

MEDIATEK INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the second quarter of year 2018

Unit: Millions of New Taiwan dollars

	Yearly Comparison			Sequential Comparison		
	2Q 2018	2Q 2017	YOY%	2Q 2018	1Q 2018	QOQ%
Net Sales	60,481	58,079	4.1%	60,481	49,654	21.8%
Operating costs	(37,369)	(37,749)	-1.0%	(37,369)	(30,569)	22.2%
Gross profit	23,113	20,330	13.7%	23,113	19,085	21.1%
Operating expenses						
Selling expenses	(2,935)	(2,715)	8.1%	(2,935)	(2,163)	35.7%
Administrative expenses	(1,814)	(1,632)	11.2%	(1,814)	(1,676)	8.2%
Research and development expenses	(14,272)	(13,624)	4.8%	(14,272)	(13,316)	7.2%
Total operating expenses	(19,020)	(17,972)	5.8%	(19,020)	(17,155)	10.9%
Operating income	4,092	2,358	73.5%	4,092	1,929	112.1%
Non-operating income and expenses	4,665	1,022	356.5%	4,665	1,183	294.3%
Net income before income tax	8,757	3,380	159.1%	8,757	3,113	181.4%
Income tax expense	(1,260)	(1,170)	7.7%	(1,260)	(452)	178.6%
Net income	7,498	2,210	239.2%	7,498	2,660	181.8%
Net other comprehensive income	(4,499)	7,708	-158.4%	(4,499)	967	-565.3%
Total comprehensive income	2,999	9,918	-69.8%	2,999	3,627	-17.3%
Net income (loss) attributable to :						
Owners of the parent	7,438	2,368		7,438	2,645	
Non-controlling interests	59	(158)		59	15	
	7,498	2,210		7,498	2,660	
Basic Earnings Per Share (NTD)	4.75	1.51		4.75	1.69	

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the periods ended June 30, 2018 and 2017

*Unit: Millions of New Taiwan dollars*

	2018	% to sales	2017	% to sales	YOY%
Net Sales	110,135	100.0%	114,162	100.0%	-3.5%
Operating costs	(67,938)	-61.7%	(75,042)	-65.7%	-9.5%
Gross profit	42,197	38.3%	39,119	34.3%	7.9%
Operating expenses					
Selling expenses	(5,097)	-4.6%	(5,083)	-4.5%	0.3%
Administrative expenses	(3,490)	-3.2%	(3,352)	-2.9%	4.1%
Research and development expenses	(27,588)	-25.0%	(27,113)	-23.8%	1.8%
Total operating expenses	(36,176)	-32.8%	(35,549)	-31.1%	1.8%
Operating income	6,022	5.5%	3,570	3.1%	68.7%
Non-operating income and expenses	5,848	5.3%	7,311	6.4%	-20.0%
Net income before income tax	11,870	10.8%	10,881	9.5%	9.1%
Income tax expense	(1,712)	-1.6%	(2,032)	-1.8%	-15.7%
Net income	10,158	9.2%	8,849	7.8%	14.8%
Net other comprehensive income	(3,532)	-3.2%	7,005	6.1%	-150.4%
Total comprehensive income	6,626	6.0%	15,854	13.9%	-58.2%
Net income (loss) attributable to :					
Owners of the parent	10,083		9,070		
Non-controlling interests	75		(221)		
	10,158		8,849		
Basic Earnings Per Share (NTD)	6.44		5.80		

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.  
CONSOLIDATED BALANCE SHEETS  
As of June 30, 2018 and 2017

	Unit: Millions of New Taiwan dollars				
	2018	%	2017	%	YOY%
Current assets					
Cash and cash equivalents	171,373	38.7%	138,483	34.3%	23.7%
Financial assets at fair value through profit or loss-current	4,115	0.9%	265	0.1%	1451.1%
Financial assets at fair value through other comprehensive income-current	14,762	3.3%	0	0.0%	-
Available-for-sale financial assets-current	0	0.0%	14,869	3.7%	-100.0%
Financial assets measured at amortized cost-current	1,742	0.0%	0	0.0%	-
Debt instrument investments for which no active market exists-current	0	0.0%	1,328	0.3%	-100.0%
Trade receivables, net	31,956	7.2%	20,581	5.1%	55.3%
Inventories, net	36,875	8.3%	39,617	9.8%	-6.9%
Other current assets	17,345	3.9%	23,066	5.7%	-24.8%
Total current assets	278,168	62.9%	238,210	59.1%	16.8%
Non-current assets					
Funds and investments	45,770	10.3%	45,861	11.4%	-0.2%
Property, plant and equipment	37,499	8.5%	36,553	9.1%	2.6%
Intangible assets	74,805	16.9%	77,803	19.3%	-3.9%
Other assets	6,011	1.4%	4,884	1.2%	23.1%
Total non-current assets	164,086	37.1%	165,102	40.9%	-0.6%
Total assets	442,254	100.0%	403,312	100.0%	9.7%
Current Liabilities					
Short-term borrowings	79,288	17.9%	63,237	15.7%	25.4%
Trade payables	28,740	6.5%	30,901	7.7%	-7.0%
Other current liabilities	69,075	15.6%	51,638	12.8%	33.8%
Total current liabilities	177,103	40.0%	145,776	36.1%	21.5%
Non-current liabilities					
Total non-current liabilities	5,267	1.2%	6,687	1.7%	-21.2%
Total liabilities	182,369	41.2%	152,463	37.8%	19.6%
Equity					
Share capital	15,793	3.6%	15,816	3.9%	-0.1%
Capital surplus	84,284	19.1%	88,507	21.9%	-4.8%
Legal & special reserve	39,432	8.9%	36,998	9.2%	6.6%
Undistributed earnings	97,494	22.0%	86,372	21.4%	12.9%
Other equity	21,559	4.9%	19,687	4.9%	9.5%
Treasury shares	(56)	0.0%	(56)	0.0%	-
Equity attributable to owners of the parent	258,506	58.5%	247,324	61.3%	4.5%
Non-controlling interests	1,379	0.3%	3,525	0.9%	-60.9%
Total equity	259,884	58.8%	250,849	62.2%	3.6%
Total liabilities and equity	442,254	100.0%	403,312	100.0%	9.7%

