

FOR IMMEDIATE RELEASE

Contact: Minto Yu, CFO & Spokesman

Website: www.mediatek.com**MediaTek Inc. Reported Consolidated Earnings of Third Quarter FY08**

- **Consolidated revenue of NT\$28,052 million in the quarter, up 25.7% from previous quarter**
- **Consolidated GAAP net income of NT\$ 7,182 million in the quarter; consolidated EPS of NT\$ 6.74 in the quarter, up 40.9% from previous quarter**

Consolidated Revenue

Revenue was NT\$28,052 million for the third quarter ended September 30, 2008, up 25.7% from NT\$22,318 million in 2Q08, and up 5.1% from NT\$26,688 million in 3Q07. In 3Q08, shipment of major product lines had steady growth over the previous quarter and the same period of last year.

For handset IC business, besides favorable factors of healthy demands in China after the Olympic Games and handset OEM customers' production ramp-up prior the October Golden-Week hot season, MediaTek and its clients' continuous market share expansion in other emerging markets also contributed to a higher than 30% sequential shipment growth, a growth rate much higher than most of global peers. For the PC peripheral and digital consumer IC businesses, shipment had mild growth over the previous quarter, thanks to the traditional peak season demand before Christmas. In addition, 3Q08 revenue also included a US\$5 million annual IP licensing fee from VIA Optical Solution Inc., which recurred in Q3 every year.

Consolidated Gross Margin and Profit

Gross margin of the quarter was 54.3%, up from 53.8% in 2Q08, but lower than 57.1% in same period last year. Pricing pressure retained within limited range in 3Q08, with average selling price (ASP) of the quarter slightly higher than the previous quarter, thanks to the product-mix shifted to higher-level, higher-unit-price products. The company's continuous cost-down efforts and the favorable effect of USD appreciation also provided good support to the quarter's gross margin. Besides, the above mentioned licensing fee helped lift gross margin by 0.25%. Gross profit of the quarter was NT\$15,219 million, up 26.7% from NT\$12,010 million in 2Q08, and close to NT\$15,229 million in 3Q07.

Consolidated Operating Expenses and Profit (Non-GAAP/GAAP)

(1) Non-GAAP Consolidated Operating Expenses and Profits

Non-GAAP operating expenses for the quarter were NT\$5,027 million (17.9% of revenue), up from NT\$4,518 million (20.2% of revenue) in 2Q08 and NT\$ 3,333 million (12.5% of revenue) in 3Q07. Major items included:

- R&D expenses of NT\$3,927 million in the quarter represented 14.0% of total revenue, up from NT\$3,593 million in 2Q08 and NT\$2,171 million in 3Q07. The increase was due to new product development, amortization of various payments for royalty and IP procurement, and enlarging overseas operations.
- Selling expenses of NT\$538 million, up from NT\$474 million in 2Q08 while lower than NT\$635 million in 3Q07. The increase over previous quarter was mainly due to selling expenses associated with higher revenue.
- Administration expenses of NT\$563 million, up from NT\$451 million in 2Q08 and also higher than NT\$527 million in 3Q07.

The Non-GAAP operating margin was 36.3% in the quarter, up from 33.6% in 2Q08 while lower than 44.6% in 3Q07.

Non-GAAP operating income of NT\$10,192 million increased 36.0% from NT\$7,492 million in 2Q08 while 14.3% lower than NT\$11,895 million in 3Q07.

(2) GAAP Consolidated Operating Expenses and Profits

GAAP operating expenses for the quarter were NT\$7,580 million (27.0% of revenue), up from NT\$6,184 million (27.7% of revenue) in 2Q08 and up from NT\$3,333 million (12.5% of revenue) in 3Q07.

