



# Silicon Motion Announces Third Quarter Results for the Period Ended September 30, 2009

---

## Third Quarter 2009

### Financial Highlights

- Net sales increased 14% quarter-over-quarter to US\$23.1 million
- Gross margin excluding stock-based compensation was unchanged at 48.5% compared with our 2Q09 gross margin
- Operating expenses excluding stock-based compensation, acquisition-related charges, and one-time items increased from 2Q09 of US\$11.2 million to US\$12.0 million in the third quarter
- Net income excluding stock-based compensation, acquisition-related charges, foreign exchange gain, and one-time items decreased to US\$0.8 million from US\$1.0 million in 2Q09. GAAP net loss decreased to US\$4.7 million from a loss of US\$6.2 million in 2Q09
- Diluted earnings per ADS excluding stock-based compensation, acquisition-related charges, foreign exchange gain (loss), and one-time items were US\$0.02, a decrease from our 2Q09 earnings per ADS of US\$0.03. GAAP diluted loss per ADS was US\$0.16

### Business Highlights

- Increased total unit shipments 24% sequentially but decreased 37% year-over-year to approximately 67 million units
- Increased storage controller unit shipments 21% sequentially but decreased 39% year-over-year
- Launched controllers that support SanDisk/Toshiba 43nm and 32nm 3-bits per cell MLC flash, SanDisk/Toshiba 32nm 2-bits per cell MLC flash and Samsung 42nm and 32nm 3-bits per cell MLC flash
- Designed in at two major card vendors for their ultra high performance 133x Secure Digital (SD) cards
- Began shipping world's fastest 600x Compact Flash (CF) card controller, which enables 90MB per second data rate
- Began shipping our ISDB-T SoC solution to Samsung for the emerging Brazil mobile TV market
- Received two additional CDMA transceiver design-ins for the rapidly growing China market

Taipei, Taiwan, October 30, 2009 – Silicon Motion Technology Corporation (NasdaqGS: SIMO; the “Company”) today announced its third quarter 2009 financial results. For the third quarter of 2009, net sales increased 14% quarter-over-quarter to US\$23.1 million. Net loss (GAAP) for the third quarter

decreased to US\$4.7 million or US\$0.16 per diluted ADS compared to a GAAP net loss of US\$6.2 million or US\$0.22 per diluted ADS in the second quarter.

Net income excluding stock-based compensation, acquisition-related charges, foreign exchange gain, and one-time items decreased in the third quarter to US\$0.8 million or US\$0.02 per diluted ADS as compared to US\$1.0 million or US\$0.03 per diluted ADS in the second quarter of 2009.

### **Third Quarter 2009 Financial Review**<sup>(1)</sup>

Commenting on the results of the third quarter, Silicon Motion's President and CEO, Wallace Kou, said:

"After many challenging quarters, we have finally delivered revenue growth. Our markets remained challenging but we grew our mobile storage controller volume 21% and our overall revenue 14% sequentially. As we had expected, NAND flash industry component volume started growing again this quarter as a result of higher NAND flash industry utilization rates and progress in migrating geometry to 40nm and 30nm. Our retail and bundled businesses have both improved with the increased availability of flash. However, we do not believe we are out of the woods yet. NAND flash prices increased further in October and these high costs are being passed down to consumers in the form of higher retail prices for storage devices—and this in turn affects the momentum of our recovery.

Nevertheless, we believe that we continue to be well positioned with the technological changes taking place in the dynamic NAND flash industry. We have launched new controllers that support low cost 3-bits per cell MLC that Toshiba, SanDisk, and others are beginning to release to market. We believe that 3-bits per cell MLC, supported by advanced controller technologies, is well suited for meeting the cost and performance requirements of consumer storage applications and could in a few years time become the mainstream type of flash for the consumer market. In addition to the release of our new 3-bits per cell MLC controllers, we have also launched other new controllers: controllers that support 30nm NAND flash produced by vendors in addition to

---

<sup>1</sup> Unless otherwise stated, all financial information used in this press release is unaudited, consolidated, prepared in accordance with US GAAP and denominated in New Taiwan dollars. US dollar amounts are translated for convenience only. Such financial information is generated internally and has not been subjected to the same review and scrutiny, including internal auditing procedures and audit by independent auditors, to which we subject our audited consolidated financial statements, and may vary materially from the audited consolidated financial information for the same period. Any evaluation of the financial information presented in this press release should also take into account our published audited consolidated financial statements and the notes to those statements. In addition, the financial information presented is not necessarily indicative of our results for any future period.

