



**GIGAMEDIA Third-Quarter 2007
Financial Results
CONFERENCE CALL SCRIPT
NOVEMBER 14, 2007 AT 8 A.M. (EST)**

Brad: Thank You. This is Brad Miller, investor relations director of GigaMedia. Welcome to our third-quarter 2007 results conference call for GigaMedia Limited. Here again to speak with you and answer your questions today are Arthur Wang, our CEO, and Thomas Hui, President and COO.

Before I turn it over to today's speakers, I would like to remind you that a number of forward-looking statements will be made during this conference call. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of GigaMedia and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties, GigaMedia's actual results could differ materially from these statements. Information about factors that could cause, and in some cases have caused, such differences can be found in GigaMedia's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission in June 2007.

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The agenda for today's call includes first a review by Arthur Wang of 3Q business activities and financial performance. Thomas Hui will then provide details on our financial results during the period. After the speaker presentations, we will go into a question and answer session. With that, I would like to turn the call over to Arthur, our CEO.

Arthur: Thanks Brad.

We are very pleased to report today our strong third-quarter 2007 financial results. Third quarter performance was strong in every business unit driving consolidated third-quarter revenues up 76 percent year-over-year to \$43.0 million, operating income up 66 percent over last year to \$10.0 million, and a fully diluted Non-GAAP EPS of \$.17, excluding non-cash share-based compensation.

Equally importantly, we made great progress in Q3 in positioning GigaMedia for continued strong, long-term growth in our two primary growth areas – real money gaming software and Asian online games.

Thomas will go through our financial results in more detail in a moment. I would like to highlight for you some developments in these areas with an eye to our future growth prospects and exciting opportunities to continue grow shareholder value.

Our Poker and Casino Software Business

The Third Quarter was another record quarter for our real money gaming software business, with both Year over Year and Quarter over Quarter growth in both financial and operational metrics.

Moreover during the Third Quarter, Everest Poker was recognized by the online gaming industry and awarded one of its highest honors – the Poker Operation of the Year – at the 2007 eGaming Review Awards Ceremony in London. We are very proud of this recognition and appreciative of the regard and esteem from the online gaming industry. But I must emphasize: we view this recognition not as grounds to become complacent but rather as inspiration to strengthen our resolve, our commitment to build the very best online entertainment firm.

Despite the seasonal slow-down, the third quarter was very active, with continuation of the Everest Poker European Championships, the Everest Poker Avalanche Tournaments, sponsorship of numerous satellite events throughout Europe and the conclusion of the Everest Poker Japan Cup with the live finale on Tinian Island. All told, these activities resulted in strong player numbers: in Q3 we had 163,000 Active RM poker players – up 6% sequentially over Q2 – despite the summer seasonality.

In the Casino software vertical we continued to expand our product offering with new games, Blackjack promotions, optimization of bonus offers and maximization of conversion and retention.

In the third quarter, we also took full advantage of the seasonality to make strong investments in the core Everest product both at the visible customer facing level with numerous product and feature enhancements and equally or more importantly, at the invisible middle and back end infrastructure including upgrades to the entire game server and database platform and the launch of a new affiliate marketing engine. Our investments have not been limited to technology: during the third quarter we continued to strengthen our team by adding new senior and middle management talent.

We believe these investment will drive even stronger results in 2008 and beyond.

Now with respect to our real money Asian games business. First, I must report that the results from the initial launch of real money mahjong have been lower than forecast due primarily we believe to the over-reliance on electronic database marketing by our initial licensee.

These startup marketing deficiencies have since been corrected and we are told that several new marketing initiatives are underway including the use of online marketing affiliates, strategic partnerships with land based channels, banner advertisements and event marketing. We are just now beginning to see the positive results from these efforts and will report more as more data becomes available.

Separately, we are happy to note that player response to our software – the MahJong game itself – has been very good, as we have always expected given our market leadership in MahJong.

We are now in discussions with several other potential licensees and believe these will help expand the market significantly when these licensees launch in 2008.

With respect to Japanese gaming products, we are happy to announce that our public beta will be launched before Christmas, with full commercial launch soon to follow in the first quarter. The initial product suite will include a powerful line-up including Pachinko, Pachislo, and MahJong, among other games – all incorporated in to a fully-localized, feature rich platform with rich functionality including an avatar system, ranking system, and scoring, payout and other statistics systems as customary in the local market.

Despite the launch delays – some related to product development - and the initial marketing weakness, we continue to see an enormous market opportunity for Asian

real money and play for prize games. We look forward with enthusiasm to a strong ramp up in 2008.

