TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD
Form 6-K
March 03, 2015

1934 Act Registration No. 1-14700

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2015

Taiwan Semiconductor Manufacturing Company Ltd.

(Translation of Registrant s Name Into English)

No. 8, Li-Hsin Rd. 6,

Hsinchu Science Park,

Taiwan

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F ¨

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes ¨ No x

(If Yes is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82: .)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Taiwan Semiconductor Manufacturing Company Ltd.

Date: March 3, 2015

By /s/ Lora Ho
Lora Ho
Senior Vice President & Chief Financial Officer

Taiwan Semiconductor Manufacturing

Company Limited and Subsidiaries

Consolidated Financial Statements for the

Years Ended December 31, 2014 and 2013 and

Independent Auditors Report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the year ended December 31, 2014, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard No. 27, Consolidated and Separate Financial Statements. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED

By

/s/ MORRIS CHANG
MORRIS CHANG
Chairman

February 10, 2015

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders

Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying consolidated balance sheets of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2014 and 2013, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified opinion.

February 10, 2015

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the *two versions, the Chinese-language auditors report and consolidated financial statements shall prevail.*

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2014		December 31, 2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 358,449,029	24	$ 242,695,447	19
Financial assets at fair value through profit or loss (Note 7)	192,045	-	90,353	-
Available-for-sale financial assets (Note 8)	73,797,476	5	760,793	-
Held-to-maturity financial assets (Note 9)	4,485,593	-	1,795,949	-
Notes and accounts receivable, net (Note 11)	114,734,743	8	71,649,926	6
Receivables from related parties (Note 37)	312,955	-	291,708	-
Other receivables from related parties (Note 37)	178,625	-	221,576	-
Inventories (Notes 5 and 12)	66,337,971	5	37,494,893	3
Noncurrent assets held for sale (Note 13)	945,356	-	-	-
Other financial assets (Note 38)	3,476,884	-	501,785	-
Other current assets (Note 18)	3,656,110	-	2,984,224	-
Total current assets	626,566,787	42	358,486,654	28
NONCURRENT ASSETS				
Available-for-sale financial assets (Note 8)	-	-	58,721,959	5
Financial assets carried at cost (Note 14)	1,800,542	-	2,145,591	-
Investments accounted for using equity method (Notes 5 and 15)	28,251,002	2	28,316,260	2
Property, plant and equipment (Notes 5 and 16)	818,198,801	55	792,665,913	63
Intangible assets (Notes 5 and 17)	13,531,510	1	11,490,383	1
Deferred income tax assets (Notes 5 and 31)	5,227,128	-	7,239,609	1
Refundable deposits (Note 37)	356,069	-	2,519,031	-
Other noncurrent assets (Note 18)	1,202,006	-	1,469,577	-
Total noncurrent assets	868,567,058	58	904,568,323	72
TOTAL	$ 1,495,133,845	100	$ 1,263,054,977	100

LIABILITIES AND EQUITY

CURRENT LIABILITIES				
Short-term loans (Note 19)	$ 36,158,520	2	$ 15,645,000	1
Financial liabilities at fair value through profit or loss (Note 7)	486,214	-	33,750	-
Hedging derivative financial liabilities (Note 10)	16,364,241	1	-	-
Accounts payable	21,878,934	2	14,670,260	1
Payables to related parties (Note 37)	1,491,490	-	1,688,456	-
Salary and bonus payable	10,573,922	1	8,330,956	1
Accrued profit sharing to employees and bonus to directors and supervisors (Note 24)	18,052,820	1	12,738,801	1
Payables to contractors and equipment suppliers	26,980,408	2	89,810,160	7
Income tax payable (Note 31)	28,616,574	2	22,563,286	2
Provisions (Note 20)	10,445,452	1	7,603,781	1
Liabilities directly associated with noncurrent assets held for sale (Note 13)	220,191	-	-	-
Accrued expenses and other current liabilities (Notes 16 and 23)	29,746,011	2	16,693,484	1
Total current liabilities	201,014,777	14	189,777,934	15
NONCURRENT LIABILITIES				
Hedging derivative financial liabilities (Note 10)	-	-	5,481,616	-
Bonds payable (Note 21)	213,673,818	14	210,767,625	17
Long-term bank loans	40,000	-	40,000	-
Deferred income tax liabilities (Note 31)	199,750	-	-	-
Obligations under finance leases(Note 16)	802,108	-	776,230	-
Accrued pension cost (Notes 5 and 22)	7,303,978	-	7,589,926	1
Guarantee deposits (Note 23)	25,538,475	2	151,660	-
Others (Note 20)	885,192	-	694,901	-
Total noncurrent liabilities	248,443,321	16	225,501,958	18
Total liabilities	449,458,098	30	415,279,892	33
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 24)	259,296,624	17	259,286,171	21
Capital surplus (Note 24)	55,989,922	4	55,858,626	4
Retained earnings (Note 24)				
Appropriated as legal capital reserve	151,250,682	10	132,436,003	11
Appropriated as special capital reserve	-	-	2,785,741	-
Unappropriated earnings	553,261,982	37	382,971,408	30
	704,512,664	47	518,193,152	41

Others (Note 24)	25,749,291	2	14,170,306	1
Equity attributable to shareholders of the parent	1,045,548,501	70	847,508,255	67
NONCONTROLLING INTERESTS (Note 24)	127,246	-	266,830	-
Total equity	1,045,675,747	70	847,775,085	67
TOTAL	$ 1,495,133,845	100	$ 1,263,054,977	100

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014 Amount	%	2013 Amount	%
NET REVENUE (Notes 5, 26, 37 and 42)	$ 762,806,465	100	$ 597,024,197	100
COST OF REVENUE (Notes 12, 33 and 37)	385,100,646	50	316,057,820	53
GROSS PROFIT BEFORE REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	377,705,819	50	280,966,377	47
REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	28,556	-	(20,870)	-
GROSS PROFIT	377,734,375	50	280,945,507	47
OPERATING EXPENSES (Notes 5, 33 and 37)				
Research and development	56,823,732	8	48,118,165	8
General and administrative	18,932,100	2	18,928,544	3
Marketing	5,087,112	1	4,516,525	1
Total operating expenses	80,842,944	11	71,563,234	12
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 13, 27 and 33)	(1,001,138)	-	47,090	-
INCOME FROM OPERATIONS (Note 42)	295,890,293	39	209,429,363	35
NON-OPERATING INCOME AND EXPENSES				
Share of profits of associates and joint venture (Notes 15 and 42)	3,949,674	1	3,972,031	1
Other income (Note 28)	3,380,407	-	2,342,123	-
Foreign exchange gain, net	2,111,310	-	285,460	-

Finance costs (Note 29)	(3,236,345)	-	(2,646,776)	-
Other gains and losses (Note 30)	2,207	-	2,104,921	-
Total non-operating income and expenses	6,207,253	1	6,057,759	1
INCOME BEFORE INCOME TAX	302,097,546	40	215,487,122	36
INCOME TAX EXPENSE (Notes 31 and 42)	38,316,677	5	27,468,185	5
NET INCOME	263,780,869	35	188,018,937	31

