



**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>

	June 30, 2019 (Unaudited)			March 31, 2019 (Unaudited)		June 30, 2018 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	\$ 20,920	\$ 649,697	29.0	\$ 645,671	29.5	\$ 632,230	30.8	\$ 4,026	0.6	\$ 17,467	2.8
Investments in Marketable Financial Instruments	3,700	114,918	5.1	114,578	5.2	116,692	5.7	340	0.3	(1,774)	(1.5)
Accounts Receivable	3,740	116,131	5.2	106,741	4.9	88,196	4.3	9,390	8.8	27,935	31.7
Inventories	3,485	108,232	4.8	108,682	5.0	99,032	4.8	(450)	(0.4)	9,200	9.3
Other Current Assets	683	21,202	1.0	15,653	0.7	22,893	1.1	5,549	35.5	(1,691)	(7.4)
Total Current Assets	32,528	1,010,180	45.1	991,325	45.3	959,043	46.7	18,855	1.9	51,137	5.3
<b>Non-current Assets</b>											
Long-term Investments	944	29,315	1.3	30,039	1.4	28,835	1.4	(724)	(2.4)	480	1.7
Property, Plant and Equipment	36,800	1,142,871	51.0	1,107,652	50.6	1,034,268	50.4	35,219	3.2	108,603	10.5
Right-of-use, Intangible and Other Non-current Assets	1,835	56,978	2.6	58,421	2.7	31,267	1.5	(1,443)	(2.5)	25,711	82.2
Total Non-current Assets	39,579	1,229,164	54.9	1,196,112	54.7	1,094,370	53.3	33,052	2.8	134,794	12.3
Total Assets	\$ 72,107	\$ 2,239,344	100.0	\$ 2,187,437	100.0	\$ 2,053,413	100.0	\$ 51,907	2.4	\$ 185,931	9.1
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>											
<b>Current Liabilities</b>											
Short-term Loans	\$ 2,520	\$ 78,261	3.5	\$ 76,593	3.5	\$ 30,835	1.5	\$ 1,668	2.2	\$ 47,426	153.8
Accounts Payable	1,049	32,570	1.5	27,662	1.3	30,663	1.5	4,908	17.7	1,907	6.2
Payables to Contractors and Equipment Suppliers	2,287	71,029	3.2	76,971	3.5	39,603	1.9	(5,942)	(7.7)	31,426	79.4
Cash Dividends Payable	8,352	259,380	11.6	-	-	207,519	10.1	259,380	-	51,861	25.0
Accrued Expenses and Other Current Liabilities	4,280	132,916	5.9	148,942	6.8	138,477	6.7	(16,026)	(10.8)	(5,561)	(4.0)
Current Portion of Bonds Payable and Bank Loans	1,549	48,100	2.1	48,100	2.2	15,900	0.8	-	-	32,200	202.5
Total Current Liabilities	20,037	622,256	27.8	378,268	17.3	462,997	22.5	243,988	64.5	159,259	34.4
<b>Non-current Liabilities</b>											
Bonds Payable	1,137	35,300	1.6	35,300	1.6	83,400	4.1	-	-	(48,100)	(57.7)
Other Non-current Liabilities	881	27,366	1.2	30,351	1.4	16,381	0.8	(2,985)	(9.8)	10,985	67.1
Total Non-current Liabilities	2,018	62,666	2.8	65,651	3.0	99,781	4.9	(2,985)	(4.5)	(37,115)	(37.2)
Total Liabilities	22,055	684,922	30.6	443,919	20.3	562,778	27.4	241,003	54.3	122,144	21.7
<b>Equity Attributable to Shareholders of the Parent</b>											
Capital Stock at Par Value	8,350	259,304	11.6	259,304	11.9	259,304	12.6	-	-	-	-
Capital Surplus	1,814	56,321	2.5	56,321	2.6	56,308	2.7	-	-	13	-
Legal Capital Reserve	10,019	311,147	13.9	276,034	12.6	276,034	13.5	35,113	12.7	35,113	12.7
Special Capital Reserve	345	10,724	0.5	26,907	1.2	26,907	1.3	(16,183)	(60.1)	(16,183)	(60.1)
Unappropriated Earnings	29,743	923,705	41.2	1,135,005	51.9	886,529	43.2	(211,300)	(18.6)	37,176	4.2
Others	(238)	(7,386)	(0.3)	(10,725)	(0.5)	(15,081)	(0.7)	3,339	31.1	7,695	51.0
Equity Attributable to Shareholders of the Parent	50,033	1,553,815	69.4	1,742,846	79.7	1,490,001	72.6	(189,031)	(10.8)	63,814	4.3
Noncontrolling Interests	19	607	-	672	-	634	-	(65)	(9.7)	(27)	(4.3)
Total Shareholders' Equity	50,052	1,554,422	69.4	1,743,518	79.7	1,490,635	72.6	(189,096)	(10.8)	63,787	4.3
Total Liabilities & Shareholders' Equity	\$ 72,107	\$ 2,239,344	100.0	\$ 2,187,437	100.0	\$ 2,053,413	100.0	\$ 51,907	2.4	\$ 185,931	9.1

