

Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2016/09/30	2015/12/31	2015/09/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	33,884,529	27,545,845	23,289,146
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	450,541	992,292	1,198,415
Current bond investment without active market			
Total Current investments in debt instrument without active market	21,251	0	186,039
Accounts receivable, net			
Accounts receivable, net	3,316,153	2,699,016	2,810,556
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	805,911	1,132,558	791,931
Other receivables			
Other receivables, net	394,541	325,533	300,447
Other receivables due from related parties			
Other receivables due from related parties, net	0	0	16,306
Inventories			
Total inventories	3,916,727	3,248,294	4,100,863
Prepayments			
Total prepayments	68,736	193,446	189,890
Other current assets			
Total other current assets	810,964	1,419,703	4,365,296
Total current assets	43,669,353	37,556,687	37,248,889
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	645,652	676,006	584,571
Held-to-maturity non-current financial assets			
Non-current held-to-maturity financial assets, net	944,092	1,426,484	740,057

Non-current financial assets at cost			
Non-current financial assets at cost, net	638,226	512,025	882,128
Investments accounted for using equity method			
Investments accounted for using equity method, net	331,017	319,319	320,261
Property, plant and equipment			
Total property, plant and equipment	3,222,804	3,380,051	3,381,738
Investment property, net			
Investment property, net	67,038	75,983	78,917
Intangible assets			
Total intangible assets	2,672,665	2,819,814	2,577,938
Deferred tax assets	128,590	97,488	133,823
Other non-current assets			
Total other non-current assets	41,794	83,591	84,599
Total non-current assets	8,691,878	9,390,761	8,784,032
Total assets	52,361,231	46,947,448	46,032,921
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	16,949,462	13,501,240	11,071,457
Notes payable			
Total notes payable	5,964	4,798	5,957
Accounts payable			
Total accounts payable	4,569,355	3,851,196	2,921,660
Accounts payable to related parties			
Total accounts payable to related parties	249,736	234,312	208,336
Other payables			
Total other payables	7,475,858	5,425,187	8,339,800
Other payables to related parties	34,997	54,121	27,839
Current tax liabilities	316,131	245,005	200,305
Other current liabilities			
Total other current liabilities	422,472	432,782	100,640
Total current liabilities	30,023,975	23,748,641	22,875,994
Non-current liabilities			

Non-current provisions			
Total non-current provisions	790,445	836,889	1,173,975
Deferred tax liabilities			
Total deferred tax liabilities	6,854	7,810	19,837
Other non-current liabilities			
Total other non-current liabilities	19,357	64,227	375,931
Total non-current liabilities	816,656	908,926	1,569,743
Total liabilities	30,840,631	24,657,567	24,445,737
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)	7,947,588	7,366,766	6,644,782
Total retained earnings	11,771,484	10,947,862	10,225,878
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	653,788	1,726,645	1,861,845
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	125,804	151,067	35,159
Total other equity interest	779,592	1,877,712	1,897,004
Total equity attributable to owners of parent	21,511,017	22,280,256	21,577,564
Non-controlling interests	9,583	9,625	9,620

Total equity	21,520,600	22,289,881	21,587,184
Total liabilities and equity	52,361,231	46,947,448	46,032,921
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	2016/3rd	2015/3rd	2016/01/01 To 2016/09/30	2015/01/01 To 2015/09/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	10,279,361	7,911,458	29,113,352	22,505,583
Operating costs				
Total operating costs	5,981,487	4,583,276	16,470,471	12,908,920
Gross profit (loss) from operations	4,297,874	3,328,182	12,642,881	9,596,663
Gross profit (loss) from operations	4,297,874	3,328,182	12,642,881	9,596,663
Operating expenses				
Selling expenses				
Total selling expenses	475,085	426,036	1,410,767	1,191,178
Administrative expenses				
Total administrative expenses	214,608	348,656	663,590	954,844
Research and development expenses				
Total research and development expenses	2,633,775	2,323,046	7,692,614	6,324,855
Total operating expenses	3,323,468	3,097,738	9,766,971	8,470,877
Net other income (expenses)				
Net other income (expenses)	1,800	1,769	5,187	5,250
Net operating income (loss)	976,206	232,213	2,881,097	1,131,036
Non-operating income and expenses				
Other income				
Total other income	215,799	229,643	585,604	626,908
Other gains and losses				

