

Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2013/09/30	2012/12/31	2012/09/30	2012/01/01
Balance Sheet				
Assets				
Current assets				
Cash and cash equivalents				
Total cash and cash equivalents	15,863,835	11,188,839	13,727,918	10,925,608
Current financial assets at fair value through profit or loss				
Total current financial assets at fair value through profit or loss	239,695	123,148	54,351	33,760
Current bond investment without active market				
Current bond investment without active market, net	1,347,866	628,839	623,732	529,140
Accounts receivable, net				
Accounts receivable, net	3,019,568	2,540,846	3,129,779	2,256,219
Accounts receivable due from related parties, net				
Accounts receivable due from related parties, net	734,727	665,715	846,104	838,887
Other receivables				
Other receivables, net	187,486	111,651	125,307	25,544
Other receivables due from related parties				
Other receivables due from related parties, net	9,318	886	7,019	1,008
Inventories				
Total inventories	3,262,612	3,006,971	2,720,937	2,873,632
Prepayments				
Total prepayments	165,373	124,916	136,890	156,395
Other current assets				
Total other current assets	2,296,924	1,057,983	710,966	45,390
Total current assets	27,127,404	19,449,794	22,083,003	17,685,583
Non-current assets				
Non-current available-for-sale financial assets				
Non-current available-for-sale financial assets, net	737,193	746,994	762,421	842,132
Held-to-maturity non-current financial assets				

Non-current held-to-maturity financial assets, net	391,653	378,734	378,292	390,964
Non-current financial assets at cost				
Non-current financial assets at cost, net	1,019,807	1,039,547	1,050,349	1,093,506
Investments accounted for using equity method				
Investments accounted for using equity method, net	336,714	294,921	290,677	312,439
Property, plant and equipment				
Total property, plant and equipment	2,974,291	3,118,856	3,174,553	3,459,788
Investment property, net				
Investment property, net	80,879	81,250	82,237	88,059
Intangible assets				
Total intangible assets	977,078	1,033,464	1,077,489	1,178,081
Deferred tax assets	69,845	171,705	195,850	294,010
Other non-current assets				
Total other non-current assets	40,247	44,968	35,336	49,839
Total non-current assets	6,627,707	6,910,439	7,047,204	7,708,818
Total assets	33,755,111	26,360,233	29,130,207	25,394,401
Liabilities				
Current liabilities				
Short-term borrowings				
Total short-term borrowings	5,399,062	1,147,536	3,430,080	2,698,498
Notes payable				
Total notes payable	5,060	7,459	9,426	6,182
Accounts payable				
Total accounts payable	2,988,714	3,335,816	3,010,780	1,966,682
Accounts payable to related parties				
Total accounts payable to related parties	350,479	254,042	289,660	307,890
Other payables				
Total other payables	5,264,613	3,093,360	4,403,112	2,953,004
Other payables to related parties	29,962	35,401	34,291	35,187
Current tax liabilities	93,294	72,381	56,602	32,068
Other current liabilities				
Total other current liabilities	39,029	49,187	15,446	28,989
Total current liabilities	14,170,213	7,995,182	11,249,397	8,028,500

Non-current liabilities				
Non-current provisions				
Total non-current provisions	768,206	483,765	403,765	296,675
Other non-current liabilities				
Total other non-current liabilities	158,014	185,130	198,682	222,563
Total non-current liabilities	926,220	668,895	602,447	519,238
Total liabilities	15,096,433	8,664,077	11,851,844	8,547,738
Equity				
Equity attributable to owners of parent				
Share capital				
Ordinary share	5,049,513	4,987,795	4,987,795	4,921,313
Total capital stock	5,049,513	4,987,795	4,987,795	4,921,313
Capital surplus				
Capital surplus, additional paid-in capital				
Total capital surplus, additional paid-in capital	4,408,868	5,436,603	5,436,603	5,513,630
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	0	0	0	0
Total capital surplus	4,408,868	5,436,603	5,436,603	5,513,630
Retained earnings				
Legal reserve	2,888,304	2,662,950	2,662,950	2,503,697
Special reserve	533,055	173,073	173,073	141,433
Unappropriated retained earnings (accumulated deficit)				
Total unappropriated retained earnings (accumulated deficit)	6,061,428	4,958,790	4,479,421	3,939,663
Total retained earnings	9,482,787	7,794,813	7,315,444	6,584,793
Other equity interest				
Exchange differences on translation of foreign financial statements				
Total exchange differences on translation of foreign financial statements	-295,443	-511,016	-458,257	-217,487
Unrealized gains (losses) on available-for-sale financial assets				
Total unrealized gains (losses) on available-for-sale financial assets	2,979	-22,039	-3,222	44,414
Total other equity interest	-292,464	-533,055	-461,479	-173,073
Total equity attributable to owners of parent	18,648,704	17,686,156	17,278,363	16,846,663
Non-controlling interests	9,974	10,000	0	0

