



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, 2015 (Unaudited)			September 30, 2015 (Unaudited)		December 31, 2014 (Audited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 17,106	\$ 562,689	34.0	\$ 515,731	32.7	\$ 358,449	24.0	\$ 46,958	9.1	\$ 204,240	57.0
Investments in Marketable Financial Instruments	714	23,474	1.4	9,155	0.6	78,475	5.2	14,319	156.4	(55,001)	(70.1)
Accounts Receivable	2,601	85,565	5.2	97,123	6.2	115,048	7.7	(11,558)	(11.9)	(29,483)	(25.6)
Inventories	2,038	67,052	4.0	65,066	4.1	66,338	4.4	1,986	3.1	714	1.1
Other Current Assets	242	7,964	0.5	6,587	0.4	8,256	0.6	1,377	20.9	(292)	(3.5)
Total Current Assets	22,701	746,744	45.1	693,662	44.0	626,566	41.9	53,082	7.7	120,178	19.2
Non-current Assets											
Long-term Investments	1,064	34,994	2.1	31,015	2.0	30,056	2.0	3,979	12.8	4,938	16.4
Property, Plant and Equipment	25,945	853,470	51.5	830,825	52.7	818,199	54.7	22,645	2.7	35,271	4.3
Intangible and Other Non-current Assets	678	22,310	1.3	20,717	1.3	20,228	1.4	1,593	7.7	2,082	10.3
Total Non-current Assets	27,687	910,774	54.9	882,557	56.0	868,483	58.1	28,217	3.2	42,291	4.9
Total Assets	\$ 50,388	\$ 1,657,518	100.0	\$ 1,576,219	100.0	\$ 1,495,049	100.0	\$ 81,299	5.2	\$ 162,469	10.9
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,200	\$ 39,474	2.4	\$ 33,564	2.1	\$ 36,159	2.4	\$ 5,910	17.6	\$ 3,315	9.2
Accounts Payable	600	19,725	1.2	19,186	1.2	23,370	1.6	539	2.8	(3,645)	(15.6)
Payables to Contractors and Equipment Suppliers	791	26,012	1.6	34,338	2.2	26,980	1.8	(8,326)	(24.2)	(968)	(3.6)
Accrued Expenses and Other Current Liabilities	3,146	103,500	6.2	91,085	5.8	114,505	7.7	12,415	13.6	(11,005)	(9.6)
Current Portion of Bonds Payable and Bank Loans	715	23,518	1.4	23,516	1.5	-	-	2	-	23,518	-
Total Current Liabilities	6,452	212,229	12.8	201,689	12.8	201,014	13.5	10,540	5.2	11,215	5.6
Non-current Liabilities											
Bonds Payable	5,835	191,965	11.6	191,971	12.2	213,674	14.3	(6)	-	(21,709)	(10.2)
Other Non-current Liabilities	933	30,690	1.8	31,564	2.0	34,033	2.3	(874)	(2.8)	(3,343)	(9.8)
Total Non-current Liabilities	6,768	222,655	13.4	223,535	14.2	247,707	16.6	(880)	(0.4)	(25,052)	(10.1)
Total Liabilities	13,220	434,884	26.2	425,224	27.0	448,721	30.1	9,660	2.3	(13,837)	(3.1)
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	7,883	259,304	15.7	259,304	16.4	259,297	17.4	-	-	7	0.0
Capital Surplus	1,712	56,300	3.4	56,298	3.6	55,990	3.7	2	0.0	310	0.6
Legal Capital Reserve	5,400	177,641	10.7	177,641	11.3	151,251	10.1	-	-	26,390	17.4
Unappropriated Earnings	21,786	716,653	43.2	644,578	40.9	553,914	37.0	72,075	11.2	162,739	29.4
Others	358	11,774	0.7	13,138	0.8	25,749	1.7	(1,364)	(10.4)	(13,975)	(54.3)
Equity Attributable to Shareholders of the Parent	37,139	1,221,672	73.7	1,150,959	73.0	1,046,201	69.9	70,713	6.1	175,471	16.8
Noncontrolling Interests	29	962	0.1	36	-	127	-	926	2572.2	835	657.5
Total Shareholders' Equity	37,168	1,222,634	73.8	1,150,995	73.0	1,046,328	69.9	71,639	6.2	176,306	16.8
Total Liabilities & Shareholders' Equity	\$ 50,388	\$ 1,657,518	100.0	\$ 1,576,219	100.0	\$ 1,495,049	100.0	\$ 81,299	5.2	\$ 162,469	10.9

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$32.895 as of December 31, 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 December 31, 2014 has been updated accordingly.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended December 31, 2015, September 30, 2015, December 31, 2014
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	4Q 2015			3Q 2015		4Q 2014 ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,238	\$ 203,518	100.0	\$ 212,505	100.0	\$ 222,521	100.0	\$ (8,987)	(4.2)	\$ (19,003)	(8.5)
