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Contact: Mingto Yu, CFO & Spokesman

Website: [www.mtk.com.tw](http://www.mtk.com.tw)

**MediaTek Inc. Reports FY 2007 Second Quarter Financial Results**

**Consolidate Sales Revenue of NT\$18,415 Million and**

**Consolidated Net Income of NT\$7,604Million**

**Consolidated EPS of NT\$7.91 up 79.2% from a year ago**

**Consolidated Revenue**

Revenue was NT\$18,415 million for the second quarter of fiscal 2007 ended June 30, 2007, up 23.4% from NT\$14,927 million in 1Q07 and up 56.7% from NT\$11,750 million in 2Q06. Sales revenue from majority of product lines grew nicely from previous quarter, regardless of traditional off-seasonality of PC market and consumer market. Handset chipset sales continued to surge from previous quarter and doubled from the same quarter of last year fueled by strong demand for turn-key chipset solutions of multimedia models in global emerging markets. Sales revenue of TV business grew remarkably from previous quarter and tripled from same period last year powered by remarkable sell-through of digital TV integrated chipset solution following the tide, as well as growing shipment to the tier-one brands. Total revenue in the first half year of 2007 was NT\$33,342 million, up 45.9% from NT\$22,853 million in the same period of 2006.

**Consolidated Gross Margin and Profit**

Gross margin of the quarter achieved 55.9%, slightly lower than that of 57.3% in 1Q07 and 57.8% in 2Q06. The declined margin from previous quarter was mainly from price erosion in consumer products and also increase of these products in portion of total revenue. As such, gross profit was NT\$10,292 million, increased by 20.3% from NT\$8,555 million in 1Q07 and surged by 51.6% from NT\$6,788 million in 2Q06. Gross profit of the first half year in 2007 was NT\$18,846 million, grown by 41.9% from NT\$13,285 million in the same period of 2006.

**Consolidated Operating Expenses and Profit**

Operating expenses for the quarter was NT\$2,814 million (15.3% of total revenue), compared with NT\$2,392 million (16.0% of total revenue) in 1Q07 and NT\$1,592 million (13.6% of total revenue) in 2Q06. Major items included:

- R&D expenses of NT\$1,632 million represented 8.9% of total sales revenue, increased from NT\$1,594 million in 1Q07 and NT\$1,153 million in 2Q06.
- Selling expenses of NT\$321 million, higher than NT\$264 million in 1Q07 and NT\$184 million in 2Q06.
- Administration expenses of NT\$861 million, higher than NT\$534 million in 1Q07 and NT\$255 million in 2Q06.



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Consequentially, operating income of NT\$7,478 million increased by 21.3% from NT\$6,162 million in 1Q07, and surged by 43.9% from NT\$5,197 million in 2Q06. Operating income of the first half year was NT\$13,640 million, boosted by 40.6% from NT\$9,699 million in the same period of 2006.

**Consolidated Non-Operating Income and Loss**

Net non-operating items resulted in an income of NT\$892 million for 2Q07, compared with an income of NT\$1,632 million in 1Q07 and an income of NT\$362 million in 2Q06. Major items included:

- Interest income of NT\$414 million, increased from NT\$316 million in 1Q07 and NT\$335 million in 2Q06, mainly attributed to rising interest rate and cash balance.
- Investment income of NT\$350 million, compared with an income of NT\$1,295 million in 1Q07 and an income of NT\$29 million in 2Q06. The investment income for the quarter was mainly from proceeds of disposing stock shares of PixArt Imaging Inc..
- Foreign exchange loss of NT\$5 million, compared with a gain of NT\$12 million in 1Q07 and a gain of NT\$22 million in 2Q06, as a result of USD depreciation against NTD.
- Reversal of inventory loss provision of NT\$127 million, compared with a loss provision of NT\$9 million in 1Q07 and a loss provision of NT\$44 million in 2Q06.

**Consolidated Income Before / After Tax**

Income before tax for the quarter achieved NT\$8,370 million, increased 7.4% from NT\$7,794 million in 1Q07 and up 50.6% from NT\$5,558 million in 2Q06. Income tax expense of NT\$766 million was mainly attributed to the 10% tax charged on undistributed earnings. After deducting the tax item, net income achieved NT\$7,604 million in the quarter, a decrease of 2.9% from NT\$7,833 million in 1Q07, while a surge of 79.2% from NT\$4,243 million in 2Q06. Net income of the first half year in 2007 was NT\$15,437 million, increased by 64.3% from NT\$9,393 million in the same period of 2006.

