

## Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2018/03/31	2017/12/31	2017/03/31
<b>Balance Sheet</b>			
Assets			
Current assets			
Cash and cash equivalents	3,091,308	9,594,356	31,813,622
Current financial assets at fair value through profit or loss	787,032	675,891	307,656
Current financial assets at amortised cost	27,498,392	0	0
Current investments in debt instrument without active market	0	24,370,143	20,382
Accounts receivable, net	5,147,736	3,087,958	2,509,834
Accounts receivable due from related parties, net	1,256,775	1,094,853	772,513
Other receivables	536,252	435,109	375,391
Current inventories	5,039,004	5,468,167	4,614,060
Prepayments	166,633	269,909	122,999
Other current assets	0	96,154	59,966
Total current assets	43,523,132	45,092,540	40,596,423
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	1,700,225	0	0
Non-current available-for-sale financial assets	0	717,745	644,313
Non-current held-to-maturity financial assets	0	0	261,691
Non-current financial assets at cost	0	811,496	606,451
Investments accounted for using equity method	281,748	281,002	309,952
Property, plant and equipment	3,252,415	3,162,949	3,183,341
Investment property, net	59,990	60,254	60,798
Intangible assets	2,126,561	2,078,355	2,416,756
Deferred tax assets	85,033	65,551	145,197
Other non-current assets	46,740	41,021	44,203
Total non-current assets	7,552,712	7,218,373	7,672,702
Total assets	51,075,844	52,310,913	48,269,125
Liabilities and equity			
Liabilities			
Current liabilities			

Current borrowings	13,918,320	18,052,624	15,680,000
Current contract liabilities	66,205	0	0
Notes payable	7,229	8,631	7,229
Accounts payable	4,803,319	4,577,341	4,508,929
Accounts payable to related parties	255,349	291,755	209,451
Other payables	5,221,206	6,094,786	4,731,697
Other payables to related parties	43,693	39,924	23,271
Current tax liabilities	396,846	342,557	440,626
Other current liabilities	2,980,517	113,043	81,623
Total current liabilities	27,692,684	29,520,661	25,682,826
Non-current liabilities			
Non-current provisions	908,563	901,430	845,743
Deferred tax liabilities	26,276	21,749	17,439
Other non-current liabilities	7,814	7,961	10,645
Total non-current liabilities	942,653	931,140	873,827
Total liabilities	28,635,337	30,451,801	26,556,653
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	5,080,955	5,065,062	5,049,513
Total capital stock	5,080,955	5,065,062	5,049,513
Capital surplus			
Capital surplus, additional paid-in capital	3,704,343	3,540,651	3,900,217
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	25,973	18,205	16,844
Total capital surplus	3,730,316	3,558,856	3,917,061
Retained earnings			
Legal reserve	4,127,884	4,127,884	3,823,896
Unappropriated retained earnings (accumulated deficit)	10,641,961	9,698,159	9,136,776
Total retained earnings	14,769,845	13,826,043	12,960,672
Other equity interest			
Exchange differences on translation of foreign financial statements	-1,543,125	-813,163	-348,337
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	392,922	0	0
Unrealized gains (losses) on available-for-sale financial assets	0	212,720	123,976
Total other equity interest	-1,150,203	-600,443	-224,361

Total equity attributable to owners of parent	22,430,913	21,849,518	21,702,885
Non-controlling interests	9,594	9,594	9,587
Total equity	22,440,507	21,859,112	21,712,472
Total liabilities and equity	51,075,844	52,310,913	48,269,125
Number of share capital awaiting retirement	0	0	0
Equivalent issue shares of advance receipts for ordinary share	0	0	0
Number of shares in entity held by entity and by its subsidiaries	0	0	0

## Financial Statement Income Statement

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2018/01/01 To 2018/03/31	2017/01/01 To 2017/03/31
<b>Statement of comprehensive income</b>		
Operating revenue		
Total operating revenue	10,626,366	9,983,438
Operating costs		
Total operating costs	6,173,786	5,732,713
Gross profit (loss) from operations	4,452,580	4,250,725
Gross profit (loss) from operations	4,452,580	4,250,725
Operating expenses		
Selling expenses	576,096	454,472
Administrative expenses	294,512	230,046
Research and development expenses	2,968,487	2,642,377
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	-12,291	-4,490
Total operating expenses	3,826,804	3,322,405
Net other income (expenses)		
Net other income (expenses)	1,594	1,558
Net operating income (loss)	627,370	929,878
Non-operating income and expenses		
Other income		
Total other income	194,629	176,504
Other gains and losses		
Other gains and losses, net	118,657	-494,927
Finance costs		

