



**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>

ASSETS	December 31, 2017 (Audited)			September 30, 2017 (Unaudited)		December 31, 2016 (Audited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
<b>Current Assets</b>											
Cash and Cash Equivalents	\$ 18,658	\$ 553,392	27.8	\$ 408,077	22.2	\$ 541,254	28.7	\$ 145,315	35.6	\$ 12,138	2.2
Investments in Marketable Financial Instruments	3,236	95,967	4.8	93,699	5.1	90,855	4.8	2,268	2.4	5,112	5.6
Accounts Receivable	4,124	122,317	6.1	118,726	6.4	129,305	6.8	3,591	3.0	(6,988)	(5.4)
Inventories	2,491	73,881	3.7	73,894	4.0	48,682	2.6	(13)	-	25,199	51.8
Other Current Assets	393	11,646	0.6	10,466	0.6	7,633	0.4	1,180	11.3	4,013	52.6
<b>Total Current Assets</b>	<b>28,902</b>	<b>857,203</b>	<b>43.0</b>	<b>704,862</b>	<b>38.3</b>	<b>817,729</b>	<b>43.3</b>	<b>152,341</b>	<b>21.6</b>	<b>39,474</b>	<b>4.8</b>
<b>Non-current Assets</b>											
Long-term Investments	1,402	41,569	2.1	40,903	2.2	46,154	2.5	666	1.6	(4,585)	(9.9)
Property, Plant and Equipment	35,825	1,062,543	53.4	1,065,757	57.9	997,778	52.9	(3,214)	(0.3)	64,765	6.5
Intangible and Other Non-current Assets	1,030	30,547	1.5	29,902	1.6	24,794	1.3	645	2.2	5,753	23.2
<b>Total Non-current Assets</b>	<b>38,257</b>	<b>1,134,659</b>	<b>57.0</b>	<b>1,136,562</b>	<b>61.7</b>	<b>1,068,726</b>	<b>56.7</b>	<b>(1,903)</b>	<b>(0.2)</b>	<b>65,933</b>	<b>6.2</b>
<b>Total Assets</b>	<b>\$ 67,159</b>	<b>\$ 1,991,862</b>	<b>100.0</b>	<b>\$ 1,841,424</b>	<b>100.0</b>	<b>\$ 1,886,455</b>	<b>100.0</b>	<b>\$ 150,438</b>	<b>8.2</b>	<b>\$ 105,407</b>	<b>5.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>											
<b>Current Liabilities</b>											
Short-term Loans	\$ 2,150	\$ 63,767	3.2	\$ 54,430	2.9	\$ 57,958	3.1	\$ 9,337	17.2	\$ 5,809	10.0
Accounts Payable	1,014	30,069	1.5	28,988	1.6	27,325	1.5	1,081	3.7	2,744	10.0
Payables to Contractors and Equipment Suppliers	1,879	55,724	2.8	47,975	2.6	63,154	3.3	7,749	16.2	(7,430)	(11.8)
Accrued Expenses and Other Current Liabilities	5,083	150,746	7.6	108,058	5.9	131,692	7.0	42,688	39.5	19,054	14.5
Current Portion of Bonds Payable and Bank Loans	1,969	58,401	2.9	59,071	3.2	38,110	2.0	(670)	(1.1)	20,291	53.2
<b>Total Current Liabilities</b>	<b>12,095</b>	<b>358,707</b>	<b>18.0</b>	<b>298,522</b>	<b>16.2</b>	<b>318,239</b>	<b>16.9</b>	<b>60,185</b>	<b>20.2</b>	<b>40,468</b>	<b>12.7</b>
<b>Non-current Liabilities</b>											
Bonds Payable	3,095	91,800	4.6	91,800	5.0	153,094	8.1	-	-	(61,294)	(40.0)
Other Non-current Liabilities	627	18,595	1.0	19,690	1.1	25,071	1.3	(1,095)	(5.6)	(6,476)	(25.8)
<b>Total Non-current Liabilities</b>	<b>3,722</b>	<b>110,395</b>	<b>5.6</b>	<b>111,490</b>	<b>6.1</b>	<b>178,165</b>	<b>9.4</b>	<b>(1,095)</b>	<b>(1.0)</b>	<b>(67,770)</b>	<b>(38.0)</b>
<b>Total Liabilities</b>	<b>15,817</b>	<b>469,102</b>	<b>23.6</b>	<b>410,012</b>	<b>22.3</b>	<b>496,404</b>	<b>26.3</b>	<b>59,090</b>	<b>14.4</b>	<b>(27,302)</b>	<b>(5.5)</b>
<b>Equity Attributable to Shareholders of the Parent</b>											
Capital Stock at Par Value	8,743	259,304	13.0	259,304	14.1	259,304	13.7	-	-	-	-
Capital Surplus	1,898	56,310	2.8	56,281	3.0	56,272	3.0	29	0.1	38	0.1
Legal Capital Reserve	8,150	241,723	12.1	241,723	13.1	208,298	11.0	-	-	33,425	16.0
Unappropriated Earnings	33,435	991,639	49.8	892,598	48.5	863,710	45.8	99,041	11.1	127,929	14.8
Others	(908)	(26,918)	(1.3)	(19,189)	(1.0)	1,664	0.1	(7,729)	40.3	(28,582)	(1,717.7)
<b>Equity Attributable to Shareholders of the Parent</b>	<b>51,318</b>	<b>1,522,058</b>	<b>76.4</b>	<b>1,430,717</b>	<b>77.7</b>	<b>1,389,248</b>	<b>73.6</b>	<b>91,341</b>	<b>6.4</b>	<b>132,810</b>	<b>9.6</b>
<b>Noncontrolling Interests</b>	<b>24</b>	<b>702</b>	<b>-</b>	<b>695</b>	<b>-</b>	<b>803</b>	<b>0.1</b>	<b>7</b>	<b>1.0</b>	<b>(101)</b>	<b>(12.6)</b>
<b>Total Shareholders' Equity</b>	<b>51,342</b>	<b>1,522,760</b>	<b>76.4</b>	<b>1,431,412</b>	<b>77.7</b>	<b>1,390,051</b>	<b>73.7</b>	<b>91,348</b>	<b>6.4</b>	<b>132,709</b>	<b>9.5</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 67,159</b>	<b>\$ 1,991,862</b>	<b>100.0</b>	<b>\$ 1,841,424</b>	<b>100.0</b>	<b>\$ 1,886,455</b>	<b>100.0</b>	<b>\$ 150,438</b>	<b>8.2</b>	<b>\$ 105,407</b>	<b>5.6</b>

