



**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>

	December 31, 2018 (Audited)			September 30, 2018 (Unaudited)		December 31, 2017 (Audited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	\$ 18,797	\$ 577,815	27.6	\$ 488,732	24.8	\$ 553,392	27.8	\$ 89,083	18.2	\$ 24,423	4.4
Investments in Marketable Financial Instruments	3,818	117,367	5.6	115,287	5.9	95,967	4.8	2,080	1.8	21,400	22.3
Accounts Receivable	4,203	129,198	6.2	129,540	6.6	122,317	6.1	(342)	(0.3)	6,881	5.6
Inventories	3,358	103,231	4.9	105,337	5.3	73,881	3.7	(2,106)	(2.0)	29,350	39.7
Other Current Assets	783	24,069	1.2	20,328	1.0	11,646	0.6	3,741	18.4	12,423	106.7
<b>Total Current Assets</b>	<b>30,959</b>	<b>951,680</b>	<b>45.5</b>	<b>859,224</b>	<b>43.6</b>	<b>857,203</b>	<b>43.0</b>	<b>92,456</b>	<b>10.8</b>	<b>94,477</b>	<b>11.0</b>
<b>Non-current Assets</b>											
Long-term Investments	953	29,305	1.4	29,803	1.5	41,569	2.1	(498)	(1.7)	(12,264)	(29.5)
Property, Plant and Equipment	34,875	1,072,050	51.3	1,048,517	53.2	1,062,543	53.4	23,533	2.2	9,507	0.9
Intangible and Other Non-current Assets	1,207	37,093	1.8	32,345	1.7	30,547	1.5	4,748	14.7	6,546	21.4
<b>Total Non-current Assets</b>	<b>37,035</b>	<b>1,138,448</b>	<b>54.5</b>	<b>1,110,665</b>	<b>56.4</b>	<b>1,134,659</b>	<b>57.0</b>	<b>27,783</b>	<b>2.5</b>	<b>3,789</b>	<b>0.3</b>
<b>Total Assets</b>	<b>\$ 67,994</b>	<b>\$ 2,090,128</b>	<b>100.0</b>	<b>\$ 1,969,889</b>	<b>100.0</b>	<b>\$ 1,991,862</b>	<b>100.0</b>	<b>\$ 120,239</b>	<b>6.1</b>	<b>\$ 98,266</b>	<b>4.9</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>											
<b>Current Liabilities</b>											
Short-term Loans	\$ 2,887	\$ 88,755	4.2	\$ 73,975	3.7	\$ 63,767	3.2	\$ 14,780	20.0	\$ 24,988	39.2
Accounts Payable	1,118	34,357	1.6	30,305	1.5	30,069	1.5	4,052	13.4	4,288	14.3
Payables to Contractors and Equipment Suppliers	1,403	43,134	2.1	58,590	3.0	55,724	2.8	(15,456)	(26.4)	(12,590)	(22.6)
Accrued Expenses and Other Current Liabilities	4,535	139,397	6.7	123,860	6.3	150,746	7.6	15,537	12.5	(11,349)	(7.5)
Current Portion of Bonds Payable and Bank Loans	1,135	34,900	1.7	34,900	1.8	58,401	2.9	-	-	(23,501)	(40.2)
