

## Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2014/12/31	2013/12/31
<b>Balance Sheet</b>		
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	21,608,816	16,515,621
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	708,358	144,773
Current bond investment without active market		
Current bond investment without active market, net	739,166	1,281,373
Accounts receivable, net		
Accounts receivable, net	2,682,182	3,124,085
Accounts receivable due from related parties, net		
Accounts receivable due from related parties, net	984,894	932,354
Other receivables		
Other receivables, net	269,816	164,938
Inventories		
Total inventories	3,882,455	2,790,862
Prepayments		
Total prepayments	78,053	120,241
Other current assets		
Total other current assets	2,443,411	2,147,472
Total current assets	33,397,151	27,221,719
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets, net	1,097,794	747,116
Held-to-maturity non-current financial assets		
Non-current held-to-maturity financial assets, net	409,205	399,796
Non-current financial assets at cost		
Non-current financial assets at cost, net	853,943	978,442

Investments accounted for using equity method		
Investments accounted for using equity method, net	159,803	322,834
Property, plant and equipment		
Total property, plant and equipment	3,368,689	3,035,281
Investment property, net		
Investment property, net	80,828	82,146
Intangible assets		
Total intangible assets	1,470,394	1,257,062
Deferred tax assets	150,085	31,632
Other non-current assets		
Total other non-current assets	86,686	53,154
Total non-current assets	7,677,427	6,907,463
Total assets	41,074,578	34,129,182
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	7,457,525	6,288,505
Notes payable		
Total notes payable	4,654	4,282
Accounts payable		
Total accounts payable	4,568,045	2,903,789
Accounts payable to related parties		
Total accounts payable to related parties	320,415	345,399
Other payables		
Total other payables	4,983,596	3,903,730
Other payables to related parties	41,657	36,306
Current tax liabilities	380,926	82,742
Other current liabilities		
Total other current liabilities	44,217	29,927
Total current liabilities	17,801,035	13,594,680
Non-current liabilities		
Non-current provisions		
Total non-current provisions	1,021,342	856,557
Deferred tax liabilities		

Total deferred tax liabilities	27,450	5,770
Other non-current liabilities		
Total other non-current liabilities	118,595	148,416
Total non-current liabilities	1,167,387	1,010,743
Total liabilities	18,968,422	14,605,423
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	5,049,513	5,049,513
Total capital stock	5,049,513	5,049,513
Capital surplus		
Capital surplus, additional paid-in capital		
Total capital surplus, additional paid-in capital	4,405,169	4,406,855
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	0	0
Total capital surplus	4,405,169	4,406,855
Retained earnings		
Legal reserve	3,191,846	2,888,304
Special reserve	124,338	533,055
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	8,233,387	6,760,468
Total retained earnings	11,549,571	10,181,827
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	1,025,339	-137,358
Unrealized gains (losses) on available-for-sale financial assets		
Total unrealized gains (losses) on available-for-sale financial assets	66,813	13,020
Total other equity interest	1,092,152	-124,338
Total equity attributable to owners of parent	22,096,405	19,513,857
Non-controlling interests	9,751	9,902
Total equity	22,106,156	19,523,759
Number of share capital awaiting retirement	0	0
Equivalent issue shares of advance receipts for ordinary share	0	0
Number of shares in entity held by entity and by its subsidiaries	0	0

## Financial Statement Income Statement

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2014/4th	2013/4th
<b>Statement of comprehensive income</b>		
Operating revenue		
Total operating revenue	31,263,298	28,180,010
Operating costs		
Total operating costs	17,611,437	16,008,088
Gross profit (loss) from operations	13,651,861	12,171,922
Gross profit (loss) from operations	13,651,861	12,171,922
Operating expenses		
Selling expenses		
Total selling expenses	1,805,815	1,641,999
Administrative expenses		
Total administrative expenses	1,177,460	1,365,495
Research and development expenses		
Total research and development expenses	7,857,955	6,659,885
Total operating expenses	10,841,230	9,667,379
Net other income (expenses)		
Net other income (expenses)	6,834	6,526
Net operating income (loss)	2,817,465	2,511,069
Non-operating income and expenses		
Other income		
Total other income	725,212	489,498
Other gains and losses		
Other gains and losses, net	836,860	208,295
Finance costs		
Finance costs, net	88,111	41,447
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	-5,284	90,117
Total non-operating income and expenses	1,468,677	746,463
Profit (loss) from continuing operations before tax	4,286,142	3,257,532

