



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⁾

ASSETS	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		March 31, 2018 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Current Assets											
Cash and Cash Equivalents	\$ 20,943	\$ 645,671	29.5	\$ 577,815	27.6	\$ 577,783	28.2	\$ 67,856	11.7	\$ 67,888	11.7
Investments in Marketable Financial Instruments	3,717	114,578	5.2	117,367	5.6	106,592	5.2	(2,789)	(2.4)	7,986	7.5
Accounts Receivable	3,462	106,741	4.9	129,198	6.2	107,781	5.3	(22,457)	(17.4)	(1,040)	(1.0)
Inventories	3,525	108,682	5.0	103,231	4.9	85,216	4.1	5,451	5.3	23,466	27.5
Other Current Assets	508	15,653	0.7	24,069	1.2	51,745	2.5	(8,416)	(35.0)	(36,092)	(69.7)
Total Current Assets	32,155	991,325	45.3	951,680	45.5	929,117	45.3	39,645	4.2	62,208	6.7
Non-current Assets											
Long-term Investments	974	30,039	1.4	29,305	1.4	34,377	1.7	734	2.5	(4,338)	(12.6)
Property, Plant and Equipment	35,928	1,107,652	50.6	1,072,050	51.3	1,055,366	51.5	35,602	3.3	52,286	5.0
Right-of-use, Intangible and Other Non-current Assets	1,895	58,421	2.7	37,093	1.8	30,296	1.5	21,328	57.5	28,125	92.8
Total Non-current Assets	38,797	1,196,112	54.7	1,138,448	54.5	1,120,039	54.7	57,664	5.1	76,073	6.8
Total Assets	\$ 70,952	\$ 2,187,437	100.0	\$ 2,090,128	100.0	\$ 2,049,156	100.0	\$ 97,309	4.7	\$ 138,281	6.7
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 2,484	\$ 76,593	3.5	\$ 88,755	4.2	\$ 56,731	2.8	\$ (12,162)	(13.7)	\$ 19,862	35.0
Accounts Payable	897	27,662	1.3	34,357	1.6	29,042	1.4	(6,695)	(19.5)	(1,380)	(4.8)
Payables to Contractors and Equipment Suppliers	2,497	76,971	3.5	43,134	2.1	47,828	2.3	33,837	78.4	29,143	60.9
Accrued Expenses and Other Current Liabilities	4,831	148,942	6.8	139,397	6.7	159,277	7.8	9,545	6.8	(10,335)	(6.5)
Current Portion of Bonds Payable and Bank Loans	1,560	48,100	2.2	34,900	1.7	49,357	2.4	13,200	37.8	(1,257)	(2.5)
Total Current Liabilities	12,269	378,268	17.3	340,543	16.3	342,235	16.7	37,725	11.1	36,033	10.5
Non-current Liabilities											
Bonds Payable	1,145	35,300	1.6	56,900	2.7	83,400	4.1	(21,600)	(38.0)	(48,100)	(57.7)
Other Non-current Liabilities	985	30,351	1.4	15,189	0.7	16,916	0.8	15,162	99.8	13,435	79.4
Total Non-current Liabilities	2,130	65,651	3.0	72,089	3.4	100,316	4.9	(6,438)	(8.9)	(34,665)	(34.6)
Total Liabilities	14,399	443,919	20.3	412,632	19.7	442,551	21.6	31,287	7.6	1,368	0.3
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,411	259,304	11.9	259,304	12.4	259,304	12.7	-	-	-	-
Capital Surplus	1,827	56,321	2.6	56,316	2.7	56,305	2.7	5	-	16	-
Legal Capital Reserve	8,953	276,034	12.6	276,034	13.2	241,723	11.8	-	-	34,311	14.2
Special Capital Reserve	873	26,907	1.2	26,907	1.3	-	-	-	-	26,907	-
Unappropriated Earnings	36,815	1,135,005	51.9	1,073,706	51.4	1,082,967	52.9	61,299	5.7	52,038	4.8
Others	(348)	(10,725)	(0.5)	(15,450)	(0.8)	(34,401)	(1.7)	4,725	30.6	23,676	68.8
Equity Attributable to Shareholders of the Parent	56,531	1,742,846	79.7	1,676,817	80.2	1,605,898	78.4	66,029	3.9	136,948	8.5
Noncontrolling Interests	22	672	-	679	0.1	707	-	(7)	(1.0)	(35)	(5.0)
Total Shareholders' Equity	56,553	1,743,518	79.7	1,677,496	80.3	1,606,605	78.4	66,022	3.9	136,913	8.5
Total Liabilities & Shareholders' Equity	\$ 70,952	\$ 2,187,437	100.0	\$ 2,090,128	100.0	\$ 2,049,156	100.0	\$ 97,309	4.7	\$ 138,281	6.7

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$30.830 as of March 31, 2019.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
For the Three Months Ended March 31, 2019, December 31, 2018, March 31, 2018
(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)
Except for Per Share Amounts and Shares Outstanding)