<b>Total Current Liabilities</b>	<b>11,078</b>	<b>340,543</b>	<b>16.3</b>	<b>321,630</b>	<b>16.3</b>	<b>358,707</b>	<b>18.0</b>	<b>18,913</b>	<b>5.9</b>	<b>(18,164)</b>	<b>(5.1)</b>
<b>Non-current Liabilities</b>											
Bonds Payable	1,851	56,900	2.7	56,900	2.9	91,800	4.6	-	-	(34,900)	(38.0)
Other Non-current Liabilities	494	15,189	0.7	15,529	0.8	18,595	1.0	(340)	(2.2)	(3,406)	(18.3)
<b>Total Non-current Liabilities</b>	<b>2,345</b>	<b>72,089</b>	<b>3.4</b>	<b>72,429</b>	<b>3.7</b>	<b>110,395</b>	<b>5.6</b>	<b>(340)</b>	<b>(0.5)</b>	<b>(38,306)</b>	<b>(34.7)</b>
<b>Total Liabilities</b>	<b>13,423</b>	<b>412,632</b>	<b>19.7</b>	<b>394,059</b>	<b>20.0</b>	<b>469,102</b>	<b>23.6</b>	<b>18,573</b>	<b>4.7</b>	<b>(56,470)</b>	<b>(12.0)</b>
<b>Equity Attributable to Shareholders of the Parent</b>											
Capital Stock at Par Value	8,435	259,304	12.4	259,304	13.2	259,304	13.0	-	-	-	-
Capital Surplus	1,832	56,316	2.7	56,312	2.8	56,310	2.8	4	-	6	-
Legal Capital Reserve	8,980	276,034	13.2	276,034	14.0	241,723	12.1	-	-	34,311	14.2
Special Capital Reserve	875	26,907	1.3	26,907	1.4	-	-	-	-	26,907	-
Unappropriated Earnings	34,929	1,073,706	51.4	974,796	49.5	991,639	49.8	98,910	10.1	82,067	8.3
Others	(502)	(15,450)	(0.8)	(18,181)	(0.9)	(26,918)	(1.3)	2,731	(15.0)	11,468	(42.6)
<b>Equity Attributable to Shareholders of the Parent</b>	<b>54,549</b>	<b>1,676,817</b>	<b>80.2</b>	<b>1,575,172</b>	<b>80.0</b>	<b>1,522,058</b>	<b>76.4</b>	<b>101,645</b>	<b>6.5</b>	<b>154,759</b>	<b>10.2</b>
<b>Noncontrolling Interests</b>	<b>22</b>	<b>679</b>	<b>0.1</b>	<b>658</b>	<b>-</b>	<b>702</b>	<b>-</b>	<b>21</b>	<b>3.2</b>	<b>(23)</b>	<b>(3.3)</b>
<b>Total Shareholders' Equity</b>	<b>54,571</b>	<b>1,677,496</b>	<b>80.3</b>	<b>1,575,830</b>	<b>80.0</b>	<b>1,522,760</b>	<b>76.4</b>	<b>101,666</b>	<b>6.5</b>	<b>154,736</b>	<b>10.2</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 67,994</b>	<b>\$ 2,090,128</b>	<b>100.0</b>	<b>\$ 1,969,889</b>	<b>100.0</b>	<b>\$ 1,991,862</b>	<b>100.0</b>	<b>\$ 120,239</b>	<b>6.1</b>	<b>\$ 98,266</b>	<b>4.9</b>