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014 Amount	%	2013 Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 15, 24 and 31)				
Exchange differences arising on translation of foreign operations	$ 11,771,129	1	$ 3,668,509	1
Changes in fair value of available-for-sale financial assets	(36,559)	-	13,290,385	2
Share of other comprehensive loss of associates and joint venture	(149,907)	-	(59,740)	-
Actuarial gain (loss) from defined benefit plans	290,416	-	(662,074)	-
Income tax benefit (expense) related to components of other comprehensive income	(40,915)	-	115,168	-
Other comprehensive income for the year, net of income tax	11,834,164	1	16,352,248	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 275,615,033	36	$ 204,371,185	34
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	$ 263,898,794	35	$ 188,146,790	31
Noncontrolling interests	(117,925)	-	(127,853)	-
	$ 263,780,869	35	$ 188,018,937	31
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	$ 275,717,141	36	$ 204,505,782	34
Noncontrolling interests	(102,108)	-	(134,597)	-
	$ 275,615,033	36	$ 204,371,185	34

	2014 Income Attributable to Shareholders of the Parent	2013 Income Attributable to Shareholders of

		the Parent
EARNINGS PER SHARE (NT$, Note 32)		
Basic earnings per share	$ 10.18	$ 7.26
Diluted earnings per share	$ 10.18	$ 7.26

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

Equity Attributable to Shareholders of the Parent						
Retained Earnings				Others		
Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain/Loss from Available-for-sale Financial Assets	Cash Flow Hedges Reserv
$ 115,820,123	$ 7,606,224	$ 284,985,121	$ 408,411,468	$ (10,753,806)	$ 7,973,321	$
16,615,880	-	(16,615,880)	-	-	-	
-	(4,820,483)	4,820,483	-	-	-	
-	-	(77,773,307)	(77,773,307)	-	-	
16,615,880	(4,820,483)	(89,568,704)	(77,773,307)	-	-	
-	-	188,146,790	188,146,790	-	-	
-	-	(591,799)	(591,799)	3,613,444	13,337,460	(11
-	-	187,554,991	187,554,991	3,613,444	13,337,460	(11

-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
132,436,003	2,785,741	382,971,408	518,193,152	(7,140,362)	21,310,781	(11
18,814,679	-	(18,814,679)	-	-	-	
-	(2,785,741)	2,785,741	-	-	-	
-	-	(77,785,851)	(77,785,851)	-	-	

18,814,679	(2,785,741)	(93,814,789)	(77,785,851)	-	-	
-	-	263,898,794	263,898,794	-	-	
-	-	239,362	239,362	11,642,475	(63,298)	(19
-	-	264,138,156	264,138,156	11,642,475	(63,298)	(19
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	(32,793)	(32,793)	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

$	151,250,682	$	-	$	553,261,982	$	704,512,664	$	4,502,113	$	21,247,483	$	(30

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 302,097,546	$ 215,487,122
Adjustments for:		
Depreciation expense	197,645,186	153,979,847
Amortization expense	2,606,349	2,202,022
Stock option compensation cost of subsidiary	-	5,312
Finance costs	3,236,345	2,646,776
Share of profits of associates and joint venture	(3,949,674)	(3,972,031)
Interest income	(2,730,674)	(1,835,980)
Gain on disposal of property, plant and equipment and intangible assets, net	(14,518)	(48,848)
Impairment loss of noncurrent assets held for sale	734,467	-
Impairment loss of property, plant and equipment	239,864	-
Impairment loss of financial assets	211,477	352,214
Gain on disposal of available-for-sale financial assets, net	(280,956)	(1,267,086)
Gain on disposal of financial assets carried at cost, net	(81,449)	(44,721)
Loss (gain) on disposal of investments accounted for using equity method	(2,028,643)	733
Loss from liquidation of subsidiary	90	-
Gain on deconsolidation of subsidiary	-	(293,578)
Unrealized (realized) gross profit on sales to associates	(28,556)	20,870
Loss on foreign exchange, net	3,615,493	317,547
Dividend income	(649,733)	(506,143)
Income from receipt of equity securities in settlement of trade receivables	(1,211)	(9,977)
Loss from hedging instruments	10,577,714	5,602,779
Gain arising from changes in fair value of available-for-sale financial assets in hedge effective portion	(10,088,628)	(5,071,118)
Changes in operating assets and liabilities:		
Derivative financial instruments	342,853	(32,189)
Notes and accounts receivable, net	(43,090,068)	(14,131,066)
Receivables from related parties	(26,405)	(204,278)
Other receivables from related parties	(11,766)	50,589
Inventories	(28,871,597)	122,472
Other financial assets	(2,612,158)	18,578
Other current assets	(744,868)	(312,251)
Accounts payable	6,634,198	346,401
Payables to related parties	(194,866)	850,094

Salary and bonus payable	2,281,117	883,925
Accrued profit sharing to employees and bonus to directors and supervisors	5,314,019	1,552,210
Accrued expenses and other current liabilities	8,432,511	3,531,017
Provisions	2,836,910	1,595,810
Accrued pension cost	41,461	9,554
Cash generated from operations	451,441,830	361,846,606
Income taxes paid	(29,918,099)	(14,463,069)
Net cash generated by operating activities	421,523,731	347,383,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(91,909)	(21,303)
Financial assets carried at cost	(23,151)	(27,165)
Held-to-maturity financial assets	(5,882,316)	(1,795,949)
Property, plant and equipment	(288,540,028)	(287,594,773)
Intangible assets	(3,859,486)	(2,750,361)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	$ 689,420	$ 2,418,578
Held-to-maturity financial assets	3,200,000	5,145,850
Financial assets carried at cost	87,501	67,986
Investments accounted for using equity method	3,471,883	-
Property, plant and equipment	200,263	173,554
Cash received from other long-term receivables	161,900	-
Costs from entering into hedging transactions	(520,856)	(143,982)
Interest received	2,578,663	1,790,725
Other dividends received	645,585	506,143
Dividends received from investments accounted for using equity method	3,223,090	2,141,881
Refundable deposits paid	(57,988)	(98,888)
Refundable deposits refunded	2,296,872	113,399
Net cash outflow from deconsolidation of subsidiary (Note 34)	-	(979,910)
Net cash used in investing activities	(282,420,557)	(281,054,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	18,563,525	(19,636,240)
Proceeds from issuance of bonds	-	130,844,821
Increase in long-term bank loans	-	690,000
Repayment of long-term bank loans	-	(62,500)
Repayment of other long-term payables	-	(853,788)
Interest paid	(3,192,971)	(1,330,886)
Guarantee deposits received	30,142,823	41,519
Guarantee deposits refunded	(7,704)	(113,087)
Decrease in obligations under finance leases	(28,426)	(27,796)
Proceeds from exercise of employee stock options	47,055	124,570
Cash dividends	(77,785,851)	(77,773,307)
Increase (decrease) in noncontrolling interests	(66,735)	202,619
Net cash generated by (used in) financing activities	(32,328,284)	32,105,925

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		9,060,170		849,612
NET INCREASE IN CASH AND CASH EQUIVALENTS		115,835,060		99,284,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		242,695,447		143,410,588
CASH AND CASH EQUIVALENTS, END OF YEAR		358,530,507		242,695,447
CASH AND CASH EQUIVALENTS INCLUDED IN NONCURRENT ASSETS HELD FOR SALE		(81,478)		-
CASH AND CASH EQUIVALENT ON CONSOLIDATED BALANCE SHEET	$	358,449,029	$	242,695,447

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Limited (TSMC), a Republic of China (R.O.C.) corporation, was incorporated on February 21, 1987. TSMC is a dedicated foundry in the semiconductor industry which engages mainly in the manufacturing, selling, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing of masks.

