

FOR IMMEDIATE RELEASE

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GigaMedia Q3 Net Profit Up 150%: Best-Ever Quarter

Highlights of Third Quarter 2005 Results

- *Entertainment software business delivers strong profitability in traditionally weakest quarter; positioned to grow profit in seasonal up-cycle*
- *Consolidated revenues from continuing operations of \$10.9 million*
- *Consolidated EBITDA¹ from continuing operations of \$3.0 million*
- *Consolidated income from continuing operations of \$1.6 million, or \$.031 per share*
- *Consolidated net income of \$1.7 million, or \$.034 per share*
- *No debt, with cash, cash equivalents and marketable securities-current from continuing operations of \$55.7 million*

TAIPEI, Taiwan, November 17, 2005 – GigaMedia Limited (“GigaMedia” or the “Company”) (NASDAQ: GIGM) announced today third quarter consolidated net income of \$1.7 million, or \$.034 per share - a 150 percent increase from the same period of 2004 and the highest quarterly earnings in the Company’s history.

Strong execution in the Company’s traditional gaming software business and growth of a new poker software business drove the year-over-year increase in GigaMedia’s consolidated net profit.

“We are beginning to see exciting returns on the investments we have made in our growth platform – our online entertainment business,” stated

¹ EBITDA (earnings before interest, taxes, depreciation, amortization and minority interests) is provided as a supplement to results provided in accordance with U.S. generally accepted accounting principles (“GAAP”). See “Use of Non-GAAP Measures” for more details.

Chief Executive Officer Arthur Wang. “Today we delivered record earnings, with 150 percent net profit growth in the third quarter, the direct result of solid execution of our plans.”

“Looking ahead, we are on track for strong organic growth driven by our entertainment software business,” continued CEO Wang. “We plan to accelerate this growth by making strategic acquisitions.”

As part of the Company’s strategic restructuring, GigaMedia sold its land-based music distribution business in the third quarter and recorded a small one-time gain. “Music distribution was a legacy business, non-core to the future of GigaMedia,” explained CEO Wang. “The new Giga will only focus on high-growth, high-margin businesses with large addressable markets.”

Consolidated Financial Results

Presentation of results from continuing operations. On September 29, 2005, the Company sold its land-based music distribution business to Nextbase International Limited. In accordance with reporting guidelines (SFAS No. 144: Accounting for the Impairment or Disposal of Long-Lived Assets) and to allow for meaningful comparisons, the Company has recast the quarterly financial results presented herein to reflect this sale and highlight continuing operations, unless otherwise noted. Results of the music distribution business are reported separately as discontinued operations in the consolidated financial statements.

| GIGAMEDIA 3Q05 CONSOLIDATED FINANCIAL RESULTS | | | | | | |
|--|-------------|-------------|-----------------------|-------------|-------------|-----------------------|
| (unaudited, in US\$ thousands) | 3Q05 | 3Q04 | Change (%) | 3Q05 | 2Q05 | Change (%) |
| Revenues^(A) | 10,904 | 7,561 | 44 | 10,904 | 10,934 | 0 |
| Operating Income (Loss)^(A) | 1,118 | 781 | 43 | 1,118 | 1,068 | 5 |
| Income (Loss) from Continuing Operations | 1,556 | 789 | 97 | 1,556 | 1,595 | -2 |
| Income (Loss) from Discontinued Operations | 168 | -100 | NA | 168 | -373 | NA |
| Net Income (Loss) | 1,724 | 688 | 150 | 1,724 | 1,222 | 41 |
| EBITDA^{(A)(B)} | 3,037 | 2,605 | 17 | 3,037 | 3,083 | -1 |
| Cash, Cash Equivalents and Marketable Securities- Current^(A) | 55,726 | 40,773 | 37 | 55,726 | 48,745 | 14 |

(A) Excludes results from discontinued operations.

(B) EBITDA (earnings before interest, taxes, depreciation, amortization and minority interests) is provided as a supplement to results provided in accordance with GAAP. (See, "Use of Non-GAAP Measures," for more details.)

Consolidated revenues from continuing operations for the third quarter of 2005 were \$10.9 million, a 44 percent increase from consolidated revenues from continuing operations of \$7.6 million for the corresponding period in 2004 and flat compared to consolidated revenues from continuing operations of \$10.9 million for the preceding quarter. The year-over-year increase in consolidated revenues from continuing operations was primarily due to improved results in the Company's entertainment software business. Decreased contributions from the Company's broadband ISP business offset quarter-over-quarter revenue growth in the entertainment software business, resulting in flat sequential consolidated revenues from continuing operations.

