

## Financial Statement Balance Sheet

Financial year: Yearly  
Unit: NT\$ thousand

Accounting Title	2018/06/30	2017/12/31	2017/06/30
<b>Balance Sheet</b>			
Assets			
Current assets			
Cash and cash equivalents	3,811,088	9,594,356	34,713,490
Current financial assets at fair value through profit or loss	822,513	675,891	563,030
Current financial assets at amortised cost	31,938,170	0	0
Current investments in debt instrument without active market	0	24,370,143	21,043
Accounts receivable, net	5,603,834	3,087,958	3,067,708
Accounts receivable due from related parties, net	1,415,817	1,094,853	1,014,276
Other receivables	327,232	435,109	268,418
Current inventories	6,050,188	5,468,167	5,842,551
Prepayments	208,495	269,909	164,058
Other current assets	0	96,154	65,881
Total current assets	50,177,337	45,092,540	45,720,455
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	1,795,549	0	0
Non-current available-for-sale financial assets	0	717,745	682,901
Non-current held-to-maturity financial assets	0	0	264,377
Non-current financial assets at cost	0	811,496	608,364
Investments accounted for using equity method	264,422	281,002	311,711
Property, plant and equipment	3,223,522	3,162,949	3,196,540
Investment property, net	58,479	60,254	61,009
Intangible assets	1,930,178	2,078,355	2,214,072
Deferred tax assets	98,147	65,551	110,533
Other non-current assets	48,221	41,021	43,227
Total non-current assets	7,418,518	7,218,373	7,492,734
Total assets	57,595,855	52,310,913	53,213,189
Liabilities and equity			
Liabilities			
Current liabilities			
Current borrowings	15,068,000	18,052,624	17,898,016
Current contract liabilities	79,871	0	0
Notes payable	5,971	8,631	5,911
Accounts payable	6,514,976	4,577,341	5,368,467
Accounts payable to related parties	256,178	291,755	283,880
Other payables	8,893,672	6,094,786	8,029,009
Other payables to related parties	46,954	39,924	29,150
Current tax liabilities	456,920	342,557	346,243
Other current liabilities	3,108,578	113,043	69,923
Total current liabilities	34,431,120	29,520,661	32,030,599
Non-current liabilities			
Non-current provisions	982,121	901,430	858,316
Deferred tax liabilities	39,375	21,749	18,347
Other non-current liabilities	7,210	7,961	9,350
Total non-current liabilities	1,028,706	931,140	886,013
Total liabilities	35,459,826	30,451,801	32,916,612
Equity			
Equity attributable to owners of parent			
Share capital			

Ordinary share	5,080,955	5,065,062	5,049,513
Total capital stock	5,080,955	5,065,062	5,049,513
Capital surplus			
Capital surplus, additional paid-in capital	3,196,250	3,540,653	3,395,267
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	25,971	18,203	18,203
Total capital surplus	3,222,221	3,558,856	3,413,470
Retained earnings			
Legal reserve	4,467,099	4,127,884	4,127,884
Special reserve	600,443	0	0
Unappropriated retained earnings (accumulated deficit)	8,417,502	9,698,159	7,746,525
Total retained earnings	13,485,044	13,826,043	11,874,409
Other equity interest			
Exchange differences on translation of foreign financial statements	-82,020	-813,163	-212,926
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	420,231	0	0
Unrealized gains (losses) on available-for-sale financial assets	0	212,720	162,520
Total other equity interest	338,211	-600,443	-50,406
Total equity attributable to owners of parent	22,126,431	21,849,518	20,286,986
Non-controlling interests	9,598	9,594	9,591
Total equity	22,136,029	21,859,112	20,296,577
Total liabilities and equity	57,595,855	52,310,913	53,213,189
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	2018/2nd	2017/2nd	2018/01/01 To 2018/06/30	2017/01/01 To 2017/06/30
<b>Statement of comprehensive income</b>				
Operating revenue				
Total operating revenue	11,151,893	9,951,521	21,778,259	19,934,959
Operating costs				
Total operating costs	6,192,395	5,630,942	12,366,181	11,363,655
Gross profit (loss) from operations	4,959,498	4,320,579	9,412,078	8,571,304
Gross profit (loss) from operations	4,959,498	4,320,579	9,412,078	8,571,304
Operating expenses				
Selling expenses	586,098	549,702	1,162,194	1,004,175
Administrative expenses	306,504	290,713	601,016	520,758
Research and development expenses	3,112,830	2,732,289	6,081,317	5,374,666
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6,188	6,799	-6,103	2,309
Total operating expenses	4,011,620	3,579,503	7,838,424	6,901,908
Net other income (expenses)				
Net other income (expenses)	1,613	1,524	3,207	3,082
Net operating income (loss)	949,491	742,600	1,576,861	1,672,478
Non-operating income and expenses				
Other income				
Total other income	248,228	200,493	442,857	376,997
Other gains and losses				
Other gains and losses, net	-82,658	97,452	35,999	-397,475
Finance costs				
Interest expense	28,451	43,621	67,273	82,650