Note :

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.056 as of June 30, 2019.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

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

For the Three Months Ended June 30, 2019, March 31, 2019, June 30, 2018

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

Except for Per Share Amounts and Shares Outstanding)

	2Q 2019			1Q 2019		2Q 2018		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 7,746	\$ 240,999	100.0	\$ 218,704	100.0	\$ 233,276	100.0	\$ 22,295	10.2	\$ 7,723	3.3
Cost of Revenue	(4,412)	(137,269)	(57.0)	(128,346)	(58.7)	(121,746)	(52.2)	(8,923)	7.0	(15,523)	12.8
Gross Profit	3,334	103,730	43.0	90,358	41.3	111,530	47.8	13,372	14.8	(7,800)	(7.0)
Operating Expenses											
Research and Development Expenses	(688)	(21,394)	(8.8)	(20,417)	(9.3)	(19,891)	(8.5)	(977)	4.8	(1,503)	7.6
Sales, General and Administrative Expenses	(185)	(5,771)	(2.4)	(5,601)	(2.6)	(6,548)	(2.8)	(170)	3.0	777	(11.9)
Total Operating Expenses	(873)	(27,165)	(11.2)	(26,018)	(11.9)	(26,439)	(11.3)	(1,147)	4.4	(726)	2.7
Other Operating Income and Expenses	(8)	(261)	(0.1)	(74)	-	(663)	(0.3)	(187)	(252.7)	402	60.6
Income from Operations	2,453	76,304	31.7	64,266	29.4	84,428	36.2	12,038	18.7	(8,124)	(9.6)
Non-operating Income and Expenses											
Share of Profits of Associates	20	628	0.2	434	0.2	266	0.1	194	44.7	362	136.1
Net Interest Income (Expenses)	118	3,682	1.5	3,510	1.6	2,944	1.2	172	4.9	738	25.1
Other Gains and Losses	(2)	(69)	-	(28)	-	(51)	-	(41)	(146.4)	(18)	(35.3)
Total Non-operating Income and Expenses	136	4,241	1.7	3,916	1.8	3,159	1.3	325	8.3	1,082	34.3
Income Before Income Tax	2,589	80,545	33.4	68,182	31.2	87,587	37.5	12,363	18.1	(7,042)	(8.0)
Income Tax Expenses	(443)	(13,769)	(5.7)	(6,795)	(3.1)	(15,294)	(6.5)	(6,974)	102.6	1,525	(10.0)
Net Income	2,146	66,776	27.7	61,387	28.1	72,293	31.0	5,389	8.8	(5,517)	(7.6)
Other Comprehensive Income	114	3,526	1.5	4,616	2.1	19,256	8.2	(1,090)	(23.6)	(15,730)	(81.7)
Comprehensive Income	\$ 2,260	\$ 70,302	29.2	\$ 66,003	30.2	\$ 91,549	39.2	\$ 4,299	6.5	\$ (21,247)	(23.2)
Net Income (Losses) Attributable to:											
Shareholders of the Parent	\$ 2,146	\$ 66,765	27.7	\$ 61,394	28.1	\$ 72,290	31.0	\$ 5,371	8.7	\$ (5,525)	(7.6)
Noncontrolling Interests	-	11	-	(7)	-	3	-	18	NM	8	266.7
	\$ 2,146	\$ 66,776	27.7	\$ 61,387	28.1	\$ 72,293	31.0	\$ 5,389	8.8	\$ (5,517)	(7.6)
Earnings per Share - Diluted	\$ 0.08	\$ 2.57		\$ 2.37		\$ 2.79		\$ 0.20	8.7	\$ (0.22)	(7.6)
Earnings per ADR - Diluted (2)	\$ 0.41	\$ 12.87		\$ 11.84		\$ 13.94		\$ 1.03	8.7	\$ (1.07)	(7.6)
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\$31.111 for the second quarter of 2019.

(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") <sup>(1)</sup>  
Except for Per Share Amounts and Shares Outstanding)