Consolidated income from continuing operations for the third quarter of 2005 was \$1.6 million, a 97 percent increase from consolidated income from continuing operations of \$789 thousand for the same period in 2004. Consolidated income from continuing operations was relatively flat quarter-over-quarter. Contributions from the Company's entertainment

software business drove the year-over-year increase in consolidated income from continuing operations. Third quarter consolidated income from continuing operations also benefited from a gain on the sale of marketable securities during the period, which generated investment income of approximately \$358 thousand.

Consolidated net income for the third quarter of 2005, including discontinued operations and the gain on the sale of the music business during the period, was \$1.7 million, a 150 percent increase compared to consolidated net income of \$688 thousand for the same period of 2004.

Consolidated EBITDA from continuing operations for the third quarter of 2005 was \$3.0 million, up 17 percent compared to consolidated EBITDA from continuing operations of \$2.6 million for the same period in 2004 and relatively flat quarter-over-quarter.

Cash, cash equivalents and marketable securities-current from continuing operations at the end of the third quarter of 2005 totaled \$55.7 million, an increase of \$7.0 million, or 14 percent, quarter-over-quarter. GigaMedia has no debt. During the quarter, the Company received cash proceeds of approximately \$5.0 million in connection with the sale of the music distribution business.

BUSINESS UNIT RESULTS

Entertainment Software Business

| (unaudited, in US\$ thousands) | 3Q05 | 3Q04 | Change (%) | 3Q05 | 2Q05 | Change (%) |
|---|-------|-------|------------|-------|-------|------------|
| Revenues ^(A) ^(B) | 5,516 | 2,236 | 147 | 5,516 | 5,200 | 6 |
| Operating Income (Loss) ^(A) ^(B) | 1,536 | 45 | 3,341 | 1,536 | 1,334 | 15 |
| Net Income (Loss) Before Minority Interests ^(A) ^(B) | 1,516 | NA | NA | 1,516 | 1,337 | 13 |
| Net Income (Loss) | 1,334 | 50 | 2,574 | 1,334 | 1,392 | -4 |

(A) Includes contributions from UIM as a result of the adoption of FIN 46(R). (See, "About the Numbers in This Release.")

(B) Third quarter 2004 results do not include contributions from UIM; therefore, year-over-year results may not be comparable. (See, "About the Numbers in This Release.")

The entertainment software business delivered strong revenues and profitability in the third quarter. The Company's traditional gaming software business continued to generate strong year-over-year growth and the new

poker software business is making rapid progress. New game launches in international markets and the addition of poker helped offset revenue declines which have historically resulted during the period from seasonality.

Revenues in the traditional gaming software vertical were \$4.5 million during the third quarter. This represented a 31 percent increase from the same period in 2004 and a decrease of 4 percent from the previous quarter, like-for-like, consolidating UIM's revenues. The sequential decrease in revenues was related to seasonality, as online gaming traditionally declines in summer and peaks in winter. During the third quarter, the Company continued to release new games, add native language offerings and enhance software with player usability features to attract and retain customers.

Revenues from poker software were \$1.1 million during the third quarter, up 74 percent from the previous quarter. During the period, the Company continued to scale-up to meet strong market demand. Focus on leveraging the new language modules and tournament functionality rolled-out in the second quarter of this year and improving the overall playing experience were key factors driving revenue growth. Results also benefited strongly from our licensee's marketing efforts surrounding their flagship brand, Everest Poker.

Excluding revenues consolidated due to the requirements of FIN 46(R), GigaMedia's revenues from the entertainment software business were \$3.0 million during the third quarter of 2005. This represented a decrease of 3 percent from those of the second quarter of 2005, which totaled \$3.1 million. The decrease in revenues was related to seasonality in the traditional gaming software vertical.

Net income for the third quarter of 2005 for the entertainment software business was \$1.3 million, a 4 percent decrease compared to \$1.4 million recorded during the second quarter of 2005.

Looking ahead, management expects strong revenue growth in the fourth quarter resulting from both a seasonal increase in the traditional gaming vertical and continued growth of the poker vertical. Management remains confident in achieving continued improvements in the financial performance of the entertainment software business and is committed to building this business both through organic growth and by way of strategic acquisitions.