**Consolidated Earnings Per Share**

Earnings per share (EPS) was NT\$7.91 for the quarter, decreased from NT\$8.15 in 1Q07 while up from NT\$4.42 in 2Q06. Accumulated EPS was NT\$16.06 for the first half year of 2007, compared with NT\$9.77 in the same period of 2006. The aforesaid EPS were based on the weighted average outstanding shares of 960,992,546 shares of 2Q07.

**Consolidated Balance Sheet Items**

Cash and short-term investments amounted to NT\$63,145 million, which accounted for



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66.2% of the company's assets, compared with NT\$59,996 million in 1Q07 and NT\$47,420 million in 2Q06.

Quarter-end net notes and account receivables were NT\$4,966 million, which represented turnover of 22 days based on quarterly average net receivables divided by annualized net revenue. Net receivables were increased from NT\$3,845 million in 1Q07 and increased from NT\$3,562 million in 2Q06.

Net inventory was NT\$8,906 million in the quarter, which represented turnover of 81 days based on quarterly average net inventory divided by annualized cost of goods sold. The net inventory has been increased compared with NT\$5,462 million in 1Q07 and NT\$4,854 million in 2Q06.

Note: Consolidated entities include MediaTek and all directly and indirectly majority owned subsidiaries and those investees in which the Company's ownership percentage is less than 50% but the Company has a controlling power.

**Recent Announcement**

June 11, 2007 MediaTek held its annual general shareholders meeting in Hsinchu, Taiwan.

June 27, 2007 MediaTek announced that its common share ex-dividend and ex-right date is on Jul. 25<sup>th</sup>.

For more information regarding our recent announcement, please link to Taiwan Stock Exchange Market Observation Post System [http://emops.tse.com.tw/emops\\_all.htm](http://emops.tse.com.tw/emops_all.htm).

**Investor Teleconference**

- Date** : Thursday, Aug. 2, 2007
- Time** : 2:00 p.m. Taipei Time
- Conducted in** : Mandarin
- Teleconference** : Dial-in numbers:
  - 1. TAIWAN Toll Number: + 886-2-2795-7300
  - 2. HONG KONG Toll Number: + 852-2258-4000
  - 3. SINGAPORE Toll Number: + 65-6883-9139
  - 4. JAPAN Toll Number: + 81-3-5539-5124    Password: MediaTek
- Webcast** : [www.mtk.com.tw](http://www.mtk.com.tw)

**About MediaTek Inc.**

MediaTek Inc. is a leading fabless semiconductor company for wireless communications and digital media solutions. The company is a market leader which pioneers in the technology of leading-edge SOC system solutions for wireless communications,



**MediaTek Inc.**

Aug. 2, 2007

**2Q07**

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high-definition digital TV, optical storage, and high-definition DVD products. Founded in 1997 and listed on Taiwan Stock Exchange under the code "2454", MediaTek is headquartered in Taiwan and has sales and research subsidiaries in China, India, U.S., Korea and Singapore. For more information, please visit MediaTek's website at [www.mtk.com.tw](http://www.mtk.com.tw)

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Website: [www.mtk.com.tw](http://www.mtk.com.tw)**Q2 FY07 Consolidated Income Statement – QoQ**

Amount: NT\$Million	Q2 FY07		Q1 FY07		QoQ Chg %
	Amount	%	Amount	%	
Net Revenue	18,415	100.0%	14,927	100.0%	23.4%
Cost of Goods Sold	(8,124)	(44.1%)	(6,372)	(42.7%)	
Gross Profit	10,292	55.9%	8,555	57.3%	20.3%
Selling expenses	(321)	(1.7%)	(264)	(1.8%)	
Administration expenses	(861)	(4.7%)	(534)	(3.6%)	
R&D expenses	(1,632)	(8.9%)	(1,594)	(10.7%)	
Operating Expenses	(2,814)	(15.3%)	(2,392)	(16.0%)	
Operating Income	7,478	40.6%	6,162	41.3%	21.3%
Interest income	414	2.3%	316	2.1%	
Investment income (loss)	350	1.9%	1,295	8.7%	
Foreign exchange gain (loss)	(5)	(0.0%)	12	0.1%	
Inventory loss provision	0	0.0%	(9)	(0.1%)	
Reversal of inventory loss provision	127	0.7%	0	0.0%	
Others	6	0.0%	17	(0.3%)	
Net Non-operating Income (Exp.)	892	4.8%	1,632	10.9%	
Income Before Income Tax	8,370	45.5%	7,794	52.2%	7.4%
Income tax expense	(766)	(4.2%)	39	0.3%	
Net Income	7,604	41.3%	7,833	52.5%	(2.9%)
EPS (NT\$)	7.91		8.15		(2.9%)