Asian Online Games

Our solid third-quarter results were also driven by strong progress in our Asian online games business which is comprised of FunTown the leading casual game platform in Taiwan, Hong Kong and Macau; T2CN operator of the leading online sports game in China; and in high growth Southeast Asia, Infocomm Asia, for which we are the largest shareholder with about 29% equity interest.

Together these platforms combine to the first and only pan-Asian online gaming platform, a game and entertainment platform with a geographic footprint covering one-quarter the world. We believe this platform offers us powerful operating synergies and economies of scale in the near term – and even more powerful platform opportunities as we expand our reach over the coming year. At present, we have over 68 million registered users with 8 million users active in a given month, but we intend to double these numbers several times. Initially, we see strong monetization from games played for fun and games played for prizes, but as our numbers grow and match and even exceed those of traditional broadcast media, we see an opportunity to be a provider of many new and different forms of online entertainment – and this I would argue by way of a medium far more relevant than broadcast media to the sweet spot of 15-35 year olds – the so-called MTV generation.

In Q3 we also continued to invest in our game platform, kicking off work on our state of the next generation online entertainment platform for use across Asia and Europe. We are committed to adding more features, more functionality, more community and more fun to our platforms.

In addition, in Q3 we secured the operating rights to Holic, an exciting cute-style flying/shooting MMORPG, much anticipated in Asia, where cute-style games are perennial favorites.

Holic was our first implementation of our regional strategy in which we obtain game operating rights for all of Greater China (China itself, Taiwan, Hong Kong and Macau), a demonstration of one of the benefits of our pan-Asian platform: offering leading game studios a one-stop solution to a large and lucrative market.

In addition, we are hard at work on several exciting business opportunities, including potential partnerships in game development, publishing and operations.

We believe these opportunities combined with the continued expansion of our existing business will allow us to drive growth on the order of several multiples over the next year.

And to foreshadow an announcement we will be making in the next few days, I am very pleased to say that we have entered into an agreement with Electronic Arts to operate one their most exciting titles in the Taiwan, Hong Kong and Macau markets. EA of course is the largest game company in the world with an incredible library of top games and we are very excited to join with them on this title. For now that is all I can say; more details will be available in the formal press release which should be out in the next day or two.

Outlook

To conclude, looking ahead, in the short-term we expect a strong fourth quarter, driven by strong growth in all of our businesses in both absolute and percentage terms. More important, we see this growth – combined with developments now underway – driving continued strong growth momentum in 2008.

As we move into 2008 and beyond, we have tremendous opportunities before us. We are very excited about our growth prospects and the significant new business developments that we have underway now. We are indeed building a new GigaMedia with growing shareholder value as its cornerstone. We thank you for your interest and continued support.

Thomas: Thanks Arthur.

I would like to begin today's comments by highlighting GigaMedia's key achievements during the quarter. I will then review our consolidated financial results and discuss our business unit financials.

Overall, we delivered solid performance in line with our expectations in the third quarter of 2007.

- In our poker software business, despite the negative impact of seasonality, we were again able to deliver growth. We achieved this strong performance as a result of the growing popularity of Everest Poker, whose quality and success was demonstrated in Q3 with its award as Poker Operation of the Year, as Arthur mentioned.
- In our Asian online games business, we continued to drive top-line growth while strengthening our game pipeline and continuing to integrate with T2CN. We scored regional rights to highly-anticipated game title and increased our ownership level at T2CN.

Now, let me quickly summarize our consolidated results in Q3 2007:

- Consolidated revenues grew 76 percent year-over-year or 7 percent sequentially to \$43.0 million. This growth was due to continued record performance in our poker software business, complemented by increased contributions from our Asian online games business, which represented 23% of our total revenues in Q3.

- Consolidated gross profit increased 80 percent from the same period last year or 4 percent sequentially to \$33.2 million as a result of the consolidated revenue growth. Our consolidated gross profit margin was 77.1 percent in Q3, down from 79.4 percent in the previous quarter, reflecting a sequential increase in game licensing and royalty costs in our Asian online games business.
- Consolidated operating income rose 66 percent year-over-year to \$10.0 million, and was approximately flat sequentially. Operating margin declined to 23.3% in Q3 as a result of the increase in operating costs and selling and marketing expenses in the Asian online game business.
- Consolidated net income in Q3 was US\$9.7 million or 16 cents per diluted share, which represented a 49 percent increase year-over-year. Sequentially, net income declined 4 percent from Q2. However, I would like to highlight that the quarter-over-quarter sequential decline was primarily due to the decline in profits from our legacy ISP business. Solid business momentum continues in our core businesses. The gaming software business's net income was essentially flat sequentially despite negative seasonality and the Asian online games business recorded quarter-over-quarter net income growth in Q3.
- We continued to maintain a strong balance sheet during the third quarter. Cash, cash equivalents, and current marketable securities at the end of Q3 were approximately \$72.0 million and total debt was approximately \$24.5 million. In Q3, we generated \$12.2 million operating cash flow, which was offset by cash payments made during the period for the acquisition of T2CN. Such payments amounted to \$11.4 million.

