

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

September 04, 2012

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 September 2012

Taiwan Semiconductor Manufacturing Company Ltd.

(Translation of Registrant's Name Into English)

No. 8, Li-Hsin Rd. 6,

Hsinchu Science Park,

Taiwan

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

(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 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

(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: September 4, 2012

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

Taiwan Semiconductor Manufacturing

Company Limited

Financial Statements for the

Six Months Ended June 30, 2012 and 2011 and

Independent Auditors Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of June 30, 2012 and 2011, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Semiconductor Manufacturing Company Limited as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the six months then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

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 consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the six months ended June 30, 2012 and 2011 on which we have issued an unqualified opinion.

August 14, 2012

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying 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 financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited

BALANCE SHEETS

JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 116,989,019	14	\$ 95,297,486	13
Financial assets at fair value through profit or loss (Notes 2, 5 and 22)	18,950	-	17,455	-
Available-for-sale financial assets (Notes 2, 6 and 22)	1,756,835	-	4,171,309	1
Held-to-maturity financial assets (Notes 2, 7 and 22)	700,562	-	2,114,955	-
Receivables from related parties (Notes 3 and 23)	38,476,727	5	27,402,025	4
Notes and accounts receivable (Note 3)	21,578,627	3	23,797,744	3
Allowance for doubtful receivables (Notes 2, 3 and 8)	(485,120)	-	(488,000)	-
Allowance for sales returns and others (Notes 2 and 8)	(6,262,194)	(1)	(5,641,777)	(1)
Other receivables from related parties (Notes 3 and 23)	652,396	-	3,231,557	-
Other financial assets	155,754	-	423,794	-
Inventories (Notes 2 and 9)	28,428,847	3	28,404,692	4
Deferred income tax assets (Notes 2 and 17)	2,540,243	-	1,053,036	-
Prepaid expenses and other current assets	1,812,338	-	1,068,001	-
Total current assets	206,362,984	24	180,852,277	24
LONG-TERM INVESTMENTS (Notes 2, 7, 10, 11 and 22)				
Investments accounted for using equity method	132,250,792	15	110,458,979	15
Held-to-maturity financial assets	701,723	-	1,404,575	-
Financial assets carried at cost	497,835	-	497,835	-
Total long-term investments	133,450,350	15	112,361,389	15
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 23)				
Cost				
Buildings	165,491,613	19	146,790,740	19
Machinery and equipment	1,113,874,688	127	950,275,417	124
Office equipment	15,395,864	2	12,915,965	2
	1,294,762,165	148	1,109,982,122	145
Accumulated depreciation	(859,587,011)	(98)	(754,185,331)	(99)
Advance payments and construction in progress	79,017,436	9	93,045,607	12
Net property, plant and equipment	514,192,590	59	448,842,398	58
INTANGIBLE ASSETS				
Goodwill (Note 2)	1,567,756	-	1,567,756	-
Deferred charges, net (Notes 2 and 13)	4,505,501	1	5,216,575	1