Finance costs, net	28,451	43,621	67,273	82,650
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	-17,189	-6,579	-23,363	-22,990
Total non-operating income and expenses	119,930	247,745	388,220	-126,118
Profit (loss) from continuing operations before tax	1,069,421	990,345	1,965,081	1,546,360
Tax expense (income)				
Total tax expense (income)	67,788	56,799	122,788	105,837
Profit (loss) from continuing operations	1,001,633	933,546	1,842,293	1,440,523
Profit (loss)	1,001,633	933,546	1,842,293	1,440,523
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	27,446	0	-14,668	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-137	0	-936	0
Components of other comprehensive income that will not be reclassified to profit or loss	27,309	0	-15,604	0
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	1,461,105	135,411	731,143	-1,511,065
Unrealised gains (losses) on valuation of available-for-sale financial assets	0	38,265	0	62,064
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	0	279	0	-2,954
Components of other comprehensive income that will be reclassified to profit or loss	1,461,105	173,955	731,143	-1,451,955
Total other comprehensive income	1,488,414	173,955	715,539	-1,451,955
Total comprehensive income	2,490,047	1,107,501	2,557,832	-11,432
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	1,001,629	933,542	1,842,289	1,440,519
Profit (loss), attributable to non-controlling interests	4	4	4	4
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	2,490,043	1,107,497	2,557,828	-11,436
Comprehensive income, attributable to non-controlling interests	4	4	4	4
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	1.97	1.85	3.63	2.85
Total basic earnings per share	1.97	1.85	3.63	2.85
Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.96	1.84	3.57	2.81
Total diluted earnings per share	1.96	1.84	3.57	2.81

## Financial Statement Statements of Cash Flows

Financial year: Yearly  
Unit: NT\$ thousand

Accounting Title	2018/01/01 To 2018/06/30	2017/01/01 To 2017/06/30
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	1,965,081	1,546,360
Profit (loss) before tax	1,965,081	1,546,360
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	267,227	243,425
Amortization expense	530,844	544,212
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	-6,103	2,309
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-20,284	-8,403

Interest expense	67,273	82,650
Interest income	-414,629	-355,661
Share of loss (profit) of associates and joint ventures accounted for using equity method	23,363	22,990
Loss (gain) on disposal of property, plant and equipment	-83	-12,717
Other adjustments to reconcile profit (loss)	2,169	0
Total adjustments to reconcile profit (loss)	449,777	518,805
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	-26,429	-49,340
Decrease (increase) in accounts receivable	70,361	-10,935
Decrease (increase) in accounts receivable due from related parties	-137,305	-378,578
Decrease (increase) in other receivable	16,604	-49,379
Adjustments for decrease (increase) in inventories	-537,654	-1,367,345
Decrease (increase) in prepayments	61,414	-65,783
Total changes in operating assets	-553,009	-1,921,360
Changes in operating liabilities		
Increase (decrease) in contract liabilities	-23,794	0
Increase (decrease) in notes payable	-2,660	1,142
Increase (decrease) in accounts payable	1,937,635	792,523
Increase (decrease) in accounts payable to related parties	-35,577	14,506
Increase (decrease) in other payable	281,454	65,597
Increase (decrease) in other payable to related parties	7,030	-18,396
Increase (decrease) in provisions	80,691	12,910
Increase (decrease) in receipts in advance	0	-12,782
Adjustments for increase (decrease) in other current liabilities	335,347	-1,156
Increase (decrease) in net defined benefit liability	-1,253	-2,043
Total changes in operating liabilities	2,578,873	852,301
Total changes in operating assets and liabilities	2,025,864	-1,069,059
Total adjustments	2,475,641	-550,254
Cash inflow (outflow) generated from operations	4,440,722	996,106
Interest received	505,902	546,731
Interest paid	-66,733	-81,246
Income taxes refund (paid)	-19,748	-125,875
Net cash flows from (used in) operating activities	4,860,143	1,335,716
Cash flows from (used in) investing activities		
Acquisition of financial assets at fair value through other comprehensive income	-28,000	0
Acquisition of financial assets at amortised cost	-7,567,863	0
Acquisition of investments accounted for using equity method	0	-6,699
Acquisition of property, plant and equipment	-326,945	-245,223
Proceeds from disposal of property, plant and equipment	133	14,440
Increase in refundable deposits	-7,851	-274
Acquisition of intangible assets	-483,461	-852,463
Increase in other non-current assets	651	715,495
Net cash flows from (used in) investing activities	-8,413,336	-374,724
Cash flows from (used in) financing activities		
Increase in short-term loans	-2,984,624	-2,656,764
Increase in guarantee deposits received	502	0
Decrease in guarantee deposits received	0	-846
Net cash flows from (used in) financing activities	-2,984,122	-2,657,610
Effect of exchange rate changes on cash and cash equivalents	754,047	-1,464,137
Net increase (decrease) in cash and cash equivalents	-5,783,268	-3,160,755
Cash and cash equivalents at beginning of period	9,594,356	37,874,245
Cash and cash equivalents at end of period	3,811,088	34,713,490
Cash and cash equivalents reported in the statement of financial position	3,811,088	34,713,490