GAAP operating expenses include accrued employee profit sharing expenses apart from Non-GAAP operating expenses. The employee profit sharing expenses, including cash and stock bonus at market value, were NT\$2,553 million during the quarter, up from NT\$1,666 in 2Q08, while less than NT\$4,139 million (according to our internal calculation – see note 4 on page 6, 7) in 3Q07. Major items included:

- R&D expenses of NT\$6,093 million in the quarter represented 21.7% of total revenue, up from NT\$5,006 million in 2Q08 and from NT\$2,171 million in 3Q07. The employee profit sharing R&D expenses of the quarter were NT\$2,166 million.
- Selling expenses of NT\$625 million, up from NT\$531 million in 2Q08 and similar to NT\$635 million in 3Q07. The employee profit sharing selling expenses of the quarter were NT\$88 million.
- Administration expenses of NT\$862 million, up from NT\$646 million in 2Q08 and up from NT\$527 million in 3Q07. The employee profit sharing administration expenses of the quarter were NT\$300 million.

The GAAP operating margin was up to 27.2% in the quarter, up from 26.1% in 2Q08 while down from 44.6% in 3Q07. GAAP operating income of NT\$7,639 million, up 31.1% from NT\$5,826 million in 2Q08, while decreased 35.8% from NT\$11,895 million in 3Q07.

Consolidated Non-Operating Profit and Loss

Net non-operating items generated loss of NT\$72 million for the quarter, compared with income of NT\$333 million in 2Q08 and income of NT\$244 million in 3Q07. Major items included:

- Interest income of NT\$307 million, down from NT\$368 million in 2Q08 and lower than NT\$381 million in 3Q07. The sequential decrease of interest income was mainly due to lower cash level after deploying cash dividend in August.
- Investment loss of NT\$2 million, compared with income of NT\$107 million in 2Q08 and income of NT\$40 million in 3Q07.
- Foreign exchange income of NT\$131 million, compared with income of NT\$160 million in 2Q08 and loss of NT\$28 million in 3Q07.
- Financial assets impairment loss for the quarter was NT\$160 million, which was zero in previous quarter and the same period last year. That was resulted by mark-to-market valuation loss of fixed income securities investment.
- Inventory loss provision of NT\$379 million, compared with inventory loss provision of NT\$253 million in 2Q08, and the inventory loss provision of NT\$224 million in 3Q07.

Consolidated Income before / after Tax (Non-GAAP/GAAP)

(1) Non-GAAP Consolidated Income before/after Tax

Non-GAAP income before tax for the quarter was NT\$10,120 million, up 29.3% from NT\$7,825 million in 2Q08 but down 16.6% from NT\$12,139 million in 3Q07.

After deducting Non-GAAP tax expenses of NT\$447 million for the quarter, Non-GAAP net income ended NT\$9,672 million in the quarter, increased 43.9% from NT\$6,721 million in 2Q08 while down 18.4% from NT\$11,849 million in 3Q07. Non-GAAP net margin was 34.5% for the quarter, up from 30.1% in 2Q08 but declined from 44.4% in 3Q07.

After considering our internal calculation of employee profit sharing expenses (see note 4 on page 6, 7), net income ended NT\$7,182 million in the quarter, up 40.9% from NT\$5,096 million in 2Q08 while down 6.8% from NT\$7,710 million in 3Q07. All in all, net margin was 25.6% for the quarter, increased from 22.8% in 2Q08 while down from 28.9% in 3Q07

(2) GAAP Consolidated Income before/after Tax

GAAP income before tax for the quarter was NT\$7,567 million, up 22.9% from NT\$6,159 million in 2Q08 but down 37.7% from NT\$12,139 million in 3Q07.

GAAP tax expenses of NT\$385 million for the quarter were lower than Non-GAAP tax expenses, due to employee profit sharing expenses tax effect. After deducting tax expenses, GAAP net income ended NT\$7,182 million in the quarter, increased 40.9% from NT\$5,096 million in 2Q08 but down 39.4% from NT\$11,849 million in 3Q07.

GAAP net margin was 25.6% for the quarter, up from 22.8% in 2Q08 while down from 44.4% in 3Q07.

Consolidated Earnings per Share (EPS) (Non-GAAP/GAAP)

Non-GAAP earnings per share was NT\$9.08 for the quarter, compared with Non-GAAP EPS NT\$6.31 in 2Q08 and Non-GAAP EPS NT\$11.12 in 3Q07. After considering our internal calculation of employee profit sharing expenses (see note 4 on page 6, 7), earnings per share were NT\$6.74 for the quarter, compared with NT\$4.78 in 2Q08 and NT\$7.24 in 3Q07.