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Total intangible assets	6,073,257	1	6,784,331	1
OTHER ASSETS				
Deferred income tax assets (Notes 2 and 17)	8,056,117	1	10,855,491	1
Refundable deposits	4,263,506	-	4,796,851	1
Others (Notes 2 and 23)	962,456	-	1,380,133	-
Total other assets	13,282,079	1	17,032,475	2
TOTAL	\$ 873,361,260	100	\$ 765,872,870	100
LIABILITIES AND SHAREHOLDERS EQUITY				
	2012		2011	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term loans (Note 14)	\$ 30,772,585	4	\$ 33,140,881	4
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 22)	26,718	-	-	-
Accounts payable	12,803,106	1	10,138,171	1
Payables to related parties (Note 23)	3,658,125	-	3,386,091	-
Income tax payable (Notes 2 and 17)	6,779,393	1	6,076,318	1
Cash dividends payable (Note 19)	77,748,668	9	77,730,236	10
Accrued profit sharing to employees and bonus to directors (Notes 2 and 19)	14,132,524	2	15,859,637	2
Payables to contractors and equipment suppliers	43,949,310	5	34,942,119	5
Accrued expenses and other current liabilities (Note 22)	16,838,182	2	11,786,554	2
Current portion of bonds payable (Notes 15 and 22)	-	-	4,500,000	1
Total current liabilities	206,708,611	24	197,560,007	26
LONG-TERM LIABILITIES				
Bonds payable (Notes 15 and 22)	35,000,000	4	-	-
Other long-term payable (Note 22)	54,000	-	-	-
Total long-term liabilities	35,054,000	4	-	-
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 16)	3,883,230	-	3,860,459	-
Guarantee deposits (Note 25)	250,129	-	502,883	-
Total other liabilities	4,133,359	-	4,363,342	-
Total liabilities	245,895,970	28	201,923,349	26
CAPITAL STOCK - NT\$10 PAR VALUE (Note 19)				
Authorized: 28,050,000 thousand shares Issued: 25,920,709 thousand shares in 2012 25,914,283 thousand shares in 2011	259,207,094	30	259,142,831	34
CAPITAL SURPLUS (Notes 2 and 19)	56,025,149	6	55,802,387	7
RETAINED EARNINGS (Note 19)				
Appropriated as legal capital reserve	115,820,123	13	102,399,995	13
Appropriated as special capital reserve	7,606,224	1	6,433,874	1
Unappropriated earnings	196,302,944	23	151,443,573	20

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

	319,729,291	37	260,277,442	34
OTHERS				
Cumulative translation adjustments (Note 2)	(7,830,895)	(1)	(11,461,047)	(1)
Unrealized gain on financial instruments (Notes 2 and 22)	334,651	-	187,908	-
	(7,496,244)	(1)	(11,273,139)	(1)
Total shareholders equity	627,465,290	72	563,949,521	74
TOTAL	\$ 873,361,260	100	\$ 765,872,870	100

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

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 23)	\$ 234,483,507		\$ 212,301,752	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	3,734,225		1,907,979	
NET SALES	230,749,282	100	210,393,773	100
COST OF SALES (Notes 9, 18 and 23)	121,938,291	53	113,265,613	54
GROSS PROFIT BEFORE AFFILIATES ELIMINATION	108,810,991	47	97,128,160	46
REALIZED (UNREALIZED) GROSS PROFIT FROM AFFILIATES (Note 2)	(139,950)	-	249,480	-
GROSS PROFIT	108,671,041	47	97,377,640	46
OPERATING EXPENSES (Notes 18 and 23)				
Research and development	18,351,671	8	15,283,607	7
General and administrative	8,402,018	4	6,029,204	3
Marketing	1,155,674	-	1,211,366	1
Total operating expenses	27,909,363	12	22,524,177	11
INCOME FROM OPERATIONS	80,761,678	35	74,853,463	35
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net (Notes 2 and 10)	5,083,116	3	2,914,860	2
Interest income	464,380	-	402,293	-
Settlement income (Note 25)	448,275	-	433,425	-
Technical service income (Note 23)	232,904	-	224,238	-
Foreign exchange gain, net (Note 2)	213,731	-	322,334	-
Others (Notes 2 and 23)	305,738	-	461,096	-
Total non-operating income and gains	6,748,144	3	4,758,246	2

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Impairment loss of financial assets (Notes 2, 6 and 22)	\$ 2,677,529	1	\$ -	-
Impairment loss on idle assets (Note 2)	418,330	-	-	-
Interest expense	370,798	-	146,374	-
Valuation loss on financial instruments, net (Notes 2, 5 and 22)	150,310	-	197,255	-
Loss on disposal of property, plant and equipment (Notes 2 and 23)	66,620	-	153,131	-
Others (Note 2)	7,869	-	122,232	-
Total non-operating expenses and losses	3,691,456	1	618,992	-
INCOME BEFORE INCOME TAX	83,818,366	37	78,992,717	37
INCOME TAX EXPENSE (Notes 2 and 17)	8,531,562	4	6,764,610	3
NET INCOME	\$ 75,286,804	33	\$ 72,228,107	34