Tax expense (income)		
Total tax expense (income)	393,791	222,203
Profit (loss) from continuing operations	3,892,351	3,035,329
Profit (loss)	3,892,351	3,035,329
Other comprehensive income		
Exchange differences on translation	1,162,734	373,687
Unrealised gains (losses) on valuation of available-for-sale financial assets	52,315	33,879
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	1,441	1,151
Other comprehensive income, net	1,216,490	408,717
Total comprehensive income	5,108,841	3,444,046
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	3,892,502	3,035,427
Profit (loss), attributable to non-controlling interests	-151	-98
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	5,108,992	3,444,144
Comprehensive income, attributable to non-controlling interests	-151	-98
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	7.71	6.02
Total basic earnings per share	7.71	6.02
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	7.46	5.88
Total diluted earnings per share	7.46	5.88

## Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2014/4th	2013/4th
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	4,286,142	3,257,532
Profit (loss) before tax	4,286,142	3,257,532
Adjustments		

Adjustments to reconcile profit (loss)		
Depreciation expense	571,734	596,008
Amortization expense	563,952	548,265
Provision (reversal of provision) for bad debt expense	-11,727	10,990
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-30,668	-7,342
Interest expense	88,111	41,447
Interest income	-563,576	-403,269
Dividend income	-27,230	-22,686
Share of loss (profit) of associates and joint ventures accounted for using equity method	5,284	-90,117
Loss (gain) on disposal of property, plan and equipment	-391	-3,736
Loss (gain) on disposal of investments	-1,095,958	-93,665
Impairment loss on financial assets	135,246	85,000
Total adjustments to reconcile profit (loss)	-365,223	660,895
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	-502,077	-10,234
Decrease (increase) in accounts receivable	451,970	-591,912
Decrease (increase) in accounts receivable due from related parties	-50,880	-268,956
Decrease (increase) in other receivable	-7,105	-53,287
Decrease (increase) in other receivable due from related parties	0	886
Decrease (increase) in inventories	-1,091,593	216,109
Decrease (increase) in prepayments	42,188	4,675
Decrease (increase) in other current assets	0	0
Total changes in operating assets	-1,157,497	-702,719
Changes in operating liabilities		
Increase (decrease) in notes payable	372	-3,177
Increase (decrease) in accounts payable	1,664,256	-432,027
Increase (decrease) in accounts payable to related parties	-24,984	91,357
Increase (decrease) in other payable	1,131,230	740,213
Increase (decrease) in other payable to related parties	-5,351	-905
Increase (decrease) in other current liabilities	14,290	-19,260
Increase (decrease) in accrued pension liabilities	-40,447	-36,682
Increase (decrease) in other operating liabilities	164,785	372,792
Total changes in operating liabilities	2,904,151	712,311

Total changes in operating assets and liabilities	1,746,654	9,592
Total adjustments	1,381,431	670,487
Cash inflow (outflow) generated from operations	5,667,573	3,928,019
Interest received	465,803	403,269
Dividends received	38,699	34,823
Interest paid	-89,207	-41,447
Income taxes refund (paid)	-192,379	-66,128
Net cash flows from (used in) operating activities	5,890,489	4,258,536
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	232,782	67,400
Acquisition of bond investments without active market	-1,506,554	-1,264,647
Proceeds from disposal of bond investments without active market	2,128,644	602,278
Acquisition of held-to-maturity financial assets	-404,726	0
Proceeds from disposal of held-to-maturity financial assets	418,486	0
Proceeds from disposal of financial assets at cost	10,449	0
Proceeds from capital reduction of financial assets at cost	0	9,865
Acquisition of investments accounted for using equity method	-100,000	0
Proceeds from disposal of investments accounted for using equity method	827,890	88,983
Proceeds from capital reduction of investments accounted for using equity method	13,005	22,950
Acquisition of property, plant and equipment	-824,898	-421,914
Proceeds from disposal of property, plant and equipment	730	5,945
Increase in refundable deposits	-33,218	-9,254
Acquisition of intangible assets	-855,440	-686,082
Decrease in other financial assets	0	0
Increase in other non-current assets	-296,292	-1,111,207
Net cash flows from (used in) investing activities	-389,142	-2,695,683
Cash flows from (used in) financing activities		
Increase in short-term loans	1,228,125	5,104,703
Increase in guarantee deposits received	10,626	96
Cash dividends paid	-2,524,758	-1,695,850
Net cash flows from (used in) financing activities	-1,286,007	3,408,949
Effect of exchange rate changes on cash and cash equivalents	877,855	354,980
Net increase (decrease) in cash and cash equivalents	5,093,195	5,326,782
Cash and cash equivalents at beginning of period	16,515,621	11,188,839