Note: Sums may not equal totals due to rounding.

MEDIATEK INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the periods ended June 30, 2018 and 2017

Unit: Millions of New Taiwan dollars

	2018	2017
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	11,870	10,881
Adjustments for :		
The profit or loss items which did not affect cash flows:		
Depreciation	1,875	1,709
Amortization	1,738	1,816
Expected credit losses (gains)	12	(131)
Gains on financial assets and liabilities at fair value through profit or loss	(519)	(66)
Interest expenses	848	376
Gains on derecognition of financial assets measured at amortized cost	(26)	0
Interest income	(1,814)	(1,171)
Dividend income	(110)	(323)
Share-based payment expenses	227	454
Share of profit of associates accounted for using the equity method	(406)	(49)
Losses on disposal of property, plant and equipment	3	2
Properties, plants and equipment transferred to expense	1	0
Gains on disposal of non-current assets held for sale	(3,460)	(5,124)
Losses on disposal of investments	5	25
Gains on disposal of investments accounted for using the equity method	0	(1,488)
Impairment of financial assets	0	333
Impairment of non-financial assets	23	0
Others	0	200
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	2,609	1,318
Notes receivable	2	2
Trade receivables	(6,728)	138
Trade receivables-related parties	(2)	0
Other receivables	(483)	(596)
Inventories	(10,388)	(4,086)
Prepayments	(833)	(176)
Other current assets	691	(104)
Contract liabilities	265	0
Trade payables	8,155	(408)
Trade payables to related parties	394	(182)
Other payables	(2,766)	(3,613)
Other payables to related parties	22	0
Other current liabilities	5,394	(371)
Net defined benefit liabilities	4	7
Non-current liabilities-others	516	102
Cash generated from operating activities		
Interest received	1,743	1,292
Dividend received	562	323
Interest paid	(815)	(367)
Income tax paid	(1,070)	(3,063)
Net cash used in operating activities	<u>7,539</u>	<u>(2,339)</u>
<b>Cash flows from investing activities :</b>		
Acquisition of financial asset at fair value through other comprehensive income	(1,417)	0
Proceeds from disposal of financial asset at fair value through other comprehensive income	10,123	0
Proceeds from capital return of financial asset at fair value through other comprehensive income	9	0
Acquisition of financial assets measured at amortized cost	(7,037)	0
Proceeds from redemption of financial assets measured at amortized cost	7,156	0
Acquisition of available-for-sale financial assets	0	(1,840)
Proceeds from disposal of available-for-sale financial assets	0	2,640
Acquisition of debt instrument investments for which no active market exists	0	(1,601)
Proceeds from disposal of debt instrument investments for which no active market exists	0	1,402
Acquisition of financial assets measured at cost	0	(3,167)
Proceeds from capital return of financial assets measured at cost	0	27
Acquisition of investments accounted for using the equity method	(559)	(944)
Net cash outflow from acquisition of subsidiaries	0	(1,057)
Acquisition of property, plant and equipment	(2,495)	(2,037)
Proceeds from disposal of property, plant and equipment	4	4
Decrease in refundable deposits	43	16
Acquisition of intangible assets	(1,569)	(1,506)
Proceeds from disposal of intangible assets	0	0
Decrease in long-term lease receivables	0	212
Decrease (increase) in long-term prepaid rent	1	(19)
Net cash used in investing activities	<u>4,260</u>	<u>(7,869)</u>
<b>Cash flows from financing activities :</b>		
Increase in short-term borrowings	14,609	10,082
Repayment of long-term borrowings	(18)	0
Increase (decrease) in deposits received	21	(3)
Proceeds from exercise of employee stock options	6	0
Cash dividends	0	0
Acquisition of ownership interests in subsidiaries	(1,586)	0
Disposal of ownership interests in subsidiaries (without losing control)	0	81
Change in non-controlling interests	117	1,963
Net cash (used in) provided by financing activities	<u>13,150</u>	<u>12,124</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>1,085</u>	<u>(3,993)</u>
Net decrease in cash and cash equivalents	26,034	(2,078)
Cash and cash equivalents at the beginning of the year	<u>145,338</u>	<u>140,561</u>
Cash and cash equivalents at the end of the year	<u><u>171,373</u></u>	<u><u>138,483</u></u>

Note: Sums may not equal totals due to rounding.