Issuance of Bonds	-	-	-	-	41,200
Proceeds from Long-term Bank Loans	-	-	-	-	40
Interest Paid	(91)	(2,744)	(1,855)	(25)	(868)
Cash Dividends Paid for Common Stock	(2,584)	(77,786)	(77,786)	-	(77,773)
Proceeds from Exercise of Stock Options	1	33	-	11	4
Others	(3)	(78)	(11)	(40)	(875)
Net Cash Generated by Financing Activities	<u>(1,992)</u>	<u>(59,965)</u>	<u>(78,262)</u>	<u>10,347</u>	<u>(51,499)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 76	\$ 2,278	\$ 2,472	\$ (2,245)	\$ (1,209)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(559)</u>	<u>(16,811)</u>	<u>(29,170)</u>	<u>23,357</u>	<u>(9,229)</u>
Cash and Cash Equivalents at Beginning of Period	<u>8,061</u>	<u>242,695</u>	<u>255,054</u>	<u>231,697</u>	<u>225,833</u>
Cash and Cash Equivalents at End of Period	<u>\$ 7,502</u>	<u>\$ 225,884</u>	<u>\$ 225,884</u>	<u>\$ 255,054</u>	<u>\$ 216,604</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.109 for the nine months ended September 30, 2014.