IM Flash, controllers that manage lower grade NAND flash, and controllers for card makers that want superior performance.

This quarter, our mobile communications business started shipping our ISDB-T SoCs to Samsung for the Brazil market, a design-in that we had announced last quarter. We also secured two CDMA transceiver design-ins with leading handset OEMs for the rapidly growing China market. These two design-ins, as well as the CDMA design-in that we had previously announced, should start shipping in the fourth quarter to early 2010 time frame. We believe that these new design-ins will serve as a strong base for long-term growth in our mobile communications business.”

### Sales

Net sales in the third quarter were US\$23.1 million, an increase of 14% compared with the previous quarter. This quarter, mobile storage products accounted for 60% of net sales, mobile communications 27% of net sales, and multimedia SoCs 13% of net sales.

Net sales of mobile storage products, which include flash memory card controllers, USB flash drive controllers, card reader controllers, SSD controllers, and embedded flash controllers, increased 27% from the second quarter of 2009 to US\$14.0 million this quarter.

Net sales of mobile communication products, which include mobile TV IC solutions, CDMA RF ICs, and electronic toll collection (ETC) RF ICs, decreased 8% from the second quarter of 2009 to US\$6.2 million in the third quarter.

Net sales of multimedia SoC products, which include embedded graphics processors, PMP and DAB SoCs, and PC camera SoCs, increased 18% from the second quarter of 2009 to US\$2.9 million this quarter.

### Gross and Operating Margins

Gross margin excluding stock-based compensation was flat at 48.5% compared with the second quarter. GAAP gross margin increased slightly to 48.1% from 48.0% in the second quarter.

Operating expenses excluding stock-based compensation, acquisition-related charges, and one-time items were US\$12.0 million, which were higher than the US\$11.2 million reported for the second quarter. Research and development expenditures, excluding stock-based compensation, were US\$7.3 million, which were higher than the US\$6.8 million in the previous quarter. Selling and marketing expenses excluding stock-based compensation were US\$2.4 million, which were unchanged from the previous quarter. General and administrative expenses excluding stock-based compensation and litigation expenses were US\$2.2 million, a slight increase from the US\$2.1 million reported in the previous quarter.

Stock-based compensation was US\$2.2 million in the third quarter, which was unchanged from the second quarter. Acquisition-related charges were US\$1.5 million, which were also unchanged compared with the previous quarter. Litigation expenses were less than US\$0.1 million in the third quarter, similar to the previous quarter.

Operating margin excluding stock-based compensation, acquisition-related charges, and one-time items was a negative 3.2%, an improvement from negative 6.7% in the previous quarter. GAAP operating margin also improved to a negative 19.3% compared with the negative 24.7% reported for the second quarter.

#### Other Income and Expenses

Net total other income excluding net foreign exchange gain or loss, and one-time items was US\$0.1 million, which was unchanged from the previous quarter. GAAP net total other income was a loss of US\$1.6 million, which was significantly lower than the loss of US\$3.4 million in the previous quarter due primarily to lower foreign exchange loss in the third quarter.

#### Earnings

Net income excluding stock-based compensation, acquisition-related charges, net foreign exchange loss, and one-time items was US\$0.8 million in this quarter, a decrease from US\$1.0 million in the second quarter. The third quarter was positively impacted by a deferred tax benefit of US\$1.4 million. Diluted earnings per ADS excluding stock-based compensation, acquisition-related charges, net foreign exchange gain (loss), and one-time items were US\$0.02, a decrease from earnings per ADS of US\$0.03 in the previous quarter.

GAAP net loss was US\$4.7 million, which was an improvement from the net loss of US\$6.2 million in the previous quarter. Diluted GAAP loss per ADS was US\$0.16, an improvement compared to the loss per ADS of US\$0.22 in the previous quarter.

#### Balance Sheet

Cash, cash equivalents, and short-term investments decreased slightly from US\$60.7 million at the end of the second quarter of 2009 to US\$60.6 million at the end of this quarter.