Finance costs, net	38,822	39,029
Share of profit (loss) of associates and joint ventures accounted for using equity method		
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-6,174	-16,411
Total non-operating income and expenses	268,290	-373,863
Profit (loss) from continuing operations before tax	895,660	556,015
Tax expense (income)		
Total tax expense (income)	55,000	49,038
Profit (loss) from continuing operations	840,660	506,977
Profit (loss)	840,660	506,977
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-42,114	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-799	0
Components of other comprehensive income that will not be reclassified to profit or loss	-42,913	0
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-729,962	-1,646,476
Unrealised gains (losses) on valuation of available-for-sale financial assets	0	23,799
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	0	-3,233
Components of other comprehensive income that will be reclassified to profit or loss	-729,962	-1,625,910
Total other comprehensive income	-772,875	-1,625,910
Total comprehensive income	67,785	-1,118,933
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	840,660	506,977
Profit (loss), attributable to non-controlling interests	0	0
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	67,785	-1,118,933
Comprehensive income, attributable to non-controlling interests	0	0
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.66	1.00
Total basic earnings per share	1.66	1.00
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.63	0.99
Total diluted earnings per share	1.63	0.99

## Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2018/01/01 To 2018/03/31	2017/01/01 To 2017/03/31
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	895,660	556,015
Profit (loss) before tax	895,660	556,015
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	132,071	119,067
Amortization expense	268,750	282,525
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	-12,291	-4,498
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-39,562	-2,798
Interest expense	38,822	39,029
Interest income	-181,549	-166,011
Share of loss (profit) of associates and joint ventures accounted for using equity method	6,174	16,411
Loss (gain) on disposal of property, plan and equipment	-126	-152
Other adjustments to reconcile profit (loss)	1,526	0
Total adjustments to reconcile profit (loss)	213,815	283,573
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	33,936	188,862
Decrease (increase) in accounts receivable	530,735	553,746
Decrease (increase) in accounts receivable due from related parties	23,708	-136,815
Decrease (increase) in other receivable	-101,127	-44,804
Adjustments for decrease (increase) in inventories	400,944	-143,029
Decrease (increase) in prepayments	103,276	-24,724
Total changes in operating assets	991,472	393,236
Changes in operating liabilities		
Increase (decrease) in contract liabilities	-37,459	0
Increase (decrease) in notes payable	-1,403	2,460
Increase (decrease) in accounts payable	225,978	-67,015

Increase (decrease) in accounts payable to related parties	-36,406	-59,923
Increase (decrease) in other payable	-720,932	-710,621
Increase (decrease) in other payable to related parties	-11,075	-24,273
Increase (decrease) in provisions	7,133	337
Increase (decrease) in receipts in advance	0	-5,375
Adjustments for increase (decrease) in other current liabilities	207,287	3,134
Increase (decrease) in net defined benefit liability	-627	-1,350
Total changes in operating liabilities	-367,504	-862,626
Total changes in operating assets and liabilities	623,968	-469,390
Total adjustments	837,783	-185,817
Cash inflow (outflow) generated from operations	1,733,443	370,198
Interest received	181,533	245,533
Interest paid	-37,385	-38,731
Income taxes refund (paid)	-15,708	-14,747
Net cash flows from (used in) operating activities	1,861,883	562,253
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortised cost	-3,031,883	0
Acquisition of property, plant and equipment	-98,046	-160,186
Proceeds from disposal of property, plant and equipment	133	170
Increase in refundable deposits	-4,773	0
Decrease in refundable deposits	0	279
Acquisition of intangible assets	-412,651	-739,332
Increase in other non-current assets	0	719,881
Decrease in other non-current assets	-945	0
Net cash flows from (used in) investing activities	-3,548,165	-179,188
Cash flows from (used in) financing activities		
Decrease in short-term loans	-4,134,304	-4,823,752
Increase in guarantee deposits received	480	0
Decrease in guarantee deposits received	0	-244
Net cash flows from (used in) financing activities	-4,133,824	-4,823,996
Effect of exchange rate changes on cash and cash equivalents	-682,942	-1,619,692
Net increase (decrease) in cash and cash equivalents	-6,503,048	-6,060,623
Cash and cash equivalents at beginning of period	9,594,356	37,874,245
Cash and cash equivalents at end of period	3,091,308	31,813,622
Cash and cash equivalents reported in the statement of financial position	3,091,308	31,813,622

## Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

**2018/03/31**  
**Statement of Stockholders' Equity**  
Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	5,065,062	5,065,062	3,558,856	4,127,884	9,698,159	13,826,043	-813,163	0	212,720	-600,443	21,849,518	9,594	21,859,112
Effects of retrospective application and retrospective restatement	0	0	0	0	103,142	103,142	0	435,835	-212,720	223,115	326,257	0	326,257
Equity at beginning of period after adjustments	5,065,062	5,065,062	3,558,856	4,127,884	9,801,301	13,929,185	-813,163	435,835	0	-377,328	22,175,775	9,594	22,185,369
Legal reserve appropriated	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in equity of associates and joint ventures accounted for using equity method	0	0	7,768	0	0	0	0	0	0	0	7,768	0	7,768
Cash dividends from capital surplus	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss)	0	0	0	0	840,660	840,660	0	0	0	0	840,660	0	840,660
Other comprehensive income	0	0	0	0	0	0	-729,962	-42,913	0	-772,875	-772,875	0	-772,875

Total comprehensive income	0	0	0	0	840,660	840,660	-729,962	-42,913	0	-772,875	67,785	0	67,785
Share-based payments	15,893	15,893	163,692	0	0	0	0	0	0	0	179,585	0	179,585
Increase (decrease) in equity	15,893	15,893	171,460	0	840,660	840,660	-729,962	-42,913	0	-772,875	255,138	0	255,138
Equity at end of period	5,080,955	5,080,955	3,730,316	4,127,884	10,641,961	14,769,845	-1,543,125	392,922	0	1,150,203	22,430,913	9,594	22,440,507

**2017/03/31**  
**Statement of Stockholders' Equity**  
Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	5,049,513	5,049,513	3,910,428	3,823,896	8,629,799	12,453,695	1,298,139	0	103,410	1,401,549	22,815,185	9,587	22,824,772
Legal reserve appropriated	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in equity of associates and joint ventures accounted for using equity method	0	0	6,633	0	0	0	0	0	0	0	6,633	0	6,633
Cash dividends from capital surplus	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss)	0	0	0	0	506,977	506,977	0	0	0	0	506,977	0	506,977
Other comprehensive income	0	0	0	0	0	0	-1,646,476	0	20,566	1,625,910	-1,625,910	0	-1,625,910
Total comprehensive income	0	0	0	0	506,977	506,977	-1,646,476	0	20,566	1,625,910	-1,118,933	0	-1,118,933



Increase (decrease) in equity	0	0	6,633	0	506,977	506,977	-1,646,476	0	20,566	-	-1,112,300	0	-1,112,300
Equity at end of period	5,049,513	5,049,513	3,917,061	3,823,896	9,136,776	12,960,672	-348,337	0	123,976	-224,361	21,702,885	9,587	21,712,472

## Financial Statement Independent Auditors' Report

Financial year: Yearly

Unit: NT\$ thousand

Report of Independent Auditors	
Name of CPA Firm	PricewaterhouseCoopers'
Name of CPA 1	Hsueh, Seou-Hung
Name of CPA 2	Li, Tien-Yi
Date of Audit (Review)	2018-04-25
Type of Report	
Review Report	Y
Type of Opinion	
Qualified Opinion or Conclusion	Y
Situations for not Issuing a Standard Unqualified Opinion or Conclusion	
Financial statements of non-major subsidiary or investment accounted for using equity method have not been audited or reviewed	Y
Description of Matter Emphasized	
Description of Other Matter	
	<p>To the Board of Directors and Shareholders of Realtek Semiconductor Corporation Introduction We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the "Group") as at March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews. Scope of Review Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing</p>

## Content of Independent Auditors Report

Standards No. 65 ??Review of Financial Information Performed by the Independent Auditor of the Entity?? in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Basis for Qualified Conclusion As explained in Note 4(3) and 6(7), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments, which statements reflect total assets of NT\$3,343,961 thousand and NT\$2,643,601 thousand, constituting 6.55% and 5.48% of the consolidated total assets, and total liabilities of NT\$202,332 thousand and NT\$635,983 thousand, constituting 0.71% and 2.39% of the consolidated total liabilities as at March 31, 2018 and 2017, and total comprehensive income(loss) of NT\$4,908 thousand and (NT\$9,558) thousand, constituting 7.24% and 0.85% of the consolidated total comprehensive income for the three-month periods then ended. Furthermore, balances of these investments as of March 31, 2018 and 2017 amounted to NT\$281,748 thousand and NT\$309,952 thousand, respectively. Qualified Conclusion Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with ??Regulations Governing the Preparation of Financial Reports by Securities Issuers?? and International Accounting Standard 34, ??Interim Financial Reporting?? as endorsed by the Financial Supervisory Commission.

Ending balance of assets of subsidiaries whose financial statements were audited or reviewed by other independent accountants

0

Total year-to-date revenues of subsidiaries whose financial statements were audited or reviewed by other independent accountants

0

Ending balance of investments accounted for using equity method whose financial statements were audited or reviewed by other independent accountants

0

Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method which audited by other independent accountants	0
Ending balance of assets of subsidiaries whose financial statements were on unaudited or unreviewed	3343961000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	4908000
Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed	281748000
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	0