



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⁾

	September 30, 2016 (Unaudited)			June 30, 2016 (Unaudited)		September 30, 2015 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 14,788	\$ 463,972	27.0	\$ 622,359	34.5	\$ 515,731	32.7	\$ (158,387)	(25.4)	\$ (51,759)	(10.0)
Investments in Marketable Financial Instruments	1,689	52,983	3.1	45,505	2.5	9,155	0.6	7,478	16.4	43,828	478.7
Accounts Receivable	4,121	129,289	7.5	111,725	6.2	97,123	6.2	17,564	15.7	32,166	33.1
Inventories	1,717	53,882	3.1	60,706	3.3	65,066	4.1	(6,824)	(11.2)	(11,184)	(17.2)
Other Current Assets	302	9,466	0.6	12,230	0.7	6,587	0.4	(2,764)	(22.6)	2,879	43.7
Total Current Assets	22,617	709,592	41.3	852,525	47.2	693,662	44.0	(142,933)	(16.8)	15,930	2.3
Non-current Assets											
Long-term Investments	1,591	49,910	2.9	53,398	3.0	31,015	2.0	(3,488)	(6.5)	18,895	60.9
Property, Plant and Equipment	29,800	934,929	54.4	875,871	48.5	830,825	52.7	59,058	6.7	104,104	12.5
Intangible and Other Non-current Assets	773	24,256	1.4	22,698	1.3	20,717	1.3	1,558	6.9	3,539	17.1
Total Non-current Assets	32,164	1,009,095	58.7	951,967	52.8	882,557	56.0	57,128	6.0	126,538	14.3
Total Assets	\$ 54,781	\$ 1,718,687	100.0	\$ 1,804,492	100.0	\$ 1,576,219	100.0	\$ (85,805)	(4.8)	\$ 142,468	9.0
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,200	\$ 37,649	2.2	\$ 38,740	2.1	\$ 33,564	2.1	\$ (1,091)	(2.8)	\$ 4,085	12.2
Accounts Payable	828	25,976	1.5	23,154	1.3	19,186	1.2	2,822	12.2	6,790	35.4
Payables to Contractors and Equipment Suppliers	1,874	58,790	3.4	48,102	2.7	34,338	2.2	10,688	22.2	24,452	71.2
Cash Dividends Payable	-	-	-	155,696	8.6	-	-	(155,696)	-	-	-
Accrued Expenses and Other Current Liabilities	3,093	97,030	5.7	111,037	6.2	91,085	5.8	(14,007)	(12.6)	5,945	6.5
Current Portion of Bonds Payable and Bank Loans	1,214	38,110	2.2	22,010	1.2	23,516	1.5	16,100	73.1	14,594	62.1
Total Current Liabilities	8,209	257,555	15.0	398,739	22.1	201,689	12.8	(141,184)	(35.4)	55,866	27.7
Non-current Liabilities											
Bonds Payable	4,850	152,139	8.8	181,276	10.0	191,971	12.2	(29,137)	(16.1)	(39,832)	(20.7)
Other Non-current Liabilities	800	25,100	1.5	27,146	1.5	31,564	2.0	(2,046)	(7.5)	(6,464)	(20.5)
Total Non-current Liabilities	5,650	177,239	10.3	208,422	11.5	223,535	14.2	(31,183)	(15.0)	(46,296)	(20.7)
Total Liabilities	13,859	434,794	25.3	607,161	33.6	425,224	27.0	(172,367)	(28.4)	9,570	2.3
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,265	259,304	15.1	259,304	14.4	259,304	16.4	-	-	-	-
Capital Surplus	1,793	56,270	3.3	56,263	3.1	56,298	3.6	7	0.0	(28)	(0.0)
Legal Capital Reserve	6,639	208,298	12.1	208,298	11.5	177,641	11.3	-	-	30,657	17.3
Unappropriated Earnings	24,366	764,460	44.5	667,701	37.0	644,578	40.9	96,759	14.5	119,882	18.6
Others	(166)	(5,219)	(0.3)	4,888	0.3	13,138	0.8	(10,107)	(206.8)	(18,357)	(139.7)
Equity Attributable to Shareholders of the Parent	40,897	1,283,113	74.7	1,196,454	66.3	1,150,959	73.0	86,659	7.2	132,154	11.5
Noncontrolling Interests	25	780	-	877	0.1	36	-	(97)	(11.1)	744	2,066.7
Total Shareholders' Equity	40,922	1,283,893	74.7	1,197,331	66.4	1,150,995	73.0	86,562	7.2	132,898	11.5
Total Liabilities & Shareholders' Equity	\$ 54,781	\$ 1,718,687	100.0	\$ 1,804,492	100.0	\$ 1,576,219	100.0	\$ (85,805)	(4.8)	\$ 142,468	9.0