	1Q 2019			4Q 2018		1Q 2018		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 7,096	\$ 218,704	100.0	\$ 289,771	100.0	\$ 248,079	100.0	\$ (71,067)	(24.5)	\$ (29,375)	(11.8)
Cost of Revenue	(4,164)	(128,346)	(58.7)	(151,652)	(52.3)	(123,221)	(49.7)	23,306	(15.4)	(5,125)	4.2
Gross Profit	2,932	90,358	41.3	138,119	47.7	124,858	50.3	(47,761)	(34.6)	(34,500)	(27.6)
Operating Expenses											
Research and Development Expenses	(662)	(20,417)	(9.3)	(23,689)	(8.2)	(20,429)	(8.2)	3,272	(13.8)	12	(0.1)
Sales, General and Administrative Expenses	(182)	(5,601)	(2.6)	(7,163)	(2.4)	(6,300)	(2.6)	1,562	(21.8)	699	(11.1)
Total Operating Expenses	(844)	(26,018)	(11.9)	(30,852)	(10.6)	(26,729)	(10.8)	4,834	(15.7)	711	(2.7)
Other Operating Income and Expenses	(3)	(74)	-	(143)	(0.1)	(1,302)	(0.5)	69	48.3	1,228	94.3
Income from Operations	2,085	64,266	29.4	107,124	37.0	96,827	39.0	(42,858)	(40.0)	(32,561)	(33.6)
Non-operating Income and Expenses											
Share of Profits of Associates	14	434	0.2	1,112	0.4	682	0.3	(678)	(61.0)	(248)	(36.4)
Net Interest Income (Expenses)	114	3,510	1.6	3,275	1.1	2,346	1.0	235	7.2	1,164	49.6
Other Gains and Losses	(1)	(28)	-	(429)	(0.2)	89	-	401	93.5	(117)	(131.5)
Total Non-operating Income and Expenses	127	3,916	1.8	3,958	1.3	3,117	1.3	(42)	(1.1)	799	25.6
Income Before Income Tax	2,212	68,182	31.2	111,082	38.3	99,944	40.3	(42,900)	(38.6)	(31,762)	(31.8)
Income Tax Expenses	(220)	(6,795)	(3.1)	(11,077)	(3.8)	(10,156)	(4.1)	4,282	(38.7)	3,361	(33.1)
Net Income	1,992	61,387	28.1	100,005	34.5	89,788	36.2	(38,618)	(38.6)	(28,401)	(31.6)
Other Comprehensive Income (Losses)	150	4,616	2.1	1,649	0.6	(7,187)	(2.9)	2,967	179.9	11,803	NM
Comprehensive Income	\$ 2,142	\$ 66,003	30.2	\$ 101,654	35.1	\$ 82,601	33.3	\$ (35,651)	(35.1)	\$ (16,598)	(20.1)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 1,992	\$ 61,394	28.1	\$ 99,984	34.5	\$ 89,785	36.2	\$ (38,590)	(38.6)	\$ (28,391)	(31.6)
Noncontrolling Interests	-	(7)	-	21	-	3	-	(28)	(133.3)	(10)	(333.3)
	\$ 1,992	\$ 61,387	28.1	\$ 100,005	34.5	\$ 89,788	36.2	\$ (38,618)	(38.6)	\$ (28,401)	(31.6)
Earnings per Share - Diluted	\$ 0.08	\$ 2.37		\$ 3.86		\$ 3.46		\$ (1.49)	(38.6)	\$ (1.09)	(31.6)
Earnings per ADR - Diluted (2)	\$ 0.38	\$ 11.84		\$ 19.28		\$ 17.31		\$ (7.44)	(38.6)	\$ (5.47)	(31.6)
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\$30.821 for the first quarter of 2019.

(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, 2019, December 31, 2018 and March 31, 2018

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

	1Q 2019		4Q 2018	1Q 2018
	USD	NTD	NTD	NTD
Cash Flows from Operating Activities:				
Income before Income Tax	\$ 2,212	\$ 68,182	\$ 111,082	\$ 99,944
Depreciation & Amortization	2,516	77,548	76,030	71,498
Share of Profits of Associates	(14)	(434)	(1,112)	(682)
Income Taxes Paid	(8)	(238)	(13,295)	(380)
Changes in Working Capital & Others	247	7,612	16,667	(9,654)
Net Cash Generated by Operating Activities	<u>4,953</u>	<u>152,670</u>	<u>189,372</u>	<u>160,726</u>
Cash Flows from Investing Activities:				
Interest Received	\$ 149	\$ 4,575	\$ 4,048	\$ 3,140
Acquisitions of:				
Property, Plant and Equipment	(2,464)	(75,942)	(114,105)	(71,847)
Marketable Financial Instruments	(1,128)	(34,759)	(26,327)	(24,566)
Proceeds from Disposal or Redemption of:				
Property, Plant and Equipment	3	75	45	47
Marketable Financial Instruments	1,360	41,916	22,911	20,672
Others	(2)	(53)	(3,833)	(905)
Net Cash Used In Investing Activities	<u>(2,082)</u>	<u>(64,188)</u>	<u>(117,261)</u>	<u>(73,459)</u>
Cash Flows from Financing Activities:				
Increase (Decrease) in Short-term Loans	\$ (398)	\$ (12,262)	\$ 14,296	\$ (5,775)
Repayment of Bonds and Interest – Prepaid	-	-	-	(33,999)
Repayment of Bonds	(272)	(8,400)	-	(16,800)
Interest Paid	(39)	(1,189)	(437)	(998)
Others	(18)	(562)	425	(55)
Net Cash Generated by (Used in) Financing Activities	<u>(727)</u>	<u>(22,413)</u>	<u>14,284</u>	<u>(57,627)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 58	\$ 1,787	\$ 2,688	\$ (5,249)
Net Increase in Cash and Cash Equivalents	<u>2,202</u>	<u>67,856</u>	<u>89,083</u>	<u>24,391</u>
Cash and Cash Equivalents at Beginning of Period	<u>18,747</u>	<u>577,815</u>	<u>488,732</u>	<u>553,392</u>
Cash and Cash Equivalents at End of Period	<u>\$ 20,949</u>	<u>\$ 645,671</u>	<u>\$ 577,815</u>	<u>\$ 577,783</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.821 for the three months ended March 31, 2019.