

MediaTek Inc. Reports Second Quarter 2012 Consolidated Results

- 2Q12 consolidated revenue NT\$23,440 million, up 19.5% from previous quarter
- 2Q12 consolidated gross margin 40.8%, down 1.3 percentage points from previous quarter
- 2Q12 consolidated operating income NT\$2,770 million, up 42.3% from previous quarter
- 2Q12 consolidated net income NT\$3,357 million; EPS NT\$2.95

Consolidated Revenue:

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2012. Second quarter revenue was NT\$23,440 million, up 19.5% sequentially, and up 11.7% on a year-over-year basis, which was primarily driven by the fast-growing smartphone demand in China.

Consolidated Gross Profit and Gross Margin:

The second-quarter gross profit was NT\$9,558 million, up 15.8% sequentially, but down 0.8% year-over-year. MediaTek's gross margin for the quarter was 40.8%, or 1.3 percentage points and 5.1 percentage points lower than the previous quarter and the same period of last year, respectively. The sequential decline in gross margin was mainly due to fierce price competition in the market.

Consolidated Operating Expenses (including employee profit sharing expenses):

Operating expenses for the quarter was NT\$6,788 million (29.0% of revenue), compared with NT\$6,308 million (32.2% of revenue) in the previous quarter, and NT\$6,421 million (30.6% of revenue) in the same period last year. Operating expenses for the quarter included:

- R&D expenses of NT\$5,280 million (22.5% of revenue), up from NT\$4,981 million in 1Q12, and NT\$5,138 million in 2Q11.
- Selling expenses of NT\$756 million (3.2% of revenue), increased from NT\$587 million in 1Q12, and NT\$558 million in 2Q11. The increase in selling expenses was primarily due to higher expenses resulted from higher revenue.
- Administration expenses of NT\$752 million (3.2% of revenue), up from NT\$740 million in 1Q12, and NT\$725 million in 2Q11.

Consolidated Operating Profit and Operating Margin:

Operating profit for the quarter was NT\$2,770 million, up 42.3% sequentially, but down 13.7% year-over-year. Operating margin for the quarter was 11.8%, increased from 9.9% in the previous quarter, but decreased from 15.3% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax:

Non-operating income of NT\$1,127 million, or 4.8% of revenue, was mainly from gain on disposal of investments (disposal of Ali Corp. equity) and interest income. Income tax expense for the quarter was NT\$541 million.

Consolidated Net Income and EPS:

Net income was NT\$3,357 million, an increase of 34.3% from the prior quarter, and 0.9% from the year-ago quarter, respectively. EPS was NT\$2.95, compared with NT\$2.19 in the prior quarter and NT\$3.05 in the year-ago quarter.

Consolidated Cash and Financial Assets-Current:

Cash and financial assets-current at the end of the quarter was NT\$100,822 million. This represents 62.6% of the company's total assets. Cash and financial assets-current was NT\$90,786 million and NT\$94,974 million at the end of previous quarter and the year-ago quarter, respectively. Financial assets-current portfolio includes mutual funds, bonds, and derivatives.

Consolidated Accounts Receivable:

Accounts receivable (net) at the end of the quarter was NT\$ 7,659 million. The accounts receivable turnover was 29 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 34 days last quarter and 32 days in the year-ago quarter.

Consolidated Inventory:

Net inventory was NT\$11,074 million at the end of the quarter. The inventory turnover was 69 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 77 days in the last quarter and 76 days in the year-ago quarter.

Consolidated Cash Flow from Operations:

Cash flow from operations during the quarter was NT\$3,797 million, up from NT\$738 million in the prior quarter, but down from NT\$4,606 million in the year-ago quarter, respectively.

Earnings Webcast

MediaTek will hold a public webcast today (July 31st) at 2:00 p.m. Taipei Time in Mandarin, and at 4:00 p.m. in English. A live webcast of the conference call will be available through the Investor Relations section of the MediaTek website. Analysts or media representatives wishing to ask questions may use the toll number attached below.

