



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

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

ASSETS	March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		March 31, 2017 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Current Assets											
Cash and Cash Equivalents	\$ 19,860	\$ 577,783	28.2	\$ 553,392	27.8	\$ 564,725	29.2	\$ 24,391	4.4	\$ 13,058	2.3
Investments in Marketable Financial Instruments	3,664	106,592	5.2	95,967	4.8	94,598	4.9	10,625	11.1	11,994	12.7
Accounts Receivable	3,705	107,781	5.3	122,317	6.1	109,028	5.6	(14,536)	(11.9)	(1,247)	(1.1)
Inventories	2,929	85,216	4.1	73,881	3.7	50,389	2.6	11,335	15.3	34,827	69.1
Other Current Assets	1,778	51,745	2.5	11,646	0.6	6,922	0.4	40,099	344.3	44,823	647.5
Total Current Assets	31,936	929,117	45.3	857,203	43.0	825,662	42.7	71,914	8.4	103,455	12.5
Non-current Assets											
Long-term Investments	1,182	34,377	1.7	41,569	2.1	44,519	2.3	(7,192)	(17.3)	(10,142)	(22.8)
Property, Plant and Equipment	36,276	1,055,366	51.5	1,062,543	53.4	1,037,364	53.6	(7,177)	(0.7)	18,002	1.7
Intangible and Other Non-current Assets	1,041	30,296	1.5	30,547	1.5	27,119	1.4	(251)	(0.8)	3,177	11.7
Total Non-current Assets	38,499	1,120,039	54.7	1,134,659	57.0	1,109,002	57.3	(14,620)	(1.3)	11,037	1.0
Total Assets	\$ 70,435	\$ 2,049,156	100.0	\$ 1,991,862	100.0	\$ 1,934,664	100.0	\$ 57,294	2.9	\$ 114,492	5.9
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,950	\$ 56,731	2.8	\$ 63,767	3.2	\$ 54,666	2.8	\$ (7,036)	(11.0)	\$ 2,065	3.8
Accounts Payable	998	29,042	1.4	30,069	1.5	24,253	1.3	(1,027)	(3.4)	4,789	19.7
Payables to Contractors and Equipment Suppliers	1,644	47,828	2.3	55,724	2.8	57,672	3.0	(7,896)	(14.2)	(9,844)	(17.1)
Accrued Expenses and Other Current Liabilities	5,475	159,277	7.8	150,746	7.6	140,080	7.2	8,531	5.7	19,197	13.7
Current Portion of Bonds Payable and Bank Loans	1,697	49,357	2.4	58,401	2.9	44,910	2.3	(9,044)	(15.5)	4,447	9.9
Total Current Liabilities	11,764	342,235	16.7	358,707	18.0	321,581	16.6	(16,472)	(4.6)	20,654	6.4
Non-current Liabilities											
Bonds Payable	2,867	83,400	4.1	91,800	4.6	134,199	6.9	(8,400)	(9.2)	(50,799)	(37.9)
Other Non-current Liabilities	581	16,916	0.8	18,595	1.0	22,574	1.2	(1,679)	(9.0)	(5,658)	(25.1)
Total Non-current Liabilities	3,448	100,316	4.9	110,395	5.6	156,773	8.1	(10,079)	(9.1)	(56,457)	(36.0)
Total Liabilities	15,212	442,551	21.6	469,102	23.6	478,354	24.7	(26,551)	(5.7)	(35,803)	(7.5)
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,913	259,304	12.7	259,304	13.0	259,304	13.4	-	-	-	-
Capital Surplus	1,935	56,305	2.7	56,310	2.8	56,282	2.9	(5)	-	23	-
Legal Capital Reserve	8,309	241,723	11.8	241,723	12.1	208,298	10.7	-	-	33,425	16.0
Unappropriated Earnings	37,224	1,082,967	52.9	991,639	49.8	951,339	49.2	91,328	9.2	131,628	13.8
Others	(1,182)	(34,401)	(1.7)	(26,918)	(1.3)	(19,710)	(1.0)	(7,483)	27.8	(14,691)	74.5
Equity Attributable to Shareholders of the Parent	55,199	1,605,898	78.4	1,522,058	76.4	1,455,513	75.2	83,840	5.5	150,385	10.3
Noncontrolling Interests	24	707	-	702	-	797	0.1	5	0.7	(90)	(11.3)
Total Shareholders' Equity	55,223	1,606,605	78.4	1,522,760	76.4	1,456,310	75.3	83,845	5.5	150,295	10.3
Total Liabilities & Shareholders' Equity	\$ 70,435	\$ 2,049,156	100.0	\$ 1,991,862	100.0	\$ 1,934,664	100.0	\$ 57,294	2.9	\$ 114,492	5.9

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.093 as of March 31, 2018.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended March 31, 2018, December 31, 2017, March 31, 2017
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)
Except for Per Share Amounts and Shares Outstanding)