Cost of Revenue	(3,206)	(104,593)	(51.4)	(110,169)	(51.8)	(111,961)	(50.3)	5,576	(5.1)	7,368	(6.6)
Gross Profit	3,032	98,925	48.6	102,336	48.2	110,560	49.7	(3,411)	(3.3)	(11,635)	(10.5)
Operating Expenses											
Research and Development Expenses	(480)	(15,665)	(7.7)	(16,486)	(7.8)	(15,943)	(7.2)	821	(5.0)	278	(1.7)
Sales, General and Administrative Expenses	(170)	(5,548)	(2.7)	(5,674)	(2.7)	(5,634)	(2.5)	126	(2.2)	86	(1.5)
Total Operating Expenses	(650)	(21,213)	(10.4)	(22,160)	(10.5)	(21,577)	(9.7)	947	(4.3)	364	(1.7)
Other Operating Income and Expenses	8	252	0.1	(1,787)	(0.8)	(767)	(0.4)	2,039	NM	1,019	NM
Income from Operations	2,390	77,964	38.3	78,389	36.9	88,216	39.6	(425)	(0.5)	(10,252)	(11.6)
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	38	1,256	0.6	926	0.4	911	0.4	330	35.6	345	37.9
Interest Expenses	(25)	(820)	(0.4)	(793)	(0.4)	(822)	(0.4)	(27)	3.4	2	(0.2)
Other Gains and Losses	69	2,244	1.1	4,872	2.3	1,007	0.5	(2,628)	(53.9)	1,237	122.8
Total Non-operating Income and Expenses	82	2,680	1.3	5,005	2.3	1,096	0.5	(2,325)	(46.5)	1,584	144.5
Income Before Income Tax	2,472	80,644	39.6	83,394	39.2	89,312	40.1	(2,750)	(3.3)	(8,668)	(9.7)
Income Tax Expenses	(239)	(7,802)	(3.8)	(8,077)	(3.8)	(9,346)	(4.2)	275	(3.4)	1,544	(16.5)
Net Income	2,233	72,842	35.8	75,317	35.4	79,966	35.9	(2,475)	(3.3)	(7,124)	(8.9)
Other Comprehensive Income	(65)	(2,093)	(1.0)	9,284	4.4	9,109	4.1	(11,377)	(122.5)	(11,202)	(123.0)
Comprehensive Income	\$ 2,168	\$ 70,749	34.8	\$ 84,601	39.8	\$ 89,075	40.0	\$ (13,852)	(16.4)	\$ (18,326)	(20.6)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,232	\$ 72,837	35.8	\$ 75,330	35.4	79,986	35.9	\$ (2,493)	(3.3)	\$ (7,149)	(8.9)
Noncontrolling Interests	1	5	-	(13)	-	(20)	-	18	NM	25	NM
	\$ 2,233	\$ 72,842	35.8	\$ 75,317	35.4	79,966	35.9	\$ (2,475)	(3.3)	\$ (7,124)	(8.9)
Earnings per Share - Diluted	\$ 0.09	\$ 2.81		\$ 2.91		\$ 3.08		\$ (0.10)	(3.3)	\$ (0.27)	(8.9)
Earnings per ADR - Diluted (3)	\$ 0.43	\$ 14.04		\$ 14.53		\$ 15.42		\$ (0.49)	(3.3)	\$ (1.38)	(8.9)
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\$32.627 for the fourth 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 December 31, 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
(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, 2015 and 2014						
	2015 (Unaudited)			2014 (Audited) ⁽²⁾		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 26,606	\$ 843,497	100.0	\$ 762,806	100.0	\$ 80,691	10.6
Cost of Revenue	(13,661)	(433,102)	(51.3)	(385,084)	(50.5)	(48,018)	12.5
Gross Profit	12,945	410,395	48.7	377,722	49.5	32,673	8.7
Operating Expenses							
Research and Development Expenses	(2,067)	(65,545)	(7.8)	(56,829)	(7.5)	(8,716)	15.3
Sales, General and Administrative Expenses	(723)	(22,922)	(2.7)	(24,021)	(3.1)	1,099	(4.6)
Total Operating Expenses	(2,790)	(88,467)	(10.5)	(80,850)	(10.6)	(7,617)	9.4
Other Operating Income and Expenses	(60)	(1,880)	(0.3)	(1,002)	(0.1)	(878)	87.6
Income from Operations	10,095	320,048	37.9	295,870	38.8	24,178	8.2
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	130	4,132	0.5	3,951	0.5	181	4.6
Interest Expenses	(100)	(3,190)	(0.4)	(3,236)	(0.4)	46	(1.4)
Other Gains and Losses	929	29,439	3.5	5,494	0.7	23,945	435.8
Total Non-operating Income and Expenses	959	30,381	3.6	6,209	0.8	24,172	389.3
Income before Income Tax	11,054	350,429	41.5	302,079	39.6	48,350	16.0
Income Tax Expenses	(1,384)	(43,873)	(5.2)	(38,315)	(5.0)	(5,558)	14.5