On September 5, 1994, TSMC s shares were listed on the Taiwan Stock Exchange (TWSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

The address of its registered office and principal place of business is No. 8, Li-Hsin Rd. 6, Hsinchu Science Park, Taiwan. The principal operating activities and operating segments information of TSMC and its subsidiaries (collectively as the Company) are described in Notes 4 and 42.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on February 10, 2015.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

As of the date that the accompanying consolidated financial statements were issued, the Company has not applied the following International Financial Reporting Standards, International Accounting Standards (IASs), Interpretations of International Financial Reporting Standards (IFRIC), and Interpretations of IAS (SIC) issued by the International Accounting Standards Board (IASB) (collectively, IFRSs).

a. The Guidelines Governing the Preparation of Financial Reports by Securities Issuers and 2013 IFRSs version in issue but not yet effective

On April 3, 2014, according to Rule No. 1030029342 and Rule No. 1030010325 issued by the Financial Supervisory Commission (FSC), the following 2013 IFRSs version endorsed by the FSC (collectively, 2013 Taiwan-IFRSs version) and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities

Issuers should be adopted by the Company starting 2015.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
Amendments to IFRSs Improvements to IFRSs 2009 - Amendment to IAS 39	January 1, 2009 or January 1, 2010
Amendment to IAS 39 Embedded Derivatives	Effective in fiscal year ended on or after June 30, 2009

(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
Improvements to IFRSs 2010	July 1, 2010 or January 1, 2011
Annual Improvements to IFRSs 2009 - 2011 Cycle	January 1, 2013
Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters	July 1, 2010
Amendment to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendment to IFRS 7 Disclosures - Transfers of Financial Assets	July 1, 2011
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	January 1, 2014
IFRS 13 Fair Value Measurement	January 1, 2013
Amendment to IAS 1 Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12 Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IAS 19 (Revised 2011) Employee Benefits	January 1, 2013
IAS 27 (Revised 2011) Separate Financial Statements	January 1, 2013
IAS 28 (Revised 2011) Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32 Offsetting of Financial Assets and Financial Liabilities	January 1, 2014

(Concluded)

Note: The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Except for the following items, the Company believes that the adoption of aforementioned 2013 Taiwan-IFRSs version and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers will not have a significant effect on the Company s consolidated financial statements.

1) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13, Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The measurement requirements of IFRS 13 shall be applied prospectively.

3) Amendments to IAS 1, Presentation of Items of Other Comprehensive Income

According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The aforementioned allocation basis will not be strictly enforced prior to the adoption of amendments.

The items that will not be reclassified subsequently to profit or loss are expected to include actuarial gains or losses from defined benefit plans, the share of actuarial gains or losses from defined benefit plans of associates and joint venture as well as the related income tax on such items. Items that will be reclassified subsequently to profit or loss are expected to include exchange differences arising on translation of foreign operations, changes in fair value of available-for-sale financial assets, cash flow hedges, the share of other comprehensive income of associates and joint venture as well as the related income tax on items of other comprehensive income.

4) Amendments to IAS 19, Employee Benefits

The amendments to IAS 19 require the Company to calculate a net interest amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19. In addition, the amendments eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs, and instead, required to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis. In addition, the amendments also require a broader disclosure in defined benefit plans.

According to the retrospective application of aforementioned amendments, as of December 31, 2014 and January 1, 2014, the primary impacts on the Company would include the adjustment in accrued pension cost for a decrease of NT$737,344 thousand and NT$788,263 thousand, respectively, and the adjustment in retained earnings for an increase of NT$653,708 thousand and NT$698,710 thousand, respectively.

b. The IFRSs issued by IASB but not endorsed by FSC

The Company has not applied the following IFRSs issued by the IASB but not endorsed by the FSC. As of the date that the consolidated financial statements were issued, the initial adoption to the following standards and interpretations is still subject to the effective date to be published by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014 or transactions on or after July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016 (Note 2)
IFRS 9 Financial Instruments	January 1, 2018
	January 1, 2018

Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure	
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Prospectively applicable to transactions beginning on or after January 1, 2016

(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2017
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to IAS 27 Equity Method in Separate Financial Statements	January 1, 2016
Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014

(Concluded)

Note 1: The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Note 2: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the initial application of the above new standards and interpretations has not had any material impact on the Company s accounting policies:

1) IFRS 9, Financial Instruments

All recognized financial assets currently in the scope of IAS 39, Financial Instruments: Recognition and Measurement, will be subsequently measured at either the amortized cost or the fair value. The classification and measurement requirements in IFRS 9 are stated as follows:

For the debt instruments invested by the Company, if the contractual cash flows that are solely for payments of principal and interest on the principal amount outstanding, the classification and measurement requirements are stated as follows:

a) If the objective of the Company s business model is to hold the financial asset to collect the contractual cash flows, such assets are measured at the amortized cost. Interest revenue should be recognized in profit or loss by using the effective interest method, continuously assessed for impairment and the impairment loss or reversal of impairment loss should be recognized in profit and loss.

b)

If the objective of the Company s business model is to hold the financial asset both to collect the contractual cash flows and to sell the financial assets, such assets are measured at fair value through other comprehensive income and are continuously assessed for impairment. Interest revenue should be recognized in profit or loss by using the effective interest method. A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When such financial asset is derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The other financial assets which do not meet the aforementioned criteria should be measured at the fair value through profit or loss. However, the Company may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

IFRS 9 adds a new expected loss impairment model to measure the impairment of financial assets. A loss allowance for expected credit losses should be recognized on financial assets measured at amortized cost and financial assets mandatorily measured at fair value through other comprehensive income. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company should measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition and is not deemed to be a low credit risk, the Company should measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. The Company should always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

The main change in IFRS 9 is the increase of the eligibility of hedge accounting. It allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. A fundamental difference to IAS 39 is that IFRS 9 (a) increases the scope of hedged items eligible for hedge accounting. For example, the risk components of non-financial items may be designated as hedging accounting; (b) revises a new way to account for the gain or loss recognition arising from hedging derivative financial instruments, which results in a less volatility in profit or loss; and (c) is necessary for there to be an economic relationship between the hedged item and hedging instrument instead of performing the retrospective hedge effectiveness testing.

2) IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 clarify that the Company is only required to disclose the recoverable amount in the year of impairment accrual or reversal. Moreover, if the recoverable amount of impaired assets is based on fair value less costs of disposal, the Company should also disclose the discount rate used. The Company expects the aforementioned amendments will result in a broader disclosure of recoverable amount for non-financial assets.

Except for the aforementioned impact, as of the date that the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, interpretations as well as related guidance translated by the Accounting Research and Development Foundation (ARDF) endorsed by the FSC with the effective dates.

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Basis of Consolidation

The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of TSMC and entities controlled by TSMC (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

a. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and

b. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interest.

The Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

<u>The subsidiaries in the consolidated financial statements</u>

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership December 31, 2014	Percentage of Ownership December 31, 2013	Note
TSMC	TSMC North America	Selling and marketing of integrated circuits and semiconductor devices	San Jose, California, U.S.A.	100%	100%	-
	TSMC Japan Limited (TSMC Japan)	Marketing activities	Yokohama, Japan	100%	100%	a)
	TSMC Partners, Ltd. (TSMC Partners)	Investing in companies involved in the design, manufacture, and other related business in the semiconductor industry	Tortola, British Virgin Islands	100%	100%	-
	TSMC Korea Limited (TSMC Korea)	Customer service and technical supporting activities	Seoul, Korea	100%	100%	a)
	TSMC Europe B.V. (TSMC	Marketing and engineering	Amsterdam, the Netherlands	100%	100%	a)

	Europe)	supporting activities				
	TSMC Global, Ltd. (TSMC Global)	Investment activities	Tortola, British Virgin Islands	100%	100%	-
	TSMC China Company Limited (TSMC China)	Manufacturing and selling of integrated circuits at the order of and pursuant to product design specifications provided by customers	Shanghai, China	100%	100%	-
	VentureTech Alliance Fund III, L.P. (VTAF III)	Investing in new start-up technology companies	Cayman Islands	98%	50%	b)
	VentureTech Alliance Fund II, L.P. (VTAF II)	Investing in new start-up technology companies	Cayman Islands	98%	98%	-
	Emerging Alliance Fund, L.P. (Emerging Alliance)	Investing in new start-up technology companies	Cayman Islands	99.5%	99.5%	a)
	TSMC Solid State Lighting Ltd. (TSMC SSL)	Engaged in researching, developing, designing, manufacturing and selling solid state lighting devices and related applications products and systems	Hsin-Chu, Taiwan	92%	92%	TSMC and TSMC GN aggregately have a controlling interest of 94% in TSMC SSL.
	TSMC Solar Ltd. (TSMC Solar)	Engaged in researching, developing, designing, manufacturing and selling renewable energy and saving related technologies and products	Tai-Chung, Taiwan	99%	99%	TSMC and TSMC GN aggregately have a controlling interest of 99% in TSMC Solar.
	TSMC Guang Neng Investment, Ltd. (TSMC GN)	Investment activities	Taipei, Taiwan	100%	100%	a)
TSMC Partners	TSMC Design Technology Canada Inc. (TSMC Canada)	Engineering support activities	Ontario, Canada	100%	100%	a)
	TSMC Technology, Inc.	Engineering support activities	Delaware, U.S.A.	100%	100%	a)

	(TSMC Technology)					
	TSMC Development, Inc. (TSMC Development)	Investment activities	Delaware, U.S.A.	100%	100%	-
	InveStar Semiconductor Development Fund, Inc. (ISDF)	Investing in new start-up technology companies	Cayman Islands	97%	97%	a)
	InveStar Semiconductor Development Fund, Inc. (II) LDC. (ISDF II)	Investing in new start-up technology companies	Cayman Islands	97%	97%	a)
TSMC Development	WaferTech, LLC (WaferTech)	Manufacturing, selling, testing and computer-aided designing of integrated circuits and other semiconductor devices	Washington, U.S.A.	100%	100%	-
VTAF III	Mutual-Pak Technology Co., Ltd. (Mutual-Pak)	Manufacturing and selling of electronic parts and researching, developing, and testing of RFID	New Taipei, Taiwan	58%	58%	a)
	Growth Fund Limited (Growth Fund)	Investing in new start-up technology companies	Cayman Islands	100%	100%	a)

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership December 31, 2014	Percentage of Ownership December 31, 2013	Note
VTAF III, VTAF II and Emerging Alliance	VentureTech Alliance Holdings, LLC (VTA Holdings)	Investing in new start-up technology companies	Delaware, U.S.A.	100%	100%	a)
TSMC SSL	TSMC Lighting North America, Inc. (TSMC Lighting NA)	Selling and marketing of solid state lighting related products	Delaware, U.S.A.	-	100%	a), c)
TSMC Solar	TSMC Solar North America, Inc. (TSMC Solar NA)	Selling and marketing of solar related products	Delaware, U.S.A.	100%	100%	a)
	TSMC Solar Europe B.V. (TSMC Solar Europe)	Investing in solar related business	Amsterdam, the Netherlands	100%	100%	a), d)
	VentureTech Alliance Fund III, L.P. (VTAF III)	Investing in new start-up technology companies	Cayman Islands	-	49%	b)
TSMC Solar Europe	TSMC Solar Europe GmbH	Selling of solar related products and providing customer service	Hamburg, Germany	100%	100%	a), d)

(Concluded)

Note a: This is an immaterial subsidiary for which the consolidated financial statements are not audited by the Company s independent accountants.

Note b: According to the agreement among TSMC, TSMC Solar and VTAF III, each of the investment held by VTAF III is separately owned by TSMC and TSMC Solar. As the investment owned by VTAF III, which is indirectly owned by TSMC Solar, has entered into liquidation process due to bankruptcy and the bankruptcy trustee confirmed that no residual assets could be reimbursed to the shareholders, in the second quarter of 2014, TSMC Solar s percentage of ownership over VTAF III has decreased to nil. Consequently, TSMC s percentage of ownership over VTAF III has been adjusted to 98%.

Note c: To simplify overseas investment structure, in the second quarter of 2014, the Board of Directors of TSMC SSL approved to file for the liquidation of TSMC Lighting NA. The liquidation procedure has been completed in the third quarter of 2014.

Note d: To simplify overseas investments structure, in the second quarter of 2014, the Board of Directors of TSMC Solar approved to file for the liquidation of TSMC Solar Europe After the liquidation, TSMC Solar Europe GmbH, the 100% owned subsidiary of TSMC Solar Europe, will be held directly by

TSMC Solar. TSMC Solar Europe has started their liquidation procedures in the third quarter of 2014.

Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of TSMC and presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT$). In preparing the consolidated financial statements, the operating results and financial positions of each consolidated entity are translated into NT$.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company s foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Fair value is determined in the manner described in Note 36.

Financial Assets

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, available-for-sale financial assets and loans and receivables . T
classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Financial assets at fair value through profit or loss</u>

Derivative financial instruments that do not meet the criteria for hedge accounting are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

<u>Held-to-maturity financial assets</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss.

Stocks and money market funds held by the Company that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period.

Interest income from available-for-sale monetary financial assets and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company s right to receive the dividends is established.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. Such equity instruments are subsequently remeasured at fair value when their fair value can be reliably measured, and the difference between the carrying amount and fair value is recognized in profit or loss or other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect.

Impairment of financial assets

Financial assets, other than those carried at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The Company assesses the collectability of receivables by performing the account aging analysis and examining current trends in the credit quality of its customers.

For financial assets carried at amortized cost, the amount of the impairment loss is the difference between the asset s carrying amount and the present value of estimated future cash flows, discounted at the financial asset s original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the year.

In respect of available-for-sale equity instruments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to the recognition of an impairment loss is recognized in other comprehensive income and accumulated under the heading of unrealized gains or losses from available-for-sale financial assets.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the financial asset s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities measured at FVTPL are derivative financial instruments that do not meet the criteria for hedge accounting, and they are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its market risk exposure to foreign exchange rate, interest rate and equity price fluctuation, including forward exchange contracts, cross currency swap contracts and forward stock contracts.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative financial instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedges reserve. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Noncurrent Assets Held for Sale

Noncurrent assets or disposal groups are classified as noncurrent assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset held for sale is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the committed sale plan involves loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether a noncontrolling interest in its former subsidiary is retained after the sale.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation would cease.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in associates and interests in joint ventures.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The operating results and assets and liabilities of associates and jointly controlled entities are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a jointly controlled entity is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company s share of profit or loss and other comprehensive income of the associate and jointly controlled entity as well as the distribution received. The Company also recognizes its share in the changes in the associates and jointly controlled entity.

