

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the third quarter of year 2016

Unit: Millions of New Taiwan dollars

	Yearly Comparison			Sequential Comparison		
	3Q 2016	3Q 2015	YOY%	3Q 2016	2Q 2016	QOQ%
Net Sales	78,403	56,962	38%	78,403	72,527	8%
Operating costs	(50,787)	(32,658)	56%	(50,787)	(46,974)	8%
Gross profit	27,617	24,304	14%	27,617	25,553	8%
Operating expenses						
Selling expenses	(3,532)	(1,904)	86%	(3,532)	(3,211)	10%
Administrative expenses	(1,871)	(2,436)	-23%	(1,871)	(1,632)	15%
Research and development expenses	(14,592)	(12,343)	18%	(14,592)	(13,641)	7%
Total operating expenses	(19,995)	(16,682)	20%	(19,995)	(18,484)	8%
Operating income	7,622	7,622	0%	7,622	7,069	8%
Non-operating income and expenses	993	1,452	-32%	993	682	46%
Net income before income tax	8,615	9,074	-5%	8,615	7,751	11%
Income tax expense	(785)	(1,114)	-30%	(785)	(1,162)	-32%
Net income	7,830	7,960	-2%	7,830	6,590	19%
Net other comprehensive income	(2,452)	3,434	-171%	(2,452)	(1,379)	-78%
Total comprehensive income	5,378	11,394	-53%	5,378	5,210	3%
Net income (loss) attributable to :						
Owners of the parent	7,792	7,954		7,792	6,500	
Non-controlling interests	38	5		38	90	
	7,830	7,960		7,830	6,590	
Basic Earnings Per Share (NTD)	4.98	5.09		4.98	4.16	

Note: Numbers do not add up due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the periods ended September 30, 2016 and 2015

Unit: Millions of New Taiwan dollars

	2016	% to sales	2015	% to sales	YOY%
Net Sales	206,836	100%	151,542	100%	36%
Operating costs	(132,359)	-64%	(83,143)	-55%	59%
Gross profit	74,477	36%	68,399	45%	9%
Operating expenses					
Selling expenses	(8,739)	-4%	(5,727)	-4%	53%
Administrative expenses	(4,994)	-3%	(6,421)	-4%	-22%
Research and development expenses	(41,650)	-20%	(34,091)	-23%	22%
Total operating expenses	(55,383)	-27%	(46,239)	-33%	20%
Operating income	19,094	9%	22,160	14%	-14%
Non-operating income and expenses	2,551	1%	2,463	2%	4%
Net income before income tax	21,645	10%	24,624	16%	-12%
Income tax expense	(2,752)	-1%	(3,035)	-2%	-9%
Net income	18,893	9%	21,588	14%	-12%
Net other comprehensive income	(5,603)	-3%	1,714	1%	-427%
Total comprehensive income	13,290	6%	23,302	15%	-43%
Net income (loss) attributable to :					
Owners of the parent	18,655		21,530		
Non-controlling interests	238		58		
	18,893		21,588		
Basic Earnings Per Share (NTD)	11.93		13.77		

Note: Numbers do not add up due to rounding.

MEDIATEK INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2016 and 2015

	Unit: Millions of New Taiwan dollars				
	2016	%	2015	%	YOY%
Current assets					
Cash and cash equivalents	143,446	39%	159,116	46%	-10%
Financial assets at fair value through profit or loss-current	3,312	1%	1,865	1%	78%
Available-for-sale financial assets-current	6,586	2%	6,955	2%	-5%
Held-to-maturity financial assets-current	876	0%	330	0%	166%
Debt instrument investments for which no active market exists-current	1,463	0%	701	0%	109%
Trade receivables, net	24,286	7%	16,117	4%	51%
Inventories, net	36,630	10%	33,981	10%	8%
Other current assets	12,517	3%	7,330	2%	71%
Total current assets	229,117	62%	226,396	65%	1%
Non-current assets					
Funds and investments	25,461	7%	22,904	7%	11%
Property, plant and equipment	37,012	10%	30,473	9%	21%
Intangible assets	72,848	20%	64,072	18%	14%
Other assets	3,756	1%	3,571	1%	5%
Total non-current assets	139,076	38%	121,019	35%	15%
Total assets	368,194	100%	347,415	100%	6%
Current Liabilities					
Short-term borrowings	64,555	18%	57,033	16%	13%
Trade payables	29,104	8%	18,667	5%	56%
Other current liabilities	40,496	10%	31,719	10%	28%
Total current liabilities	134,154	36%	107,419	31%	25%
Non-current liabilities					
Total non-current liabilities	3,921	1%	2,922	1%	34%
Total liabilities	138,075	37%	110,340	32%	25%
Equity					
Share capital	15,821	4%	15,716	5%	1%
Capital surplus	90,633	25%	88,369	26%	3%
Legal & special reserve	34,628	10%	32,032	9%	8%
Undistributed earnings	87,332	24%	91,778	26%	-5%
Other equity	(41)	0%	8,323	2%	-100%
Treasury shares	(56)	0%	(56)	0%	0%
Equity attributable to owners of the parent	228,318	63%	236,164	68%	-3%
Non-controlling interests	1,801	0%	911	0%	98%
Total equity	230,118	63%	237,075	68%	-3%
Total liabilities and equity	368,194	100%	347,415	100%	6%