Note :  
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$29.659 as of December 31, 2017.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Statements of Comprehensive Income (Unaudited)**

For the Three Months Ended December 31, 2017, September 30, 2017, December 31, 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)

	4Q 2017			3Q 2017		4Q 2016		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 9,213	\$ 277,570	100.0	\$ 252,107	100.0	\$ 262,227	100.0	\$ 25,463	10.1	\$ 15,343	5.9
Cost of Revenue	(4,608)	(138,822)	(50.0)	(126,227)	(50.1)	(125,118)	(47.7)	(12,595)	10.0	(13,704)	11.0
Gross Profit	4,605	138,748	50.0	125,880	49.9	137,109	52.3	12,868	10.2	1,639	1.2
Operating Expenses											
Research and Development Expenses	(704)	(21,218)	(7.6)	(21,045)	(8.3)	(19,961)	(7.6)	(173)	0.8	(1,257)	6.3
Sales, General and Administrative Expenses	(253)	(7,624)	(2.8)	(6,492)	(2.6)	(7,216)	(2.8)	(1,132)	17.4	(408)	5.7
Total Operating Expenses	(957)	(28,842)	(10.4)	(27,537)	(10.9)	(27,177)	(10.4)	(1,305)	4.7	(1,665)	6.1
Other Operating Income and Expenses	(34)	(1,011)	(0.4)	(287)	(0.1)	(25)	-	(724)	(252.3)	(986)	(3,944.0)
Income from Operations	3,614	108,895	39.2	98,056	38.9	109,907	41.9	10,839	11.1	(1,012)	(0.9)
Non-operating Income and Expenses											
Share of Profits of Associates	32	949	0.3	752	0.3	881	0.3	197	26.2	68	7.7
Net Interest Income (Expenses)	64	1,920	0.7	1,282	0.5	997	(0.3)	638	49.8	923	92.6
Other Gains and Losses	(3)	(89)	-	428	0.2	262	0.8	(517)	(120.8)	(351)	(134.0)
Total Non-operating Income and Expenses	93	2,780	1.0	2,462	1.0	2,140	0.8	318	12.9	640	29.9
Income Before Income Tax	3,707	111,675	40.2	100,518	39.9	112,047	42.7	11,157	11.1	(372)	(0.3)
Income Tax Expenses	(411)	(12,369)	(4.4)	(10,569)	(4.2)	(11,819)	(4.5)	(1,800)	17.0	(550)	4.7
Net Income	3,296	99,306	35.8	89,949	35.7	100,228	38.2	9,357	10.4	(922)	(0.9)
Other Comprehensive Income (Losses)	(265)	(7,976)	(2.9)	(903)	(0.4)	5,932	2.3	(7,073)	(783.3)	(13,908)	(234.5)
Comprehensive Income	\$ 3,031	\$ 91,330	32.9	\$ 89,046	35.3	\$ 106,160	40.5	\$ 2,284	2.6	\$ (14,830)	(14.0)
Net Income Attributable to:											
Shareholders of the Parent	\$ 3,295	\$ 99,286	35.8	\$ 89,925	35.7	\$ 100,200	38.2	\$ 9,361	10.4	\$ (914)	(0.9)
Noncontrolling Interests	1	20	-	24	-	28	-	(4)	(16.7)	(8)	(28.6)
	\$ 3,296	\$ 99,306	35.8	\$ 89,949	35.7	\$ 100,228	38.2	\$ 9,357	10.4	\$ (922)	(0.9)