Other gains and losses, net	-333,006	206,102	-767,203	187,743
Finance costs				
Finance costs, net	37,020	29,515	107,400	89,076
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	-8,744	-5,214	-26,873	-19,280
Total non-operating income and expenses	-162,971	401,016	-315,872	706,295
Profit (loss) from continuing operations before tax	813,235	633,229	2,565,225	1,837,331
Tax expense (income)				
Total tax expense (income)	64,267	33,326	207,603	131,447
Profit (loss) from continuing operations	748,968	599,903	2,357,622	1,705,884
Profit (loss)	748,968	599,903	2,357,622	1,705,884
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	-622,198	1,341,954	-1,072,857	836,506
Unrealised gains (losses) on valuation of available-for-sale financial assets	24,954	-68,291	-24,847	-28,949
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	200	-3,700	-416	-2,705
Components of other comprehensive income that will be reclassified to profit or loss	-597,044	1,269,963	-1,098,120	804,852
Other comprehensive income, net	-597,044	1,269,963	-1,098,120	804,852
Total comprehensive income	151,924	1,869,866	1,259,502	2,510,736
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	748,984	599,924	2,357,664	1,706,015
Profit (loss), attributable to non-controlling interests	-16	-21	-42	-131
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	151,940	1,869,887	1,259,544	2,510,867
Comprehensive income, attributable to non-controlling interests	-16	-21	-42	-131
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	1.48	1.19	4.67	3.38
Total basic earnings per share	1.48	1.19	4.67	3.38

Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.47	1.13	4.59	3.19
Total diluted earnings per share	1.47	1.13	4.59	3.19

Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2016/01/01 To 2016/09/30	2015/01/01 To 2015/09/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	2,565,225	1,837,331
Profit (loss) before tax	2,565,225	1,837,331
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	369,073	423,394
Amortization expense	909,782	607,159
Provision (reversal of provision) for bad debt expense	3,967	-3,344
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-5,970	-26,589
Interest expense	107,400	89,076
Interest income	-483,602	-510,531
Dividend income	-16,723	-21,563
Share of loss (profit) of associates and joint ventures accounted for using equity method	26,873	19,280
Loss (gain) on disposal of property, plan and equipment	687	-1,929
Loss (gain) on disposal of investments	0	1,170
Total adjustments to reconcile profit (loss)	911,487	576,123
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	471,497	-418,063
Decrease (increase) in accounts receivable	-621,104	246,940
Decrease (increase) in accounts receivable due from related parties	326,647	192,963
Decrease (increase) in other receivable	-67,612	-68,301
Decrease (increase) in other receivable due from related parties	0	0

Decrease (increase) in inventories	-668,433	-218,408
Decrease (increase) in prepayments	124,710	-111,837
Total changes in operating assets	-434,295	-376,706
Changes in operating liabilities		
Increase (decrease) in notes payable	1,167	1,303
Increase (decrease) in accounts payable	718,158	-1,718,668
Increase (decrease) in accounts payable to related parties	15,424	-112,080
Increase (decrease) in other payable	204,096	252,983
Increase (decrease) in other payable to related parties	-19,124	-13,818
Increase (decrease) in provisions	-46,444	152,633
Increase (decrease) in receipts in advance	5,732	26,163
Increase (decrease) in other current liabilities	-16,042	3,764
Increase (decrease) in net defined benefit liability	-43,788	-36,630
Total changes in operating liabilities	819,179	-1,444,350
Total changes in operating assets and liabilities	384,884	-1,821,056
Total adjustments	1,296,371	-1,244,933
Cash inflow (outflow) generated from operations	3,861,596	592,398
Interest received	482,206	531,906
Dividends received	16,723	5,257
Interest paid	-108,448	-87,847
Income taxes refund (paid)	-168,486	-312,334
Net cash flows from (used in) operating activities	4,083,591	729,380
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	21,251	567,402
Acquisition of held-to-maturity financial assets	-156,469	-307,412
Proceeds from disposal of held-to-maturity financial assets	532,812	0
Acquisition of financial assets at cost	-150,557	0
Proceeds from disposal of financial assets at cost	0	435
Proceeds from capital reduction of financial assets at cost	0	6,373
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	-951,418

