



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, 2017 (Unaudited)			December 31, 2016 (Audited)		March 31, 2016 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 18,595	\$ 564,725	29.2	\$ 541,254	28.7	\$ 617,984	35.8	\$ 23,471	4.3	\$ (53,259)	(8.6)
Investments in Marketable Financial Instruments	3,115	94,598	4.9	90,855	4.8	30,413	1.8	3,743	4.1	64,185	211.0
Accounts Receivable	3,590	109,028	5.6	129,305	6.8	96,957	5.6	(20,277)	(15.7)	12,071	12.4
Inventories	1,659	50,389	2.6	48,682	2.6	57,242	3.3	1,707	3.5	(6,853)	(12.0)
Other Current Assets	228	6,922	0.4	7,633	0.4	9,895	0.6	(711)	(9.3)	(2,973)	(30.0)
Total Current Assets	27,187	825,662	42.7	817,729	43.3	812,491	47.1	7,933	1.0	13,171	1.6
Non-current Assets											
Long-term Investments	1,466	44,519	2.3	46,154	2.5	46,335	2.7	(1,635)	(3.5)	(1,816)	(3.9)
Property, Plant and Equipment	34,157	1,037,364	53.6	997,778	52.9	844,305	48.9	39,586	4.0	193,059	22.9
Intangible and Other Non-current Assets	893	27,119	1.4	24,794	1.3	23,395	1.3	2,325	9.4	3,724	15.9
Total Non-current Assets	36,516	1,109,002	57.3	1,068,726	56.7	914,035	52.9	40,276	3.8	194,967	21.3
Total Assets	\$ 63,703	\$ 1,934,664	100.0	\$ 1,886,455	100.0	\$ 1,726,526	100.0	\$ 48,209	2.6	\$ 208,138	12.1
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 1,800	\$ 54,666	2.8	\$ 57,958	3.1	\$ 34,690	2.0	\$ (3,292)	(5.7)	\$ 19,976	57.6
Accounts Payable	799	24,253	1.3	27,325	1.5	19,629	1.2	(3,072)	(11.2)	4,624	23.6
Payables to Contractors and Equipment Suppliers	1,899	57,672	3.0	63,154	3.3	33,953	2.0	(5,482)	(8.7)	23,719	69.9
Accrued Expenses and Other Current Liabilities	4,612	140,080	7.2	131,692	7.0	114,348	6.6	8,388	6.4	25,732	22.5
Current Portion of Bonds Payable and Bank Loans	1,479	44,910	2.3	38,110	2.0	33,273	1.9	6,800	17.8	11,637	35.0
Total Current Liabilities	10,589	321,581	16.6	318,239	16.9	235,893	13.7	3,342	1.1	85,688	36.3
Non-current Liabilities											
Bonds Payable	4,419	134,199	6.9	153,094	8.1	181,151	10.5	(18,895)	(12.3)	(46,952)	(25.9)
Other Non-current Liabilities	743	22,574	1.2	25,071	1.3	28,536	1.6	(2,497)	(10.0)	(5,962)	(20.9)
Total Non-current Liabilities	5,162	156,773	8.1	178,165	9.4	209,687	12.1	(21,392)	(12.0)	(52,914)	(25.2)
Total Liabilities	15,751	478,354	24.7	496,404	26.3	445,580	25.8	(18,050)	(3.6)	32,774	7.4
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,538	259,304	13.4	259,304	13.7	259,304	15.0	-	-	-	-
Capital Surplus	1,853	56,282	2.9	56,272	3.0	56,317	3.3	10	-	(35)	(0.1)
Legal Capital Reserve	6,859	208,298	10.7	208,298	11.0	177,641	10.3	-	-	30,657	17.3
Unappropriated Earnings	31,325	951,339	49.2	863,710	45.8	781,435	45.2	87,629	10.1	169,904	21.7
Others	(649)	(19,710)	(1.0)	1,664	0.1	5,276	0.3	(21,374)	(1284.5)	(24,986)	(473.6)
Equity Attributable to Shareholders of the Parent	47,926	1,455,513	75.2	1,389,248	73.6	1,279,973	74.1	66,265	4.8	175,540	13.7
Noncontrolling Interests	26	797	0.1	803	0.1	973	0.1	(6)	(0.7)	(176)	(18.1)
Total Shareholders' Equity	47,952	1,456,310	75.3	1,390,051	73.7	1,280,946	74.2	66,259	4.8	175,364	13.7
Total Liabilities & Shareholders' Equity	\$ 63,703	\$ 1,934,664	100.0	\$ 1,886,455	100.0	\$ 1,726,526	100.0	\$ 48,209	2.6	\$ 208,138	12.1

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.37 as of March 31, 2017.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended March 31, 2017, December 31, 2016, March 31, 2016

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

Except for Per Share Amounts and Shares Outstanding)

