



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⁾

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		March 31, 2015 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 19,204	\$ 617,984	35.8	\$ 562,689	34.0	\$ 437,412	28.1	\$ 55,295	9.8	\$ 180,572	41.3
Investments in Marketable Financial Instruments	945	30,413	1.8	23,474	1.4	81,562	5.2	6,939	29.6	(51,149)	(62.7)
Accounts Receivable	3,013	96,957	5.6	85,565	5.2	99,122	6.4	11,392	13.3	(2,165)	(2.2)
Inventories	1,779	57,242	3.3	67,052	4.0	64,600	4.2	(9,810)	(14.6)	(7,358)	(11.4)
Other Current Assets	307	9,895	0.6	7,964	0.5	7,798	0.5	1,931	24.2	2,097	26.9
Total Current Assets	<u>25,248</u>	<u>812,491</u>	<u>47.1</u>	<u>746,744</u>	<u>45.1</u>	<u>690,494</u>	<u>44.4</u>	<u>65,747</u>	<u>8.8</u>	<u>121,997</u>	<u>17.7</u>
Non-current Assets											
Long-term Investments	1,440	46,335	2.7	34,994	2.1	32,181	2.1	11,341	32.4	14,154	44.0
Property, Plant and Equipment	26,237	844,305	48.9	853,470	51.5	813,220	52.2	(9,165)	(1.1)	31,085	3.8
Intangible and Other Non-current Assets	727	23,395	1.3	22,310	1.3	21,000	1.3	1,085	4.9	2,395	11.4
Total Non-current Assets	<u>28,404</u>	<u>914,035</u>	<u>52.9</u>	<u>910,774</u>	<u>54.9</u>	<u>866,401</u>	<u>55.6</u>	<u>3,261</u>	<u>0.4</u>	<u>47,634</u>	<u>5.5</u>
Total Assets	<u>\$ 53,652</u>	<u>\$ 1,726,526</u>	<u>100.0</u>	<u>\$ 1,657,518</u>	<u>100.0</u>	<u>\$ 1,556,895</u>	<u>100.0</u>	<u>\$ 69,008</u>	<u>4.2</u>	<u>\$ 169,631</u>	<u>10.9</u>
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,078	\$ 34,690	2.0	\$ 39,474	2.4	\$ 18,683	1.2	\$ (4,784)	(12.1)	\$ 16,007	85.7
Accounts Payable	610	19,629	1.2	19,725	1.2	20,205	1.3	(96)	(0.5)	(576)	(2.9)
Payables to Contractors and Equipment Suppliers	1,055	33,953	2.0	26,012	1.6	27,373	1.8	7,941	30.5	6,580	24.0
Accrued Expenses and Other Current Liabilities	3,553	114,348	6.6	103,500	6.2	121,304	7.8	10,848	10.5	(6,956)	(5.7)
Current Portion of Bonds Payable and Bank Loans	1,034	33,273	1.9	23,518	1.4	-	-	9,755	41.5	33,273	-
Total Current Liabilities	<u>7,330</u>	<u>235,893</u>	<u>13.7</u>	<u>212,229</u>	<u>12.8</u>	<u>187,565</u>	<u>12.1</u>	<u>23,664</u>	<u>11.2</u>	<u>48,328</u>	<u>25.8</u>
Non-current Liabilities											
Bonds Payable	5,629	181,151	10.5	191,965	11.6	213,209	13.7	(10,814)	(5.6)	(32,058)	(15.0)
Other Non-current Liabilities	887	28,536	1.6	30,690	1.8	32,205	2.0	(2,154)	(7.0)	(3,669)	(11.4)
Total Non-current Liabilities	<u>6,516</u>	<u>209,687</u>	<u>12.1</u>	<u>222,655</u>	<u>13.4</u>	<u>245,414</u>	<u>15.7</u>	<u>(12,968)</u>	<u>(5.8)</u>	<u>(35,727)</u>	<u>(14.6)</u>
Total Liabilities	<u>13,846</u>	<u>445,580</u>	<u>25.8</u>	<u>434,884</u>	<u>26.2</u>	<u>432,979</u>	<u>27.8</u>	<u>10,696</u>	<u>2.5</u>	<u>12,601</u>	<u>2.9</u>
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,058	259,304	15.0	259,304	15.7	259,303	16.7	-	-	1	0.0
Capital Surplus	1,750	56,317	3.3	56,300	3.4	56,275	3.6	17	0.0	42	0.1
Legal Capital Reserve	5,520	177,641	10.3	177,641	10.7	151,251	9.7	-	-	26,390	17.4
Unappropriated Earnings	24,284	781,435	45.2	716,653	43.2	632,904	40.7	64,782	9.0	148,531	23.5
Others	164	5,276	0.3	11,774	0.7	24,111	1.5	(6,498)	(55.2)	(18,835)	(78.1)
Equity Attributable to Shareholders of the Parent	<u>39,776</u>	<u>1,279,973</u>	<u>74.1</u>	<u>1,221,672</u>	<u>73.7</u>	<u>1,123,844</u>	<u>72.2</u>	<u>58,301</u>	<u>4.8</u>	<u>156,129</u>	<u>13.9</u>
Noncontrolling Interests	30	973	0.1	962	0.1	72	-	11	1.1	901	1251.4
Total Shareholders' Equity	<u>39,806</u>	<u>1,280,946</u>	<u>74.2</u>	<u>1,222,634</u>	<u>73.8</u>	<u>1,123,916</u>	<u>72.2</u>	<u>58,312</u>	<u>4.8</u>	<u>157,030</u>	<u>14.0</u>
Total Liabilities & Shareholders' Equity	<u>\$ 53,652</u>	<u>\$ 1,726,526</u>	<u>100.0</u>	<u>\$ 1,657,518</u>	<u>100.0</u>	<u>\$ 1,556,895</u>	<u>100.0</u>	<u>\$ 69,008</u>	<u>4.2</u>	<u>\$ 169,631</u>	<u>10.9</u>

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$32.18 as of March 31, 2016.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended March 31, 2016, December 31, 2015, March 31, 2015

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

Except for Per Share Amounts and Shares Outstanding)

	1Q 2016			4Q 2015		1Q 2015		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 6,141	\$ 203,495	100.0	\$ 203,518	100.0	\$ 222,034	100.0	\$ (23)	(0.0)	\$ (18,539)	(8.3)
Cost of Revenue	(3,385)	(112,157)	(55.1)	(104,593)	(51.4)	(112,605)	(50.7)	(7,564)	7.2	448	(0.4)
Gross Profit	2,756	91,338	44.9	98,925	48.6	109,429	49.3	(7,587)	(7.7)	(18,091)	(16.5)
Operating Expenses											
Research and Development Expenses	(471)	(15,619)	(7.7)	(15,665)	(7.7)	(16,782)	(7.6)	46	(0.3)	1,163	(6.9)
Sales, General and Administrative Expenses	(159)	(5,260)	(2.6)	(5,548)	(2.7)	(5,757)	(2.6)	288	(5.2)	497	(8.6)
Total Operating Expenses	(630)	(20,879)	(10.3)	(21,213)	(10.4)	(22,539)	(10.2)	334	(1.6)	1,660	(7.4)
Other Operating Income and Expenses	-	8	-	252	0.1	(264)	(0.1)	(244)	(96.8)	272	NM
Income from Operations	2,126	70,467	34.6	77,964	38.3	86,626	39.0	(7,497)	(9.6)	(16,159)	(18.7)
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	26	841	0.4	1,256	0.6	1,135	0.5	(415)	(33.0)	(294)	(25.9)
Interest Expenses	(26)	(850)	(0.4)	(820)	(0.4)	(794)	(0.3)	(30)	3.7	(56)	7.1
Other Gains and Losses	54	1,798	0.9	2,244	1.1	1,292	0.6	(446)	(19.9)	506	39.2
Total Non-operating Income and Expenses	54	1,789	0.9	2,680	1.3	1,633	0.8	(891)	(33.2)	156	9.6
Income Before Income Tax	2,180	72,256	35.5	80,644	39.6	88,259	39.8	(8,388)	(10.4)	(16,003)	(18.1)
Income Tax Expenses	(225)	(7,463)	(3.7)	(7,802)	(3.8)	(9,275)	(4.2)	339	(4.3)	1,812	(19.5)
Net Income	1,955	64,793	31.8	72,842	35.8	78,984	35.6	(8,049)	(11.0)	(14,191)	(18.0)
Other Comprehensive Income	(196)	(6,499)	(3.2)	(2,093)	(1.0)	(1,646)	(0.8)	(4,406)	210.5	(4,853)	294.8
Comprehensive Income	\$ 1,759	\$ 58,294	28.6	\$ 70,749	34.8	\$ 77,338	34.8	\$ (12,455)	(17.6)	\$ (19,044)	(24.6)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,955	\$ 64,782	31.8	\$ 72,837	35.8	78,990	35.6	\$ (8,055)	(11.1)	\$ (14,208)	(18.0)
Noncontrolling Interests	-	11	-	5	-	(6)	-	6	120.0	17	NM
	\$ 1,955	\$ 64,793	31.8	\$ 72,842	35.8	78,984	35.6	\$ (8,049)	(11.0)	\$ (14,191)	(18.0)
Earnings per Share - Diluted	\$ 0.08	\$ 2.50		\$ 2.81		\$ 3.05		\$ (0.31)	(11.1)	\$ (0.55)	(18.0)
Earnings per ADR - Diluted (2)	\$ 0.38	\$ 12.49		\$ 14.04		\$ 15.23		\$ (1.55)	(11.1)	\$ (2.74)	(18.0)
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\$33.138 for the first quarter of 2016.

(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, 2016, December 31, 2015 and March 31, 2015

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

	1Q 2016		4Q 2015	1Q 2015
	USD	NTD	NTD	NTD
Cash Flows from Operating Activities:				
Income before Income Tax	\$ 2,180	\$ 72,256	\$ 80,644	\$ 88,259
Depreciation & Amortization	1,685	55,847	56,256	55,478
Share of Profits of Associates and Joint Venture	(25)	(841)	(1,256)	(1,135)
Income Taxes Paid	(4)	(142)	(122)	(118)
Changes in Working Capital & Others	(169)	(5,591)	9,150	13,517
Net Cash Generated by Operating Activities	<u>3,667</u>	<u>121,529</u>	<u>144,672</u>	<u>156,001</u>
Cash Flows from Investing Activities:				
Interest Received	\$ 47	\$ 1,541	\$ 1,035	\$ 875
Acquisitions of:				
Property, Plant and Equipment	(1,151)	(38,141)	(84,524)	(48,876)
Marketable Financial Instruments	(712)	(23,611)	(22,269)	(9,373)
Financial Assets Carried at Cost	(5)	(187)	(2,499)	(32)
Proceeds from Disposal or Redemption of:				
Property, Plant and Equipment	-	12	747	30
Marketable Financial Instruments	179	5,943	6,402	836
Financial Assets Carried at Cost	-	14	11	9
Investments Accounted for Using Equity Method	-	-	1,209	-
Others	(28)	(918)	(1,292)	(637)
Net Cash Used In Investing Activities	<u>(1,670)</u>	<u>(55,347)</u>	<u>(101,180)</u>	<u>(57,168)</u>
Cash Flows from Financing Activities:				
Increase (Decrease) in Short-term Loans	\$ (124)	\$ (4,115)	\$ 5,767	\$ (17,341)
Interest Paid	(21)	(690)	(451)	(862)
Proceeds from Exercise of Stock Options	-	-	-	30
Others	-	(2)	-	1
Net Cash Generated by (Used in) Financing Activities	<u>(145)</u>	<u>(4,807)</u>	<u>5,316</u>	<u>(18,172)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ (183)	\$ (6,080)	\$ (1,850)	\$ (1,698)
Net Increase in Cash and Cash Equivalents	<u>1,669</u>	<u>55,295</u>	<u>46,958</u>	<u>78,963</u>
Cash and Cash Equivalents at Beginning of Period	<u>16,980</u>	<u>562,689</u>	<u>515,731</u>	<u>358,449</u>
Cash and Cash Equivalents at End of Period	<u>\$ 18,649</u>	<u>\$ 617,984</u>	<u>\$ 562,689</u>	<u>\$ 437,412</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$33.138 for the three months ended March 31, 2016.