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT\$, Note 21)				
Basic earnings per share	\$ 3.23	\$ 2.90	\$ 3.05	\$ 2.79
Diluted earnings per share	\$ 3.23	\$ 2.90	\$ 3.05	\$ 2.79

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

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	Capital Stock - Common Stock Shares (In Thousands)		Capital Surplus	Legal Capital Reserve	Retained Earnings Special Capital Reserve		Unappropriated Earnings	Total	Cumulative Translation Adjustments	Others Unrealized Gain/Loss On Financial Instruments	Share
as of	25,916,222	\$ 259,162,226	\$ 55,846,357	\$ 102,399,995	\$ 6,433,874	\$ 213,357,286	\$ 322,191,155	\$ (6,433,369)	\$ (1,172,855)	\$	
	-	-	-	13,420,128	-	(13,420,128)	-	-	-	-	
as to	-	-	-	-	1,172,350	(1,172,350)	-	-	-	-	
	-	-	-	-	-	(77,748,668)	(77,748,668)	-	-	-	
	-	-	-	-	-	75,286,804	75,286,804	-	-	-	
	-	-	83,954	-	-	-	-	-	-	-	
stock	-	-	-	-	-	-	-	(1,397,526)	-	-	
g	4,487	44,868	94,838	-	-	-	-	-	-	-	
f	-	-	-	-	-	-	-	-	-	1,508,301	
ale	-	-	-	-	-	-	-	-	-	(795)	
s	25,920,709	\$ 259,207,094	\$ 56,025,149	\$ 115,820,123	\$ 7,606,224	\$ 196,302,944	\$ 319,729,291	\$ (7,830,895)	\$ 334,651	\$	

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

	25,910,078	\$ 259,100,787	\$ 55,698,434	\$ 86,239,494	\$ 1,313,047	\$ 178,227,030	\$ 265,779,571	\$ (6,543,163)	\$ 109,289	\$
s of										
	-	-	-	16,160,501	-	(16,160,501)	-	-	-	-
	-	-	-	-	5,120,827	(5,120,827)	-	-	-	-
s to										
	-	-	-	-	-	(77,730,236)	(77,730,236)	-	-	-
r										
	-	-	-	-	-	72,228,107	72,228,107	-	-	-
	-	-	14,643	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(4,917,884)	-	-
ock										
g										
ck	4,205	42,044	89,310	-	-	-	-	-	-	-
f										
ale										
s	-	-	-	-	-	-	-	-	-	176,970
	-	-	-	-	-	-	-	-	-	(98,351)
1	25,914,283	\$ 259,142,831	\$ 55,802,387	\$ 102,399,995	\$ 6,433,874	\$ 151,443,573	\$ 260,277,442	\$ (11,461,047)	\$ 187,908	\$

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

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 75,286,804	\$ 72,228,107
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,167,176	49,954,937
Unrealized (realized) gross profit from affiliates	139,950	(249,480)
Amortization of premium/discount of financial assets	1,142	7,757
Gain on disposal of available-for-sale financial assets, net	-	(35,151)
Equity in earnings of equity method investees, net	(5,083,116)	(2,914,860)
Cash dividends received from equity method investees	1,285,480	1,914,392
Loss on disposal of property, plant and equipment and other assets, net	56,220	10,251
Impairment loss of financial assets	2,677,529	-
Impairment loss on idle assets	418,330	-
Deferred income tax	2,096,079	336,498
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	22,693	(25,289)
Receivables from related parties	(13,699,193)	(1,668,051)
Notes and accounts receivable	(1,684,241)	(1,546,839)
Allowance for sales returns and others	1,374,315	(1,699,667)
Other receivables from related parties	(65,063)	(64,293)
Other financial assets	(33,744)	