Broadband ISP Business

| (unaudited, in US\$ thousands) | 3Q05 | 3Q04 | Change (%) | 3Q05 | 2Q05 | Change (%) |
|--------------------------------|-------|-------|------------|-------|-------|------------|
| Revenues | 5,407 | 5,571 | -3 | 5,407 | 5,754 | -6 |
| Operating Income (Loss) | 180 | 858 | -79 | 180 | 433 | -58 |
| Net Income (Loss) | 138 | 1,011 | -86 | 138 | 921 | -85 |

In the third quarter, the Company's broadband ISP continued to aggressively manage for profitability by shifting resources to and further developing the corporate broadband ISP business. Management intends to continue executing this strategy going forward to help offset declines in the consumer broadband ISP business resulting from strong competitive pressures in that market. Third quarter results in the broadband ISP business were negatively impacted by depreciation in the New Taiwan dollar during the period of approximately 3 percent.

Revenues in the corporate broadband ISP business for the third quarter of 2005 were \$1.8 million, representing 32 percent of total revenues in the Company's broadband ISP business. Revenues during the period declined 3 percent quarter-over-quarter, due to depreciation of the NT dollar and an increase in competition in certain bandwidth reselling products. Competition in this business has stabilized. Management expects the corporate broadband business to continue to deliver steady growth beginning in the first quarter of 2006, driven by customer information technology spending in the new year.

Revenues in the consumer broadband ISP business were \$3.7 million, a 7 percent decrease quarter-over-quarter, of which approximately 3 percent was due to depreciation of the NT dollar. The number of subscribers in the consumer broadband ISP business during the third quarter decreased to approximately 86,000, with blended average revenue per subscriber down approximately 6 percent compared to the second quarter of 2005 at approximately \$11.90 per month.

Net income was \$138 thousand in the third quarter of 2005, versus net income of \$921 thousand for the second quarter of 2005. The sequential variation in net income was primarily a result of decreased contributions from the consumer broadband ISP business and a one-time gain recorded in the second quarter in connection with the sale of the Company's former site gigigaga.com.tw, which amounted to approximately \$670 thousand.

Business Outlook

The following forward-looking statements reflect GigaMedia's expectations as of November 17, 2005. Given potential changes in economic conditions and consumer spending, the evolving nature of broadband and online entertainment software, and various other risk factors, including those discussed in the Company's 2004 Annual Report or 20-F filing with the U.S. Securities and Exchange Commission referenced below, actual results may differ materially.

Management expects to complete fiscal 2005 with strong financial performance resulting from increasing demand for the Company's traditional gaming software and poker software. The fourth quarter is traditionally a period of increased online gaming activity. Management expects this seasonal up-cycle and continued growth in poker to drive good growth in fourth quarter revenues. The Company believes that growth in its entertainment software business will offset continued weakness in its broadband ISP business where, despite shifting resources to the corporate broadband ISP business, continued strong competition for subscribers in the consumer broadband ISP business poses operating challenges.

Use of Non-GAAP Measures

Management believes that EBITDA (earnings before interest, taxes, depreciation, amortization and minority interests) is a useful supplemental measure of performance because it excludes certain non-cash items such as depreciation and amortization. EBITDA is not a recognized earnings measure under GAAP and does not have a standardized meaning. Non-GAAP measures such as EBITDA should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, other financial measures prepared in accordance with GAAP. A reconciliation to the GAAP equivalent of the non-GAAP measure is provided on the attached unaudited financial statements.

About the Numbers in This Release

All figures referred to in the text, tables and attachments to this release are unaudited. The financial statements from which the financial results reported in this press release are derived have been prepared in accordance with U.S. GAAP, and are presented in U.S. dollars.

GigaMedia's segmental financial results are based on the Company's method of internal reporting and are not necessarily in conformity with accounting principles generally accepted in the U.S. Consolidated

financial results of the Company for the third quarter of 2005 may differ from totals of the Company's segmental financial results for the same period due to (1) certain inter-company eliminations and (2) the impact of the Company's corporate headquarters and certain non-operating subsidiaries of GigaMedia on the Company's consolidated financial results.