Net Income	9,670	306,556	36.3	263,764	34.6	42,792	16.2
Other Comprehensive Income	(464)	(14,714)	(1.7)	11,805	1.5	(26,519)	(224.6)
Comprehensive Income	<u>\$ 9,206</u>	<u>\$ 291,842</u>	<u>34.6</u>	<u>\$ 275,569</u>	<u>36.1</u>	<u>\$ 16,273</u>	<u>5.9</u>
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 9,670	\$ 306,574	36.3	\$ 263,882	34.6	\$ 42,692	16.2
Noncontrolling interests	-	(18)	-	(118)	-	100	(84.7)
	<u>\$ 9,670</u>	<u>\$ 306,556</u>	<u>36.3</u>	<u>\$ 263,764</u>	<u>34.6</u>	<u>\$ 42,792</u>	<u>16.2</u>
Earnings per Share - Diluted	<u>\$ 0.37</u>	<u>\$ 11.82</u>		<u>\$ 10.18</u>		<u>\$ 1.64</u>	<u>16.2</u>
Earnings per ADR - Diluted (3)	<u>\$ 1.86</u>	<u>\$ 59.11</u>		<u>\$ 50.89</u>		<u>\$ 8.22</u>	<u>16.2</u>
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\$31.703 for the year ended December 31, 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 year ended December 31, 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 Year Ended December 31, 2015 and for the Three Months Ended December 31, 2015, September 30, 2015 and December 31, 2014

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

	2015 (Unaudited)		4Q 2015 (unaudited)	3Q 2015 (unaudited)	4Q 2014 (unaudited) ⁽²⁾
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 11,053	\$ 350,429	\$ 80,644	\$ 83,394	\$ 89,312
Depreciation & Amortization	7,018	222,506	56,256	56,149	56,418
Share of Profits of Associates and Joint Venture	(130)	(4,132)	(1,256)	(926)	(911)
Income Taxes Paid	(1,291)	(40,943)	(122)	(14,303)	(69)
Changes in Working Capital & Others	64	2,019	9,150	(6,175)	8,919
Net Cash Generated by Operating Activities	<u>16,714</u>	<u>529,879</u>	<u>144,672</u>	<u>118,139</u>	<u>153,669</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 115	\$ 3,642	\$ 1,035	\$ 843	\$ 704
Cash Dividend Received	127	4,024	-	3,428	2
Acquisitions of:					
Property, Plant and Equipment	(8,123)	(257,517)	(84,524)	(70,303)	(52,425)
Marketable Financial Instruments	(1,311)	(41,574)	(22,269)	(7,535)	(4,486)
Financial Assets Carried at Cost	(82)	(2,586)	(2,499)	-	(19)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	26	817	747	40	37
Marketable Financial Instruments	2,343	74,293	6,402	19,521	26
Financial Assets Carried at Cost	12	369	11	271	19
Investments Accounted for Using Equity Method	163	5,172	1,209	-	-
Others	(122)	(3,886)	(1,292)	(1,053)	700
Net Cash Used In Investing Activities	<u>(6,852)</u>	<u>(217,246)</u>	<u>(101,180)</u>	<u>(54,788)</u>	<u>(55,442)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ 99	\$ 3,139	\$ 5,767	\$ 27,706	\$ (2,046)
Interest Paid	(100)	(3,156)	(451)	(1,492)	(449)
Cash Dividends Paid for Common Stock	(3,680)	(116,683)	-	(116,683)	-
Proceeds from Exercise of Stock Options	1	34	-	-	14
Others	(2)	(68)	-	(7)	30,118
Net Cash Generated by (Used in) Financing Activities	<u>(3,682)</u>	<u>(116,734)</u>	<u>5,316</u>	<u>(90,476)</u>	<u>27,637</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ 263	\$ 8,341	\$ (1,850)	\$ 13,961	\$ 6,701
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,443</u>	<u>204,240</u>	<u>46,958</u>	<u>(13,164)</u>	<u>132,565</u>
Cash and Cash Equivalents at Beginning of Period	<u>11,306</u>	<u>358,449</u>	<u>515,731</u>	<u>528,895</u>	<u>225,884</u>
Cash and Cash Equivalents at End of Period	<u>\$ 17,749</u>	<u>\$ 562,689</u>	<u>\$ 562,689</u>	<u>\$ 515,731</u>	<u>\$ 358,449</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.703 for the year ended December 31, 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 year ended December 31, 2014 has been updated accordingly.