Any excess of the cost of acquisition over the Company s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a jointly controlled entity recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the Company ceases to have significant influence over an associate. When the Company retains an interest in the former associate, the Company measures the retained interest at fair value at that date. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If the Company s ownership interest in an associate is reduced as a result of disposal, but the investment continues to be an associate, the Company should reclassify to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

When the Company subscribes to additional shares in an associate or jointly controlled entity at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company s proportionate interest in the net assets of the associate or jointly controlled entity. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company s ownership interest is reduced due to the additional subscription to the shares of associate or joint controlled entity by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or jointly controlled entity shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

When a consolidated entity transacts with an associate or a joint controlled entity, profits and losses resulting from the transactions with the associate or jointly controlled entity are recognized in the Company consolidated financial statements only to the extent of interests in the associate or jointly controlled entity that are not owned by the Company.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives: land improvements - 20 years; buildings - 10 to 20 years; machinery and equipment - 2 to 5 years; office equipment - 3 to 15 years; and leased assets - 20 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Company as lessee

Assets held under finance lease are initially recognized as assets of the Company at the fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as an obligation under finance lease.

Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Intangible Assets

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Other intangible assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives: Technology license fees - the estimated life of the technology or the term of the technology transfer contract; software and system design costs - 2 to 5 years; patent and others - the economic life or contract period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of Tangible and Intangible Assets

Goodwill

Goodwill is not amortized and instead is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Company s cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Other tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the Company; and

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

In principle, payment term granted to customers is due 30 days from the invoice date or 30 days from the end of the month of when the invoice is issued. Due to the short term nature of the receivables from sale of goods with the immaterial discounted effect, the Company measures them at the original invoice amounts without discounting.

Royalties, dividend and interest income

Revenue from royalties is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Dividend income from investments is recognized when the shareholder s right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial calculations being carried out at year end. Actuarial gains and losses are reported in retained earnings in the period that they are recognized as other comprehensive income.

Share-based Payment Arrangements

The Company elected to take the optional exemption under IFRS 1 for the share-based payment transactions granted and vested before January 1, 2012, the date of transition to Taiwan-IFRSs. There were no stock options granted prior to but unvested at the date of transition.

The compensation costs of employee stock options that were granted after January 1, 2012 are measured at the fair value of the stock options at the grant date. The fair value of the stock option granted determined at the grant date of the stock options is expensed on a straight-line basis over the vesting period, based on the Company s estimate of the number of stock options that will eventually vest, with a corresponding increase in capital surplus - employee stock option. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from original estimates.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years tax liabilities are added to or deducted from the current year s tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company s accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue Recognition

The Company recognizes revenue when the conditions described in Note 4 are satisfied. The Company also records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provision for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

Impairment of Tangible and Intangible Assets Other than Goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of semiconductor industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

Impairment of Goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified cash-generating units, allocate the goodwill to relevant cash-generating units and estimate the recoverable amount of relevant cash-generating units.

Impairment Assessment on Investment Using Equity Method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable. The Company measures the impairment based on a projected future cash flow of the investees, including the underlying assumptions of sales growth rate and capacity utilization rate formulated by such investees internal management team. The Company also takes into account market conditions and the relevant industry trends to ensure the reasonableness of such assumptions.

Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company s subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

Recognition and Measurement of Defined Benefit Plans

Accrued pension liabilities and the resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
Cash and deposits in banks	$ 352,761,240	$ 238,014,580
Repurchase agreements collateralized by corporate bonds	3,920,562	1,809,344
Commercial paper	1,159,325	-
Repurchase agreements collateralized by short-term commercial paper	449,180	2,395,644
Repurchase agreements collateralized by government bonds	158,722	475,879
	$ 358,449,029	$ 242,695,447

Deposits in banks consisted of highly liquid time deposits that were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2014	December 31, 2013
Derivative financial assets		
Cross currency swap contracts	$ 118,928	$ -
Forward exchange contracts	73,117	90,353
	$ 192,045	$ 90,353
Derivative financial liabilities		
Cross currency swap contracts	$ 359,607	$ 4,177
Forward exchange contracts	126,607	29,573
	$ 486,214	$ 33,750

The Company entered into derivative contracts to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for derivative contracts.

Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount (In Thousands)
December 31, 2014		
Sell EUR/Buy US$	January 2015	EUR4,550/US$5,561
Sell NT$/Buy US$	January 2015	NT$1,632,401/US$51,900
Sell US$/Buy EUR	January 2015	US$29,450/EUR24,100
Sell US$/Buy JPY	January 2015	US$226,003/JPY27,150,983
Sell US$/Buy NT$	January 2015	US$170,000/NT$5,276,500
Sell US$/Buy RMB	January 2015	US$181,000/RMB1,129,243
December 31, 2013		
Sell NT$/Buy EUR	January 2014	NT$4,514,314/EUR110,000
Sell NT$/Buy US$	January 2014	NT$683,749/US$22,800
Sell US$/Buy EUR	January 2014	US$340,134/EUR248,000
Sell US$/Buy JPY	January 2014	US$341,023/JPY35,754,801
Sell US$/Buy RMB	January 2014 to February 2014	US$138,000/RMB841,492

Outstanding cross currency swap contracts consisted of the following:

Maturity Date	Contract Amount (In Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2014			
January 2015	NT$2,511,905/ US$80,080	-	0.05%~0.13%
January 2015	US$1,460,000/ NT$45,974,755	0.16%~1.92%	-
December 31, 2013			
January 2014	NT$1,639,215/US$55,080	-	1.03%~2.00%

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2014	December 31, 2013
Publicly traded stocks	$ 73,797,085	$ 59,481,569
Money market funds	391	1,183
	$ 73,797,476	$ 59,482,752
Current portion	$ 73,797,476	$ 760,793
Noncurrent portion	-	58,721,959
	$ 73,797,476	$ 59,482,752

In the second quarter of 2014, the Company reclassified some publicly traded stocks from non-current asset to current asset since the lock-up period will end within a year.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2014	December 31, 2013
Current portion		

Commercial paper	$ 4,485,593	$ 1,795,949

10. HEDGING DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2014	December 31, 2013
Financial liabilities - current		
Fair value hedges		
Stock forward contracts	$ 16,364,241	$ -

(Continued)

	December 31, 2014	December 31, 2013
Financial liabilities - noncurrent		
Fair value hedges		
Stock forward contracts	$ -	$ 5,481,616

(Concluded)

The Company s investments in publicly traded stocks are exposed to the risk of market price fluctuations. Accordingly, the Company entered into stock forward contracts to sell shares at a contracted price determined by specific percentage of the spot price on the trade date in a specific future period in order to hedge the fair value risk caused by changes in equity prices.

The outstanding stock forward contracts consisted of the following:

	December 31, 2014	December 31, 2013
Contract amount (US$ in thousands)	$ 56,172,570	$ 37,431,626
	(US$ 1,771,000)	(US$ 1,256,095)

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2014	December 31, 2013
Notes and accounts receivable	$ 115,221,473	$ 72,136,514
Allowance for doubtful receivables	(486,730)	(486,588)
Notes and accounts receivable, net	$ 114,734,743	$ 71,649,926

In principle, the payment term granted to customers is due 30 days from the invoice date or 30 days from the end of the month of when the invoice is issued. The allowance for doubtful receivables is assessed by reference to the collectability of receivables by performing the account aging analysis, historical experience and current financial condition of customers.

Except for those impaired, for the rest of the notes and accounts receivable, the account aging analysis at the end of the reporting period is summarized in the following table. Notes and accounts receivable include amounts that are past due but for which the Company has not recognized a specific allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable.

