

Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2016/03/31	2015/12/31	2015/03/31
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	28,865,764	27,545,845	25,544,721
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	307,280	992,292	774,022
Current bond investment without active market			
Total Current investments in debt instrument without active market	0	0	706,973
Accounts receivable, net			
Accounts receivable, net	2,381,115	2,699,016	2,282,022
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	742,769	1,132,558	787,492
Other receivables			
Other receivables, net	292,048	325,533	385,042
Inventories			
Total inventories	3,345,152	3,248,294	4,280,571
Prepayments			
Total prepayments	127,373	193,446	93,958
Other current assets			
Total other current assets	855,717	1,419,703	2,945,568
Total current assets	36,917,218	37,556,687	37,800,369
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	663,793	676,006	1,112,012
Held-to-maturity non-current financial assets			
Non-current held-to-maturity financial assets, net	1,559,642	1,426,484	405,450
Non-current financial assets at cost			
Non-current financial assets at cost, net	500,793	512,025	845,868

Investments accounted for using equity method			
Investments accounted for using equity method, net	341,429	319,319	152,835
Property, plant and equipment			
Total property, plant and equipment	3,292,877	3,380,051	3,264,965
Investment property, net			
Investment property, net	73,371	75,983	78,953
Intangible assets			
Total intangible assets	3,236,896	2,819,814	1,578,832
Deferred tax assets	144,390	97,488	119,612
Other non-current assets			
Total other non-current assets	42,686	83,591	96,831
Total non-current assets	9,855,877	9,390,761	7,655,358
Total assets	46,773,095	46,947,448	45,455,727
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	13,402,690	13,501,240	12,818,217
Notes payable			
Total notes payable	8,257	4,798	5,256
Accounts payable			
Total accounts payable	4,192,385	3,851,196	3,717,194
Accounts payable to related parties			
Total accounts payable to related parties	239,607	234,312	256,820
Other payables			
Total other payables	4,818,084	5,425,187	4,380,239
Other payables to related parties	39,569	54,121	31,954
Current tax liabilities	324,742	245,005	425,566
Other current liabilities			
Total other current liabilities	428,434	432,782	69,797
Total current liabilities	23,453,768	23,748,641	21,705,043
Non-current liabilities			
Non-current provisions			
Total non-current provisions	813,542	836,889	1,042,535

Deferred tax liabilities			
Total deferred tax liabilities	15,076	7,810	3,582
Other non-current liabilities			
Total other non-current liabilities	48,465	64,227	99,870
Total non-current liabilities	877,083	908,926	1,145,987
Total liabilities	24,330,851	24,657,567	22,851,030
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	5,049,513	5,049,513	5,049,513
Total capital stock	5,049,513	5,049,513	5,049,513
Capital surplus			
Capital surplus, additional paid-in capital			
Total capital surplus, additional paid-in capital	4,405,169	4,405,169	4,405,169
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	0	0	0
Total capital surplus	4,405,169	4,405,169	4,405,169
Retained earnings			
Legal reserve	3,581,096	3,581,096	3,191,846
Special reserve	0	0	124,338
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	7,938,486	7,366,766	8,974,582
Total retained earnings	11,519,582	10,947,862	12,290,766
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	1,317,144	1,726,645	767,330
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	141,227	151,067	82,253
Total other equity interest	1,458,371	1,877,712	849,583
Total equity attributable to owners of parent	22,432,635	22,280,256	22,595,031
Non-controlling interests	9,609	9,625	9,666
Total equity	22,442,244	22,289,881	22,604,697
Total liabilities and equity	46,773,095	46,947,448	45,455,727

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	2016/01/01 To 2016/03/31	2015/01/01 To 2015/03/31
Statement of comprehensive income		
Operating revenue		
Total operating revenue	8,987,184	7,446,052
Operating costs		
Total operating costs	5,036,626	4,158,585
Gross profit (loss) from operations	3,950,558	3,287,467
Gross profit (loss) from operations	3,950,558	3,287,467
Operating expenses		
Selling expenses		
Total selling expenses	431,151	385,944
Administrative expenses		
Total administrative expenses	217,454	280,774
Research and development expenses		
Total research and development expenses	2,479,318	1,988,304
Total operating expenses	3,127,923	2,655,022
Net other income (expenses)		
Net other income (expenses)	1,833	1,753
Net operating income (loss)	824,468	634,198
Non-operating income and expenses		
Other income		
Total other income	172,423	207,203
Other gains and losses		
Other gains and losses, net	-318,869	307
Finance costs		

