

Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2016/06/30	2015/12/31	2015/06/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	32,325,626	27,545,845	22,806,346
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	425,926	992,292	1,218,190
Current bond investment without active market			
Total Current investments in debt instrument without active market	0	0	398,734
Accounts receivable, net			
Accounts receivable, net	2,888,364	2,699,016	2,322,596
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	847,267	1,132,558	814,038
Other receivables			
Other receivables, net	236,740	325,533	247,235
Inventories			
Total inventories	4,040,269	3,248,294	5,106,509
Prepayments			
Total prepayments	100,572	193,446	110,842
Other current assets			
Total other current assets	835,126	1,419,703	4,341,575
Total current assets	41,699,890	37,556,687	37,366,065
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	623,679	676,006	646,196
Held-to-maturity non-current financial assets			
Non-current held-to-maturity financial assets, net	1,475,947	1,426,484	691,359
Non-current financial assets at cost			
Non-current financial assets at cost, net	655,823	512,025	837,437

Investments accounted for using equity method			
Investments accounted for using equity method, net	339,560	319,319	346,733
Property, plant and equipment			
Total property, plant and equipment	3,242,290	3,380,051	3,350,926
Investment property, net			
Investment property, net	70,361	75,983	76,990
Intangible assets			
Total intangible assets	2,948,992	2,819,814	2,631,999
Deferred tax assets	143,285	97,488	126,369
Other non-current assets			
Total other non-current assets	43,220	83,591	81,440
Total non-current assets	9,543,157	9,390,761	8,789,449
Total assets	51,243,047	46,947,448	46,155,514
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	15,766,022	13,501,240	12,289,493
Notes payable			
Total notes payable	7,415	4,798	7,258
Accounts payable			
Total accounts payable	4,811,336	3,851,196	4,168,401
Accounts payable to related parties			
Total accounts payable to related parties	256,362	234,312	233,746
Other payables			
Total other payables	7,372,717	5,425,187	8,243,465
Other payables to related parties	54,724	54,121	26,567
Current tax liabilities	349,608	245,005	234,695
Other current liabilities			
Total other current liabilities	402,945	432,782	73,456
Total current liabilities	29,021,129	23,748,641	25,277,081
Non-current liabilities			
Non-current provisions			
Total non-current provisions	813,643	836,889	1,062,616

Deferred tax liabilities			
Total deferred tax liabilities	4,927	7,810	9,613
Other non-current liabilities			
Total other non-current liabilities	34,672	64,227	88,886
Total non-current liabilities	853,242	908,926	1,161,115
Total liabilities	29,874,371	24,657,567	26,438,196
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	3,910,428	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	3,910,428	4,405,169	4,405,169
Retained earnings			
Legal reserve	3,823,896	3,581,096	3,581,096
Special reserve	0	0	0
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	7,198,604	7,366,766	6,044,858
Total retained earnings	11,022,500	10,947,862	9,625,954
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	1,275,986	1,726,645	519,891
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	100,650	151,067	107,150
Total other equity interest	1,376,636	1,877,712	627,041
Total equity attributable to owners of parent	21,359,077	22,280,256	19,707,677
Non-controlling interests	9,599	9,625	9,641
Total equity	21,368,676	22,289,881	19,717,318
Total liabilities and equity	51,243,047	46,947,448	46,155,514

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	2016/2nd	2015/2nd	2016/01/01 To 2016/06/30	2015/01/01 To 2015/06/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	9,846,807	7,148,073	18,833,991	14,594,125
Operating costs				
Total operating costs	5,452,358	4,167,059	10,488,984	8,325,644
Gross profit (loss) from operations	4,394,449	2,981,014	8,345,007	6,268,481
Gross profit (loss) from operations	4,394,449	2,981,014	8,345,007	6,268,481
Operating expenses				
Selling expenses				
Total selling expenses	504,531	379,198	935,682	765,142
Administrative expenses				
Total administrative expenses	231,528	325,414	448,982	606,188
Research and development expenses				
Total research and development expenses	2,579,521	2,013,505	5,058,839	4,001,809
Total operating expenses	3,315,580	2,718,117	6,443,503	5,373,139
Net other income (expenses)				
Net other income (expenses)	1,554	1,728	3,387	3,481
Net operating income (loss)	1,080,423	264,625	1,904,891	898,823
Non-operating income and expenses				
Other income				
Total other income	197,382	190,062	369,805	397,265
Other gains and losses				
Other gains and losses, net	-115,328	-18,666	-434,197	-18,359
Finance costs				

