

Financial Statement Balance Sheet

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2017/03/31	2016/12/31	2016/03/31
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	31,813,622	37,874,245	28,865,764
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	307,656	522,701	307,280
Current bond investment without active market			
Total Current investments in debt instrument without active market	20,382	21,146	0
Accounts receivable, net			
Accounts receivable, net	2,509,834	3,059,082	2,381,115
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	772,513	635,698	742,769
Other receivables			
Other receivables, net	375,391	410,109	292,048
Inventories			
Total inventories	4,614,060	4,552,166	3,345,152
Prepayments			
Total prepayments	122,999	98,275	127,373
Other current assets			
Total other current assets	59,966	783,255	855,717
Total current assets	40,596,423	47,956,677	36,917,218
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	644,313	626,807	663,793
Held-to-maturity non-current financial assets			
Non-current held-to-maturity financial assets, net	261,691	277,419	1,559,642

Non-current financial assets at cost			
Non-current financial assets at cost, net	606,451	643,615	500,793
Investments accounted for using equity method			
Investments accounted for using equity method, net	309,952	322,962	341,429
Property, plant and equipment			
Total property, plant and equipment	3,183,341	3,192,717	3,292,877
Investment property, net			
Investment property, net	60,798	65,184	73,371
Intangible assets			
Total intangible assets	2,416,756	2,244,532	3,236,896
Deferred tax assets	145,197	148,821	144,390
Other non-current assets			
Total other non-current assets	44,203	41,074	42,686
Total non-current assets	7,672,702	7,563,131	9,855,877
Total assets	48,269,125	55,519,808	46,773,095
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	15,680,000	20,717,937	13,402,690
Notes payable			
Total notes payable	7,229	4,769	8,257
Accounts payable			
Total accounts payable	4,508,929	4,575,944	4,192,385
Accounts payable to related parties			
Total accounts payable to related parties	209,451	269,374	239,607
Other payables			
Total other payables	4,731,697	5,710,105	4,818,084
Other payables to related parties	23,271	47,546	39,569
Current tax liabilities	440,626	406,792	324,742
Other current liabilities			
Total other current liabilities	81,623	83,861	428,434

Total current liabilities	25,682,826	31,816,328	23,453,768
Non-current liabilities			
Non-current provisions			
Total non-current provisions	845,743	845,406	813,542
Deferred tax liabilities			
Total deferred tax liabilities	17,439	21,063	15,076
Other non-current liabilities			
Total other non-current liabilities	10,645	12,239	48,465
Total non-current liabilities	873,827	878,708	877,083
Total liabilities	26,556,653	32,695,036	24,330,851
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	3,900,217	3,910,428	4,405,169
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	16,844	0	0
Total capital surplus	3,917,061	3,910,428	4,405,169
Retained earnings			
Legal reserve	3,823,896	3,823,896	3,581,096
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	9,136,776	8,629,799	7,938,486
Total retained earnings	12,960,672	12,453,695	11,519,582
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	-348,337	1,298,139	1,317,144
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	123,976	103,410	141,227
Total other equity interest	-224,361	1,401,549	1,458,371

Total equity attributable to owners of parent	21,702,885	22,815,185	22,432,635
Non-controlling interests	9,587	9,587	9,609
Total equity	21,712,472	22,824,772	22,442,244
Total liabilities and equity	48,269,125	55,519,808	46,773,095
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	2017/01/01 To 2017/03/31	2016/01/01 To 2016/03/31
Statement of comprehensive income		
Operating revenue		
Total operating revenue	9,983,438	8,987,184
Operating costs		
Total operating costs	5,732,713	5,036,626
Gross profit (loss) from operations	4,250,725	3,950,558
Gross profit (loss) from operations	4,250,725	3,950,558
Operating expenses		
Selling expenses		
Total selling expenses	454,473	431,151
Administrative expenses		
Total administrative expenses	225,555	217,454
Research and development expenses		
Total research and development expenses	2,642,377	2,479,318
Total operating expenses	3,322,405	3,127,923
Net other income (expenses)		
Net other income (expenses)	1,558	1,833
Net operating income (loss)	929,878	824,468

Non-operating income and expenses		
Other income		
Total other income	176,504	172,423
Other gains and losses		
Other gains and losses, net	-494,927	-318,869
Finance costs		
Finance costs, net	39,029	30,492
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	-16,411	-6,500
Total non-operating income and expenses	-373,863	-183,438
Profit (loss) from continuing operations before tax	556,015	641,030
Tax expense (income)		
Total tax expense (income)	49,038	50,138
Profit (loss) from continuing operations	506,977	590,892
Profit (loss)	506,977	590,892
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-1,646,476	-409,501
Unrealised gains (losses) on valuation of available-for-sale financial assets	23,799	-9,675
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	-3,233	-165
Components of other comprehensive income that will be reclassified to profit or loss	-1,625,910	-419,341
Other comprehensive income, net	-1,625,910	-419,341
Total comprehensive income	-1,118,933	171,551
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	506,977	590,908
Profit (loss), attributable to non-controlling interests	0	-16
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	-1,118,933	171,567
Comprehensive income, attributable to non-controlling interests	0	-16

Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.00	1.17
Total basic earnings per share	1.00	1.17
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	0.99	1.15
Total diluted earnings per share	0.99	1.15