Total equity	18,658,678	17,696,156	17,278,363	16,846,663
Equivalent issue shares of advance receipts for ordinary share	0	0	0	0
Number of shares in entity held by entity and by its subsidiaries	0	0	0	0

Financial Statement Income Statement

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2013/3rd	2012/3rd	2013/01/01 To 2013/09/30	2012/01/01 To 2012/09/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	7,176,916	6,500,198	20,876,766	18,436,115
Operating costs				
Total operating costs	4,142,512	3,741,353	11,835,492	10,805,837
Gross profit (loss) from operations	3,034,404	2,758,845	9,041,274	7,630,278
Gross profit (loss) from operations	3,034,404	2,758,845	9,041,274	7,630,278
Operating expenses				
Selling expenses				
Total selling expenses	392,341	466,361	1,199,555	1,156,769
Administrative expenses				
Total administrative expenses	301,874	331,222	1,012,612	966,936
Research and development expenses				
Total research and development expenses	1,632,896	1,415,579	4,788,384	3,754,416
Total operating expenses	2,327,111	2,213,162	7,000,551	5,878,121
Net other income (expenses)				
Net other income (expenses)	1,241	1,813	4,937	5,482
Net operating income (loss)	708,534	547,496	2,045,660	1,757,639
Non-operating income and expenses				
Other income				
Total other income	147,139	106,586	341,371	266,178
Other gains and losses				
Other gains and losses, net	-7,286	32,482	92,165	-92,334
Finance costs				

Finance costs, net	12,048	12,097	26,555	28,849
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	21,951	5,130	72,893	17,847
Total non-operating income and expenses	149,756	132,101	479,874	162,842
Profit (loss) from continuing operations before tax	858,290	679,597	2,525,534	1,920,481
Tax expense (income)				
Total tax expense (income)	31,084	55,509	189,173	156,354
Profit (loss) from continuing operations	827,206	624,088	2,336,361	1,764,127
Profit (loss)	827,206	624,088	2,336,361	1,764,127
Other comprehensive income				
Exchange differences on translation	-187,382	-138,766	215,532	-240,763
Unrealised gains (losses) on valuation of available-for-sale financial assets	-49,029	-6,992	24,863	-46,775
Share of other comprehensive income of associates and joint ventures accounted for using equity method				
Total share of other comprehensive income of associates and joint ventures accounted for using equity method	-220	-456	196	-868
Other comprehensive income, net	-236,631	-146,214	240,591	-288,406
Total comprehensive income	590,575	477,874	2,576,952	1,475,721
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	827,207	624,088	2,336,387	1,764,127
Profit (loss), attributable to non-controlling interests	-1	0	-26	0
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	590,576	477,874	2,576,978	1,475,721
Comprehensive income, attributable to non-controlling interests	-1	0	-26	0
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	1.64	1.24	4.63	3.51
Total basic earnings per share	1.64	1.24	4.63	3.51
Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.63	1.23	4.51	3.42
Total diluted earnings per share	1.63	1.23	4.51	3.42

Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2013/01/01 To 2013/09/30	2012/01/01 To 2012/09/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	2,525,534	1,920,481
Profit (loss) before tax	2,525,534	1,920,481
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	453,396	551,258
Amortization expense	400,818	275,736
Provision (reversal of provision) for bad debt expense	8,681	9,054
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4,559	-1,649
Interest expense	26,501	28,849
Interest income	-296,181	-222,532
Dividend income	-22,686	-20,429
Share of loss (profit) of associates and joint ventures accounted for using equity method	-72,893	-17,847
Loss (gain) on disposal of property, plan and equipment	937	312
Loss (gain) on disposal of investments	-34,745	45,356
Impairment loss on financial assets	35,000	0
Total adjustments to reconcile profit (loss)	503,387	648,108
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	-119,405	20,299
Decrease (increase) in accounts receivable	-487,403	-924,778
Decrease (increase) in accounts receivable due from related parties	-69,012	-7,217
Decrease (increase) in other receivable	-75,835	-99,763
Decrease (increase) in other receivable due from related parties	-8,432	-6,011
Decrease (increase) in inventories	-255,641	152,695
Decrease (increase) in prepayments	-40,457	19,505
Total changes in operating assets	-1,056,185	-845,270
Changes in operating liabilities		
Increase (decrease) in notes payable	-2,399	3,244