During the fourth quarter of 2004, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 46, *Consolidation of Variable Interest Entities – an Interpretation of Accounting Research Bulletin No. 51* ("FIN 46"), as revised by the subsequent amendment, FIN 46(R). The provisions of FIN 46(R) require consolidation by the primary beneficiary of variable interest entities, as that term is defined in FIN 46(R). The Company has conducted a review of existing contracts for our variable interest parties and determined that it was a primary beneficiary of Ultra Internet Media ("UIM"), a licensee of GigaMedia's entertainment software developer CES. Accordingly, the Company has incorporated the results of UIM into the Company's consolidated financial statements, resulting in certain adjustments to GigaMedia's consolidated financial results and the financial results of the Company's entertainment software business recorded during the second and third quarters of 2004. All such adjustments were recorded during the fourth quarter of 2004 as part of the Company's year-end adjustments. As a result, financial results for the third quarter of 2005 and previous periods may not be comparable. All results referred to in this press release, unless otherwise indicated, reflect the Company's adoption of FIN 46(R).

Conference Call and Webcast

GigaMedia will hold a conference call at 9:30 p.m. Taipei/Hong Kong Time on November 17, 2005, which is 8:30 a.m. Eastern Daylight Time on November 17, 2005 in the U.S., to discuss the Company's third-quarter performance. Individual investors can listen to a webcast of the call at <http://ir.giga.net.tw>, through CCBN's individual investor center at www.fulldisclosure.com, or by visiting any of the investor sites in CCBN's Individual Investor Network. Institutional investors can access the call via CCBN's password-protected event management site, StreetEvents (www.streetevents.com). The webcast will be available for replay.

About GigaMedia

GigaMedia Limited (Singapore registration number: 199905474H) is a diversified provider of broadband and entertainment services, with headquarters in Taipei, Taiwan. The Company develops software for online entertainment services, including the global online gaming market. GigaMedia also operates a major Taiwanese broadband ISP, which provides Internet access service with multiple delivery technologies to

consumers. GigaMedia's subsidiary KBT provides broadband services to corporate subscribers in Taiwan.

The statements included above and elsewhere in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. GigaMedia cautions readers that forward-looking statements are based on the Company's current expectations and involve a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Information as to certain factors that could cause actual results to vary can be found in GigaMedia's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission in June 2005.

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(Tables to follow)

GIGAMEDIA LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three months ended | | |
|---|--------------------|-------------------|-------------------|
| | 9/30/2005 | 6/30/2005 | 9/30/2004 |
| | unaudited USD | unaudited USD | unaudited USD |
| Operating revenues | | | |
| Access revenues | 5,339,885 | 5,659,301 | 5,231,738 |
| Sales/rental | 10,612 | 11,260 | 13,668 |
| Software licensing & online entertainment revenues | 5,516,339 | 5,200,375 | 2,235,953 |
| Promotional and advertising revenues | (40) | 791 | 1,292 |
| Subscription revenues | 25,539 | 44,831 | 60,903 |
| Other revenues | 11,480 | 17,221 | 16,988 |
| Total operating revenues | <u>10,903,815</u> | <u>10,933,779</u> | <u>7,560,542</u> |
| Costs and expenses | | | |
| Operating costs | 3,999,018 | 4,154,985 | 3,836,568 |
| Cost of sales/rental/installation | 93,950 | 108,260 | 144,504 |
| Product development & engineering expenses | 919,611 | 872,362 | 244,005 |
| Selling and marketing expenses | 2,667,811 | 2,535,504 | 650,815 |
| General and administrative expenses | 1,896,374 | 2,001,100 | 1,904,040 |
| Other costs | 109,369 | 120,180 | 0 |
| Bad debt expenses | 99,748 | 73,575 | 0 |
| Total costs and expenses | <u>9,785,881</u> | <u>9,865,966</u> | <u>6,779,932</u> |
| Income from operations | <u>1,117,934</u> | <u>1,067,813</u> | <u>780,610</u> |
| Non-operating income (expense) | | | |
| Interest income | 96,789 | 24,454 | 2,572 |
| Foreign exchange gain (loss) - net | 277,867 | (5,728) | 12,927 |
| Gain (loss) on sales of marketable securities | 357,535 | 3,578 | 8,623 |
| Gain (loss) on disposal of property, plant & eqpmt. | (9,509) | 15,855 | (27,824) |
| Interest expense | 0 | 4,360 | 0 |
| Other non-operating income (expense) | (7,795) | 581,748 | 7,515 |
| Non-operating income (expense) | <u>714,887</u> | <u>624,267</u> | <u>3,813</u> |
| Income tax expense (benefit) | 95,084 | 151,730 | (4,329) |
| Minority interest income (loss) | 181,807 | (54,909) | 0 |
| Income from continuing operations | <u>1,555,930</u> | <u>1,595,259</u> | <u>788,752</u> |
| Income (loss) from discontinued operations (including gain on disposal) | <u>167,972</u> | <u>(373,097)</u> | <u>(100,359)</u> |
| Net income | <u>1,723,902</u> | <u>1,222,162</u> | <u>688,393</u> |
| Net income (loss) per common share: | | | |
| Continuing operations | 0.03 | 0.03 | 0.02 |
| Discontinued operations | 0.00 | (0.01) | 0.00 |
| | <u>0.03</u> | <u>0.02</u> | <u>0.02</u> |
| Average shares outstanding | <u>50,301,268</u> | <u>50,279,730</u> | <u>50,154,000</u> |
| Reconciliation of Net Income to EBITDA | | | |
| Net income | 1,555,930 | 1,595,259 | 788,752 |
| Minority interest income (loss) | 181,807 | (54,909) | 0 |
| Depreciation | 959,440 | 1,063,906 | 1,057,582 |
| Amortization | 341,170 | 355,439 | 765,557 |
| Interest income | (96,789) | (28,814) | (2,572) |
| Tax | 95,084 | 151,730 | (4,329) |
| EBITDA | <u>3,036,642</u> | <u>3,082,611</u> | <u>2,604,990</u> |