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.374 as of September 30, 2016.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended September 30, 2016, June 30, 2016, September 30, 2015
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	3Q 2016			2Q 2016		3Q 2015		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 8,197	\$ 260,406	100.0	\$ 221,810	100.0	\$ 212,505	100.0	\$ 38,596	17.4	\$ 47,901	22.5
Cost of Revenue	(4,040)	(128,355)	(49.3)	(107,476)	(48.5)	(110,169)	(51.8)	(20,879)	19.4	(18,186)	16.5
Gross Profit	4,157	132,051	50.7	114,334	51.5	102,336	48.2	17,717	15.5	29,715	29.0
Operating Expenses											
Research and Development Expenses	(589)	(18,724)	(7.2)	(16,904)	(7.6)	(16,486)	(7.8)	(1,820)	10.8	(2,238)	13.6
Sales, General and Administrative Expenses	(224)	(7,116)	(2.7)	(6,104)	(2.7)	(5,674)	(2.7)	(1,012)	16.6	(1,442)	25.4
Total Operating Expenses	(813)	(25,840)	(9.9)	(23,008)	(10.3)	(22,160)	(10.5)	(2,832)	12.3	(3,680)	16.6
Other Operating Income and Expenses	1	52	-	(5)	-	(1,787)	(0.8)	57	NM	1,839	NM
Income from Operations	3,345	106,263	40.8	91,321	41.2	78,389	36.9	14,942	16.4	27,874	35.6
Non-operating Income and Expenses											
Share of Profits of Associates and Joint Venture	28	881	0.3	892	0.4	926	0.4	(11)	(1.2)	(45)	(4.9)
Interest Expenses	(26)	(823)	(0.3)	(822)	(0.4)	(793)	(0.4)	(1)	0.1	(30)	3.8
Other Gains and Losses	60	1,929	0.8	2,015	0.9	4,872	2.3	(86)	(4.3)	(2,943)	(60.4)
Total Non-operating Income and Expenses	62	1,987	0.8	2,085	0.9	5,005	2.3	(98)	(4.7)	(3,018)	(60.3)
Income Before Income Tax	3,407	108,250	41.6	93,406	42.1	83,394	39.2	14,844	15.9	24,856	29.8
Income Tax Expenses	(361)	(11,461)	(4.4)	(20,878)	(9.4)	(8,077)	(3.8)	9,417	(45.1)	(3,384)	41.9
Net Income	3,046	96,789	37.2	72,528	32.7	75,317	35.4	24,261	33.5	21,472	28.5
Other Comprehensive Income (Losses)	(318)	(10,110)	(3.9)	(390)	(0.2)	9,284	4.4	(9,720)	(2,492.3)	(19,394)	(208.9)
Comprehensive Income	\$ 2,728	\$ 86,679	33.3	\$ 72,138	32.5	\$ 84,601	39.8	\$ 14,541	20.2	\$ 2,078	2.5
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 3,045	\$ 96,759	37.2	\$ 72,506	32.7	\$ 75,330	35.4	\$ 24,253	33.4	\$ 21,429	28.4
Noncontrolling Interests	1	30	-	22	-	(13)	-	8	36.4	43	NM
	\$ 3,046	\$ 96,789	37.2	\$ 72,528	32.7	\$ 75,317	35.4	\$ 24,261	33.5	\$ 21,472	28.5
Earnings per Share - Diluted	\$ 0.12	\$ 3.73		\$ 2.80		\$ 2.91		\$ 0.93	33.4	\$ 0.82	28.4
Earnings per ADR - Diluted (2)	\$ 0.59	\$ 18.66		\$ 13.98		\$ 14.53		\$ 4.68	33.4	\$ 4.13	28.4
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\$31.77 for the third quarter of 2016.