Earnings per Share - Diluted	\$ 0.13	\$ 3.83		\$ 3.47		\$ 3.86		\$ 0.36	10.4	\$ (0.03)	(0.9)
Earnings per ADR - Diluted (2)	\$ 0.64	\$ 19.14		\$ 17.34		\$ 19.32		\$ 1.80	10.4	\$ (0.18)	(0.9)
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\$30.129 for the fourth quarter of 2017.

(2) 1 ADR equals 5 ordinary shares.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Statements of Comprehensive Income**

(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 Years Ended December 31, 2017 and 2016

	2017 (Audited)			2016 (Audited)		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 32,105	\$ 977,447	100.0	\$ 947,938	100.0	\$ 29,509	3.1
Cost of Revenue	(15,852)	(482,621)	(49.4)	(473,106)	(49.9)	(9,515)	2.0
Gross Profit	16,253	494,826	50.6	474,832	50.1	19,994	4.2
Operating Expenses							
Research and Development Expenses	(2,652)	(80,733)	(8.2)	(71,208)	(7.5)	(9,525)	13.4
Sales, General and Administrative Expenses	(892)	(27,169)	(2.8)	(25,696)	(2.7)	(1,473)	5.7
Total Operating Expenses	(3,544)	(107,902)	(11.0)	(96,904)	(10.2)	(10,998)	11.3
Other Operating Income and Expenses	(45)	(1,365)	(0.2)	30	-	(1,395)	(4,650.0)
Income from Operations	12,664	385,559	39.4	377,958	39.9	7,601	2.0
Non-operating Income and Expenses							
Share of Profits of Associates	98	2,986	0.3	3,495	0.4	(509)	(14.6)
Net Interest Income (Expenses)	201	6,134	0.6	3,011	(0.4)	3,123	103.7
Other Gains and Losses	48	1,454	0.2	1,495	0.8	(41)	(2.7)
Total Non-operating Income and Expenses	347	10,574	1.1	8,001	0.8	2,573	32.2
Income Before Income Tax	13,011	396,133	40.5	385,959	40.7	10,174	2.6
Income Tax Expenses	(1,740)	(52,986)	(5.4)	(51,621)	(5.4)	(1,365)	2.6
Net Income	11,271	343,147	35.1	334,338	35.3	8,809	2.6
Other Comprehensive Losses	(947)	(28,822)	(2.9)	(11,067)	(1.2)	(17,755)	160.4
Comprehensive Income	\$ 10,324	\$ 314,325	32.2	\$ 323,271	34.1	\$ (8,946)	(2.8)
Net Income Attributable to:							
Shareholders of the Parent	\$ 11,270	\$ 343,111	35.1	\$ 334,247	35.3	\$ 8,864	2.7
Noncontrolling interests	1	36	-	91	-	(55)	(60.4)
	\$ 11,271	\$ 343,147	35.1	\$ 334,338	35.3	\$ 8,809	2.6
Earnings per Share - Diluted	\$ 0.43	\$ 13.23		\$ 12.89		\$ 0.34	2.7
Earnings per ADR - Diluted (2)	\$ 2.17	\$ 66.16		\$ 64.45		\$ 1.71	2.7
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\$30.445 for the year ended December 31, 2017.