Schedule and Webcast Links:

Time

2:00 – 3:00 p.m. (Taiwan Time): In Mandarin

(http://www.mzcan.com/cancast/taiwan/index.php?id=tw2454_52&version=e)

4:00 – 5:00 p.m. (Taiwan Time): In English

(http://www.mzcan.com/cancast/taiwan/index.php?id=tw2454_53&version=e)

Dial-in Number: +852 3005 2050

(Password: **898604#**)

About MediaTek Inc.

MediaTek Inc. is a leading fabless semiconductor company for wireless communications and digital multimedia solutions. The company is a market leader and pioneer in cutting-edge SOC system solutions for wireless communications, high-definition TV, optical storage, and DVD and Blu-ray products. Founded in 1997 and listed on Taiwan Stock Exchange under the code "2454", MediaTek is headquartered in Taiwan and has sales or research subsidiaries in Mainland China, Singapore, India, U.S., Japan, Korea, Denmark, England, Sweden and Dubai. For more information, please visit MediaTek's website at www.mediatek.com

July 31, 2012

MediaTek Inc. Q2 FY12 Consolidated Income Statement

(In NT\$ millions, except per share amounts)

	2Q12	1Q12	2Q11	Q-Q	Y-Y
Net revenue	23,440	19,615	20,982	19.5%	11.7%
Cost of goods sold	(13,882)	(11,360)	(11,351)		
Gross profit	9,558	8,255	9,631	15.8%	(0.8 %)
Selling expenses	(756)	(587)	(558)		
Administration expenses	(752)	(740)	(725)		
R&D expenses	(5,280)	(4,981)	(5,138)		
Operating expenses	(6,788)	(6,308)	(6,421)		
Operating income	2,770	1,947	3,210	42.3%	(13.7 %)
Net non-operating income	1,127	656	419		
Income before income tax	3,897	2,603	3,629		
Income tax expense	(541)	(103)	(303)		
Net income	3,357	2,500	3,326	34.3%	0.9%
EPS (NT\$)	2.95	2.19	3.05		

Note: Numbers do not add up due to rounding.

Q2 FY12 Supplemental Information: Percentage of Revenue

	2Q12	1Q12	2Q11
Gross profit	40.8%	42.1%	45.9%
R&D expenses	(22.5 %)	(25.4 %)	(24.5 %)
Selling expenses	(3.2 %)	(3.0 %)	(2.7 %)
Administration expenses	(3.2 %)	(3.8 %)	(3.5 %)
Operating profit	11.8%	9.9%	15.3%
Non-operating income	4.8%	3.3%	2.0%
Income tax expense	(2.3 %)	(0.5 %)	(1.4 %)
Net profit	14.3%	12.7%	15.9%

Note: Numbers do not add up due to rounding.

July 31, 2012

MediaTek Inc. Consolidated Balance Sheet

(In NT\$ millions)

	2Q12	1Q12	2Q11
Cash & financial assets-current	100,822	90,786	94,974
Notes & Accounts receivable (net)	7,659	7,372	7,833
Inventory (net)	11,074	9,853	9,714
Long-term investments	8,603	9,946	8,551
Intangible assets	17,241	16,528	8,905
Total assets	161,100	150,133	143,655
Short-term loans	12,199	7,471	0
Notes & accounts payable	10,280	8,204	7,923
Other current liabilities	25,500	15,446	39,042
Long-term liabilities	1,446	1,245	758
Stockholders' equity	111,675	117,767	95,932

MediaTek Inc. Consolidated Cash Flow Summary

(In NT\$ millions)

	2Q12	1Q12	2Q11
Cash flow from operations	3,797	738	4,606
Cash flow from investing	(413)	(2,439)	(1,128)
Cash flow from financing	4,660	3,508	41
Effect of exchange rate changes	569	(1,180)	(713)
Net increase in cash & equivalents	8,613	626	2,806
Cash & equivalents at quarter end	95,061	86,448	89,326

Note: Numbers do not add up due to rounding.