

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the third quarter of year 2017

Unit: Millions of New Taiwan dollars

	Yearly Comparison			Sequential Comparison		
	3Q 2017	3Q 2016	YOY%	3Q 2017	2Q 2017	QOQ%
Net Sales	63,651	78,403	-18.8%	63,651	58,079	9.6%
Operating costs	(40,469)	(50,787)	-20.3%	(40,469)	(37,749)	7.2%
Gross profit	23,182	27,617	-16.1%	23,182	20,330	14.0%
Operating expenses						
Selling expenses	(2,332)	(3,532)	-34.0%	(2,332)	(2,715)	-14.1%
Administrative expenses	(1,693)	(1,871)	-9.5%	(1,693)	(1,632)	3.7%
Research and development expenses	(14,199)	(14,592)	-2.7%	(14,199)	(13,624)	4.2%
Total operating expenses	(18,223)	(19,995)	-8.9%	(18,223)	(17,972)	1.4%
Operating income	4,959	7,622	-34.9%	4,959	2,358	110.3%
Non-operating income and expenses	662	993	-33.4%	662	1,022	-35.2%
Net income before income tax	5,621	8,615	-34.8%	5,621	3,380	66.3%
Income tax expense	(560)	(785)	-28.6%	(560)	(1,170)	-52.1%
Net income	5,061	7,830	-35.4%	5,061	2,210	129.0%
Net other comprehensive income	4,906	(2,452)	300.1%	4,906	7,708	-36.3%
Total comprehensive income	9,967	5,378	85.3%	9,967	9,918	0.5%
Net income (loss) attributable to :						
Owners of the parent	5,102	7,792		5,102	2,368	
Non-controlling interests	(41)	38		(41)	(158)	
	5,061	7,830		5,061	2,210	
Basic Earnings Per Share (NTD)	3.26	4.98		3.26	1.51	

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the periods ended September 30, 2017 and 2016

Unit: Millions of New Taiwan dollars

	2017	% to sales	2016	% to sales	YOY%
Net Sales	177,813	100.0%	206,836	100.0%	-14.0%
Operating costs	(115,511)	-65.0%	(132,359)	-64.0%	-12.7%
Gross profit	62,302	35.0%	74,477	36.0%	-16.3%
Operating expenses					
Selling expenses	(7,415)	-4.2%	(8,739)	-4.2%	-15.1%
Administrative expenses	(5,045)	-2.8%	(4,994)	-2.4%	1.0%
Research and development expenses	(41,312)	-23.2%	(41,650)	-20.1%	-0.8%
Total operating expenses	(53,773)	-30.2%	(55,383)	-26.8%	-2.9%
Operating income	8,529	4.8%	19,094	9.2%	-55.3%
Non-operating income and expenses	7,973	4.5%	2,551	1.2%	212.6%
Net income before income tax	16,502	9.3%	21,645	10.5%	-23.8%
Income tax expense	(2,592)	-1.5%	(2,752)	-1.3%	-5.8%
Net income	13,910	7.8%	18,893	9.1%	-26.4%
Net other comprehensive income	11,911	6.7%	(5,603)	-2.7%	312.6%
Total comprehensive income	25,821	14.5%	13,290	6.4%	94.3%
Net income (loss) attributable to :					
Owners of the parent	14,172		18,655		
Non-controlling interests	(262)		238		
	13,910		18,893		
Basic Earnings Per Share (NTD)	9.06		11.93		

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2017 and 2016

Unit: Millions of New Taiwan dollars

	2017	%	2016	%	YOY%
Current assets					
Cash and cash equivalents	129,462	33.0%	143,446	39.0%	-9.7%
Financial assets at fair value through profit or loss-current	753	0.2%	3,312	0.9%	-77.3%
Available-for-sale financial assets-current	17,865	4.6%	6,586	1.8%	171.2%
Held-to-maturity financial assets-current	0	0.0%	876	0.2%	-100.0%
Debt instrument investments for which no active market exists-current	778	0.2%	1,463	0.4%	-46.8%
Trade receivables, net	21,771	5.5%	24,286	6.6%	-10.4%
Inventories, net	36,146	9.2%	36,630	9.9%	-1.3%
Other current assets	16,817	4.3%	12,517	3.4%	34.4%
Total current assets	<u>223,593</u>	<u>57.0%</u>	<u>229,117</u>	<u>62.2%</u>	<u>-2.4%</u>
Non-current assets					
Funds and investments	50,123	12.8%	25,461	6.9%	96.9%
Property, plant and equipment	36,731	9.4%	37,012	10.1%	-0.8%
Intangible assets	77,045	19.6%	72,848	19.8%	5.8%
Other assets	4,989	1.3%	3,756	1.0%	32.8%
Total non-current assets	<u>168,887</u>	<u>43.0%</u>	<u>139,076</u>	<u>37.8%</u>	<u>21.4%</u>
Total assets	<u><u>392,481</u></u>	<u><u>100.0%</u></u>	<u><u>368,194</u></u>	<u><u>100.0%</u></u>	<u><u>6.6%</u></u>
Current Liabilities					
Short-term borrowings	63,230	16.1%	64,555	17.5%	-2.1%
Trade payables	27,943	7.1%	30,219	8.2%	-7.5%
Other current liabilities	36,390	9.3%	39,381	10.7%	-7.6%
Total current liabilities	<u>127,563</u>	<u>32.5%</u>	<u>134,154</u>	<u>36.4%</u>	<u>-4.9%</u>
Non-current liabilities					
Total non-current liabilities	<u>7,018</u>	<u>1.8%</u>	<u>3,921</u>	<u>1.1%</u>	<u>79.0%</u>
Total liabilities	<u>134,581</u>	<u>34.3%</u>	<u>138,075</u>	<u>37.5%</u>	<u>-2.5%</u>
Equity					
Share capital	15,819	4.0%	15,821	4.3%	0.0%
Capital surplus	88,537	22.6%	90,633	24.6%	-2.3%
Legal & special reserve	36,998	9.4%	34,628	9.4%	6.8%
Undistributed earnings	90,450	23.0%	87,332	23.7%	3.6%
Other equity	24,695	6.3%	(41)	0.0%	60124.2%
Treasury shares	(56)	0.0%	(56)	0.0%	0.0%
Equity attributable to owners of the parent	<u>256,443</u>	<u>65.3%</u>	<u>228,318</u>	<u>62.0%</u>	<u>12.3%</u>
Non-controlling interests	<u>1,457</u>	<u>0.4%</u>	<u>1,801</u>	<u>0.5%</u>	<u>-19.1%</u>
Total equity	<u>257,900</u>	<u>65.7%</u>	<u>230,118</u>	<u>62.5%</u>	<u>12.1%</u>
Total liabilities and equity	<u><u>392,481</u></u>	<u><u>100.0%</u></u>	<u><u>368,194</u></u>	<u><u>100.0%</u></u>	<u><u>6.6%</u></u>