Financial Statement Statements of Cash Flows

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2017/01/01 To 2017/03/31	2016/01/01 To 2016/03/31
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	556,015	641,030
Profit (loss) before tax	556,015	641,030
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	119,067	123,928
Amortization expense	282,525	305,806
Provision (reversal of provision) for bad debt expense	-4,498	-1,926
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-2,798	-2,818
Interest expense	39,029	30,492
Interest income	-166,011	-158,228
Dividend income	0	0
Share of loss (profit) of associates and joint ventures accounted for using equity method	16,411	6,500
Loss (gain) on disposal of property, plan and equipment	-152	416
Loss (gain) on disposal of investments	0	0
Impairment loss on financial assets	0	0
Impairment loss on non-financial assets	0	0
Total adjustments to reconcile profit (loss)	283,573	304,170
Changes in operating assets and liabilities		

Changes in operating assets		
Decrease (increase) in financial assets held for trading	188,862	674,576
Decrease (increase) in accounts receivable	553,746	317,388
Decrease (increase) in accounts receivable due from related parties	-136,815	392,228
Decrease (increase) in other receivable	-44,804	-19,988
Decrease (increase) in other receivable due from related parties	0	0
Decrease (increase) in inventories	-143,029	-96,858
Decrease (increase) in prepayments	-24,724	66,073
Total changes in operating assets	393,236	1,333,419
Changes in operating liabilities		
Increase (decrease) in notes payable	2,460	3,459
Increase (decrease) in accounts payable	-67,015	341,189
Increase (decrease) in accounts payable to related parties	-59,923	5,295
Increase (decrease) in other payable	-710,621	-561,778
Increase (decrease) in other payable to related parties	-24,273	-5,987
Increase (decrease) in provisions	337	-23,347
Increase (decrease) in receipts in advance	-5,375	4,881
Increase (decrease) in other current liabilities	3,134	-4,347
Increase (decrease) in net defined benefit liability	-1,350	-14,214
Total changes in operating liabilities	-862,626	-254,849
Total changes in operating assets and liabilities	-469,390	1,078,570
Total adjustments	-185,817	1,382,740
Cash inflow (outflow) generated from operations	370,198	2,023,770
Interest received	245,533	211,701
Dividends received	0	0
Interest paid	-38,731	-34,001
Income taxes refund (paid)	-14,747	-9,642
Net cash flows from (used in) operating activities	562,253	2,191,828
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	0	0
Acquisition of investments in debt instrument without active market	0	0
Proceeds from disposal of investments in debt instrument without active market	0	0

	Ordinary share	Total share capital	Capital surplus	Legal 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	3,910,428	3,823,896	8,629,799	12,453,695	1,298,139	103,410	1,401,549	22,815,185	9,587	22,824,772
Legal reserve appropriated	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
Changes in equity of associates and joint ventures accounted for using equity method	0	0	6,633	0	0	0	0	0	0	6,633	0	6,633
Cash dividends from capital surplus	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss)	0	0	0	0	506,977	506,977	0	0	0	506,977	0	506,977
Other comprehensive income	0	0	0	0	0	0	-1,646,476	20,566	1,625,910	-1,625,910	0	-1,625,910
Total comprehensive income	0	0	0	0	506,977	506,977	-1,646,476	20,566	1,625,910	-1,118,933	0	-1,118,933
Total increase (decrease) in equity	0	0	6,633	0	506,977	506,977	-1,646,476	20,566	1,625,910	-1,112,300	0	-1,112,300
Equity at end of period	5,049,513	5,049,513	3,917,061	3,823,896	9,136,776	12,960,672	-348,337	123,976	-224,361	21,702,885	9,587	21,712,472

2016/03/31

Statement of Stockholders' Equity

Unit: NT\$ thousand

		Total			Unappropriated retained	Total	Exchange differences on	Unrealized gains (losses) on	Total	Total equity	Non-	

	Ordinary share	share capital	Capital surplus	Legal reserve	earnings (accumulated deficit)	retained earnings	translation of foreign financial statements	available-for-sale financial assets	other equity interest	attributable to owners of parent	controlling interests	Total equity
Equity at beginning of period	5,049,513	5,049,513	4,405,169	3,581,096	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
Cash dividends of ordinary share	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
Changes in equity of associates and joint ventures accounted for using equity method	0	0	0	0	-19,188	-19,188	0	0	0	-19,188	0	-19,188
Profit (loss)	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	-409,501	-9,840	-419,341	-419,341	0	-419,341
Total comprehensive income	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	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	7,938,486	11,519,582	1,317,144	141,227	1,458,371	22,432,635	9,609	22,442,244

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	Hsueh, Seou-Hung
Name of CPA 2	Li, Tien-Yi
Date of Audit (Review)	2017-04-24
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	
Content of Independent Auditors Report	<p>We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the Company) as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the three-month periods ended March 31 2017 and 2016. 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\$4,579,185 thousand and NT\$12,236,529 thousand, or 9.49% and 26.16% of the</p>

	<p>total consolidated assets as of March 31, 2017 and 2016, respectively, and the total liabilities amounted to NT\$1,465,837 thousand and NT\$3,580,925 thousand, or 5.52% and 14.72% of the total consolidated liabilities as of March 31, 2017 and 2016, respectively. The total revenues amounted to NT\$ 0 thousand and NT\$1,541,702 thousand, or 0% and 17.15% 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\$ 309,952 thousand and NT\$341,429 thousand as of March 31, 2017 and 2016, respectively, and the related investment loss were NT \$ 16,411 thousand and NT\$ 6,500 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.</p>
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	4579185000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	28047000
Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed	309952000
Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	-16411000