Aging analysis of notes and accounts receivable, net

	December 31, 2014	December 31, 2013
Neither past due nor impaired	$ 102,692,871	$ 64,112,564
Past due but not impaired		
Past due within 30 days	12,041,872	7,537,362
	$ 114,734,743	$ 71,649,926

Movements of the allowance for doubtful receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 8,058	$ 478,530	$ 486,588
Provision	35	23,374	23,409
Reversal	-	(23,409)	(23,409)
Effect of exchange rate changes	-	142	142
Balance at December 31, 2014	$ 8,093	$ 478,637	$ 486,730
Balance at January 1, 2013	$ 137,336	$ 342,876	$ 480,212
Provision	-	137,317	137,317
Reversal	(127,881)	-	(127,881)
Effect of deconsolidation of subsidiary	(3,157)	-	(3,157)
Effect of exchange rate changes	1,760	(1,663)	97
Balance at December 31, 2013	$ 8,058	$ 478,530	$ 486,588

Aging analysis of accounts receivable that is individually determined as impaired

	December 31, 2014	December 31, 2013
Not past due	$ -	$ 38
Past due 1-30 days	-	276
Past due 31-60 days	-	80
Past due 61-120 days	-	158
Past due over 121 days	8,093	7,824
	$ 8,093	$ 8,376

The Company held bank guarantees and other credit enhancements as collateral for certain impaired accounts receivables. As of December 31, 2014 and 2013, the amount of the bank guarantee and other credit enhancements were nil and NT$318 thousand (US$11 thousand), respectively.

12. INVENTORIES

	December 31, 2014	December 31, 2013
Finished goods	$ 9,972,024	$ 7,245,209

Work in process	51,027,892	26,033,625
Raw materials	3,222,523	2,435,269
Supplies and spare parts	2,115,532	1,780,790
	$ 66,337,971	$ 37,494,893

Write-down of inventories to net realizable value in the amount of NT$1,964,544 thousand and NT$664,662 thousand, respectively, were included in the cost of revenue for the years ended December 31, 2014 and 2013.

13. NONCURRENT ASSETS HELD FOR SALE

In January 2015, the Board of Directors of TSMC approved a sale of TSMC SSL common shares of 565,480 thousand held by TSMC and TSMC Guang Neng to Epistar Corp. with the expectation to complete the sale within twelve months. Accordingly, the Company has reclassified TSMC SSL as a disposal group held for sale in its consolidated balance sheet as of December 31, 2014. The expected fair value less costs to sell is substantially lower than the carrying amount of the related net assets of TSMC SSL; as such, impairment losses of NT$734,467 thousand were recognized under other operating gains and losses in the Company s consolidated statement of comprehensive income for the year ended December 31, 2014. TSMC SSL is classified in the other operating segment of the Company. The major classes of assets and liabilities classified as held for sale were disclosed as follows:

	December 31, 2014
Noncurrent assets held for sale	
Cash and cash equivalents	$ 81,478
Inventories	28,519
Other current assets	91,331
Property, plant and equipment	644,698
Intangible assets	47,373
Others	51,957
	$ 945,356
Liabilities directly associated with noncurrent assets held for sale	
Salary and bonus payable	$ 38,151
Accrued expenses and other current liabilities	68,132
Accrued pension cost	36,993
Others	76,915
	$ 220,191

14. FINANCIAL ASSETS CARRIED AT COST

	December 31, 2014	**December 31, 2013**
Non-publicly traded stocks	$ 1,606,659	$ 1,865,078
Mutual funds	193,883	280,513

	$ 1,800,542	$ 2,145,591

Since there is a wide range of estimated fair values of the Company s investments in non-publicly traded stocks, the Company concludes that the fair value cannot be reliably measured and therefore should be measured at the cost less any impairment.

The common stock of Alchip Technologies, Ltd. was listed on the Taiwan Stock Exchange Corporation in October 2014. Thus, the Company reclassified the aforementioned investments from financial assets carried at cost to available-for-sale financial assets.

The Company recognized impairment loss on financial assets carried at cost in the amount of NT$211,477 thousand and NT$1,538,888 thousand for the years ended December 31, 2014 and 2013, respectively.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments accounted for using the equity method consisted of the following:

	December 31, 2014	December 31, 2013
Associates	$ 24,963,336	$ 24,823,807
Jointly controlled entities	3,287,666	3,492,453
	$ 28,251,002	$ 28,316,260

a. Investments in associates

Associates consisted of the following:

			Carrying Amount		% of Ownership and Voting Rights Held by the Company	
Name of Associate	Principal Activities	Place of Incorporation and Operation	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
anguard International emiconductor rporation (VIS)	Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related parts	Hsinchu, Taiwan	$ 10,100,750	$ 10,556,348	33%	39%
ystems on Silicon anufacturing ompany Pte Ltd. SMC)	Fabrication and supply of integrated circuits	Singapore	8,296,955	7,457,733	39%	39%
otech Industries, Inc. Motech)	Manufacturing and sales of solar cells, crystalline silicon solar cell, and test and measurement instruments and design and construction of solar power systems	Taipei, Taiwan	3,408,945	3,887,462	20%	20%
intec Inc. (Xintec)	Wafer level chip size packaging	Taoyuan, Taiwan	2,053,982	1,866,123	40%	40%

	service					
lobal Unichip orporation (GUC)	Researching, developing, manufacturing, testing and marketing of integrated circuits	Hsinchu, Taiwan	1,102,704	1,056,141	35%	35%
			$ 24,963,336	$ 24,823,807		

In the second quarter of 2014, the Company sold 82,000 thousand common shares of VIS and recognized a disposal gain of NT$2,028,643 thousand. After the sale, the Company owned approximately 33.7% of the equity interest in VIS.

In the fourth quarter of 2012, the Company recognized an impairment loss in the amount of NT$1,186,674 thousand, due to the lower estimated recoverable amount compared with the carrying amount of its investments in stocks traded on the Taiwan GreTai Securities Market. Subsequently, as the recoverable amount of the aforementioned investments was higher than its carrying amount, the impairment loss of NT$1,186,674 thousand recognized in 2012 was reversed in the fourth quarter of 2013.

Since TSMC did not participate in Mcube Inc. s issuance of new shares in the third quarter of 2013, the Company s percentage of ownership in Mcube Inc. decreased to 18%. As a result, the Company evaluated and concluded that the Company no longer exercises significant influence over Mcube Inc. Therefore Mcube Inc. is no longer accounted for using the equity method. Further, such investment was reclassified to financial assets carried at cost. The Company also measured the fair value of retained interest in Mcube Inc. when the significant influence was lost, which has no difference with the carrying amount; accordingly, the Company did not recognize any gain or loss.

TSMC has no power to govern the financial and operating policies of Xintec starting June 2013 due to the loss of power to cast the majority of votes at meetings of the Board of Directors. As a result, Xintec is no longer consolidated and is accounted for using the equity method. Please refer to Note 34.

The summarized financial information in respect of the Company s associates is set out below. The summarized financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRSs, IASs, interpretations as well as related guidance translated by the ARDF endorsed by the FSC with the effective dates, which is also adjusted by the Company using the equity method of accounting.