(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") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	For the Nine Months Ended September 30						
	2016			2015		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 21,181	\$ 685,711	100.0	\$ 639,979	100.0	\$ 45,732	7.1
Cost of Revenue	(10,749)	(347,988)	(50.7)	(328,509)	(51.3)	(19,479)	5.9
Gross Profit	10,432	337,723	49.3	311,470	48.7	26,253	8.4
Operating Expenses							
Research and Development Expenses	(1,583)	(51,247)	(7.5)	(49,880)	(7.8)	(1,367)	2.7
Sales, General and Administrative Expenses	(571)	(18,480)	(2.7)	(17,374)	(2.7)	(1,106)	6.4
Total Operating Expenses	(2,154)	(69,727)	(10.2)	(67,254)	(10.5)	(2,473)	3.7
Other Operating Income and Expenses	2	55	-	(2,132)	(0.4)	2,187	NM
Income from Operations	8,280	268,051	39.1	242,084	37.8	25,967	10.7
Non-operating Income and Expenses							
Share of Profits of Associates and Joint Venture	81	2,614	0.4	2,876	0.5	(262)	(9.1)
Interest Expenses	(77)	(2,495)	(0.3)	(2,370)	(0.4)	(125)	5.3
Other Gains and Losses	177	5,742	0.8	27,195	4.2	(21,453)	(78.9)
Total Non-operating Income and Expenses	181	5,861	0.9	27,701	4.3	(21,840)	(78.8)
Income before Income Tax	8,461	273,912	40.0	269,785	42.1	4,127	1.5
Income Tax Expenses	(1,230)	(39,802)	(5.8)	(36,071)	(5.6)	(3,731)	10.3
Net Income	7,231	234,110	34.2	233,714	36.5	396	0.2
Other Comprehensive Losses	(525)	(16,999)	(2.5)	(12,621)	(2.0)	(4,378)	34.7
Comprehensive Income	<u>\$ 6,706</u>	<u>\$ 217,111</u>	<u>31.7</u>	<u>\$ 221,093</u>	<u>34.5</u>	<u>\$ (3,982)</u>	<u>(1.8)</u>
Net Income (Losses) Attributable to:							
Shareholders of the Parent	\$ 7,229	\$ 234,047	34.2	\$ 233,737	36.5	\$ 310	0.1
Noncontrolling interests	2	63	-	(23)	-	86	NM
	<u>\$ 7,231</u>	<u>\$ 234,110</u>	<u>34.2</u>	<u>\$ 233,714</u>	<u>36.5</u>	<u>\$ 396</u>	<u>0.2</u>
Earnings per Share - Diluted	<u>\$ 0.28</u>	<u>\$ 9.03</u>		<u>\$ 9.01</u>		<u>\$ 0.02</u>	<u>0.1</u>
Earnings per ADR - Diluted (2)	<u>\$ 1.39</u>	<u>\$ 45.13</u>		<u>\$ 45.07</u>		<u>\$ 0.06</u>	<u>0.1</u>
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\$32.374 for the nine months ended September 30, 2016.

(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, 2016 and for the Three Months Ended September 30, 2016, June 30, 2016 and September 30, 2015

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

	Nine Months 2016 (unaudited)		3Q 2016 (unaudited)	2Q 2016 (unaudited)	3Q 2015 (unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income before Income Tax	\$ 8,461	\$ 273,912	\$ 108,250	\$ 93,406	\$ 83,394
Depreciation & Amortization	5,171	167,391	56,269	55,275	56,149
Share of Profits of Associates and Joint Venture	(81)	(2,614)	(881)	(892)	(926)
Income Taxes Paid	(1,417)	(45,888)	(15,443)	(30,303)	(14,303)
Changes in Working Capital & Others	(1,180)	(38,186)	(21,785)	(10,810)	(6,175)
Net Cash Generated by Operating Activities	10,954	354,615	126,410	106,676	118,139
Cash Flows from Investing Activities:					
Interest Received	\$ 145	\$ 4,680	\$ 1,369	\$ 1,770	\$ 843
Cash Dividend Received	173	5,616	5,497	119	3,428
Acquisitions of:					
Property, Plant and Equipment	(6,657)	(215,503)	(103,776)	(73,586)	(70,303)
Marketable Financial Instruments	(2,369)	(76,700)	(24,191)	(28,898)	(7,535)
Financial Assets Carried at Cost	(8)	(241)	(22)	(32)	-
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	3	94	67	15	40
Marketable Financial Instruments	867	28,055	15,284	6,828	19,521
Financial Assets Carried at Cost	5	160	140	6	271
Others	(96)	(3,099)	(1,252)	(929)	(1,053)
Net Cash Used In Investing Activities	(7,937)	(256,938)	(106,884)	(94,707)	(54,788)
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (5)	\$ (157)	\$ -	\$ 3,958	\$ 27,706
Repayment of Bonds	(725)	(23,472)	(12,000)	(11,472)	-
Repayment of Long-term Bank Loans	-	(6)	(2)	(4)	-
Interest Paid	(97)	(3,149)	(1,860)	(599)	(1,492)
Cash Dividends Paid for Common Stock	(4,806)	(155,582)	(155,582)	-	(116,683)
Others	8	264	252	14	(7)
Net Cash Used in Financing Activities	(5,625)	(182,102)	(169,192)	(8,103)	(90,476)
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ (441)	\$ (14,292)	\$ (8,721)	\$ 509	\$ 13,961
Net Increase (Decrease) in Cash and Cash Equivalents	(3,049)	(98,717)	(158,387)	4,375	(13,164)
Cash and Cash Equivalents at Beginning of Period	17,381	562,689	622,359	617,984	528,895
Cash and Cash Equivalents at End of Period	\$ 14,332	\$ 463,972	\$ 463,972	\$ 622,359	\$ 515,731

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$32.374 for the nine months ended September 30, 2016.