Note: Numbers do not add up due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2016 and 2015

Unit: Millions of New Taiwan dollars

	2016	2015
Cash flows from operating activities :		
Profit before tax from continuing operations	21,645	24,624
Adjustments for :		
The profit or loss items which did not affect cash flows:		
Depreciation	2,239	1,357
Amortization	2,902	2,054
Bad debt provision	(79)	(29)
Losses on financial assets and liabilities at fair value through profit or loss	15	75
Interest expenses	404	417
Interest income	(1,870)	(2,238)
Dividend income	(308)	(366)
Share-based payment expenses	130	32
Share of profit of associates accounted for using the equity method	(650)	(374)
Losses on disposal of property, plant and equipment	7	6
Losses on disposal of intangible assets	0	-
Losses (Gains) on disposal of investments	75	(1,224)
Impairment of financial assets	71	851
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	2,247	(426)
Notes receivable	(45)	-
Trade receivables	(7,198)	(2,822)
Other receivables	337	1,856
Inventories	(11,046)	(11,390)
Prepayments	(131)	(118)
Other current assets	(1,288)	(626)
Other non-current assets-others	78	-
Trade payables	13,458	3,809
Trade payables to related parties	476	97
Other payables	2,664	(6,481)
Other current liabilities	(115)	963
Long-term payables	(43)	(26)
Net defined benefit liabilities	3	8
Non-current liabilities-others	84	8
Cash generated from operating activities		
Interest received	1,566	2,531
Dividend received	308	663
Interest paid	(417)	(407)
Income tax paid	(2,182)	(7,613)
Net cash provided by operating activities	<u>23,339</u>	<u>5,212</u>
Cash flows from investing activities :		
Acquisition of available-for-sale financial assets	(6,286)	(6,907)
Proceeds from disposal of available-for-sale financial assets	5,010	3,914
Acquisition of debt instrument investments for which no active market exists	(2,128)	(1,578)
Proceeds from disposal of debt instrument investments for which no active market exists	312	1,851
Acquisition of held-to-maturity financial assets	-	(1,774)
Proceeds from redemption of held-to-maturity financial assets	607	299
Acquisition of financial assets measured at cost	(1,653)	(1,199)
Proceeds from disposal of financial assets measured at cost	0	34
Proceeds from capital return of financial assets measured at cost	37	29
Acquisition of investments accounted for using the equity method	(2,411)	(459)
Proceeds from disposal of investments accounted for using the equity method	-	248
Proceeds from capital return of investments accounted for using the equity method	190	22
Net cash outflow from acquisition of subsidiaries	(2,406)	(1,896)
Acquisition of property, plant and equipment	(5,423)	(8,379)
Proceeds from disposal of property, plant and equipment	53	9
Increase in refundable deposits	(62)	(28)
Acquisition of intangible assets	(296)	(1,895)
Acquisition of investment property	(1)	-
Decrease (increase) in long-term prepaid rent	14	(35)
Net cash used in investing activities	<u>(14,444)</u>	<u>(17,745)</u>
Cash flows from financing activities :		
Increase in short-term borrowings	16,043	10,340
Proceeds from long-term borrowings	166	-
Increase in deposits received	5	3
Proceeds from exercise of employee stock options	-	30
Cash dividends	(17,202)	(34,403)
Acquisition of subsidiaries	(14,184)	-
Change in non-controlling interests	1,000	242
Net cash (used) provided by financing activities	<u>(14,172)</u>	<u>(23,789)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(4,059)</u>	<u>2,640</u>
Net increase in cash and cash equivalents	<u>(9,336)</u>	<u>(33,682)</u>
Cash and cash equivalents at the beginning of the period	<u>153,280</u>	<u>192,798</u>
Cash and cash equivalents at the end of the period	<u><u>143,944</u></u>	<u><u>159,116</u></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	143,446	159,116
Cash and cash equivalents included in non-current assets held for sale	498	-
Cash and cash equivalents at the end of the period	<u><u>143,944</u></u>	<u><u>159,116</u></u>

Note: Numbers do not add up due to rounding.