GAAP earnings per share was NT\$6.74 for the quarter, compared with GAAP EPS NT\$4.78 in 2Q08 and GAAP EPS NT\$11.12 in 3Q07. The aforesaid EPS were based on weighted average outstanding share of 1,065,389,295 shares in 2008.

Consolidated Balance Sheet Items

Cash and short-term investments at the end of quarter amounted to NT\$48,594 million, which accounted for 48.7% of the company's total assets, lower than NT\$58,219 million of 2Q08 and NT\$53,604 million of 3Q07.

Net notes & accounts receivable were NT\$9,730 million, which represented turnover of 30 days based on quarterly average net receivables divided by annualized net revenue. The turnover was down from 34 days in 2Q08 while up from 24 days in 3Q07. Net receivables were increased from NT\$8,422 million in 2Q08 and from NT\$8,766 million in 3Q07.

Net inventory was NT\$8,991 million, which represented turnover of 73 days based on quarterly average net inventory divided by annualized cost of goods sold. The inventory level was 23.0% lower than NT\$11,678 million in 2Q08 and also lower than NT\$10,022 million in 3Q07. The turnover was shortened from 97 days in 2Q08 while at similar level to 75 days in 3Q07.

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

August 28, 2008 MediaTek distributed NT\$0.10 stock dividend and NT\$19.00 cash dividend. Total shares outstanding are 1,073,152,299 shares after capitalization of earnings.

For more information regarding our recent announcement, please link to Taiwan Stock Exchange Market Observation Post System. The website is as follows:
http://emops.tse.com.tw/emops_all.htm

Investor Conference

Date : Thursday, Oct. 30, 2008
Time : 2:00 p.m. Taipei Time (Mandarin)
: 9:00 p.m. Taipei Time (English)
Teleconference : Dial-in numbers:
1. Taiwan : +886-2-2795-7300
2. Hong-Kong : +852-2258-4000
3. Singapore : +65-6883-9139
4. Japan : +81-3-5539-5124
5. UK : + 44-20-7108-6392
6. US : + 1-210-795-0492
Password : MediaTek
Webcast : www.mediatek.com

About MediaTek Inc.

MediaTek Inc. is a leading fabless semiconductor company for wireless communications and digital media solutions. The company is a market leader and pioneer in cutting-edge SOC system solutions for wireless communications, 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 Mainland China, Singapore, India, U.S., Japan, Korea, Ireland, Denmark and England. For more information, please visit MediaTek's website at www.mediatek.com

Q3 FY08 Consolidated Non-GAAP Income Statement – QoQ

Amount: NT\$Million	Q3 FY08		Q2 FY08		QoQ Chg %
	Amount	%	Amount	%	
Net Sales	28,052	100.0%	22,318	100.0%	25.7%
Cost of Goods Sold	(12,834)	(45.7%)	(10,309)	(46.2%)	
Gross Profit	15,219	54.3%	12,010	53.8%	26.7%
Selling expenses	(538)	(1.9%)	(474)	(2.1%)	
Administration expenses	(563)	(2.0%)	(451)	(2.0%)	
R&D expenses	(3,927)	(14.0%)	(3,593)	(16.1%)	
Operating Expenses	(5,027)	(17.9%)	(4,518)	(20.2%)	
Operating Income	10,192	36.3%	7,492	33.6%	36.0%
Interest income	307	1.1%	368	1.6%	
Investment income (loss)	(2)	(0.0%)	107	0.5%	
Foreign exchange gain (loss)	131	0.5%	160	0.7%	
Inventory loss provision	(379)	(1.4%)	(253)	(1.1%)	
Reversal of bad debt provision	(41)	(0.1%)	(23)	(0.1%)	
Impairment loss	(160)	(0.6%)	0	0.0%	
Others	73	0.3%	(26)	(0.1%)	
Net Non-operating Income (loss)	(72)	(0.3%)	333	1.5%	
Income Before Income Tax	10,120	36.1%	7,825	35.1%	29.3%
Income tax expense	(447)	(1.6%)	(1,104)	(4.9%)	
Non-GAAP Net Income	9,672	34.5%	6,721	30.1%	43.9%
Non-GAAP EPS (NT\$)	9.08		6.31		43.9%
Employee profit sharing expense	(2,553)	(9.1%)	(1,666)	(7.5%)	
Employee profit sharing expense tax effect	63	0.2%	41	0.2%	
Net Income	7,182	25.6%	5,096	22.8%	40.9%
EPS (NT\$)	6.74		4.78		40.9%