	1Q 2018			4Q 2017		1Q 2017		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 8,459	\$ 248,079	100.0	\$ 277,570	100.0	\$ 233,914	100.0	\$ (29,491)	(10.6)	\$ 14,165	6.1
Cost of Revenue	(4,201)	(123,221)	(49.7)	(138,822)	(50.0)	(112,424)	(48.1)	15,601	(11.2)	(10,797)	9.6
Gross Profit	4,258	124,858	50.3	138,748	50.0	121,490	51.9	(13,890)	(10.0)	3,368	2.8
Operating Expenses											
Research and Development Expenses	(697)	(20,429)	(8.2)	(21,218)	(7.6)	(19,413)	(8.3)	789	(3.7)	(1,016)	5.2
Sales, General and Administrative Expenses	(215)	(6,300)	(2.6)	(7,624)	(2.8)	(6,744)	(2.8)	1,324	(17.4)	444	(6.6)
Total Operating Expenses	(912)	(26,729)	(10.8)	(28,842)	(10.4)	(26,157)	(11.1)	2,113	(7.3)	(572)	2.2
Other Operating Income and Expenses	(44)	(1,302)	(0.5)	(1,011)	(0.4)	19	-	(291)	(28.8)	(1,321)	(6,952.6)
Income from Operations	3,302	96,827	39.0	108,895	39.2	95,352	40.8	(12,068)	(11.1)	1,475	1.5
Non-operating Income and Expenses											
Share of Profits of Associates	23	682	0.3	949	0.3	667	0.3	(267)	(28.1)	15	2.2
Net Interest Income (Expenses)	80	2,346	1.0	1,920	0.7	1,288	0.5	426	22.2	1,058	82.1
Other Gains and Losses	3	89	-	(89)	-	515	0.2	178	NM	(426)	(82.7)
Total Non-operating Income and Expenses	106	3,117	1.3	2,780	1.0	2,470	1.0	337	12.1	647	26.2
Income Before Income Tax	3,408	99,944	40.3	111,675	40.2	97,822	41.8	(11,731)	(10.5)	2,122	2.2
Income Tax Expenses	(346)	(10,156)	(4.1)	(12,369)	(4.4)	(10,201)	(4.3)	2,213	(17.9)	45	(0.4)
Net Income	3,062	89,788	36.2	99,306	35.8	87,621	37.5	(9,518)	(9.6)	2,167	2.5
Other Comprehensive Losses	(245)	(7,187)	(2.9)	(7,976)	(2.9)	(21,352)	(9.2)	789	9.9	14,165	66.3
Comprehensive Income	\$ 2,817	\$ 82,601	33.3	\$ 91,330	32.9	\$ 66,269	28.3	\$ (8,729)	(9.6)	\$ 16,332	24.6
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 3,062	\$ 89,785	36.2	\$ 99,286	35.8	\$ 87,629	37.5	\$ (9,501)	(9.6)	\$ 2,156	2.5
Noncontrolling Interests	-	3	-	20	-	(8)	-	(17)	(85.0)	11	NM
	\$ 3,062	\$ 89,788	36.2	\$ 99,306	35.8	\$ 87,621	37.5	\$ (9,518)	(9.6)	\$ 2,167	2.5
Earnings per Share - Diluted	\$ 0.12	\$ 3.46		\$ 3.83		\$ 3.38		\$ (0.37)	(9.6)	\$ 0.08	2.5
Earnings per ADR - Diluted (2)	\$ 0.59	\$ 17.31		\$ 19.14		\$ 16.90		\$ (1.83)	(9.6)	\$ 0.41	2.5
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,930		25,930					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.326 for the first quarter of 2018.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements (Unaudited)

For the Three Months Ended March 31, 2018, December 31, 2017 and March 31, 2017

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

	1Q 2018		4Q 2017	1Q 2017
	USD	NTD	NTD	NTD
Cash Flows from Operating Activities:				
Income Before Income Tax	\$ 3,408	\$ 99,944	\$ 111,675	\$ 97,822
Depreciation & Amortization	2,438	71,498	70,814	60,172
Share of Profits of Associates	(23)	(682)	(949)	(667)
Income Taxes Paid	(13)	(380)	(269)	(112)
Changes in Working Capital & Others	(329)	(9,654)	22,855	3,793
Net Cash Generated by Operating Activities	5,481	160,726	204,126	161,008
Cash Flows from Investing Activities:				
Interest Received	\$ 107	\$ 3,140	\$ 2,749	\$ 1,950
Acquisitions of:				
Property, Plant and Equipment	(2,450)	(71,847)	(61,180)	(102,506)
Marketable Financial Instruments	(838)	(24,566)	(34,151)	(26,371)
Financial Assets Carried at Cost	-	-	(123)	(202)
Proceeds from Disposal or Redemption of:				
Property, Plant and Equipment	2	47	73	152
Marketable Financial Instruments	705	20,672	28,999	18,836
Others	(31)	(905)	581	(1,089)
Net Cash Used In Investing Activities	(2,505)	(73,459)	(63,052)	(109,230)
Cash Flows from Financing Activities:				
Increase (Decrease) in Short-term Loans	\$ (197)	\$ (5,775)	\$ 10,684	\$ (250)
Repayment of Bonds and Interest – Prepaid	(1,159)	(33,999)	-	-
Repayment of Bonds	(573)	(16,800)	-	(10,000)
Repayment of Long-term Bank Loans	-	-	(24)	(3)
Interest Paid	(34)	(998)	(576)	(1,257)
Others	(2)	(55)	(439)	(400)
Net Cash Generated by (Used in) Financing Activities	(1,965)	(57,627)	9,645	(11,910)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ (179)	\$ (5,249)	\$ (5,404)	\$ (16,397)
Net Increase in Cash and Cash Equivalents	832	24,391	145,315	23,471
Cash and Cash Equivalents at Beginning of Period	18,870	553,392	408,077	541,254
Cash and Cash Equivalents at End of Period	\$ 19,702	\$ 577,783	\$ 553,392	\$ 564,725

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$29.326 for the three months ended March 31, 2018.