Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2011 Amount	%	2010 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 150,978,778	19	$ 172,486,218	25
Financial assets at fair value through profit or loss (Notes 2, 5 and 25)	19,781	-	479	-
Available-for-sale financial assets (Notes 2, 6, and 25)	5,208,149	1	27,024,422	4
Held-to-maturity financial assets (Notes 2, 7 and 25)	2,924,804	1	7,031,587	1
Receivables from related parties	2,367	-	30,800	-
Notes and accounts receivable (Note 3)	52,491,604	7	54,791,750	8
Allowance for doubtful receivables (Notes 2, 3 and 8)	(494,000)	-	(597,941)	-
Allowance for sales returns and others (Notes 2 and 8)	(5,811,952)	(1)	(6,162,562)	(1)
Other receivables from related parties (Notes 3 and 26)	999,772	-	495,804	-
Other financial assets (Note 27)	1,054,744	-	1,473,377	-
Inventories (Notes 2 and 9)	31,523,206	4	24,799,896	4
Deferred income tax assets (Notes 2 and 20)	1,173,482	-	3,394,104	1
Prepaid expenses and other current assets	2,481,073	-	1,846,918	-
Total current assets	242,551,808	31	286,614,852	42
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 12 and 25)				
Investments accounted for using equity method	23,357,209	3	24,598,350	4
Available-for-sale financial assets	-	-	1,039,916	-
Held-to-maturity financial assets	7,311,037	1	10,757,937	1
Financial assets carried at cost	4,176,134	1	4,565,416	1
Total long-term investments	34,844,380	5	40,961,619	6
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 13, 26 and 27)				
Cost				
Land and land improvements	1,501,628	-	940,536	-
Buildings	166,481,044	22	144,574,839	22
Machinery and equipment	1,012,617,056	129	865,253,621	127
Office equipment	15,976,394	2	14,427,983	2
Leased assets	677,086	-	724,579	-
	1,197,253,208	153	1,025,921,558	151
Accumulated depreciation	(819,490,993)	(105)	(734,445,083)	(108)
Advance payments and construction in progress	100,125,197	13	36,993,851	5
Net property, plant and equipment	477,887,412	61	328,470,326	48
INTANGIBLE ASSETS				
Goodwill (Note 2)	5,487,060	-	5,965,104	1
Deferred charges, net (Notes 2 and 14)	5,690,862	1	6,162,111	1
Total intangible assets	11,177,922	1	12,127,215	2
OTHER ASSETS				
Deferred income tax assets (Notes 2 and 20)	11,092,048	1	9,820,064	2
Refundable deposits	4,834,381	1	2,419,820	-
Others (Notes 2 and 27)	1,427,662	-	361,696	-
Total other assets	17,354,091	2	12,601,580	2
TOTAL	$ 783,815,613	100	$ 680,775,592	100

LIABILITIES AND SHAREHOLDERS' EQUITY	2011 Amount	%	2010 Amount	%
CURRENT LIABILITIES				
Short-term loans (Note 15)	$ 33,140,881	4	$ 18,082,602	3
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 25)	15,052	-	176,809	-
Hedging derivative financial liabilities (Notes 2, 11, 25)	448	-	761	-
Accounts payable	11,710,578	1	11,552,093	2
Payables to related parties (Note 26)	1,542,011	-	1,314,545	-
Income tax payable (Notes 2 and 20)	6,104,840	1	3,521,100	-
Cash dividends payable (Note 22)	78,127,227	10	77,892,232	11
Accrued profit sharing to employees and bonus to directors and supervisors (Notes 2 and 22)	15,999,671	2	11,897,471	2
Payables to contractors and equipment suppliers	36,805,112	5	25,921,742	4
Accrued expenses and other current liabilities (Notes 18, 25 and 29)	17,542,781	2	15,016,671	2
Current portion of bonds payable and long-term bank loans (Notes 16, 17, 25 and 27)	4,500,000	1	889,275	-
Total current liabilities	205,488,601	26	166,265,301	24
LONG-TERM LIABILITIES				
Bonds payable (Notes 16 and 25)	-	-	4,500,000	1
Long-term bank loans (Notes 17, 25 and 27)	1,500,000	-	424,671	-
Other long-term payables (Notes 18, 25 and 29)	3,040,747	1	6,963,248	1
Obligations under capital leases (Notes 2, 13 and 25)	670,865	-	717,600	-
Total long-term liabilities	5,211,612	1	12,605,519	2
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 19)	3,847,450	-	3,793,716	1
Guarantee deposits (Note 29)	521,598	-	893,629	-
Deferred credits	30,530	-	138,767	-
Others	353,357	-	205,923	-
Total other liabilities	4,752,935	-	5,032,035	1
Total liabilities	215,453,148	27	183,902,855	27
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock - NT$10 par value (Note 22) Authorized: 28,050,000 thousand shares Issued: 25,914,283 thousand shares in 2011 25,905,017 thousand shares in 2010	259,142,831	33	259,050,172	38
Capital surplus (Notes 2 and 22)	55,802,387	7	55,566,995	8
Retained earnings (Note 22)				
Appropriated as legal capital reserve	102,399,995	13	86,239,494	13
Appropriated as special capital reserve	6,433,874	1	1,313,047	-
Unappropriated earnings	151,443,573	19	90,567,054	13
	260,277,442	33	178,119,595	26
Others (Notes 2, 11 and 25)				
Cumulative translation adjustments	(11,461,047)	(1)	(1,034,256)	-
Unrealized gain on financial instruments	187,908	-	981,878	-
	(11,273,139)	(1)	(52,378)	-
Equity attributable to shareholders of the parent	563,949,521	72	492,684,384	72
MINORITY INTERESTS (Note 2)	4,412,944	1	4,188,353	1
Total shareholders' equity	568,362,465	73	496,872,737	73
TOTAL	$ 783,815,613	100	$ 680,775,592	100