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.740 as of December 31, 2018.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

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

For the Three Months Ended December 31, 2018, September 30, 2018, December 31, 2017

(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 2018			3Q 2018		4Q 2017		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 9,398	\$ 289,771	100.0	\$ 260,348	100.0	\$ 277,570	100.0	\$ 29,423	11.3	\$ 12,201	4.4
Cost of Revenue	(4,919)	(151,652)	(52.3)	(136,981)	(52.6)	(138,822)	(50.0)	(14,671)	10.7	(12,830)	9.2
Gross Profit	4,479	138,119	47.7	123,367	47.4	138,748	50.0	14,752	12.0	(629)	(0.5)
Operating Expenses											
Research and Development Expenses	(768)	(23,689)	(8.2)	(21,886)	(8.4)	(21,218)	(7.6)	(1,803)	8.2	(2,471)	11.6
Sales, General and Administrative Expenses	(232)	(7,163)	(2.4)	(6,243)	(2.4)	(7,624)	(2.8)	(920)	14.7	461	(6.0)
Total Operating Expenses	(1,000)	(30,852)	(10.6)	(28,129)	(10.8)	(28,842)	(10.4)	(2,723)	9.7	(2,010)	7.0
Other Operating Income and Expenses	(5)	(143)	(0.1)	7	-	(1,011)	(0.4)	(150)	(2142.9)	868	85.9
Income from Operations	3,474	107,124	37.0	95,245	36.6	108,895	39.2	11,879	12.5	(1,771)	(1.6)
Non-operating Income and Expenses											
Share of Profits of Associates	36	1,112	0.4	998	0.4	949	0.3	114	11.4	163	17.2
Net Interest Income (Expenses)	107	3,275	1.1	3,078	1.2	1,920	0.7	197	6.4	1,355	70.6
Other Gains and Losses	(14)	(429)	(0.2)	(424)	(0.2)	(89)	-	(5)	(1.2)	(340)	(382.0)
Total Non-operating Income and Expenses	129	3,958	1.3	3,652	1.4	2,780	1.0	306	8.4	1,178	42.4
Income Before Income Tax	3,603	111,082	38.3	98,897	38.0	111,675	40.2	12,185	12.3	(593)	(0.5)
Income Tax Expenses	(360)	(11,077)	(3.8)	(9,799)	(3.8)	(12,369)	(4.4)	(1,278)	13.0	1,292	(10.4)
Net Income	3,243	100,005	34.5	89,098	34.2	99,306	35.8	10,907	12.2	699	0.7
Other Comprehensive Income (Losses)	54	1,649	0.6	(3,881)	(1.5)	(7,976)	(2.9)	5,530	NM	9,625	NM
Comprehensive Income	\$ 3,297	\$ 101,654	35.1	\$ 85,217	32.7	\$ 91,330	32.9	\$ 16,437	19.3	\$ 10,324	11.3
Net Income Attributable to:											
Shareholders of the Parent	\$ 3,243	\$ 99,984	34.5	\$ 89,072	34.2	\$ 99,286	35.8	\$ 10,912	12.3	\$ 698	0.7
Noncontrolling Interests	-	21	-	26	-	20	-	(5)	(19.2)	1	5.0
	\$ 3,243	\$ 100,005	34.5	\$ 89,098	34.2	\$ 99,306	35.8	\$ 10,907	12.2	\$ 699	0.7
Earnings per Share - Diluted	\$ 0.13	\$ 3.86		\$ 3.44		\$ 3.83		\$ 0.42	12.3	\$ 0.03	0.7
Earnings per ADR - Diluted (2)	\$ 0.63	\$ 19.28		\$ 17.18		\$ 19.14		\$ 2.10	12.3	\$ 0.14	0.7
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\$30.834 for the fourth quarter of 2018.

(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, 2018 and 2017

	2018 (Audited)			2017 (Audited)		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 34,196	\$ 1,031,474	100.0	\$ 977,447	100.0	\$ 54,027	5.5
Cost of Revenue	(17,690)	(533,600)	(51.7)	(482,621)	(49.4)	(50,979)	10.6
Gross Profit	16,506	497,874	48.3	494,826	50.6	3,048	0.6
Operating Expenses							
Research and Development Expenses	(2,848)	(85,895)	(8.3)	(80,733)	(8.2)	(5,162)	6.4
Sales, General and Administrative Expenses	(870)	(26,254)	(2.6)	(27,169)	(2.8)	915	(3.4)
Total Operating Expenses	(3,718)	(112,149)	(10.9)	(107,902)	(11.0)	(4,247)	3.9
Other Operating Income and Expenses	(70)	(2,101)	(0.2)	(1,365)	(0.2)	(736)	(53.9)
Income from Operations	12,718	383,624	37.2	385,559	39.4	(1,935)	(0.5)
Non-operating Income and Expenses							
Share of Profits of Associates	102	3,058	0.3	2,986	0.3	72	2.4
Net Interest Income (Expenses)	386	11,643	1.1	6,134	0.6	5,509	89.8
Other Gains and Losses	(27)	(815)	(0.1)	1,454	0.2	(2,269)	(156.1)
Total Non-operating Income and Expenses	461	13,886	1.3	10,574	1.1	3,312	31.3
Income before Income Tax	13,179	397,510	38.5	396,133	40.5	1,377	0.3
Income Tax Expenses	(1,536)	(46,326)	(4.5)	(52,986)	(5.4)	6,660	(12.6)
Net Income	11,643	351,184	34.0	343,147	35.1	8,037	2.3
Other Comprehensive Income (Losses)	326	9,837	1.0	(28,822)	(2.9)	38,659	NM
Comprehensive Income	\$ 11,969	\$ 361,021	35.0	\$ 314,325	32.2	\$ 46,696	14.9
Net Income Attributable to:							
Shareholders of the Parent	\$ 11,641	\$ 351,131	34.0	\$ 343,111	35.1	\$ 8,020	2.3
Noncontrolling interests	2	53	-	36	-	17	47.2
	\$ 11,643	\$ 351,184	34.0	\$ 343,147	35.1	\$ 8,037	2.3
Earnings per Share - Diluted	\$ 0.45	\$ 13.54		\$ 13.23		\$ 0.31	2.3
Earnings per ADR - Diluted (2)	\$ 2.24	\$ 67.71		\$ 66.16		\$ 1.55	2.3
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\$30.163 for the year ended December 31, 2018.