	1Q 2017			4Q 2016		1Q 2016		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 7,507	\$ 233,914	100.0	\$ 262,227	100.0	\$ 203,495	100.0	\$ (28,313)	(10.8)	\$ 30,419	14.9
Cost of Revenue	(3,608)	(112,424)	(48.1)	(125,118)	(47.7)	(112,157)	(55.1)	12,694	(10.1)	(267)	0.2
Gross Profit	3,899	121,490	51.9	137,109	52.3	91,338	44.9	(15,619)	(11.4)	30,152	33.0
Operating Expenses											
Research and Development Expenses	(623)	(19,413)	(8.3)	(19,961)	(7.6)	(15,619)	(7.7)	548	(2.7)	(3,794)	24.3
Sales, General and Administrative Expenses	(217)	(6,744)	(2.8)	(7,216)	(2.8)	(5,260)	(2.6)	472	(6.5)	(1,484)	28.2
Total Operating Expenses	(840)	(26,157)	(11.1)	(27,177)	(10.4)	(20,879)	(10.3)	1,020	(3.8)	(5,278)	25.3
Other Operating Income and Expenses	1	19	-	(25)	-	8	-	44	NM	11	137.5
Income from Operations	3,060	95,352	40.8	109,907	41.9	70,467	34.6	(14,555)	(13.2)	24,885	35.3
Non-operating Income and Expenses											
Share of Profits of Associates	21	667	0.3	881	0.3	841	0.4	(214)	(24.3)	(174)	(20.7)
Interest Expenses	(26)	(817)	(0.4)	(811)	(0.3)	(850)	(0.4)	(6)	0.7	33	(3.9)
Other Gains and Losses	84	2,620	1.1	2,070	0.8	1,798	0.9	550	26.6	822	45.7
Total Non-operating Income and Expenses	79	2,470	1.0	2,140	0.8	1,789	0.9	330	15.4	681	38.1
Income Before Income Tax	3,139	97,822	41.8	112,047	42.7	72,256	35.5	(14,225)	(12.7)	25,566	35.4
Income Tax Expenses	(327)	(10,201)	(4.3)	(11,819)	(4.5)	(7,463)	(3.7)	1,618	(13.7)	(2,738)	36.7
Net Income	2,812	87,621	37.5	100,228	38.2	64,793	31.8	(12,607)	(12.6)	22,828	35.2
Other Comprehensive Income (Losses)	(685)	(21,352)	(9.2)	5,932	2.3	(6,499)	(3.2)	(27,284)	(459.9)	(14,853)	(228.5)
Comprehensive Income	\$ 2,127	\$ 66,269	28.3	\$ 106,160	40.5	\$ 58,294	28.6	\$ (39,891)	(37.6)	\$ 7,975	13.7
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,812	\$ 87,629	37.5	\$ 100,200	38.2	\$ 64,782	31.8	\$ (12,571)	(12.5)	\$ 22,847	35.3
Noncontrolling Interests	-	(8)	-	28	-	11	-	(36)	(128.6)	(19)	(172.7)
	\$ 2,812	\$ 87,621	37.5	\$ 100,228	38.2	\$ 64,793	31.8	\$ (12,607)	(12.6)	\$ 22,828	35.2
Earnings per Share - Diluted	\$ 0.11	\$ 3.38		\$ 3.86		\$ 2.50		\$ (0.48)	(12.5)	\$ 0.88	35.3
Earnings per ADR - Diluted (2)	\$ 0.54	\$ 16.90		\$ 19.32		\$ 12.49		\$ (2.42)	(12.5)	\$ 4.41	35.3
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\$31.159 for the first quarter of 2017.

(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, 2017, December 31, 2016 and March 31, 2016

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

	1Q 2017		4Q 2016	1Q 2016
	USD	NTD	NTD	NTD
Cash Flows from Operating Activities:				
Income Before Income Tax	\$ 3,139	\$ 97,822	\$ 112,047	\$ 72,256
Depreciation & Amortization	1,931	60,172	56,437	55,847
Share of Profits of Associates	(21)	(667)	(881)	(841)
Income Taxes Paid	(4)	(112)	(55)	(142)
Changes in Working Capital & Others	122	3,793	17,672	(5,591)
Net Cash Generated by Operating Activities	<u>5,167</u>	<u>161,008</u>	<u>185,220</u>	<u>121,529</u>
Cash Flows from Investing Activities:				
Interest Received	\$ 62	\$ 1,950	\$ 1,673	\$ 1,541
Acquisitions of:				
Property, Plant and Equipment	(3,290)	(102,506)	(112,542)	(38,141)
Marketable Financial Instruments	(846)	(26,371)	(40,201)	(23,611)
Financial Assets Carried at Cost	(6)	(202)	(293)	(187)
Proceeds from Disposal or Redemption of:				
Property, Plant and Equipment	5	152	4	12
Marketable Financial Instruments	604	18,836	12,463	5,943
Financial Assets Carried at Cost	-	-	-	14
Others	(35)	(1,089)	394	(918)
Net Cash Used In Investing Activities	<u>(3,506)</u>	<u>(109,230)</u>	<u>(138,502)</u>	<u>(55,347)</u>
Cash Flows from Financing Activities:				
Increase (Decrease) in Short-term Loans	\$ (8)	\$ (250)	\$ 19,126	\$ (4,115)
Repayment of Bonds	(321)	(10,000)	-	-
Repayment of Long-term Bank Loans	-	(3)	(3)	-
Interest Paid	(40)	(1,257)	(153)	(690)
Others	(13)	(400)	5,332	(2)
Net Cash Generated by (Used in) Financing Activities	<u>(382)</u>	<u>(11,910)</u>	<u>24,302</u>	<u>(4,807)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents and others	\$ (526)	\$ (16,397)	\$ 6,262	\$ (6,080)
Net Increase in Cash and Cash Equivalents	<u>753</u>	<u>23,471</u>	<u>77,282</u>	<u>55,295</u>
Cash and Cash Equivalents at Beginning of Period	<u>17,371</u>	<u>541,254</u>	<u>463,972</u>	<u>562,689</u>
Cash and Cash Equivalents at End of Period	<u>\$ 18,124</u>	<u>\$ 564,725</u>	<u>\$ 541,254</u>	<u>\$ 617,984</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.159 for the three months ended March 31, 2017.