Proceeds from capital reduction of investments accounted for using equity method	0	17,557
Acquisition of property, plant and equipment	-323,486	-362,027
Proceeds from disposal of property, plant and equipment	0	2,000
Increase in refundable deposits	39,153	-5,703
Acquisition of intangible assets	-921,659	-700,947
Increase in other non-current assets	604,546	-1,793,066
Other investing activities	0	0
Net cash flows from (used in) investing activities	-404,409	-3,238,034
Cash flows from (used in) financing activities		
Increase in short-term loans	3,482,732	3,534,470
Decrease in guarantee deposits received	-1,082	-4,186
Net cash flows from (used in) financing activities	3,481,650	3,530,284
Effect of exchange rate changes on cash and cash equivalents	-822,148	658,700
Net increase (decrease) in cash and cash equivalents	6,338,684	1,680,330
Cash and cash equivalents at beginning of period	27,545,845	21,608,816
Cash and cash equivalents at end of period	33,884,529	23,289,146
Cash and cash equivalents reported in the statement of financial position	33,884,529	23,289,146

Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

2016/09/30 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	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	2,357,664	2,357,664	0	0	0	2,357,664	-42	2,357,622
Other comprehensive income	0	0	0	0	0	0	0	-1,072,857	-25,263	1,098,120	-1,098,120	0	-1,098,120
Total comprehensive income	0	0	0	0	0	2,357,664	2,357,664	-1,072,857	-25,263	1,098,120	1,259,544	-42	1,259,502
Total increase (decrease) in equity	0	0	-494,741	242,800	0	580,822	823,622	-1,072,857	-25,263	1,098,120	-769,239	-42	-769,281
Equity at end of period	5,049,513	5,049,513	3,910,428	3,823,896	0	7,947,588	11,771,484	653,788	125,804	779,592	21,511,017	9,583	21,520,600

2015/09/30
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	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	1,706,015	1,706,015	0	0	0	1,706,015	-131	1,705,884

Other comprehensive income	0	0	0	0	0	0	0	836,506	-31,654	804,852	804,852	0	804,852
Total comprehensive income	0	0	0	0	0	1,706,015	1,706,015	836,506	-31,654	804,852	2,510,867	-131	2,510,736
Total increase (decrease) in equity	0	0	0	389,250	-124,338	-1,588,605	-1,323,693	836,506	-31,654	804,852	-518,841	-131	-518,972
Equity at end of period	5,049,513	5,049,513	4,405,169	3,581,096	0	6,644,782	10,225,878	1,861,845	35,159	1,897,004	21,577,564	9,620	21,587,184

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)	2016-10-28
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 September 30, 2016 and 2015 and the related consolidated statements of comprehensive income, of changes in stockholder's equity and of cash flows for the nine-month period then ended September 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

Content of Independent Auditors Report

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 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\$12,622,443 thousand and NT\$10,523,016 thousand, or 24.11% and 22.86% of the total consolidated assets as of September 30, 2016 and 2015, respectively, and the total liabilities amounted to NT\$4,018,623 thousand and NT\$2,823,314 thousand, or 13.03% and 11.55% of the total consolidated liabilities as of September 30, 2016 and 2015, respectively. The total revenues amounted to NT\$2,561,205 thousand and NT\$1,759,003 thousand and NT\$5,932,722 thousand and NT\$5,934,272 thousand, or 24.92% and 22.23% and 20.38% and 26.37% of the total consolidated revenues for three-month period ended September 30, 2016 and 2015, for nine-month period ended September 30, 2016 and 2015, respectively. In addition, the long-term investments accounted for under the equity method amounted to NT\$331,017 thousand and NT\$320,261 thousand as of September 30, 2016 and 2015, respectively, and the related investment loss were NT\$8,744 thousand and NT\$5,214 thousand and NT\$26,873 thousand and NT\$19,280 thousand for three-month period ended September 30, 2016 and 2015, for nine-month period ended September 30, 2016 and 2015, respectively. 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	12622443000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	855628000
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	331017000
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	-26873000
Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	