- Note :
1. Foreign exchange gain (loss) includes mark-to-market gain (loss) of derivative products.
 2. Non-GAAP net income does not include employee profit sharing expenses and employee profit sharing expenses tax effect.
 3. Employee profit sharing expenses are the distribution of current year's profit. It includes cash and stock bonus at market value.
 4. 2008 Employee profit sharing expenses are 25% of 2008 Non-GAAP Net income.

Q3 FY08 Consolidated GAAP Income Statement –QoQ

Amount: NT\$Million	Q3 FY08		Q2 FY08		QoQ Chg %
	Amount	%	Amount	%	
Net Sales	28,052	100.0%	22,318	100.0%	25.7%
Cost of Goods Sold	(12,834)	(45.7%)	(10,309)	(46.2%)	
Gross Profit	15,219	54.3%	12,010	53.8%	26.7%
Selling expenses	(625)	(2.2%)	(531)	(2.4%)	
Administration expenses	(862)	(3.1%)	(646)	(2.9%)	
R&D expenses	(6,093)	(21.7%)	(5,006)	(22.4%)	
Operating Expenses	(7,580)	(27.0%)	(6,184)	(27.7%)	
Operating Income	7,639	27.2%	5,826	26.1%	31.1%
Interest income	307	1.1%	368	1.6%	
Investment income (loss)	(2)	(0.0%)	107	0.5%	
Foreign exchange gain (loss)	131	0.5%	160	0.7%	
Inventory loss provision	(379)	(1.4%)	(253)	(1.1%)	
Reversal of bad debt provision	(41)	(0.1%)	(23)	(0.1%)	
Impairment loss	(160)	(0.6%)	0	0.0%	
Others	73	0.3%	(26)	(0.1%)	
Net Non-operating Income (loss)	(72)	(0.3%)	333	1.5%	
Income Before Income Tax	7,567	27.0%	6,159	27.6%	22.9%
Income tax expense	(385)	(1.4%)	(1,063)	(4.8%)	
Net Income	7,182	25.6%	5,096	22.8%	40.9%
EPS (NT\$)	6.74		4.78		40.9%

Note: 2007 and 2008 GAAP followed accounting principles of current year.

Q3 FY08 Consolidated Non-GAAP Income Statement – YoY

Amount: NT\$Million	Q3 FY08		Q3 FY07		YoY Chg %
	Amount	%	Amount	%	
Net Sales	28,052	100.0%	26,688	100.0%	5.1%
Cost of Goods Sold	(12,834)	(45.7%)	(11,459)	(42.9%)	
Gross Profit	15,219	54.3%	15,229	57.1%	(0.1%)
Selling expenses	(538)	(1.9%)	(635)	(2.4%)	
Administration expenses	(563)	(2.0%)	(527)	(2.0%)	
R&D expenses	(3,927)	(14.0%)	(2,171)	(8.1%)	
Operating Expenses	(5,027)	(17.9%)	(3,333)	(12.5%)	
Operating Income	10,192	36.3%	11,895	44.6%	(14.3%)
Interest income	307	1.1%	381	1.4%	
Investment income (loss)	(2)	(0.0%)	40	0.2%	
Foreign exchange gain (loss)	131	0.5%	(28)	(0.1%)	
Inventory loss provision	(379)	(1.4%)	(224)	(0.8%)	
Reversal of bad debt provision	(41)	(0.1%)	0	0.0%	
Impairment loss	(160)	(0.6%)	0	0.0%	
Others	73	0.3%	75	0.3%	
Net Non-operating Income (loss)	(72)	(0.3%)	244	0.9%	
Income Before Income Tax	10,120	36.1%	12,139	45.5%	(16.6%)
Income tax expense	(447)	(1.6%)	(290)	(1.1%)	
Non-GAAP Net Income	9,672	34.5%	11,849	44.4%	(18.4%)
Non-GAAP EPS (NT\$)	9.08		11.12		(18.4%)
Employee profit sharing expense	(2,553)	(9.1%)	(4,139)	(15.5%)	
Employee profit sharing expense tax effect	63	0.2%	0	0.0%	
Net Income	7,182	25.6%	7,710	28.9%	(6.8%)
EPS (NT\$)	6.74		7.24		(6.8%)