Cash and cash equivalents at end of period	21,608,816	16,515,621
Cash and cash equivalents reported in the statement of financial position	21,608,816	16,515,621

## Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

**2014/12/31**  
**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	5,049,513	5,049,513	4,406,855	2,888,304	533,055	6,760,468	10,181,827	-137,358	13,020	-124,338	19,513,857	9,902	19,523,759
Legal reserve appropriated	0	0	0	303,542	0	-303,542	0	0	0	0	0	0	0
Special reserve appropriated	0	0	0	0	-408,717	408,717	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-2,524,758	-2,524,758	0	0	0	-2,524,758	0	-2,524,758
Stock dividends of ordinary share	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash dividends from capital surplus	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss)	0	0	0	0	0	3,892,502	3,892,502	0	0	0	3,892,502	-151	3,892,351
Other comprehensive income	0	0	-1,686	0	0	0	0	1,162,697	53,793	1,216,490	1,214,804	0	1,214,804
Total comprehensive income	0	0	-1,686	0	0	3,892,502	3,892,502	1,162,697	53,793	1,216,490	5,107,306	-151	5,107,155
Total increase (decrease) in equity	0	0	-1,686	303,542	-408,717	1,472,919	1,367,744	1,162,697	53,793	1,216,490	2,582,548	-151	2,582,397
Equity at end													



of period	5,049,513	5,049,513	4,405,169	3,191,846	124,338	8,233,387	11,549,571	1,025,339	66,813	1,092,152	22,096,405	9,751	22,106,156
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**2013/12/31**  
**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
Changes in equity of associates and joint ventures accounted for using equity method	0	0	1,686	0	0	0	0	0	0	0	1,686	0	1,686
Cash dividends from capital surplus	0	0	1,097,315	0	0	0	0	0	0	0	-1,097,315	0	-1,097,315
Other comprehensive income	0	0	0	0	0	0	0	373,658	35,059	408,717	408,717	0	408,717
Total comprehensive income	0	0	0	0	0	0	0	373,658	35,059	408,717	408,717	0	408,717
Changes in non-controlling interests	0	0	0	0	0	3,035,427	3,035,427	0	0	0	3,035,427	-98	3,035,329
Total increase													

(decrease) in equity	61,718	61,718	1,029,748 <sup>-</sup>	225,354	359,982	1,801,678	2,387,014	373,658	35,059	408,717	1,827,701	-98	1,827,603
Equity at end of period	5,049,513	5,049,513	4,406,855	2,888,304	533,055	6,760,468	10,181,827	-137,358	13,020	124,338 <sup>-</sup>	19,513,857	9,902	19,523,759

## 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)	2015-03-16
Type of Report	
Audit 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 audited the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and its subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries and investees accounted for using equity method. Therefore, the information disclosed in Note 13 related to these investee companies is based solely on the reports of the other auditors. These subsidiaries held assets of NT\$657,921 thousand and NT\$866,903 thousand, 1.6% and 2.54% of the total consolidated assets as of December 31, 2014 and 2013 respectively, and generated net operating revenue of both \$0 thousand for the years ended December 31, 2014 and</p>

## Content of Independent Auditors Report

2013, respectively. The balance of these investments accounted for using equity method amounted to NT\$159,803 thousand and NT\$322,834 thousand as of December 31, 2014 and 2013, respectively, and the related investment income were NT\$(5,284) thousand and NT\$90,117 thousand for the years then ended respectively. Those statements were audited by other independent accountants whose reports thereon were furnished to us and our opinion expressed herein is based solely on the reports of the other independent accounts. We conducted our audits in accordance with the ??Regulations Governing the Auditing and attestation of Financial Statements by Certified Public Accountants?? and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, based on our audits and the report of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Realtek Semiconductor Corporation and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years ended December 31, 2014 and 2013 in conformity with the ?? Rules Governing the Preparations of Financial Statements by Securities Issuers?? and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. We have also audited the parent company only financial statements of Realtek Semiconductor Corp. as of the years ended December 31, 2014 and 2013. In our report dated March 16, 2015, we expressed an modified unqualified opinion on these financial statements PricewaterhouseCoopers, Taiwan March 16, 2015

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

657921000

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

159803000

accountants	
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method which audited by other independent accountants	-5284000
Ending balance of assets of subsidiaries whose financial statements were on unaudited or unreviewed	0
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	0
Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed	0
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