Finance costs, net	30,492	28,738
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	-6,500	-7,162
Total non-operating income and expenses	-183,438	171,610
Profit (loss) from continuing operations before tax	641,030	805,808
Tax expense (income)		
Total tax expense (income)	50,138	64,698
Profit (loss) from continuing operations	590,892	741,110
Profit (loss)	590,892	741,110
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-409,501	-258,009
Unrealised gains (losses) on valuation of available-for-sale financial assets	-9,675	15,246
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		
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	-165	194
Components of other comprehensive income that will be reclassified to profit or loss	-419,341	-242,569
Other comprehensive income, net	-419,341	-242,569
Total comprehensive income	171,551	498,541
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	590,908	741,195
Profit (loss), attributable to non-controlling interests	-16	-85
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	171,567	498,626
Comprehensive income, attributable to non-controlling interests	-16	-85
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.17	1.47
Total basic earnings per share	1.17	1.47
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.15	1.43
Total diluted earnings per share	1.15	1.43

Financial Statement Statements of Cash Flows

Financial year: Yearly
Unit: NT\$ thousand

Accounting Title	2016/01/01 To 2016/03/31	2015/01/01 To 2015/03/31
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	641,030	805,808
Profit (loss) before tax	641,030	805,808
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	123,928	135,683
Amortization expense	305,806	189,309
Provision (reversal of provision) for bad debt expense	-1,926	-4,905
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-2,818	-6,308
Interest expense	30,492	28,738
Interest income	-158,228	-180,899
Share of loss (profit) of associates and joint ventures accounted for using equity method	6,500	7,162
Loss (gain) on disposal of property, plan and equipment	416	-1,960
Total adjustments to reconcile profit (loss)	304,170	166,820
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	674,576	-66,886
Decrease (increase) in accounts receivable	317,388	405,065
Decrease (increase) in accounts receivable due from related parties	392,228	197,402
Decrease (increase) in other receivable	-19,988	-47,361
Decrease (increase) in inventories	-96,858	-398,116
Decrease (increase) in prepayments	66,073	-15,905
Total changes in operating assets	1,333,419	74,199
Changes in operating liabilities		
Increase (decrease) in notes payable	3,459	602
Increase (decrease) in accounts payable	341,189	-850,851
Increase (decrease) in accounts payable to related parties	5,295	-63,595
Increase (decrease) in other payable	-561,778	-408,963

Increase (decrease) in other payable to related parties	-5,987	-9,703
Increase (decrease) in provisions	-23,347	21,193
Increase (decrease) in receipts in advance	4,881	24,353
Increase (decrease) in other current liabilities	-4,347	25,580
Increase (decrease) in net defined benefit liability	-14,214	-11,283
Total changes in operating liabilities	-254,849	-1,272,667
Total changes in operating assets and liabilities	1,078,570	-1,198,468
Total adjustments	1,382,740	-1,031,648
Cash inflow (outflow) generated from operations	2,023,770	-225,840
Interest received	211,701	113,034
Interest paid	-34,001	-23,725
Income taxes refund (paid)	-9,642	0
Net cash flows from (used in) operating activities	2,191,828	-136,531
Cash flows from (used in) investing activities		
Proceeds from disposal of investments in debt instrument without active market	0	25,325
Acquisition of investments accounted for using equity method	-50,000	0
Acquisition of property, plant and equipment	-112,745	-108,027
Proceeds from disposal of property, plant and equipment	0	2,000
Increase in refundable deposits	5,057	-403
Acquisition of intangible assets	-738,929	-449,766
Increase in other non-current assets	599,834	-511,899
Net cash flows from (used in) investing activities	-296,783	-1,042,770
Cash flows from (used in) financing activities		
Increase in short-term loans	-82,635	5,332,691
Decrease in guarantee deposits received	-1,548	-7,442
Net cash flows from (used in) financing activities	-84,183	5,325,249
Effect of exchange rate changes on cash and cash equivalents	-490,943	-210,043
Net increase (decrease) in cash and cash equivalents	1,319,919	3,935,905
Cash and cash equivalents at beginning of period	27,545,845	21,608,816
Cash and cash equivalents at end of period	28,865,764	25,544,721
Cash and cash equivalents reported in the statement of financial position	28,865,764	25,544,721

Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

2016/03/31
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	4,405,169	3,581,096	0	7,366,766	10,947,862	1,726,645	151,067	1,877,712	22,280,256	9,625	22,289,881
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
Reversal of special reserve	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	0	0	0	-19,188	-19,188	0	0	0	-19,188	0	-19,188
Profit (loss)	0	0	0	0	0	590,908	590,908	0	0	0	590,908	-16	590,892
Other comprehensive income	0	0	0	0	0	0	0	-409,501	-9,840	-419,341	-419,341	0	-419,341
Total comprehensive income	0	0	0	0	0	590,908	590,908	-409,501	-9,840	-419,341	171,567	-16	171,551
Total increase (decrease) in equity	0	0	0	0	0	571,720	571,720	-409,501	-9,840	-419,341	152,379	-16	152,363
Equity at end of period	5,049,513	5,049,513	4,405,169	3,581,096	0	7,938,486	11,519,582	1,317,144	141,227	1,458,371	22,432,635	9,609	22,442,244

2015/03/31
Statement of Stockholders' Equity
Unit: NT\$ thousand

						Unappropriated		Exchange differences	Unrealized gains	Total	Total		

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	retained earnings (accumulated deficit)	Total retained earnings	on translation of foreign financial statements	(losses) on available-for-sale financial assets	other equity interest	equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning 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
Profit (loss)	0	0	0	0	0	741,195	741,195	0	0	0	741,195	-85	741,110
Other comprehensive income	0	0	0	0	0	0	0	-258,009	15,440	-242,569	-242,569	0	-242,569
Total comprehensive income	0	0	0	0	0	741,195	741,195	-258,009	15,440	-242,569	498,626	-85	498,541
Total increase (decrease) in equity	0	0	0	0	0	741,195	741,195	-258,009	15,440	-242,569	498,626	-85	498,541
Equity at end of period	5,049,513	5,049,513	4,405,169	3,191,846	124,338	8,974,582	12,290,766	767,330	82,253	849,583	22,595,031	9,666	22,604,697

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)	2016-04-25
Type of Report	
Review Report	Y
Type of Opinion	
Qualified Opinion	Y
Situations for not Issuing a Standard Unqualified Opinion	
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	
	We have reviewed the accompanying consolidated

Content of Independent Auditors Report

balance sheets of Realtek Semiconductor Corporation and subsidiaries (the Company) as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the three-month periods ended March 31 2016 and 2015. These financial consolidated statements are the responsibility of the Company's management. Our responsibility is to express a conclusion of 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), "Engagements To Review Financial Statements". Those 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 disclosure 13 related to the non-major subsidiaries and long-term investments accounted under the equity method is based on the investee companies financial statements without review procedures conducted by independent auditors. The total assets of non-major subsidiaries amounted to NT\$12,236,529 thousand and NT\$8,630,648 thousand, or 26.16% and 18.99% of the total consolidated assets as of March 31, 2016 and 2015, respectively, and the total liabilities amounted to NT\$3,580,925 thousand and NT\$3,365,542 thousand, or 14.72% and 14.73% of the total consolidated liabilities as of March 31, 2016 and 2015, respectively. The total revenues amounted to NT\$ 1,541,072 thousand and NT\$1,555,636 thousand, or 17.15% and 20.89% of the total consolidated revenues for three-month period ended. In addition, the long-term investments accounted for under the equity method amounted to NT\$ 341,429 thousand and NT\$152,835 thousand as of March 31, 2016 and 2015, respectively, and the related investment loss were NT \$ 6,500 thousand and NT\$ 7,162 thousand for three-month period ended. 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 International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission, except for the effect of such

	adjustments, if any, as might have been determined to be necessary had the non-major subsidiaries and investee companies?? financial statements as stated in the third paragraph been reviewed.
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	12236529000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	-6314000
Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed	341429000
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	-6500000