Increase (decrease) in accounts payable	-347,102	1,044,098
Increase (decrease) in accounts payable to related parties	96,437	-18,230
Increase (decrease) in other payable	602,956	449,232
Increase (decrease) in other payable to related parties	-5,439	896
Increase (decrease) in other current liabilities	-10,158	-13,543
Increase (decrease) in accrued pension liabilities	-31,801	-23,466
Increase (decrease) in other operating liabilities	284,441	107,090
Total changes in operating liabilities	586,935	1,549,321
Total changes in operating assets and liabilities	-469,250	704,051
Total adjustments	34,137	1,352,159
Cash inflow (outflow) generated from operations	2,559,671	3,272,640
Interest received	296,181	222,532
Dividends received	34,823	28,225
Interest paid	-26,378	-28,849
Income taxes refund (paid)	-91,788	-34,199
Net cash flows from (used in) operating activities	2,772,509	3,460,349
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	67,400	75,612
Acquisition of bond investments without active market	-1,162,795	-110,872
Proceeds from disposal of bond investments without active market	466,956	0
Proceeds from capital reduction of financial assets at cost	9,865	5,907
Proceeds from disposal of investments accounted for using equity method	0	8,724
Proceeds from capital reduction of investments accounted for using equity method	22,950	27,000
Acquisition of property, plant and equipment	-281,311	-231,456
Proceeds from disposal of property, plant and equipment	3,025	0
Increase in refundable deposits	220	-1,435
Acquisition of intangible assets	-395,783	-259,976
Increase in other non-current assets	-1,238,941	-665,576
Decrease in other non-current assets	4,501	15,938
Net cash flows from (used in) investing activities	-2,503,913	-1,136,134
Cash flows from (used in) financing activities		
Increase in short-term loans	4,251,526	827,313
Increase in guarantee deposits received	4,685	-415

Net cash flows from (used in) financing activities	4,256,211	826,898
Effect of exchange rate changes on cash and cash equivalents	150,189	-348,803
Net increase (decrease) in cash and cash equivalents	4,674,996	2,802,310
Cash and cash equivalents at beginning of period	11,188,839	10,925,608
Cash and cash equivalents at end of period	15,863,835	13,727,918
Cash and cash equivalents reported in the statement of financial position	15,863,835	13,727,918

Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

2013/09/30 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	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	4,987,795	4,987,795	5,436,603	2,662,950	173,073	4,958,790	7,794,813	-511,016	-22,039	533,055	17,686,156	10,000	17,696,156
Legal reserve appropriated	0	0	0	225,354	0	-225,354	0	0	0	0	0	0	0
Special reserve appropriated	0	0	0	0	359,982	-359,982	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-598,535	-598,535	0	0	0	-598,535	0	-598,535
Stock dividends of ordinary share	61,718	61,718	65,881	0	0	-49,878	-49,878	0	0	0	77,721	0	77,721
Cash dividends from capital surplus	0	0	1,097,315	0	0	0	0	0	0	0	-1,097,315	0	-1,097,315
Profit (loss)	0	0	0	0	0	2,336,387	2,336,387	0	0	0	2,336,387	-26	2,336,361
Other comprehensive income	0	0	0	0	0	0	0	215,573	25,018	240,591	240,591	0	240,591
Total													

comprehensive income	0	0	0	0	0	2,336,387	2,336,387	215,573	25,018	240,591	2,576,978	-26	2,576,952
Changes in non-controlling interests	0	0	3,699	0	0	0	0	0	0	0	3,699	0	3,699
Total increase (decrease) in equity	61,718	61,718	1,027,735	225,354	359,982	1,102,638	1,687,974	215,573	25,018	240,591	962,548	-26	962,522
Equity at end of period	5,049,513	5,049,513	4,408,868	2,888,304	533,055	6,061,428	9,482,787	-295,443	2,979	292,464	18,648,704	9,974	18,658,678