	December 31, 2014	**December 31, 2013**
Total assets	$ 101,074,142	$ 96,689,523
Total liabilities	(28,484,295)	(28,141,625)
Net assets	$ 72,589,847	$ 68,547,898
The Company s share of net assets of associates	$ 24,963,336	$ 24,823,807

	Years Ended December 31	
	2014	**2013**
Net revenue	$ 70,466,409	$ 67,752,079
Net income	$ 9,477,112	$ 8,325,722
Other comprehensive income	$ 48,121	$ 168,081
The Company s share of profits of associates	$ 3,693,723	$ 3,518,495
The Company s share of other comprehensive income of associates	$ 5,285	$ 18,554

The market prices of the investments accounted for using the equity method in publicly traded stocks calculated
by the closing price at the end of the reporting period are summarized as follows:

Name of Associate	**December 31, 2014**	**December 31, 2013**
VIS	$ 28,567,489	$ 22,239,112

Motech	$	4,242,769	$	5,345,015
GUC	$	4,327,965	$	3,454,902

b. Investments in jointly controlled entities

Jointly controlled entities consisted of the following:

Name of Jointly Controlled Entity	Principal Activities	Place of Incorporation and Operation	Carrying Amount December 31, 2014	Carrying Amount December 31, 2013	% of Ownership and Voting Rights Held by the Company December 31, 2014	% of Ownership and Voting Rights Held by the Company December 31, 2013
VisEra Holding Company (VisEra Holding)	Investing in companies involved in the design, manufacturing and other related businesses in the semiconductor industry	Cayman Islands	$ 3,287,666	$ 3,492,453	49%	49%

The summarized financial information in respect of the Company s jointly controlled entity is set out below. The summarized financial information below represents amounts shown in the jointly controlled entity s financial statements prepared in accordance with IFRSs, IASs, interpretations as well as related guidance translated by the ARDF endorsed by the FSC with the effective dates, which is also adjusted by the Company using the equity method of accounting.

	December 31, 2014	December 31, 2013
Current assets	$ 2,177,294	$ 2,335,612
Noncurrent assets	$ 1,449,719	$ 1,564,485
Current liabilities	$ 338,850	$ 407,184
Noncurrent liabilities	$ 497	$ 460

	Years Ended December 31 2014	2013
Net revenue	$ 1,517,845	$ 1,801,619
Income from operations	$ 295,719	$ 474,787
Net income	$ 255,951	$ 453,536
Other comprehensive loss	$ (155,192)	$ (78,294)
Total comprehensive income	$ 100,759	$ 375,242
Income tax expense	$ 14,535	$ 64,311
The Company s share of profits of joint venture	$ 255,951	$ 453,536
The Company s share of other comprehensive loss of joint venture	$ (155,192)	$ (78,294)

16. PROPERTY, PLANT AND EQUIPMENT

Buildings	Machinery and Equipment	Office Equipment	Assets under Finance Leases	Equipment under Installation and Construction in Progress	Total
$ 229,182,736	$ 1,413,919,794	$ 22,062,032	$ 804,430	$ 272,173,793	$ 1,942,129,694
39,833,068	340,660,987	6,499,009	-	(162,974,350)	224,018,714
(108,660)	(2,128,065)	(645,936)	-	-	(2,882,661)
(1,996)	1,996	-	-	-	-
(854,949)	(2,231,405)	(67,820)	-	(2,550)	(3,156,724)

1,113,651	3,946,920	113,550	36,724	137,843	5,398,564
$ 269,163,850	$ 1,754,170,227	$ 27,960,835	$ 841,154	$ 109,334,736	$ 2,165,507,587
$ 125,234,166	$ 1,009,213,689	$ 14,225,771	$ 385,963	$ -	$ 1,149,463,781
15,589,023	178,850,625	3,135,825	42,085	-	197,645,186
(107,699)	(1,998,255)	(645,679)	-	-	(2,751,633)
-	239,864	-	-	-	239,864
(532)	532	-	-	-	-
(257,690)	(1,476,511)	(43,358)	-	-	(1,777,559)
788,645	3,558,458	95,375	19,349	-	4,489,147
$ 141,245,913	$ 1,188,388,402	$ 16,767,934	$ 447,397	$ -	$ 1,347,308,786
$ 127,917,937	$ 565,781,825	$ 11,192,901	$ 393,757	$ 109,334,736	$ 818,198,801
$ 197,411,851	$ 1,279,893,177	$ 20,067,943	$ 766,732	$ 119,063,976	$ 1,618,730,803
31,869,046	140,223,121	3,791,109	-	154,706,858	333,802,134
-	(2,925,145)	(788,080)	-	-	(3,713,225)
3,797	360	-	-	-	4,157
(986,205)	(5,630,854)	(1,055,809)	-	(1,632,860)	(10,077,757)
884,247	2,359,135	46,869	37,698	35,819	3,383,582

$ 229,182,736	$ 1,413,919,794	$ 22,062,032	$ 804,430	$ 272,173,793	$ 1,942,129,694
$ 111,801,731	$ 875,510,879	$ 13,160,567	$ 328,069	$ -	$ 1,001,168,615
13,183,558	138,314,235	2,413,652	41,333	-	153,979,847
-	(2,809,185)	(786,464)	-	-	(3,595,649)
(226,908)	(3,656,326)	(599,483)	-	-	(4,482,717)
475,785	1,854,086	37,499	16,561	-	2,393,685
$ 125,234,166	$ 1,009,213,689	$ 14,225,771	$ 385,963	$ -	$ 1,149,463,781
$ 103,948,570	$ 404,706,105	$ 7,836,261	$ 418,467	$ 272,173,793	$ 792,665,913

The significant part of the Company s buildings includes main plants, mechanical and electrical power equipment and clean rooms, and the related depreciation is calculated using the estimated useful lives of 20 years, 10 years and 10 years, respectively.

In the second quarter of 2014, the Company recognized impairment losses of NT$239,864 thousand under other operating segments since the carrying amount of some of machinery and equipment is expected to be unrecoverable. Such impairment losses were included in other operating income and expenses for the year ended December 31, 2014.

The Company entered into agreements to lease buildings from December 2003 to November 2018 that qualify as finance leases.

Future minimum lease gross payments were as follows:

	December 31, 2014	December 31, 2013
Minimum lease payments		
Not later than 1 year	$ 29,667	$ 28,376
Later than 1 year and not later than 5 years	859,744	850,703
	889,411	879,079
Less: Future finance expenses	77,862	94,040
Present value of minimum lease payments	$ 811,549	$ 785,039
Present value of minimum lease payments		
Not later than 1 year	$ 28,944	$ 27,684
Later than 1 year and not later than 5 years	782,605	757,355
	$ 811,549	$ 785,039
Current portion (classified under accrued expenses and other current liabilities)	$ 9,441	$ 8,809
Noncurrent portion	802,108	776,230
	$ 811,549	$ 785,039

There was no capitalization of borrowing costs for the years ended December 31, 2014 and 2013.