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2017 and 2016

Unit: Millions of New Taiwan dollars

	2017	2016
Cash flows from operating activities :		
Profit before tax from continuing operations	16,502	21,645
Adjustments for :		
The profit or loss items which did not affect cash flows:		
Depreciation	2,611	2,239
Amortization	2,737	2,902
Bad debt provision	(83)	(79)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(139)	15
Interest expenses	650	404
Interest income	(1,845)	(1,870)
Dividend income	(547)	(308)
Share-based payment expenses	680	130
Share of profit of associates accounted for using the equity method	5	(650)
Losses on disposal of property, plant and equipment	25	7
Properties, plants and equipment transferred to expense	2	0
Gains on disposal of non-current assets held for sale	(5,124)	0
(Gains) losses on disposal of investments	(8)	75
Gains on disposal of investments accounted for using the equity method	(1,476)	0
Impairment of financial assets	416	71
Others	200	0
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	1,306	2,247
Notes receivable	(1)	(45)
Trade receivables	(1,110)	(7,198)
Other receivables	(566)	337
Inventories	(617)	(11,046)
Prepayments	(255)	(131)
Other current assets	187	(1,288)
Other non-current assets-others	0	78
Trade payables	(3,306)	13,458
Trade payables to related parties	(183)	476
Other payables	(2,965)	2,664
Other current liabilities	(168)	(115)
Long-term payables	0	(43)
Net defined benefit liabilities	5	3
Non-current liabilities-others	39	84
Cash generated from operating activities		
Interest received	2,215	1,566
Dividend received	547	308
Interest paid	(646)	(417)
Income tax paid	(4,478)	(2,182)
Net cash provided by operating activities	<u>4,609</u>	<u>23,339</u>
Cash flows from investing activities :		
Acquisition of available-for-sale financial assets	(3,754)	(6,286)
Proceeds from disposal of available-for-sale financial assets	4,421	5,010
Acquisition of debt instrument investments for which no active market exists	(1,633)	(2,128)
Proceeds from disposal of debt instrument investments for which no active market exists	1,944	312
Proceeds from redemption of held-to-maturity financial assets	0	607
Acquisition of financial assets measured at cost	(6,782)	(1,653)
Proceeds from disposal of financial assets measured at cost	0	0
Proceeds from capital return of financial assets measured at cost	28	37
Acquisition of investments accounted for using the equity method	(939)	(2,411)
Proceeds from disposal of investments accounted for using the equity method	1	0
Proceeds from capital return of investments accounted for using the equity method	0	190
Net cash outflow from acquisition of subsidiaries	(1,057)	(2,406)
Proceeds from disposal of non-current assets held for sale	5,771	0
Acquisition of property, plant and equipment	(3,029)	(5,423)
Proceeds from disposal of property, plant and equipment	5	53
Decrease (increase) in refundable deposits	3	(62)
Acquisition of intangible assets	(1,682)	(296)
Proceeds from disposal of intangible assets	1	0
Acquisition of investment property	0	(1)
Decrease in long-term lease receivables	212	0
(Increase) Decrease in long-term prepaid rent	(20)	14
Net cash used in investing activities	<u>(6,511)</u>	<u>(14,444)</u>
Cash flows from financing activities :		
Increase in short-term borrowings	10,173	16,043
Proceeds from long-term borrowings	0	166
Repayment of long-term borrowings	(28)	0
(Decrease) increase in deposits received	(2)	5
Cash dividends	(14,923)	(17,202)
Disposal of ownership interests in subsidiaries (without losing control)	81	0
Acquisition of subsidiaries	(2,109)	(14,184)
Change in non-controlling interests	1,615	1,000
Net cash used in financing activities	<u>(5,191)</u>	<u>(14,172)</u>
Effect of changes in exchange rate on cash and cash equivalents	(4,006)	(4,059)
Net decrease in cash and cash equivalents	(11,099)	(9,336)
Cash and cash equivalents at the beginning of the period	140,561	153,280
Cash and cash equivalents at the end of the period	<u>129,462</u>	<u>143,944</u>
Reconciliation of the balances of cash and cash equivalents at the end of the period:		
Cash and cash equivalents on the consolidated balance sheets	129,462	143,446
Cash and cash equivalents included in non-current assets held for sale	0	498
Cash and cash equivalents at the end of the period	<u>129,462</u>	<u>143,944</u>

Note: Sums may not equal totals due to rounding.