Let's now look at our business unit performance.

Gaming Software Business

The third quarter is traditionally the weakest business period for the gaming software business as it contains the bulk of the summer holiday period when Continental Europeans typically spend less time playing online games. Despite this, the business unit once again delivered stunning results hitting an all-time high in revenues.

During the third quarter, the business unit generated \$29.3 million in revenues, representing 99 percent year-over-year growth. Operating income and net income were each up over 100 percent year-over-year. Quarter-over-quarter, results reflected seasonality, with revenues, operating income, and net income each essentially flat.

Let me quickly break this down further into results for our poker software business and our casino software business.

Revenues from our poker software products were \$22.0 million, up an impressive 163 percent from a year ago and up 1 percent sequentially. Growth was driven by increasing awareness of the Everest Poker brand, which resulted in increases in real-money players. Approximately 163,000 active depositing real-money customers played Everest Poker during the third quarter, up 167 percent year-over-year and 6 percent sequentially. And during the quarter, Everest Poker added approximately 51,000 new depositing real-money players.

Our casino software business also delivered strong results. Third-quarter revenues from the casino software business were \$7.3 million. This represented a 14 percent increase year-over-year, driven in large part by the launch of new games and cross-selling of casino games on Everest Poker. Casino revenues improved a modest 2 percent sequentially, again reflecting the negative impact of seasonality.

In sum, our gaming software business is continuing to deliver and sustain growth momentum and, as noted in our release today, in the first month of the fourth quarter we have experienced an encouraging pickup in revenues. In October, average net daily revenue was up approximately 15 percent over that achieved in the third quarter.

Asian Online Games Business – FunTown and T2CN

In the third quarter, results in our Asian online games business were in-line with our expectations. We delivered solid revenue growth on the back of ongoing investments to increase the scale of this business unit.

Results for the Asian online games business reflect for the first time a full quarter of contributions from our recently acquired China platform, T2CN. As I mentioned earlier, GigaMedia increased its total equity ownership of T2CN to approximately 58 percent in July 2007.

Revenues from the Asian online games business in the period increased 122 percent year-over-year and 39 percent sequentially to \$10.0 million, primarily due to the full-quarter consolidation of T2CN's results in Q3. FunTown's revenue growth also contributed to the year-over-year revenue increase.

Breaking revenues down further, third-quarter revenues from FunTown grew 36 percent year-over-year and 2 percent sequentially to \$6.2 million, with growth driven by strong contributions from our advanced casual game Tales Runner, which drove approximately 4 percent sequential growth in average active monthly paying accounts.

T2CN third-quarter total revenues were \$3.9 million, up 11 percent sequentially, primarily due to an increase in advertising revenue.

Gross profit from the business unit increased 95 percent year-over-year and 24 percent sequentially to \$6.9 million as result of strong revenue growth. Gross profit margin decreased to 69.0 percent during the third quarter. The key reasons for the year-over-year and quarter-over-quarter gross margin decreases were the increases in revenue contributions from licensed games, which have lower margins than self-developed games.

Partly as a result of the gross margin decline from the business unit, we also recorded an expected operating margin decline, from 32.1 percent in Q2 to 23.3 percent in Q3. Despite such decline, operating income from the business unit remained flat sequentially at \$2.3 million, or a 94 percent increase year-over-year. As we have discussed in our Q2 earnings release, the operating margin achieved in Q2 was exceptionally high due to the low level of marketing activities in that quarter. Q3 operating margins were negatively impacted in particular by a substantial increase in selling and marketing expenses, with much of this related to mass media marketing of FunTown's game products and services and the full quarter consolidation of T2CN.

Finally, net income from the business unit increased 112 percent year-over-year and 14 percent sequentially to \$2.6 million. As noted in our release, third-quarter net income also benefited from certain non-operating income recorded during the period which had a positive impact on GigaMedia's consolidated net income of approximately \$880 thousand during the quarter.

To summarize, in Q3 we made excellent progress in our core businesses. First, we sustained growth in our gaming software business despite negative seasonal factors. Second, we began to strengthen and scale up our Asian online games business and deepen our game pipeline. Both our gaming software business and our Asian online games business are on track for an exciting 2008.

We are well-positioned, executing strongly and excited about our growth prospects. We are also very confident in our ability to continue to drive growth and build shareholder value.

Thank you.