17. INTANGIBLE ASSETS

	Goodwill	Technology License Fees	Software and System Design Costs	Patent and Others	Total
Cost					
Balance at January 1, 2014	$ 5,627,517	$ 4,444,828	$ 17,086,805	$ 3,729,396	$ 30,888,546
Additions	-	1,906,892	1,695,201	826,223	4,428,316
Retirements	-	-	(51,405)	-	(51,405)
Reclassification as held for sale	-	-	(39,622)	(269,174)	(308,796)
Effect of exchange rate changes	261,296	(1,467)	6,119	6,110	272,058
Balance at December 31, 2014	$ 5,888,813	$ 6,350,253	$ 18,697,098	$ 4,292,555	$ 35,228,719

(Continued)

	Goodwill	Technology License Fees	Software and System Design Costs	Patent and Others	Total
Accumulated amortization					
Balance at January 1, 2014	$ -	$ 3,341,667	$ 13,439,135	$ 2,617,361	$ 19,398,163
Additions	-	438,712	1,499,677	667,960	2,606,349
Retirements	-	-	(51,405)	-	(51,405)
Reclassification as held for sale	-	-	(32,009)	(229,414)	(261,423)
Effect of exchange rate changes	-	(1,467)	5,748	1,244	5,525
Balance at December 31, 2014	$ -	$ 3,778,912	$ 14,861,146	$ 3,057,151	$ 21,697,209
Carrying amounts at December 31, 2014	$ 5,888,813	$ 2,571,341	$ 3,835,952	$ 1,235,404	$ 13,531,510
Cost					
Balance at January 1, 2013	$ 5,523,707	$ 4,590,548	$ 15,095,421	$ 3,094,664	$ 28,304,340
Additions	-	-	2,140,675	578,901	2,719,576
Retirements	-	-	(18,246)	(23,549)	(41,795)
Reclassification	-	(29,564)	(111,105)	101,007	(39,662)
Effect of deconsolidation of subsidiary	-	(113,340)	(25,335)	(42,089)	(180,764)
Effect of exchange rate changes	103,810	(2,816)	5,395	20,462	126,851
Balance at December 31, 2013	$ 5,627,517	$ 4,444,828	$ 17,086,805	$ 3,729,396	$ 30,888,546
Accumulated amortization					
Balance at January 1, 2013	$ -	$ 3,128,655	$ 12,126,479	$ 2,089,637	$ 17,344,771
Additions	-	282,414	1,344,339	575,269	2,202,022
Retirements	-	-	(17,974)	(23,549)	(41,523)

Reclassification	-	-	(5,941)	-	(5,941)
Effect of deconsolidation of subsidiary	-	(66,587)	(12,661)	(25,195)	(104,443)
Effect of exchange rate changes	-	(2,815)	4,893	1,199	3,277
Balance at December 31, 2013	$ -	$ 3,341,667	$ 13,439,135	$ 2,617,361	$ 19,398,163
Carrying amounts at December 31, 2013	$ 5,627,517	$ 1,103,161	$ 3,647,670	$ 1,112,035	$ 11,490,383

(Concluded)

The Company s goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was calculated based on the cash flow forecast from the financial budgets covering the future five-year period, and the Company used annual discount rate of 8.40% and 8.50% in its test of impairment as of December 31, 2014 and 2013, respectively, to reflect the relevant specific risk in the cash-generating unit.

For the years ended December 31, 2014 and 2013, the Company did not recognize any impairment loss on goodwill.

18. OTHER ASSETS

	December 31, 2014	December 31, 2013
Tax receivable	$ 2,187,136	$ 1,781,376
Prepaid expenses	1,399,810	1,081,957
Long-term receivable	385,700	820,000
Others	885,470	770,468
	$ 4,858,116	$ 4,453,801
Current portion	$ 3,656,110	$ 2,984,224
Noncurrent portion	1,202,006	1,469,577
	$ 4,858,116	$ 4,453,801

19. SHORT-TERM LOANS

	December 31, 2014	December 31, 2013
Unsecured loans		
Amount	$ 36,158,520	$ 15,645,000
Original loan content		
US$ (in thousands)	$ 1,140,000	$ 525,000
Annual interest rate	0.38%-0.50%	0.38%-0.42%
Maturity date	Due in January 2015	Due in January 2014

20. PROVISIONS

	December 31, 2014	December 31, 2013
Sales returns and allowances	$ 10,445,452	$ 7,603,781
Warranties	19,828	10,452
	$ 10,465,280	$ 7,614,233
Current portion	$ 10,445,452	$ 7,603,781
Noncurrent portion (classified under other noncurrent liabilities)	19,828	10,452
	$ 10,465,280	$ 7,614,233

	Sales Returns and Allowances	Warranties	Total
Year ended December 31, 2014			
Balance, beginning of year	$ 7,603,781	$ 10,452	$ 7,614,233
Provision	10,506,398	11,365	10,517,763
Payment	(7,679,321)	(1,532)	(7,680,853)
Reclassification as held for sale	(7,601)	-	(7,601)
Effect of exchange rate changes	22,195	(457)	21,738

Balance, end of year	$	10,445,452	$	19,828	$	10,465,280

Year ended December 31, 2013

Balance, beginning of year	$	6,038,003	$	4,891	$	6,042,894
Provision		6,633,290		6,162		6,639,452
Payment		(5,042,752)		(890)		(5,043,642)
Effect of deconsolidation of subsidiary		(37,748)		-		(37,748)
Effect of exchange rate changes		12,988		289		13,277
Balance, end of year	$	7,603,781	$	10,452	$	7,614,233

Provisions for sales returns and allowances are estimated based on historical experience, management judgment, and any known factors that would significantly affect the returns and allowances, and are recognized as a reduction of revenue in the same year of the related product sales.

The provision for warranties represents the present value of the Company s best estimate of the future outflow of the economic benefits that will be required under the Company s obligations for warranties. The estimate has been made on the basis of historical warranty trends of business and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. BONDS PAYABLE

	December 31, 2014	December 31, 2013
Noncurrent portion		
Domestic unsecured bonds	$ 166,200,000	$ 166,200,000
Overseas unsecured bonds	47,577,000	44,700,000
	213,777,000	210,900,000
Less: Discounts on bonds payable	(103,182)	(132,375)
	$ 213,673,818	$ 210,767,625

The major terms of domestic unsecured bonds are as follows:

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
100-1	A	September 2011 to September 2016	$ 10,500,000	1.40%	Bullet repayment; interest payable annually
	B	September 2011 to September 2018	7,500,000	1.63%	The same as above
100-2	A	January 2012 to January 2017	10,000,000	1.29%	The same as above
	B	January 2012 to January 2019	7,000,000	1.46%	The same as above
101-1	A	August 2012 to August 2017	9,900,000	1.28%	The same as above
	B	August 2012 to August 2019	9,000,000	1.40%	The same as above

101-2	A	September 2012 to September 2017	12,700,000	1.28%	The same as above
	B	September 2012 to September 2019	9,000,000	1.39%	The same as above
101-3	-	October 2012 to October 2022	4,400,000	1.53%	The same as above
101-4	A	January 2013 to January 2018	10,600,000	1.23%	The same as above
	B	January 2013 to January 2020	10,000,000	1.35%	The same as above
	C	January 2013 to January 2023	3,000,000	1.49%	The same as above

(Continued)

Issuance	Tranche	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
102-1	A	February 2013 to February 2018	$ 6,200,000	1.23%	Bullet repayment; interest payable annually
	B	February 2013 to February 2020	11,600,000	1.38%	The same as above
	C	February 2013 to February 2023	3,600,000	1.50%	The same as above
102-2	A	July 2013 to July 2020	10,200,000	1.50%	The same as above
	B	July 2013 to July 2023	3,500,000	1.70%	The same as above
102-3	A	August 2013 to August 2017	4,000,000	1.34%	The same as above
	B	August 2013 to August 2019	8,500,000	1.52%	The same as above
102-4	A	September 2013 to September 2016	1,500,000	1.35%	The same as above
	B	September 2013 to September 2017	1,500,000	1.45%	The same as above
	C	September 2013 to March 2019	1,400,000	1.60%	Bullet repayment; interest payable annually (interest for the six months prior to maturity will accrue on the basis of actual days and be repayable at maturity)
	D	September 2013 to March 2021	2,600,000	1.85%	The same as above
	E	September 2013 to March 2023	5,400,000	2.05%	The same as above
	F	September 2013 to September 2023	2,600,000	2.10%	Bullet repayment; interest payable annually

(Concluded)

The major terms of overseas unsecured bonds are as follows: