



**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Balance Sheets**

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

	September 30, 2017 (Unaudited)			June 30, 2017 (Unaudited)		September 30, 2016 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	\$ 13,495	\$ 408,077	22.2	\$ 570,467	28.7	\$ 463,972	27.0	\$ (162,390)	(28.5)	\$ (55,895)	(12.0)
Investments in Marketable Financial Instruments	3,099	93,699	5.1	88,483	4.5	52,983	3.1	5,216	5.9	40,716	76.8
Accounts Receivable	3,926	118,726	6.4	110,329	5.5	129,289	7.5	8,397	7.6	(10,563)	(8.2)
Inventories	2,444	73,894	4.0	61,011	3.1	53,882	3.1	12,883	21.1	20,012	37.1
Other Current Assets	346	10,466	0.6	7,760	0.4	9,466	0.6	2,706	34.9	1,000	10.6
<b>Total Current Assets</b>	<b>23,310</b>	<b>704,862</b>	<b>38.3</b>	<b>838,050</b>	<b>42.2</b>	<b>709,592</b>	<b>41.3</b>	<b>(133,188)</b>	<b>(15.9)</b>	<b>(4,730)</b>	<b>(0.7)</b>
<b>Non-current Assets</b>											
Long-term Investments	1,353	40,903	2.2	43,818	2.2	49,910	2.9	(2,915)	(6.7)	(9,007)	(18.0)
Property, Plant and Equipment	35,244	1,065,757	57.9	1,077,627	54.2	934,929	54.4	(11,870)	(1.1)	130,828	14.0
Intangible and Other Non-current Assets	989	29,902	1.6	26,939	1.4	24,256	1.4	2,963	11.0	5,646	23.3
<b>Total Non-current Assets</b>	<b>37,586</b>	<b>1,136,562</b>	<b>61.7</b>	<b>1,148,384</b>	<b>57.8</b>	<b>1,009,095</b>	<b>58.7</b>	<b>(11,822)</b>	<b>(1.0)</b>	<b>127,467</b>	<b>12.6</b>
<b>Total Assets</b>	<b>\$ 60,896</b>	<b>\$ 1,841,424</b>	<b>100.0</b>	<b>\$ 1,986,434</b>	<b>100.0</b>	<b>\$ 1,718,687</b>	<b>100.0</b>	<b>\$ (145,010)</b>	<b>(7.3)</b>	<b>\$ 122,737</b>	<b>7.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>											
<b>Current Liabilities</b>											
Short-term Loans	\$ 1,800	\$ 54,430	2.9	\$ 54,745	2.8	\$ 37,649	2.2	\$ (315)	(0.6)	\$ 16,781	44.6
Accounts Payable	959	28,988	1.6	25,612	1.3	25,976	1.5	3,376	13.2	3,012	11.6
Payables to Contractors and Equipment Suppliers	1,587	47,975	2.6	50,377	2.5	58,790	3.4	(2,402)	(4.8)	(10,815)	(18.4)
Cash Dividends Payable	-	-	-	181,627	9.1	-	-	(181,627)	(100.0)	-	-
Accrued Expenses and Other Current Liabilities	3,573	108,058	5.9	131,281	6.6	97,030	5.7	(23,223)	(17.7)	11,028	11.4
Current Portion of Bonds Payable and Bank Loans	1,953	59,071	3.2	79,865	4.0	38,110	2.2	(20,794)	(26.0)	20,961	55.0
<b>Total Current Liabilities</b>	<b>9,872</b>	<b>298,522</b>	<b>16.2</b>	<b>523,507</b>	<b>26.3</b>	<b>257,555</b>	<b>15.0</b>	<b>(224,985)</b>	<b>(43.0)</b>	<b>40,967</b>	<b>15.9</b>
<b>Non-current Liabilities</b>											
Bonds Payable	3,036	91,800	5.0	99,300	5.0	152,139	8.8	(7,500)	(7.6)	(60,339)	(39.7)
Other Non-current Liabilities	651	19,690	1.1	21,261	1.1	25,100	1.5	(1,571)	(7.4)	(5,410)	(21.6)
<b>Total Non-current Liabilities</b>	<b>3,687</b>	<b>111,490</b>	<b>6.1</b>	<b>120,561</b>	<b>6.1</b>	<b>177,239</b>	<b>10.3</b>	<b>(9,071)</b>	<b>(7.5)</b>	<b>(65,749)</b>	<b>(37.1)</b>
<b>Total Liabilities</b>	<b>13,559</b>	<b>410,012</b>	<b>22.3</b>	<b>644,068</b>	<b>32.4</b>	<b>434,794</b>	<b>25.3</b>	<b>(234,056)</b>	<b>(36.3)</b>	<b>(24,782)</b>	<b>(5.7)</b>
<b>Equity Attributable to Shareholders of the Parent</b>											
Capital Stock at Par Value	8,575	259,304	14.1	259,304	13.1	259,304	15.1	-	-	-	-
Capital Surplus	1,861	56,281	3.0	56,283	2.8	56,270	3.3	(2)	-	11	-
Legal Capital Reserve	7,994	241,723	13.1	241,723	12.2	208,298	12.1	-	-	33,425	16.0
Unappropriated Earnings	29,518	892,598	48.5	802,673	40.4	764,460	44.5	89,925	11.2	128,138	16.8
Others	(634)	(19,189)	(1.0)	(18,297)	(0.9)	(5,219)	(0.3)	(892)	4.9	(13,970)	267.7
<b>Equity Attributable to Shareholders of the Parent</b>	<b>47,314</b>	<b>1,430,717</b>	<b>77.7</b>	<b>1,341,686</b>	<b>67.6</b>	<b>1,283,113</b>	<b>74.7</b>	<b>89,031</b>	<b>6.6</b>	<b>147,604</b>	<b>11.5</b>
<b>Noncontrolling Interests</b>	<b>23</b>	<b>695</b>	<b>-</b>	<b>680</b>	<b>-</b>	<b>780</b>	<b>-</b>	<b>15</b>	<b>2.2</b>	<b>(85)</b>	<b>(10.9)</b>
<b>Total Shareholders' Equity</b>	<b>47,337</b>	<b>1,431,412</b>	<b>77.7</b>	<b>1,342,366</b>	<b>67.6</b>	<b>1,283,893</b>	<b>74.7</b>	<b>89,046</b>	<b>6.6</b>	<b>147,519</b>	<b>11.5</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 60,896</b>	<b>\$ 1,841,424</b>	<b>100.0</b>	<b>\$ 1,986,434</b>	<b>100.0</b>	<b>\$ 1,718,687</b>	<b>100.0</b>	<b>\$ (145,010)</b>	<b>(7.3)</b>	<b>\$ 122,737</b>	<b>7.1</b>

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.239 as of September 30, 2017.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**  
**Consolidated Condensed Statements of Comprehensive Income (Unaudited)**  
For the Three Months Ended September 30, 2017, June 30, 2017, September 30, 2016  
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") <sup>(1)</sup>  
Except for Per Share Amounts and Shares Outstanding)

	3Q 2017			2Q 2017		3Q 2016		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 8,324	\$ 252,107	100.0	\$ 213,856	100.0	\$ 260,406	100.0	\$ 38,251	17.9	\$ (8,299)	(3.2)
Cost of Revenue	(4,168)	(126,227)	(50.1)	(105,148)	(49.2)	(128,355)	(49.3)	(21,079)	20.0	2,128	(1.7)
Gross Profit	4,156	125,880	49.9	108,708	50.8	132,051	50.7	17,172	15.8	(6,171)	(4.7)
Operating Expenses											
Research and Development Expenses	(695)	(21,045)	(8.3)	(19,057)	(8.9)	(18,724)	(7.2)	(1,988)	10.4	(2,321)	12.4
Sales, General and Administrative Expenses	(214)	(6,492)	(2.6)	(6,309)	(3.0)	(7,116)	(2.7)	(183)	2.9	624	(8.8)
Total Operating Expenses	(909)	(27,537)	(10.9)	(25,366)	(11.9)	(25,840)	(9.9)	(2,171)	8.6	(1,697)	6.6
Other Operating Income and Expenses	(9)	(287)	(0.1)	(86)	-	52	-	(201)	(233.7)	(339)	(651.9)
Income from Operations	3,238	98,056	38.9	83,256	38.9	106,263	40.8	14,800	17.8	(8,207)	(7.7)
Non-operating Income and Expenses											
Share of Profits of Associates	25	752	0.3	618	0.3	881	0.3	134	21.7	(129)	(14.6)
Net Interest Income (Expenses)	42	1,282	0.5	1,644	0.8	699	0.3	(362)	(22.0)	583	83.4
Other Gains and Losses	14	428	0.2	600	0.3	407	0.2	(172)	(28.7)	21	5.2
Total Non-operating Income and Expenses	81	2,462	1.0	2,862	1.4	1,987	0.8	(400)	(14.0)	475	23.9
Income Before Income Tax	3,319	100,518	39.9	86,118	40.3	108,250	41.6	14,400	16.7	(7,732)	(7.1)
Income Tax Expenses	(349)	(10,569)	(4.2)	(19,847)	(9.3)	(11,461)	(4.4)	9,278	(46.7)	892	(7.8)
Net Income	2,970	89,949	35.7	66,271	31.0	96,789	37.2	23,678	35.7	(6,840)	(7.1)
Other Comprehensive Income (Losses)	(30)	(903)	(0.4)	1,409	0.6	(10,110)	(3.9)	(2,312)	(164.1)	9,207	91.1
Comprehensive Income	\$ 2,940	\$ 89,046	35.3	\$ 67,680	31.6	\$ 86,679	33.3	\$ 21,366	31.6	\$ 2,367	2.7
Net Income Attributable to:											
Shareholders of the Parent	\$ 2,969	\$ 89,925	35.7	\$ 66,271	31.0	\$ 96,759	37.2	\$ 23,654	35.7	\$ (6,834)	(7.1)
Noncontrolling Interests	1	24	-	-	-	30	-	24	-	(6)	(20.0)
	\$ 2,970	\$ 89,949	35.7	\$ 66,271	31.0	\$ 96,789	37.2	\$ 23,678	35.7	\$ (6,840)	(7.1)
Earnings per Share - Diluted	\$ 0.11	\$ 3.47		\$ 2.56		\$ 3.73		\$ 0.91	35.7	\$ (0.26)	(7.1)
Earnings per ADR - Diluted (2)	\$ 0.57	\$ 17.34		\$ 12.78		\$ 18.66		\$ 4.56	35.7	\$ (1.32)	(7.1)
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\$30.287 for the third quarter of 2017.

(2) 1 ADR equals 5 ordinary shares.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**  
**Consolidated Condensed Statements of Comprehensive Income (Unaudited)**

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") <sup>(1)</sup>  
Except for Per Share Amounts and Shares Outstanding)

	For the Nine Months Ended September 30						
	2017			2016		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 22,893	\$ 699,877	100.0	\$ 685,711	100.0	\$ 14,166	2.1
Cost of Revenue	(11,246)	(343,799)	(49.1)	(347,988)	(50.7)	4,189	(1.2)
Gross Profit	11,647	356,078	50.9	337,723	49.3	18,355	5.4
Operating Expenses							
Research and Development Expenses	(1,947)	(59,515)	(8.5)	(51,247)	(7.5)	(8,268)	16.1
Sales, General and Administrative Expenses	(639)	(19,545)	(2.8)	(18,480)	(2.7)	(1,065)	5.8
Total Operating Expenses	(2,586)	(79,060)	(11.3)	(69,727)	(10.2)	(9,333)	13.4
Other Operating Income and Expenses	(11)	(354)	(0.1)	55	-	(409)	(743.6)
Income from Operations	9,050	276,664	39.5	268,051	39.1	8,613	3.2
Non-operating Income and Expenses							
Share of Profits of Associates	67	2,037	0.3	2,614	0.4	(577)	(22.1)
Net Interest Income (Expenses)	138	4,214	0.6	2,015	0.3	2,199	109.1
Other Gains and Losses	50	1,543	0.2	1,232	0.2	311	25.2
Total Non-operating Income and Expenses	255	7,794	1.1	5,861	0.9	1,933	33.0
Income before Income Tax	9,305	284,458	40.6	273,912	40.0	10,546	3.9
Income Tax Expenses	(1,329)	(40,617)	(5.8)	(39,802)	(5.8)	(815)	2.0
Net Income	7,976	243,841	34.8	234,110	34.2	9,731	4.2
Other Comprehensive Losses	(682)	(20,846)	(2.9)	(16,999)	(2.5)	(3,847)	22.6
Comprehensive Income	\$ 7,294	\$ 222,995	31.9	\$ 217,111	31.7	\$ 5,884	2.7
Net Income Attributable to:							
Shareholders of the Parent	\$ 7,975	\$ 243,825	34.8	\$ 234,047	34.2	\$ 9,778	4.2
Noncontrolling interests	1	16	-	63	-	(47)	(74.6)
	\$ 7,976	\$ 243,841	34.8	\$ 234,110	34.2	\$ 9,731	4.2
Earnings per Share - Diluted	\$ 0.31	\$ 9.40		\$ 9.03		\$ 0.37	4.2
Earnings per ADR - Diluted (2)	\$ 1.54	\$ 47.02		\$ 45.13		\$ 1.89	4.2
Weighted Average Outstanding Shares - Diluted ('M)		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\$30.572 for the nine months ended September 30, 2017.

(2) 1 ADR equals 5 ordinary shares.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Cash Flow Statements**

For the Nine Months Ended September 30, 2017 and for the Three Months Ended September 30, 2017, June 30, 2017 and September 30, 2016

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

	Nine Months 2017 (Unaudited)		3Q 2017 (Unaudited)	2Q 2017 (Unaudited)	3Q 2016 (Unaudited)
	USD	NTD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>					
Income before Income Tax	\$ 9,305	\$ 284,458	\$ 100,518	\$ 86,118	\$ 108,250
Depreciation & Amortization	6,193	189,329	71,164	57,993	56,269
Share of Profits of Associates	(67)	(2,037)	(752)	(618)	(881)
Income Taxes Paid	(2,072)	(63,351)	(24,452)	(38,787)	(15,443)
Changes in Working Capital & Others	(890)	(27,207)	(29,694)	(1,306)	(21,785)
Net Cash Generated by Operating Activities	<u>12,469</u>	<u>381,192</u>	<u>116,784</u>	<u>103,400</u>	<u>126,410</u>
<b>Cash Flows from Investing Activities:</b>					
Interest Received	\$ 222	\$ 6,777	\$ 2,344	\$ 2,483	\$ 1,369
Cash Dividend Received	144	4,391	4,103	288	5,497
Acquisitions of:					
Property, Plant and Equipment	(8,812)	(269,408)	(61,714)	(105,188)	(103,776)
Marketable Financial Instruments	(2,236)	(68,357)	(18,311)	(23,675)	(24,191)
Financial Assets Carried at Cost	(39)	(1,190)	(715)	(273)	(22)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	8	253	83	18	67
Marketable Financial Instruments	1,912	58,462	10,774	28,852	15,284
Financial Assets Carried at Cost	2	58	8	50	140
Others	(134)	(4,099)	(2,235)	(775)	(1,252)
Net Cash Used In Investing Activities	<u>(8,933)</u>	<u>(273,113)</u>	<u>(65,663)</u>	<u>(98,220)</u>	<u>(106,884)</u>
<b>Cash Flows from Financing Activities:</b>					
Decrease in Short-term Loans	\$ (10)	\$ (290)	\$ -	\$ (40)	\$ -
Repayment of Bonds	(1,246)	(38,100)	(28,100)	-	(12,000)
Repayment of Long-term Bank Loans	-	(7)	(2)	(2)	(2)
Interest Paid	(95)	(2,907)	(1,524)	(126)	(1,860)
Cash Dividends Paid for Common Stock	(5,937)	(181,513)	(181,513)	-	(155,582)
Others	(83)	(2,525)	(1,654)	(471)	252
Net Cash Used in Financing Activities	<u>(7,371)</u>	<u>(225,342)</u>	<u>(212,793)</u>	<u>(639)</u>	<u>(169,192)</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	\$ (521)	\$ (15,914)	\$ (718)	\$ 1,201	\$ (8,721)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(4,356)</u>	<u>(133,177)</u>	<u>(162,390)</u>	<u>5,742</u>	<u>(158,387)</u>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>17,704</u>	<u>541,254</u>	<u>570,467</u>	<u>564,725</u>	<u>622,359</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 13,348</u>	<u>\$ 408,077</u>	<u>\$ 408,077</u>	<u>\$ 570,467</u>	<u>\$ 463,972</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.572 for the nine months ended September 30, 2017.