**Q2 FY07 Consolidated Income Statement – YoY**

Amount: NT\$Million	Q2 FY07		Q2 FY06		YoY Chg %
	Amount	%	Amount	%	
Net Revenue	18,415	100.0%	11,750	100.0%	56.7%
Cost of Goods Sold	(8,124)	(44.1%)	(4,962)	(42.2%)	
Gross Profit	10,292	55.9%	6,788	57.8%	51.6%
Selling expenses	(321)	(1.7%)	(184)	(1.6%)	
Administration expenses	(861)	(4.7%)	(255)	(2.2%)	
R&D expenses	(1,632)	(8.9%)	(1,153)	(9.8%)	
Operating Expenses	(2,814)	(15.3%)	(1,592)	(13.6%)	
Operating Income	7,478	40.6%	5,197	44.2%	43.9%
Interest income	414	2.3%	335	2.9%	
Investment income (loss)	350	1.9%	29	0.2%	
Foreign exchange gain (loss)	(5)	(0.0%)	22	0.2%	
Inventory loss provision	0	0.0%	(44)	(0.4%)	
Reversal of inventory loss provision	127	0.7%	0	0.0%	
Others	6	0.0%	20	0.2%	
Net Non-operating Income (Exp.)	892	4.8%	362	3.1%	
Income Before Income Tax	8,370	45.5%	5,558	47.3%	50.6%
Income tax expense	(766)	(4.2%)	(1,315)	(11.2%)	
Net Income	7,604	41.3%	4,243	36.1%	79.2%
EPS (NT\$)	7.91		4.42		79.2%

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Amount: NT\$Million	1H FY07		1H FY06		YOY Chg %
	Amount	%	Amount	%	
Net Sales	33,342	100.0%	22,853	100.0%	45.9%
Cost of Goods Sold	(14,496)	(43.5%)	(9,568)	(41.9%)	
Gross Profit	18,846	56.5%	13,285	58.1%	41.9%
Selling expenses	(584)	(1.8%)	(391)	(1.7%)	
Administration expenses	(1,395)	(4.2%)	(471)	(2.1%)	
R&D expenses	(3,226)	(9.7%)	(2,723)	(11.9%)	
Operating Expenses	(5,206)	(15.6%)	(3,585)	(15.7%)	
Operating Income	13,640	40.9%	9,699	42.5%	40.6%
Interest Income	730	2.2%	598	2.6%	
Investment Income	1,645	4.9%	224	1.0%	
Foreign exchange gain (Loss)	7	0.0%	83	0.4%	
Inventory loss provisions	0	0.0%	(68)	(0.3%)	
Reversal of loss inventory provisions	118	0.4%	0	0.0%	
Others	23	0.1%	61	0.3%	
Net Non-operating Income (Exp.)	2,523	7.6%	897	3.9%	
Income Before Income Tax	16,163	48.5%	10,596	46.4%	52.5%
Income Tax Expense	(726)	(2.2%)	(1,203)	(5.3%)	
Net Income	15,437	46.3%	9,393	41.1%	64.3%
EPS (NT\$)	16.06		9.77		64.3%

**Condensed Consolidated Balance Sheet**

Amount: NT\$Million	Jun. 30, FY07	Mar. 31, FY07	Jun.30, FY06
Cash & Short-term investments	63,145	59,996	47,420
Notes & Account receivables (net)	4,966	3,845	3,562
Inventory (net)	8,906	5,462	4,854
Long – term investment	7,766	7,477	4,726
Total assets	95,358	85,986	70,517
Notes & Account payables	7,990	5,721	3,664
Current liabilities	28,379	10,960	18,217
Long – term liabilities	65	63	58
Stockholders' equity	66,915	74,963	52,243



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**Consolidated Cash Flow Summary**

<b>Amount: NT\$Million</b>	<b>Q2 FY07</b>	<b>Q1 FY07</b>	<b>Q2 FY06</b>
Cash Flow From Operations	4,774	6,774	4,531
Cash Flow From Investing	(3,293)	(88)	(633)
Cash Flow From Financing	80	1	0
Effec of Exchange Rate Changes	(103)	0	(21)
Net Increase in Cash & Cash Equivalentents	1,459	6,687	3,877
Cash & Cash Equivalentents at Quarter End	55,127	53,668	44,311

Notes:

- (1) Consolidated entities include MediaTek and all directly and indirectly majority owned subsidiaries and those investees in which the Company's ownership percentage is less than 50% but the Company has a controlling power.
- (2) Foreign exchange gain(loss) includes mark-to-market gain(loss) of derivative products.