	For the Six Months Ended June 30						
	2019			2018		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 14,842	\$ 459,703	100.0	\$ 481,355	100.0	\$ (21,652)	(4.5)
Cost of Revenue	(8,575)	(265,615)	(57.8)	(244,967)	(50.9)	(20,648)	8.4
Gross Profit	6,267	194,088	42.2	236,388	49.1	(42,300)	(17.9)
Operating Expenses							
Research and Development Expenses	(1,350)	(41,811)	(9.1)	(40,320)	(8.4)	(1,491)	3.7
Sales, General and Administrative Expenses	(367)	(11,372)	(2.4)	(12,848)	(2.6)	1,476	(11.5)
Total Operating Expenses	(1,717)	(53,183)	(11.5)	(53,168)	(11.0)	(15)	-
Other Operating Income and Expenses	(11)	(335)	(0.1)	(1,965)	(0.4)	1,630	83.0
Income from Operations	4,539	140,570	30.6	181,255	37.7	(40,685)	(22.4)
Non-operating Income and Expenses							
Share of Profits of Associates	34	1,062	0.2	948	0.2	114	12.0
Net Interest Income (Expenses)	232	7,192	1.6	5,290	1.1	1,902	36.0
Other Gains and Losses	(3)	(97)	-	38	-	(135)	(355.3)
Total Non-operating Income and Expenses	263	8,157	1.8	6,276	1.3	1,881	30.0
Income before Income Tax	4,802	148,727	32.4	187,531	39.0	(38,804)	(20.7)
Income Tax Expenses	(664)	(20,564)	(4.5)	(25,450)	(5.3)	4,886	(19.2)
Net Income	4,138	128,163	27.9	162,081	33.7	(33,918)	(20.9)
Other Comprehensive Income	263	8,142	1.8	12,069	2.5	(3,927)	(32.5)
Comprehensive Income	\$ 4,401	\$ 136,305	29.7	\$ 174,150	36.2	\$ (37,845)	(21.7)
Net Income Attributable to:							
Shareholders of the Parent	\$ 4,138	\$ 128,159	27.9	\$ 162,075	33.7	\$ (33,916)	(20.9)
Noncontrolling interests	-	4	-	6	-	(2)	(33.3)
	\$ 4,138	\$ 128,163	27.9	\$ 162,081	33.7	\$ (33,918)	(20.9)
Earnings per Share - Diluted	\$ 0.16	\$ 4.94		\$ 6.25		\$ (1.31)	(20.9)
Earnings per ADR - Diluted (2)	\$ 0.80	\$ 24.71		\$ 31.25		\$ (6.54)	(20.9)
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\$30.972 for the six months ended June 30, 2019.

(2) 1 ADR equals 5 ordinary shares.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**

**Consolidated Condensed Cash Flow Statements**

**For the Six Months Ended June 30, 2019 and for the Three Months Ended June 30, 2019, March 31, 2019 and June 30, 2018**

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

	Six Months 2019 (Unaudited)		2Q 2019 (Unaudited)	1Q 2019 (Unaudited)	2Q 2018 (Unaudited)
	USD	NTD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>					
Income Before Income Tax	\$ 4,802	\$ 148,727	\$ 80,545	\$ 68,182	\$ 87,587
Depreciation & Amortization	4,927	152,596	75,048	77,548	71,409
Share of Profits of Associates	(34)	(1,062)	(628)	(434)	(266)
Income Taxes Paid	(1,222)	(37,828)	(37,590)	(238)	(31,329)
Changes in Working Capital & Others	258	7,998	386	7,612	2,372
Net Cash Generated by Operating Activities	<u>8,731</u>	<u>270,431</u>	<u>117,761</u>	<u>152,670</u>	<u>129,773</u>
<b>Cash Flows from Investing Activities:</b>					
Interest Received	\$ 304	\$ 9,397	\$ 4,822	\$ 4,575	\$ 3,496
Cash Dividend Received	15	452	452	-	373
Acquisitions of:					
Property, Plant and Equipment	(6,209)	(192,295)	(116,353)	(75,942)	(59,681)
Marketable Financial Instruments	(3,189)	(98,782)	(64,023)	(34,759)	(23,170)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	5	155	80	75	70
Marketable Financial Instruments	3,312	102,588	60,672	41,916	19,811
Others	(14)	(422)	(369)	(53)	(975)
Net Cash Used In Investing Activities	<u>(5,776)</u>	<u>(178,907)</u>	<u>(114,719)</u>	<u>(64,188)</u>	<u>(60,076)</u>
<b>Cash Flows from Financing Activities:</b>					
Increase (Decrease) in Short-term Loans	\$ (362)	\$ (11,198)	\$ 1,064	\$ (12,262)	\$ (27,969)
Repayment of Bonds and Interest – Prepaid	-	-	-	-	33,999
Repayment of Bonds	(271)	(8,400)	-	(8,400)	(33,725)
Interest Paid	(53)	(1,625)	(436)	(1,189)	(545)
Others	(68)	(2,120)	(1,558)	(562)	(1,106)
Net Cash Used in Financing Activities	<u>(754)</u>	<u>(23,343)</u>	<u>(930)</u>	<u>(22,413)</u>	<u>(29,346)</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	\$ 120	\$ 3,701	\$ 1,914	\$ 1,787	\$ 14,096
<b>Net Increase in Cash and Cash Equivalents</b>	<u>2,321</u>	<u>71,882</u>	<u>4,026</u>	<u>67,856</u>	<u>54,447</u>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>18,656</u>	<u>577,815</u>	<u>645,671</u>	<u>577,815</u>	<u>577,783</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 20,977</u>	<u>\$ 649,697</u>	<u>\$ 649,697</u>	<u>\$ 645,671</u>	<u>\$ 632,230</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$30.972 for the six months ended June 30, 2019.