- Note :
- Foreign exchange gain (loss) includes mark-to-market gain (loss) of derivative products.
 - Non-GAAP net income does not include employee profit sharing expenses and employee profit sharing expenses tax effect.
 - Employee profit sharing expenses are the distribution of current year's profit. It includes cash and stock bonus at market value.
 - 2007 employee profit sharing expenses were calculated by the closing price of Dec. 31, 2007 taken into retrospect of the ex-dividend and ex-right cut-off day, and the number of employees' stock bonus resolved by B.O.D on Mar. 20, 2008. 2008 Employee profit sharing expenses are 25% of 2008 Non-GAAP Net income.

Q3 FY08 Consolidated GAAP Income Statement – YoY

Amount: NT\$Million	Q3 FY08		Q3 FY07		YoY Chg %
	Amount	%	Amount	%	
Net Sales	28,052	100.0%	26,688	100.0%	5.1%
Cost of Goods Sold	(12,834)	(45.7%)	(11,459)	(42.9%)	
Gross Profit	15,219	54.3%	15,229	57.1%	(0.1%)
Selling expenses	(625)	(2.2%)	(635)	(2.4%)	
Administration expenses	(862)	(3.1%)	(527)	(2.0%)	
R&D expenses	(6,093)	(21.7%)	(2,171)	(8.1%)	
Operating Expenses	(7,580)	(27.0%)	(3,333)	(12.5%)	
Operating Income	7,639	27.2%	11,895	44.6%	(35.8%)
Interest income	307	1.1%	381	1.4%	
Investment income (loss)	(2)	(0.0%)	40	0.2%	
Foreign exchange gain (loss)	131	0.5%	(28)	(0.1%)	
Inventory loss provision	(379)	(1.4%)	(224)	(0.8%)	
Reversal of bad debt provision	(41)	(0.1%)	0	0.0%	
Impairment loss	(160)	(0.6%)	0	0.0%	
Others	73	0.3%	75	0.3%	
Net Non-operating Income (loss)	(72)	(0.3%)	244	0.9%	
Income Before Income Tax	7,567	27.0%	12,139	45.5%	(37.7%)
Income tax expense	(385)	(1.4%)	(290)	(1.1%)	
Net Income	7,182	25.6%	11,849	44.4%	(39.4%)
EPS (NT\$)	6.74		11.12		(39.4%)

Note: 2007 and 2008 GAAP followed accounting principles of current year.

Condensed Consolidated Balance Sheet

Amount: NT\$Million	Sep. 30, FY08	Jun. 30, FY08	Sep. 30, FY07
Cash & short-term investments	48,594	58,219	53,604
Notes & accounts receivable (net)	9,730	8,422	8,766
Inventory (net)	8,991	11,678	10,022
Long-term investment	9,644	7,716	7,812
Intangible assets	13,155	13,523	4,341
Total assets	99,780	109,002	93,590
Notes & accounts payable	7,900	9,052	8,302
Current liabilities	21,339	38,368	14,355
Long-term liabilities	79	83	79
Stockholders' equity	78,361	70,551	79,156

Consolidated Cash Flow Summary

Amount: NT\$Million	Q3 FY08	Q2 FY08	Q3 FY07
Cash flow from operations	12,562	6,862	7,105
Cash flow from investing	(1,976)	(350)	(4,173)
Cash flow from financing	(19,707)	(121)	(14,328)
Effect of exchange rate changes	515	(56)	(29)
Net increase in cash & cash equivalents	(8,605)	6,335	(11,424)
Cash & cash equivalents at quarter end	39,718	48,323	43,703