## Cash Flow

Our cash flows were as follows:

3 months ended September 30, 2009

*(In US\$ millions)*

Net income (loss)	(4.7)
Depreciation & amortization	2.7
Changes in operating assets and liabilities	(2.1)
Others	<u>1.3</u>
Net cash provided by (used in) operating activities	<u>(2.8)</u>
Acquisition of property and equipment	(0.5)
Others	<u>1.1</u>
Net cash provided by (used in) investing activities	<u>0.6</u>
Others	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Effects of changes in foreign currency exchange rates on cash	<u>1.5</u>
Net decrease in cash and cash equivalents	<u>(0.7)</u>
Pro-forma adjustment for foreign exchange translation	<u>1.0</u>
Pro-forma net increase in cash and cash equivalents	<u>0.3</u>

During the third quarter of 2009, we spent US\$0.5 million in capital expenditures primarily relating to the purchase of software and equipment. There were no shares repurchased in the third quarter.

### **Business Outlook:**

Silicon Motion's President and CEO, Wallace Kou, added:

"While our business has improved, we remain vigilant against unexpected changes in light of continued NAND flash volatility. NAND flash prices have risen in October and this will affect the near-term procurement of flash and controllers by our customers. We are uncertain whether NAND flash prices will remain at these level, rise further or fall. We do, however, believe that progress on the ramp of 30nm and 40nm flash, 3-bits per cell MLC, and lower grade flash will continue and demand for higher performance memory cards and other solid state storage device will increase. We believe we remain very well positioned to capture opportunities in these growth areas. "

For the fourth quarter of 2009, management expects:

- Revenue to be flat to up 10% sequentially

- Non-GAAP and GAAP gross margin to be in the 46% to 48% range
- Operating expenses excluding stock-based compensation, acquisition-related charges, and one-time items of approximately US\$14 to US\$15 million

#### **Conference Call & Webcast:**

The Company's management team will conduct a conference call at 8:00am Eastern Time on October 30, 2009.

(Speakers)

Wallace Kou, President & CEO

Riyadh Lai, CFO

Jason Tsai, Director of Investor Relations and Strategy

PRE-REGISTRATION:

<https://www.theconferencingservice.com/prereg/key.process?key=PF66URCAB>

CONFERENCE CALL ACCESS NUMBERS:

USA (Toll Free): 1 888 680 0860

USA (Toll): 1 617 213 4852

Taiwan (Toll Free): 0080 144 4360

Participant Passcode: 1505 3765

REPLAY NUMBERS (for 7 days):

USA (Toll Free): 1 888 286 8010

USA (Toll): 1 617 801 6888

Participant Passcode: 4872 6821

A webcast of the call will be available on the Company's website at [www.siliconmotion.com](http://www.siliconmotion.com).

#### **Discussion of Non-GAAP Financial Measures**

To supplement the Company's unaudited selected financial results calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company discloses certain non-GAAP financial measures that exclude stock-based compensation, acquisition-related charges and one-time items, including non-GAAP cost of sales, non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per diluted ADS. These non-GAAP measures are not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect all the amounts associated with the Company's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures.

The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measure. We compensate for the limitations of our non-GAAP financial measures by relying upon GAAP results to gain a complete picture of our performance.

Our non-GAAP financial measures are provided to enhance the user's overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain expenses, gains and losses that we believe are not indicative of our core operating results and because it is consistent with the financial models and estimates published by many analysts who follow the Company. We use non-GAAP measures to evaluate the operating performance of our business, for comparison with our forecasts, and for benchmarking our performance externally against our competitors. Also, when evaluating potential acquisitions, we exclude the items described below from our consideration of the target's performance and valuation. Since we find these measures to be useful, we believe that our investors benefit from seeing the results from management's perspective in addition to seeing our GAAP results. We believe that these non-GAAP measures, when read in conjunction with the Company's GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company's on-going operating results;
- the ability to better identify trends in the Company's underlying business and perform related trend analysis;
- a better understanding of how management plans and measures the Company's underlying business; and
- an easier way to compare the Company's operating results against analyst financial models and operating results of our competitors that supplement their GAAP results with non-GAAP financial measures.

The following are explanations of each of the adjustments that we incorporate into our non-GAAP measures, as well as the reasons for excluding each or these individual items in our reconciliation of these non-GAAP financial measures:

*Stock-based compensation expense* consists of non-cash charges incurred as a result of the Company's adoption of SFAS 123R relating to the fair value of stock options and restricted stock units awarded to employees. The Company believes that the exclusion of these non-cash charges provides for more accurate comparisons of our operating results to our peer companies due to the varying available valuation methodologies, subjective assumptions and the variety of award types. In addition, the Company believes it is useful to investors to understand the specific impact the application of SFAS 123R has on our operating results.