## Financial Statement Statements of Changes in Stockholders' Equity

Financial year: Yearly

Unit: NT\$ thousand

### 2018/06/30 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	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent
Equity at beginning of period	5,065,062	5,065,062	3,558,856	4,127,884	0	9,698,159	13,826,043	-813,163	0	212,720	-600,443	21,844,117
Effects of retrospective application and retrospective restatement	0	0	0	0	0	103,142	103,142	0	435,835	-212,720	223,115	32,567,000
Equity at beginning of period after adjustments	5,065,062	5,065,062	3,558,856	4,127,884	0	9,801,301	13,929,185	-813,163	435,835	0	-377,328	22,179,634
Legal reserve appropriated	0	0	0	339,215	0	-339,215	0	0	0	0	0	0
Special reserve appropriated	0	0	0	0	600,443	-600,443	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-2,286,430	-2,286,430	0	0	0	0	-2,286,430
Changes in equity of associates and joint ventures accounted for using equity method	0	0	7,768	0	0	0	0	0	0	0	0	0
Cash dividends from capital surplus	0	0	-508,095	0	0	0	0	0	0	0	0	-508,095
Profit (loss)	0	0	0	0	0	1,842,289	1,842,289	0	0	0	0	1,842,289
Other comprehensive income	0	0	0	0	0	0	0	731,143	-15,604	0	715,539	715,539
Total comprehensive income	0	0	0	0	0	1,842,289	1,842,289	731,143	-15,604	0	715,539	2,559,121
Share-based payments	15,893	15,893	163,692	0	0	0	0	0	0	0	0	179,585
Increase (decrease) in equity	15,893	15,893	-336,635	339,215	600,443	-1,383,799	-444,141	731,143	-15,604	0	715,539	-444,141
Equity at end of period	5,080,955	5,080,955	3,222,221	4,467,099	600,443	8,417,502	13,485,044	-82,020	420,231	0	338,211	22,121,253

### 2017/06/30 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	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent
Equity at beginning of period	5,049,513	5,049,513	3,910,428	3,823,896	0	8,629,799	12,453,695	1,298,139	0	103,410	1,401,549	22,886,997

period												
Legal reserve appropriated	0	0	0	303,988	0	-303,988	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-2,019,805	-2,019,805	0	0	0	0	-2,019,805
Changes in equity of associates and joint ventures accounted for using equity method	0	0	7,993	0	0	0	0	0	0	0	0	0
Cash dividends from capital surplus	0	0	-504,951	0	0	0	0	0	0	0	0	-504,951
Profit (loss)	0	0	0	0	0	1,440,519	1,440,519	0	0	0	0	1,440,519
Other comprehensive income	0	0	0	0	0	0	0	-1,511,065	0	59,110	-1,451,955	-1,451,955
Total comprehensive income	0	0	0	0	0	1,440,519	1,440,519	-1,511,065	0	59,110	-1,451,955	-1,451,955
Increase (decrease) in equity	0	0	-496,958	303,988	0	-883,274	-579,286	-1,511,065	0	59,110	-1,451,955	-2,522,205
Equity at end of period	5,049,513	5,049,513	3,413,470	4,127,884	0	7,746,525	11,874,409	-212,926	0	162,520	-50,406	20,226,023

## Financial Statement Independent Auditors' Report

Financial year: Yearly

Unit: NT\$ thousand

Report of Independent Auditors	
Name of CPA Firm	PricewaterhouseCoopers'
Name of CPA 1	Hsueh, Seou-Hung
Name of CPA 2	Li, Tien-Yi
Date of Audit (Review)	2018-07-27
Type of Report	
Review Report	Y
Type of Opinion	
Qualified Opinion or Conclusion	Y
Situations for not Issuing a Standard Unqualified Opinion or Conclusion	
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	To the Board of Directors and Shareholders of Realtek Semiconductor Corporation Introduction We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the "Group") as at June 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews. Scope of Review Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit

and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Basis for Qualified Conclusion As explained in Note 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$3,429,469 thousand and NT\$2,995,611 thousand, constituting 5.95% and 5.63% of the consolidated total assets, and total liabilities of NT\$277,094 thousand and NT\$679,158 thousand, constituting 0.78% and 2.06% of the consolidated total liabilities as at June 30, 2018 and 2017, and total comprehensive loss of NT\$91,722 thousand, NT\$59,802 thousand, NT\$86,814 thousand, and NT\$69,360 thousand, constituting (3.68)%?B(5.40)%?B(3.39)% and 606.72% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. Furthermore, the investments accounted for under the equity method as of June 30, 2018 and 2017 amounted to NT\$264,422 thousand and NT\$311,711 thousand, respectively. Qualified Conclusion Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2018 and 2017, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with ??Regulations Governing the Preparation of Financial Reports by Securities Issuers?? and International Accounting Standard 34, ??Interim Financial Reporting?? as endorsed by the Financial Supervisory Commission.

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	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
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	0
Ending balance of assets of subsidiaries whose financial statements were on unaudited or unreviewed	3429469000
Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed	-86814000
Comprehensive income for the quarter 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	264422000
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
Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed	0