(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, 2018 and for the Three Months Ended December 31, 2018, September 30, 2018 and December 31, 2017

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

	2018 (Audited)		4Q 2018 (Unaudited)	3Q 2018 (Unaudited)	4Q 2017 (Unaudited)
	USD	NTD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>					
Income before Income Tax	\$ 13,179	\$ 397,510	\$ 111,082	\$ 98,897	\$ 111,675
Depreciation & Amortization	9,699	292,546	76,030	73,609	70,814
Share of Profits of Associates	(102)	(3,058)	(1,112)	(998)	(949)
Income Taxes Paid	(1,505)	(45,383)	(13,295)	(379)	(269)
Changes in Working Capital & Others	(2,243)	(67,661)	16,667	(77,046)	22,855
Net Cash Generated by Operating Activities	<u>19,028</u>	<u>573,954</u>	<u>189,372</u>	<u>94,083</u>	<u>204,126</u>
<b>Cash Flows from Investing Activities:</b>					
Interest Received	\$ 486	\$ 14,660	\$ 4,048	\$ 3,976	\$ 2,749
Cash Dividend Received	114	3,421	-	3,048	-
Acquisitions of:					
Property, Plant and Equipment	(10,463)	(315,582)	(114,105)	(69,949)	(61,180)
Marketable Financial Instruments	(3,283)	(99,017)	(26,327)	(24,954)	(34,151)
Financial Assets Carried at Cost	-	-	-	-	(123)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	6	181	45	19	73
Marketable Financial Instruments	2,956	89,159	22,911	25,765	28,999
Others	(235)	(7,091)	(3,833)	(1,378)	581
Net Cash Used In Investing Activities	<u>(10,419)</u>	<u>(314,269)</u>	<u>(117,261)</u>	<u>(63,473)</u>	<u>(63,052)</u>
<b>Cash Flows from Financing Activities:</b>					
Increase in Short-term Loans	\$ 793	\$ 23,923	\$ 14,296	\$ 43,371	\$ 10,684
Repayment of Bonds	(1,924)	(58,025)	-	(7,500)	-
Repayment of Long-term Bank Loans	-	-	-	-	(24)
Interest Paid	(107)	(3,233)	(437)	(1,253)	(576)
Cash Dividends Paid for Common Stock	(6,877)	(207,443)	-	(207,443)	-
Others	(12)	(346)	425	390	(439)
Net Cash Generated by (Used in) Financing Activities	<u>(8,127)</u>	<u>(245,124)</u>	<u>14,284</u>	<u>(172,435)</u>	<u>9,645</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	\$ 327	\$ 9,862	\$ 2,688	\$ (1,673)	\$ (5,404)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>809</u>	<u>24,423</u>	<u>89,083</u>	<u>(143,498)</u>	<u>145,315</u>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>18,347</u>	<u>553,392</u>	<u>488,732</u>	<u>632,230</u>	<u>408,077</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 19,156</u>	<u>\$ 577,815</u>	<u>\$ 577,815</u>	<u>\$ 488,732</u>	<u>\$ 553,392</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.163 for the year ended December 31, 2018.