*Intangible amortization* consists of non-cash charges that can be impacted by the timing and magnitude of our acquisitions. We consider our operating results without these charges when evaluating our ongoing performance and forecasting our earnings trends, and therefore excludes such charges when presenting non-GAAP financial measures. We believe the assessment of our operations excluding these costs is relevant to our assessment of internal operations and comparisons to the performance of our competitors.

*Litigation expenses* consist of the legal expenses relating to complaints SanDisk filed in the US International Trade Commission and the US District Court for the Western District of Wisconsin.

*Impairment losses on long-term investment* relates to the other-than-temporary, non-operating write down of the Company's minority stake investment in Vastview Technology Corp. The investment was written down after the Company determined that it was other-than-temporarily impaired.

*Foreign exchange gains and losses* consists of translation gains and/or losses of non-NT\$ denominated current assets and current liabilities, as well as certain other balance sheet items which result from the appreciation or depreciation of non-NT\$ currencies against the NT\$.



Silicon Motion Technology Corporation  
Consolidated Statements of Income  
(in thousands, except percentages and per ADS data, unaudited)

	For the Three Months Ended					
	Sep. 30, 2008 (NT\$)	Jun. 30, 2009 (NT\$)	Sep. 30, 2009 (NT\$)	Sep. 30, 2008 (US\$)	Jun. 30, 2009 (US\$)	Sep. 30, 2009 (US\$)
Net Sales	1,402,544	673,625	759,427	44,953	20,314	23,132
Cost of sales	701,300	350,159	394,448	22,477	10,560	12,015
Gross profit	701,244	323,466	364,979	22,476	9,754	11,117
Operating expenses						
Research & development	277,440	264,026	279,293	8,892	7,962	8,507
Sales & marketing	106,347	87,984	94,200	3,409	2,653	2,869
General & administrative	141,246	89,528	89,926	4,527	2,700	2,739
Amortization of intangibles assets	48,626	48,081	48,151	1,559	1,450	1,467
Operating income (loss)	127,585	(166,153)	(146,591)	4,089	(5,011)	(4,465)
Non-operating income (expense)						
Gain on sale of investments	1,774	44	22	57	1	1
Unrealized holding gain (loss) on marketable securities	673	-	-	22	-	-
Interest income (net)	9,419	5,220	4,328	302	157	132
Impairment on long-term investment	-	-	(6,472)	-	-	(197)
Foreign exchange gain (loss)	120,190	(115,396)	(49,402)	3,852	(3,480)	(1,506)
Others	6	(1,987)	6	-	(59)	-
Subtotal	132,062	(112,119)	(51,518)	4,233	(3,381)	(1,570)
Income (loss) before tax	259,647	(278,272)	(198,109)	8,322	(8,392)	(6,035)
Income tax expense (benefit)	6,258	(73,723)	(44,971)	201	(2,223)	(1,370)
Net income (loss)	253,389	(204,549)	(153,138)	8,121	(6,169)	(4,665)
Basic earnings (loss) per ADS	\$8.26	(\$7.38)	(\$5.51)	\$0.26	(\$0.22)	(\$0.17)
Diluted earnings (loss) per ADS	\$8.22	(\$7.21)	(\$5.31)	\$0.26	(\$0.22)	(\$0.16)
<b>Margin Analysis:</b>						
Gross margin	50.0%	48.0%	48.1%	50.0%	48.0%	48.1%
Operating margin	9.1%	(24.7%)	(19.3%)	9.1%	(24.7%)	(19.3%)
Net margin	18.1%	(30.4%)	(20.2%)	18.1%	(30.4%)	(20.2%)
<b>Weighted avg. ADS<sup>2</sup>:</b>						
Basic	30,681	27,728	27,775	30,681	27,728	27,775
Diluted	30,825	28,375	28,843	30,825	28,375	28,843

<sup>2</sup> Assumes all outstanding ordinary shares are represented by ADSs. Each ADS represents four ordinary shares.