Finance costs, net	39,888	30,823	70,380	59,561
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	-11,629	-6,904	-18,129	-14,066
Total non-operating income and expenses	30,537	133,669	-152,901	305,279
Profit (loss) from continuing operations before tax	1,110,960	398,294	1,751,990	1,204,102
Tax expense (income)				
Total tax expense (income)	93,198	33,423	143,336	98,121
Profit (loss) from continuing operations	1,017,762	364,871	1,608,654	1,105,981
Profit (loss)	1,017,762	364,871	1,608,654	1,105,981
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	-41,158	-247,439	-450,659	-505,448
Unrealised gains (losses) on valuation of available-for-sale financial assets	-40,126	24,096	-49,801	39,342
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	-451	801	-616	995
Components of other comprehensive income that will be reclassified to profit or loss	-81,735	-222,542	-501,076	-465,111
Other comprehensive income, net	-81,735	-222,542	-501,076	-465,111
Total comprehensive income	936,027	142,329	1,107,578	640,870
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	1,017,772	364,896	1,608,680	1,106,091
Profit (loss), attributable to non-controlling interests	-10	-25	-26	-110
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	936,037	142,354	1,107,604	640,980
Comprehensive income, attributable to non-controlling interests	-10	-25	-26	-110
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	2.02	0.72	3.19	2.19
Total basic earnings per share	2.02	0.72	3.19	2.19
Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.98	0.70	3.12	2.11

Total diluted earnings per share	1.98	0.70	3.12	2.11
----------------------------------	------	------	------	------

Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2016/01/01 To 2016/06/30	2015/01/01 To 2015/06/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	1,751,990	1,204,102
Profit (loss) before tax	1,751,990	1,204,102
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	245,716	279,575
Amortization expense	609,513	392,051
Provision (reversal of provision) for bad debt expense	2,831	-7,433
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-4,355	-15,979
Interest expense	70,380	59,561
Interest income	-319,306	-354,803
Dividend income	0	0
Share of loss (profit) of associates and joint ventures accounted for using equity method	18,129	14,066
Loss (gain) on disposal of property, plan and equipment	488	-1,920
Loss (gain) on disposal of investments	0	248
Total adjustments to reconcile profit (loss)	623,396	365,366
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	566,366	-521,373
Decrease (increase) in accounts receivable	-192,179	737,495
Decrease (increase) in accounts receivable due from related parties	285,291	172,349
Decrease (increase) in other receivable	-24,275	23,932
Decrease (increase) in other receivable due from related parties	0	0
Decrease (increase) in inventories	-791,975	-1,224,054
Decrease (increase) in prepayments	92,874	-32,789

Total changes in operating assets	-63,898	-844,440
Changes in operating liabilities		
Increase (decrease) in notes payable	2,617	2,604
Increase (decrease) in accounts payable	960,140	-471,928
Increase (decrease) in accounts payable to related parties	22,050	-86,669
Increase (decrease) in other payable	72,379	-170,748
Increase (decrease) in other payable to related parties	603	18,280
Increase (decrease) in provisions	-23,246	41,226
Increase (decrease) in receipts in advance	-21,364	27,964
Increase (decrease) in other current liabilities	-8,472	-26,392
Increase (decrease) in net defined benefit liability	-28,640	-23,732
Total changes in operating liabilities	976,067	-689,395
Total changes in operating assets and liabilities	912,169	-1,533,835
Total adjustments	1,535,565	-1,168,469
Cash inflow (outflow) generated from operations	3,287,555	35,633
Interest received	432,374	353,462
Dividends received	0	0
Interest paid	-70,612	-56,402
Income taxes refund (paid)	-88,518	-235,962
Net cash flows from (used in) operating activities	3,560,799	96,731
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	0	488,772
Acquisition of investments in debt instrument without active market	0	0
Proceeds from disposal of investments in debt instrument without active market	0	325,681
Acquisition of held-to-maturity financial assets	-161,148	-282,154
Proceeds from disposal of held-to-maturity financial assets	49,512	0
Acquisition of financial assets at cost	-154,973	0
Proceeds from disposal of financial assets at cost	0	0
Proceeds from capital reduction of financial assets at cost	0	0
Acquisition of investments accounted for using equity method	-50,000	-200,000
Proceeds from disposal of investments accounted for using equity method	0	0
Net cash flow from acquisition of subsidiaries	0	0
Proceeds from capital reduction of investments accounted for using equity method	0	0
Acquisition of property, plant and equipment	-180,585	-266,949

Proceeds from disposal of property, plant and equipment	0	2,000
Increase in refundable deposits	36,739	-3,468
Acquisition of intangible assets	-880,561	-637,367
Increase in other non-current assets	537,378	-1,768,420
Other investing activities	0	-951,418
Net cash flows from (used in) investing activities	-803,638	-3,293,323
Cash flows from (used in) financing activities		
Increase in short-term loans	2,313,865	4,788,569
Decrease in guarantee deposits received	-915	-5,977
Net cash flows from (used in) financing activities	2,312,950	4,782,592
Effect of exchange rate changes on cash and cash equivalents	-290,330	-388,470
Net increase (decrease) in cash and cash equivalents	4,779,781	1,197,530
Cash and cash equivalents at beginning of period	27,545,845	21,608,816
Cash and cash equivalents at end of period	32,325,626	22,806,346
Cash and cash equivalents reported in the statement of financial position	32,325,626	22,806,346

Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

2016/06/30 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	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	242,800	0	-242,800	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-1,514,854	-1,514,854	0	0	0	-1,514,854	0	-1,514,854
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	10,210	0	0	-19,188	-19,188	0	0	0	-8,978	0	-8,978
Cash dividends from capital surplus	0	0	-504,951	0	0	0	0	0	0	0	-504,951	0	-504,951
Profit (loss)	0	0	0	0	0	1,608,680	1,608,680	0	0	0	1,608,680	-26	1,608,654
Other comprehensive income	0	0	0	0	0	0	0	-450,659	-50,417	-501,076	-501,076	0	-501,076
Total comprehensive income	0	0	0	0	0	1,608,680	1,608,680	-450,659	-50,417	-501,076	1,107,604	-26	1,107,578
Total increase (decrease) in equity	0	0	-494,741	242,800	0	-168,162	74,638	-450,659	-50,417	-501,076	-921,179	-26	-921,205
Equity at end of period	5,049,513	5,049,513	3,910,428	3,823,896	0	7,198,604	11,022,500	1,275,986	100,650	1,376,636	21,359,077	9,599	21,368,676

2015/06/30
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	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
Legal reserve appropriated	0	0	0	389,250	0	-389,250	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-3,029,708	-3,029,708	0	0	0	-3,029,708	0	-3,029,708
Reversal of special reserve	0	0	0	0	-124,338	124,338	0	0	0	0	0	0	0
Profit (loss)	0	0	0	0	0	1,106,091	1,106,091	0	0	0	1,106,091	-110	1,105,981
Other comprehensive	0	0	0	0	0	0	0	-505,448	40,337	-465,111	-465,111	0	-465,111

income														
Total comprehensive income	0	0	0	0	0	1,106,091	1,106,091	-505,448	40,337	-465,111	640,980	-110	640,870	
Total increase (decrease) in equity	0	0	0	389,250	-124,338	-2,188,529	-1,923,617	-505,448	40,337	-465,111	-2,388,728	-110	-2,388,838	
Equity at end of period	5,049,513	5,049,513	4,405,169	3,581,096	0	6,044,858	9,625,954	519,891	107,150	627,041	19,707,677	9,641	19,717,318	

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)	2016-07-29
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 balance sheets of Realtek Semiconductor Corporation and its subsidiaries (the Company) as of June 30, 2016 and 2015 and the related consolidated statements of comprehensive income of changes in stockholder's equity and cash flows for the six-month period then ended June 30, 2016 and 2015. 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

Content of Independent Auditors Report

Standards No.36 (ROC SAS No. 36),??Reviewing 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 investee companies is based on their companies financial statements without review procedures conducted by independent auditors. The total assets of non-major subsidiaries amounted to NT\$12,449,848 thousand and NT\$9,729,874 thousand, or 24.30% and 21.08% of the total consolidated assets as of June 30, 2016 and 2015, respectively, and the total liabilities amounted to NT\$3,944,260 thousand and NT\$4,120,029 thousand, or 13.20% and 15.58% of the total consolidated liabilities as of June 30, 2016 and 2015, respectively. The total revenues for three-month period ended June, 30, 2016 and 2015 amounted to NT\$1,829,815 thousand and NT\$2,619,633, which are 18.58% and 36.65% of the total consolidate revenues, respectively. The total revenues for six-month period ended June, 30, 2016 and 2015 amounted to NT\$3,371,517 thousand and NT\$4,175,269, which are 17.90% and 28.61% of the total consolidate revenues, respectively. In addition, the long-term investments accounted for under the equity method amounted to NT\$339,560 thousand and NT\$346,733 thousand as of June 30, 2016 and 2015, respectively, and the related investment loss for three-month period ended June, 30, 2016 and 2015 amounted to NT\$11,629 thousand and NT\$6,904 thousand and for six-month period ended June 30, 2016 and 2015 amounted to NT\$18,129 thousand and NT\$14,066 thousand. 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?? 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 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
Total revenues for the quarter of subsidiaries whose financial statements were audited or reviewed by other independent accountants	
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
Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were audited or reviewed by other independent accountants	
Ending balance of assets of subsidiaries whose financial statements were on unaudited or unreviewed	12449848000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	243090000
Comprehensive income for the quarter of subsidiaries whose financial statements were unaudited or unreviewed	
Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed	339560000
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	-18129000
Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	