2012/09/30
Statement of Stockholders' Equity
Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	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	4,921,313	4,921,313	5,513,630	2,503,697	141,433	3,939,663	6,584,793	-217,487	44,414	173,073	16,846,663	0	16,846,663
Legal reserve appropriated	0	0	0	159,253	0	-159,253	0	0	0	0	0	0	0
Special reserve appropriated	0	0	0	0	31,640	-31,640	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-984,263	-984,263	0	0	0	-984,263	0	-984,263
Stock dividends of ordinary share	66,482	66,482	70,612	0	0	-49,213	-49,213	0	0	0	87,881	0	87,881
Cash dividends from capital surplus	0	0	-147,639	0	0	0	0	0	0	0	-147,639	0	-147,639
Profit (loss)	0	0	0	0	0	1,764,127	1,764,127	0	0	0	1,764,127	0	1,764,127
Other comprehensive income	0	0	0	0	0	0	0	-240,770	-47,636	288,406	-288,406	0	-288,406
Total comprehensive income	0	0	0	0	0	1,764,127	1,764,127	-240,770	-47,636	288,406	1,475,721	0	1,475,721

Total increase (decrease) in equity	66,482	66,482	-77,027	159,253	31,640	539,758	730,651	-240,770	-47,636	288,406	431,700	0	431,700
Equity at end of period	4,987,795	4,987,795	5,436,603	2,662,950	173,073	4,479,421	7,315,444	-458,257	-3,222	461,479	17,278,363	0	17,278,363

Financial Statement Independent Auditors' Report

Financial year: Yearly

Unit: NT\$ thousand

Report of Independent Auditors	
Name of CPA Firm	Price waterhouseCoopers'
Name of CPA 1	Li Tien-Yi
Name of CPA 2	Tsang Kwok-Wah
Date of Audit (Review)	2013-11-12
Type of Report	
Review Report	Y
Type of Opinion	
Modified Unqualified Opinion	Y
Situations for not Issuing a Standard Unqualified Opinion	
Opinion Based on the Report of Another Auditor - Shared Responsibility	Y
Description of Matter Emphasized	
Description of Other Matter	
	<p>We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the Company) as of September 30, 2013 and December 31, September 30, and January 1, 2012 and the related consolidated statements of comprehensive income for three-month period ended September 30, 2013 and 2012, for nine-month period ended September 30, 2013 and 2012, of changes in stockholder's equity and cash flows for the nine-month period then ended September 30, 2013 and 2012. These financial consolidated statements are the responsibility of the Company's management. Our responsibility is to issue a review report on these financial statements based on our reviews. Except for the facts stated in the third paragraph, we conducted our reviews in accordance with the guidelines of ROC Statement on Auditing Standards No.36 (ROC SAS No. 36), "Reviewing Financial Statements". Those</p>

Content of Independent Auditors Report

guidelines require that we plan and perform the review, which consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. As stated in note 4(3) to the financial statements, the financial statements and the disclosure in note 13 of certain subsidiaries and investees were not reviewed by independent auditors. The total assets (including long-term investments accounted for under the equity method) of these subsidiaries amounted to NT\$3,160,433 thousand and NT\$2,523,364 thousand, or 9.36% and 8.66% of the total consolidated assets as of September 30, 2013 and 2012, respectively, and the total liabilities of these subsidiaries amounted to NT\$468,529 thousand and NT\$184,692 thousand, or 3.10% and 1.56% of the total consolidated liabilities as of September 30, 2013 and 2012, respectively. The comprehensive income (including investment income accounted for under the equity method and comprehensive income) of these subsidiaries were NT\$32,578 thousand and NT\$34,630 thousand, or 5.52% and 7.24% of the total consolidated comprehensive income for three-month period ended September 30, 2013 and 2012, were NT\$178,915 thousand and NT\$38,231 thousand, or 6.94% and 2.59% of the total consolidated comprehensive income for nine-month period ended September, 2013 and 2012. Based on our reviews, we are not aware of any modifications that should be made, in any material respects, to the financial statements referred to in the first paragraph in order for them to be in conformity with the?? Rules Governing the Preparation of Financial Statements of Securities Issuers?? and ??IAS 34 Interim Financial Report?? and ??IFRS1 First-time Adoption of International Financial Reporting Standards??, except for the effect of such adjustments, if any, as might have been determined to be necessary had the subsidiaries and investee companies?? financial statements as stated in the third paragraph been reviewed.