Silicon Motion Technology Corporation  
Reconciliation of GAAP to Non-GAAP Operating Results  
(in thousands, except percentages and per ADS data, unaudited)

	For the Three Months Ended			Sep. 30, 2008 (US\$)	Jun. 30, 2009 (US\$)	Sep. 30, 2009 (US\$)
	Sep. 30, 2008 (NT\$)	Jun. 30, 2009 (NT\$)	Sep. 30, 2009 (NT\$)			
<b>GAAP net income (loss)</b>	253,389	(204,549)	(153,138)	8,121	(6,169)	(4,665)
<b>Stock-based compensation:</b>						
Cost of sales	3,799	3,406	3,223	122	103	98
Research and development	37,057	38,953	39,265	1,188	1,175	1,196
Sales and marketing	15,199	9,907	15,066	487	299	459
General and administrative	16,818	19,134	15,700	539	577	478
<b>Total stock-based compensation</b>	<u>72,873</u>	<u>71,400</u>	<u>73,254</u>	<u>2,336</u>	<u>2,154</u>	<u>2,231</u>
<b>Acquisition related charges:</b>						
Amortization of intangible assets	48,626	48,081	48,151	1,559	1,450	1,467
<b>Litigation expenses</b>	16,975	1,538	1,073	544	46	32
<b>Foreign exchange loss (gain)</b>	(120,190)	115,396	49,402	(3,852)	3,480	1,506
Impairment on long-term investment	-	-	6,472	-	-	197
<b>Non-GAAP net income</b>	<u>271,673</u>	<u>31,866</u>	<u>25,214</u>	<u>8,708</u>	<u>961</u>	<u>768</u>
<b>Weighted avg. ADS (non-GAAP):</b>						
Basic	<u>30,681</u>	<u>27,728</u>	<u>27,775</u>	<u>30,681</u>	<u>27,728</u>	<u>27,775</u>
Diluted	<u>31,805</u>	<u>30,710</u>	<u>31,641</u>	<u>31,805</u>	<u>30,710</u>	<u>31,641</u>
<b>Non-GAAP basic earnings (loss) per ADS</b>	<u>\$8.85</u>	<u>\$1.15</u>	<u>\$0.91</u>	<u>\$0.28</u>	<u>\$0.03</u>	<u>\$0.03</u>
<b>Non-GAAP diluted earnings (loss) per ADS</b>	<u>\$8.54</u>	<u>\$1.04</u>	<u>\$0.80</u>	<u>\$0.27</u>	<u>\$0.03</u>	<u>\$0.02</u>
Non-GAAP gross margin	50.3%	48.5%	48.5%	50.3%	48.5%	48.5%
Non-GAAP operating margin	19.0%	(6.7%)	(3.2%)	19.0%	(6.7%)	(3.2%)

Silicon Motion Technology Corporation  
Consolidated Statements of Income  
(in thousands, except percentages, and per ADS data)  
(unaudited)

	For the Nine Months Ended			
	Sep. 30, 2008 (NT\$)	Sep. 30, 2009 (NT\$)	Sep. 30, 2008 (US\$)	Sep. 30, 2009 (US\$)
Net Sales	4,464,364	2,165,076	143,805	64,972
Cost of sales	2,258,767	1,155,769	72,759	34,683
Gross profit	2,205,597	1,009,307	71,046	30,289
Operating expenses				
Research & development	808,850	762,968	26,054	22,896
Sales & marketing	271,021	261,924	8,730	7,860
General & administrative	414,475	275,401	13,351	8,265
Amortization of intangible assets	145,899	144,109	4,700	4,325
Operating income (loss)	565,352	(435,095)	18,211	(13,057)
Non-operating income (expense)				
Gain on sale of investments	16,839	223	542	7
Unrealized holding gain (loss) on marketable securities	(449)	-	(14)	-
Interest income (net)	30,448	15,066	980	452
Dividend income	2,239	-	72	-
Impairment losses on long-term investment	-	(6,472)	-	(194)
Foreign exchange gain (loss)	30,916	(78,365)	996	(2,352)
Others	186	(2,132)	7	(64)
Subtotal	80,179	(71,680)	2,583	(2,151)
Income (loss) before tax	645,531	(506,775)	20,794	(15,208)
Income tax expense (benefit)	81,358	(101,259)	2,621	(3,039)
Net income (loss)	564,173	(405,516)	18,173	(12,169)
Basic earnings (loss) per ADS	\$17.53	(\$14.68)	\$0.56	(\$0.44)
Diluted earnings (loss) per ADS	\$17.32	(\$14.31)	\$0.56	(\$0.43)
<b>Margin Analysis:</b>				
Gross margin	49.4%	46.6%	49.4%	46.6%
Operating margin	12.7%	(20.1%)	12.7%	(20.1%)
<b>Weighted average ADS:</b>				
Basic	32,183	27,619	32,183	27,619
Diluted	32,583	28,334	32,583	28,334