The accompanying notes are an integral part of the consolidated financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	**%**	**Amount**	**%**
GROSS SALES (Notes 2 and 26)	$ 217,895,876		$ 202,881,161	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	2,010,014		5,732,158	
NET SALES	215,885,862	100	197,149,003	100
COST OF SALES (Notes 9, 21 and 26)	113,359,191	52	101,037,403	51
GROSS PROFIT	102,526,671	48	96,111,600	49
OPERATING EXPENSES (Notes 21 and 26)				
Research and development	16,456,677	8	13,599,891	7
General and administrative	6,781,342	3	5,403,158	3
Marketing	2,259,365	1	2,512,196	1
Total operating expenses	25,497,384	12	21,515,245	11
INCOME FROM OPERATIONS	77,029,287	36	74,596,355	38
NON-OPERATING INCOME AND GAINS				
Interest income	780,503	1	831,500	1
Equity in earnings of equity method investees, net (Notes 2 and 10)	765,485	-	706,236	-
Settlement income (Note 29)	433,425	-	1,278,400	1
Foreign exchange gain, net (Note 2)	419,535	-	101,313	-
Technical service income (Notes 26 and 29)	224,372	-	241,884	-
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 26)	189,020	-	92,288	-
Gain on settlement and disposal of financial assets, net (Notes 2 and 25)	145,908	-	202,114	-
Valuation gain on financial instruments, net (Notes 2, 5 and 25)	-	-	20,468	-
Others (Note 2)	383,128	1	287,693	-
Total non-operating income and gains	3,341,376	2	3,761,896	2

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	**%**	**Amount**	**%**
NON-OPERATING EXPENSES AND LOSSES				
Valuation loss on financial instruments, net (Notes 2, 5 and 25)	$ 280,630	1	$ -	-
Interest expense	243,261	-	184,947	-
Loss on disposal of property, plant and equipment (Note 2)	156,761	-	943	-
Impairment loss on idle assets (Note 2)	58,478	-	319	-
Impairment of financial assets (Notes 2, 12 and 25)	58,096	-	112,313	-
Casualty loss (Note 9)	-	-	194,137	-
Others (Note 2)	206,318	-	152,685	-
Total non-operating expenses and losses	1,003,544	1	645,344	-
INCOME BEFORE INCOME TAX	79,367,119	37	77,712,907	40
INCOME TAX EXPENSE (Notes 2 and 20)	6,911,828	3	3,421,357	2
NET INCOME	$ 72,455,291	34	$ 74,291,550	38
ATTRIBUTABLE TO:				
Shareholders of the parent	$ 72,228,107	34	$ 73,945,033	38
Minority interests	227,184	-	346,517	-
	$ 72,455,291	34	$ 74,291,550	38

	2011		2010	
	Income Attributable to Shareholders of the Parent		**Income Attributable to Shareholders of the Parent**	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (NT$, Note 24)				
Basic earnings per share	$ 3.05	$ 2.79	$ 2.99	$ 2.85
Diluted earnings per share	$ 3.05	$ 2.79	$ 2.98	$ 2.85

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)