(2) 1 ADR equals 5 ordinary shares.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Cash Flow Statements**

For the Year Ended December 31, 2017 and for the Three Months Ended December 31, 2017, September 30, 2017 and December 31, 2016

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

	2017 (Audited)		4Q 2017 (Unaudited)	3Q 2017 (Unaudited)	4Q 2016 (Unaudited)
	USD	NTD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>					
Income Before Income Tax	\$ 13,011	\$ 396,133	\$ 111,675	\$ 100,518	\$ 112,047
Depreciation & Amortization	8,545	260,143	70,814	71,164	56,437
Share of Profits of Associates	(98)	(2,986)	(949)	(752)	(881)
Income Taxes Paid	(2,089)	(63,620)	(269)	(24,452)	(55)
Changes in Working Capital & Others	(143)	(4,352)	22,855	(29,694)	17,672
Net Cash Generated by Operating Activities	19,226	585,318	204,126	116,784	185,220
<b>Cash Flows from Investing Activities:</b>					
Interest Received	\$ 313	\$ 9,526	\$ 2,749	\$ 2,344	\$ 1,673
Cash Dividend Received	144	4,391	-	4,103	-
Acquisitions of:					
Property, Plant and Equipment	(10,859)	(330,588)	(61,180)	(61,714)	(112,542)
Marketable Financial Instruments	(3,367)	(102,508)	(34,151)	(18,311)	(40,201)
Financial Assets Carried at Cost	(43)	(1,313)	(123)	(715)	(293)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	11	326	73	83	4
Marketable Financial Instruments	2,873	87,461	28,999	10,774	12,463
Financial Assets Carried at Cost	2	58	-	8	-
Others	(116)	(3,518)	581	(2,235)	394
Net Cash Used In Investing Activities	(11,042)	(336,165)	(63,052)	(65,663)	(138,502)
<b>Cash Flows from Financing Activities:</b>					
Increase in Short-term Loans	\$ 341	\$ 10,394	\$ 10,684	\$ -	\$ 19,126
Repayment of Bonds	(1,252)	(38,100)	-	(28,100)	-
Repayment of Long-term Bank Loans	(1)	(31)	(24)	(2)	(3)
Interest Paid	(114)	(3,483)	(576)	(1,524)	(153)
Cash Dividends Paid for Common Stock	(5,962)	(181,513)	-	(181,513)	-
Others	(97)	(2,964)	(439)	(1,654)	5,332
Net Cash Generated by (Used in) Financing Activities	(7,085)	(215,697)	9,645	(212,793)	24,302
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	\$ (700)	\$ (21,318)	\$ (5,404)	\$ (718)	\$ 6,262
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	399	12,138	145,315	(162,390)	77,282
<b>Cash and Cash Equivalents at Beginning of Period</b>	17,778	541,254	408,077	570,467	463,972
<b>Cash and Cash Equivalents at End of Period</b>	\$ 18,177	\$ 553,392	\$ 553,392	\$ 408,077	\$ 541,254

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.445 for the year ended December 31, 2017.