GIGAMEDIA LIMITED
CONSOLIDATED BALANCE SHEETS

| | 9/30/2005 | 6/30/2005 | 9/30/2004 |
|---|--------------------|--------------------|--------------------|
| | unaudited | unaudited | unaudited |
| | USD | USD | USD |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 30,692,753 | 8,057,843 | 5,897,959 |
| Marketable securities - current | 25,033,283 | 40,687,074 | 34,874,600 |
| Notes and accounts receivable - net | 5,751,574 | 5,194,403 | 4,232,501 |
| Inventories - net | 112,890 | 139,912 | 180,339 |
| Prepaid expenses | 565,116 | 490,774 | 953,870 |
| Restricted cash | 0 | 0 | 0 |
| Other current assets | 1,562,549 | 1,539,422 | 1,870,070 |
| Total current assets | <u>63,718,165</u> | <u>56,109,428</u> | <u>48,009,339</u> |
| Marketable securities - noncurrent | 2,431,804 | 2,202,752 | 1,939,543 |
| Property, plant & equipment - net | 10,888,870 | 12,053,874 | 13,770,830 |
| Goodwill | 29,607,283 | 29,607,283 | 15,992,681 |
| Intangible assets - net | 2,762,145 | 2,768,837 | 14,061,538 |
| Other assets | 587,503 | 658,302 | 1,244,913 |
| Assets of discontinued operations | 0 | 20,962,653 | 22,892,289 |
| Total assets | <u>109,995,770</u> | <u>124,363,129</u> | <u>117,911,133</u> |
| Liabilities & shareholders' equity | | | |
| Short-term loans | 0 | 0 | 0 |
| Notes and accounts payable | 1,472,954 | 1,544,343 | 2,980,285 |
| Accrued compensation | 974,061 | 783,053 | 582,193 |
| Accrued expenses | 3,097,618 | 3,105,513 | 3,023,971 |
| Other current liabilities | 4,446,810 | 3,809,853 | 2,430,000 |
| Total current liabilities | <u>9,991,443</u> | <u>9,242,762</u> | <u>9,016,449</u> |
| Other liabilities | 2,013,197 | 2,060,043 | 1,490,395 |
| Liabilities of discontinued operations | 0 | 12,209,376 | 15,528,328 |
| Total liabilities | <u>12,004,640</u> | <u>23,512,181</u> | <u>26,035,172</u> |
| Minority interests | 243,152 | 3,668,474 | 3,050,152 |
| Shareholders' equity | <u>97,747,978</u> | <u>97,182,474</u> | <u>88,825,809</u> |
| Total liabilities & shareholders' equity | <u>109,995,770</u> | <u>124,363,129</u> | <u>117,911,133</u> |