

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

	Yearly Comparison			Sequential Comparison		
	4Q 2017	4Q 2016	YOY%	4Q 2017	3Q 2017	QOQ%
Net Sales	60,403	68,675	-12.0%	60,403	63,651	-5.1%
Operating costs	(37,819)	(44,963)	-15.9%	(37,819)	(40,469)	-6.5%
Gross profit	22,584	23,713	-4.8%	22,584	23,182	-2.6%
Operating expenses						
Selling expenses	(3,050)	(3,675)	-17.0%	(3,050)	(2,332)	30.8%
Administrative expenses	(2,385)	(2,021)	18.0%	(2,385)	(1,693)	40.9%
Research and development expenses	(15,859)	(14,035)	13.0%	(15,859)	(14,199)	11.7%
Total operating expenses	(21,294)	(19,731)	7.9%	(21,294)	(18,223)	16.9%
Operating income	1,290	3,981	-67.6%	1,290	4,959	-74.0%
Non-operating income and expenses	9,445	1,586	495.4%	9,445	662	1326.8%
Net income before income tax	10,735	5,568	92.8%	10,735	5,621	91.0%
Income tax expense	(575)	(430)	33.7%	(575)	(560)	2.6%
Net income	10,160	5,138	97.8%	10,160	5,061	100.8%
Net other comprehensive income	(6,648)	11,295	-158.9%	(6,648)	4,906	-235.5%
Total comprehensive income	3,512	16,432	-78.6%	3,512	9,967	-64.8%
Net income (loss) attributable to :						
Owners of the parent	10,160	5,046		10,160	5,102	
Non-controlling interests	(0)	92		(0)	(41)	
	10,160	5,138		10,160	5,061	
Basic Earnings Per Share (NTD)	6.50	3.23		6.50	3.26	

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the periods ended December 31, 2017 and 2016

Unit: Millions of New Taiwan dollars

	2017	% to sales	2016	% to sales	YOY%
Net Sales	238,216	100.0%	275,512	100.0%	-13.5%
Operating costs	(153,330)	-64.4%	(177,322)	-64.4%	-13.5%
Gross profit	84,886	35.6%	98,190	35.6%	-13.5%
Operating expenses					
Selling expenses	(10,465)	-4.4%	(12,414)	-4.5%	-15.7%
Administrative expenses	(7,431)	-3.1%	(7,015)	-2.5%	5.9%
Research and development expenses	(57,171)	-24.0%	(55,685)	-20.2%	2.7%
Total operating expenses	(75,067)	-31.5%	(75,114)	-27.3%	-0.1%
Operating income	9,819	4.1%	23,076	8.4%	-57.4%
Non-operating income and expenses	17,418	7.3%	4,137	1.5%	321.0%
Net income before income tax	27,237	11.4%	27,213	9.9%	0.1%
Income tax expense	(3,167)	-1.3%	(3,182)	-1.2%	-0.5%
Net income	24,070	10.1%	24,031	8.7%	0.2%
Net other comprehensive income	5,263	2.2%	5,691	2.1%	-7.5%
Total comprehensive income	29,333	12.3%	29,722	10.8%	-1.3%
Net income (loss) attributable to :					
Owners of the parent	24,333		23,701		
Non-controlling interests	(263)		330		
	24,070		24,031		
Basic Earnings Per Share (NTD)	15.56		15.16		

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2017 and 2016

	Unit: Millions of New Taiwan dollars				
	2017	%	2016	%	YOY%
Current assets					
Cash and cash equivalents	145,338	36.8%	140,561	37.9%	3.4%
Financial assets at fair value through profit or loss-current	725	0.2%	1,971	0.5%	-63.2%
Available-for-sale financial assets-current	23,292	5.9%	9,429	2.5%	147.0%
Debt instrument investments for which no active market exists-current	765	0.2%	1,505	0.4%	-49.2%
Trade receivables, net	16,895	4.3%	20,481	5.5%	-17.5%
Inventories, net	26,540	6.7%	33,923	9.2%	-21.8%
Other current assets	25,109	6.4%	12,408	3.3%	102.4%
Total current assets	238,664	60.4%	220,278	59.4%	8.3%
Non-current assets					
Funds and investments	37,772	9.6%	36,971	10.0%	2.2%
Property, plant and equipment	36,939	9.4%	36,858	9.9%	0.2%
Intangible assets	76,178	19.3%	72,015	19.4%	5.8%
Other assets	5,410	1.4%	4,591	1.2%	17.8%
Total non-current assets	156,298	39.6%	150,434	40.6%	3.9%
Total assets	394,963	100.0%	370,712	100.0%	6.5%
Current Liabilities					
Short-term borrowings	64,316	16.3%	54,524	14.7%	18.0%
Trade payables	23,584	6.0%	24,630	6.6%	-4.2%
Other current liabilities	39,357	10.0%	40,193	10.8%	-2.1%
Total current liabilities	127,257	32.2%	119,347	32.2%	6.6%
Non-current liabilities					
Total non-current liabilities	6,358	1.6%	4,702	1.3%	35.2%
Total liabilities	133,615	33.8%	124,049	33.5%	7.7%
Equity					
Share capital	15,814	4.0%	15,821	4.3%	0.0%
Capital surplus	88,211	22.3%	89,815	24.2%	-1.8%
Legal & special reserve	36,998	9.4%	34,628	9.3%	6.8%
Undistributed earnings	100,778	25.5%	92,324	24.9%	9.2%
Other equity	18,215	4.6%	12,246	3.3%	48.7%
Treasury shares	(56)	0.0%	(56)	0.0%	0.0%
Equity attributable to owners of the parent	259,960	65.8%	244,779	66.0%	6.2%
Non-controlling interests	1,387	0.4%	1,884	0.5%	-26.4%
Total equity	261,348	66.2%	246,663	66.5%	6.0%
Total liabilities and equity	394,963	100.0%	370,712	100.0%	6.5%

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016

Unit: Millions of New Taiwan dollars

	2017	2016
Cash flows from operating activities :		
Profit before tax from continuing operations	27,237	27,213
Adjustments for :		
The profit or loss items which did not affect cash flows:		
Depreciation	3,558	3,061
Amortization	3,652	3,835
Bad debt provision (reversal)	53	(126)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(97)	150
Interest expenses	939	559
Interest income	(2,554)	(2,518)
Dividend income	(580)	(398)
Share-based payment expenses	619	307
Share of profit of associates accounted for using the equity method	(72)	(666)
Losses on disposal of property, plant and equipment	31	16
Properties, plants and equipment transferred to expense	3	0
Losses on disposal of intangible assets	0	1
Gains on disposal of non-current assets held for sale	(5,124)	0
(Gains) losses on disposal of investments	(8,844)	114
Gains on disposal of investments accounted for using the equity method	(1,496)	(309)
Impairment of financial assets	416	71
Others	193	0
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	1,294	2,506
Notes receivable	0	(3)
Trade receivables	3,550	(3,085)
Other receivables	481	(2,176)
Inventories	8,593	(8,168)
Prepayments	151	716
Other current assets	(181)	731
Other non-current assets-others	0	78
Trade payables	(7,293)	8,005
Trade payables to related parties	(352)	289
Other payables	739	2,491
Other current liabilities	(502)	65
Long-term payables	0	(56)
Net defined benefit liabilities	9	13
Non-current liabilities-others	74	101
Cash generated from operating activities		
Interest received	2,543	1,928
Dividend received	671	592
Interest paid	(887)	(562)
Income tax paid	(5,510)	(2,229)
Net cash provided by operating activities	<u>21,316</u>	<u>32,548</u>
Cash flows from investing activities :		
Acquisition of available-for-sale financial assets	(5,988)	(7,600)
Proceeds from disposal of available-for-sale financial assets	6,459	7,860
Acquisition of debt instrument investments for which no active market exists	(1,613)	(2,582)
Proceeds from disposal of debt instrument investments for which no active market exists	1,916	787
Proceeds from redemption of held-to-maturity financial assets	0	1,491
Acquisition of financial assets measured at cost	(7,557)	(2,216)
Proceeds from disposal of financial assets measured at cost	203	0
Proceeds from capital return of financial assets measured at cost	29	38
Acquisition of investments accounted for using the equity method	(925)	(4,612)
Proceeds from disposal of investments accounted for using the equity method	1	0
Increase in prepayments for investments	(160)	0
Net cash outflow from acquisition of subsidiaries	(1,057)	(2,406)
Proceeds from disposal of non-current assets held for sale	5,684	0
Acquisition of property, plant and equipment	(4,053)	(6,671)
Proceeds from disposal of property, plant and equipment	8	68
Decrease (increase) in refundable deposits	12	(67)
Acquisition of intangible assets	(1,796)	(367)
Acquisition of investment property	(1)	(1)
Decrease (increase) in long-term lease receivables	212	(210)
(Increase) decrease in long-term prepaid rent	(20)	16
Net cash used in investing activities	<u>(8,647)</u>	<u>(16,470)</u>
Cash flows from financing activities :		
Increase in short-term borrowings	11,598	5,456
Proceeds from long-term borrowings	0	124
Repayment of long-term borrowings	(46)	0
Increase increase in deposits received	2	8
Proceeds from exercise of employee stock options	6	0
Cash dividends	(14,912)	(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	1,596	988
Net cash used in financing activities	<u>(3,784)</u>	<u>(24,810)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(4,107)</u>	<u>(3,198)</u>
Net increase (decrease) in cash and cash equivalents	4,778	(11,931)
Cash and cash equivalents at the beginning of the year	140,561	153,280
Cash and cash equivalents at the end of the year	<u><u>145,338</u></u>	<u><u>141,349</u></u>
Reconciliation of the balances of cash and cash equivalents at the end of the year:		
Cash and cash equivalents on the consolidated balance sheets	145,338	140,561
Cash and cash equivalents included in non-current assets held for sale	0	788
Cash and cash equivalents at the end of the year	<u><u>145,338</u></u>	<u><u>141,349</u></u>

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