Silicon Motion Technology Corporation  
Reconciliation of GAAP to Non-GAAP Operating Results  
(in thousands, except percentages and per ADS data, unaudited)

	For the Nine Months Ended			
	Sep. 30, 2008 (NT\$)	Sep. 30, 2009 (NT\$)	Sep. 30, 2008 (US\$)	Sep. 30, 2009 (US\$)
<b>GAAP net income (loss)</b>	564,173	(405,516)	18,173	(12,169)
<b>Stock-based compensation:</b>				
Cost of sales	9,930	8,746	320	262
Research and development	107,581	106,271	3,466	3,189
Sales and marketing	40,799	36,242	1,314	1,088
General and administrative	49,788	49,940	1,604	1,499
<b>Total stock-based compensation</b>	<u>208,098</u>	<u>201,199</u>	<u>6,704</u>	<u>6,038</u>
<b>Acquisition related charges:</b>				
Amortization of intangible assets	145,899	144,109	4,700	4,325
Litigation expenses	56,100	3,902	1,807	117
Impairment losses on long-term investment	-	6,472	-	194
Foreign exchange loss (gain)	(30,916)	78,365	(996)	2,352
FIN 48 tax charge	64,328	-	2,072	-
<b>Non-GAAP net income</b>	<u>1,007,682</u>	<u>28,531</u>	<u>32,460</u>	<u>857</u>
<b>Weighted avg. ADS (non-GAAP):</b>				
Basic	<u>32,183</u>	<u>27,619</u>	<u>32,183</u>	<u>27,619</u>
Diluted	<u>33,610</u>	<u>30,401</u>	<u>33,610</u>	<u>30,401</u>
<b>Non-GAAP basic earnings per ADS</b>	<u>\$31.31</u>	<u>\$1.03</u>	<u>\$1.01</u>	<u>\$0.03</u>
<b>Non-GAAP diluted earnings per ADS</b>	<u>\$29.98</u>	<u>\$0.94</u>	<u>\$0.97</u>	<u>\$0.03</u>
Non-GAAP gross margin	49.6%	47.0%	49.6%	47.0%
Non-GAAP operating margin	21.9%	(4.0%)	21.9%	(4.0%)



Silicon Motion Technology Corporation  
Consolidated Balance Sheet  
(In thousands)  
(unaudited)

	Sep. 30, 2008 (NT\$)	Jun. 30, 2009 (NT\$)	Sep. 30, 2009 (NT\$)	Sep. 30, 2008 (US\$)	Jun. 30, 2009 (US\$)	Sep. 30, 2009 (US\$)
Cash and cash equivalents	1,761,752	1,955,309	1,932,867	54,662	59,306	59,601
Short-term investments	154,438	45,136	33,143	4,792	1,369	1,022
Accounts receivable (net)	1,241,724	569,107	610,342	38,527	17,261	18,820
Inventories	715,509	473,453	517,689	22,200	14,360	15,963
Refundable deposits - current	69,966	81,376	66,167	2,171	2,468	2,040
Deferred income tax assets (net)	100,555	48,226	80,298	3,120	1,463	2,476
Prepaid expenses and other current assets	154,006	151,904	102,925	4,778	4,607	3,175
Total current assets	4,197,950	3,324,511	3,343,431	130,250	100,834	103,097
Long-term investments	119,475	50,371	17,908	3,707	1,528	552
Property and equipment (net)	875,421	875,680	858,085	27,162	26,560	26,460
Goodwill and intangible assets(net)	2,691,141	2,544,420	2,499,051	83,498	77,174	77,061
Other assets	208,760	288,471	312,997	6,477	8,750	9,650
Total assets	<u>\$8,092,747</u>	<u>\$7,083,453</u>	<u>\$7,031,472</u>	<u>\$251,094</u>	<u>\$214,846</u>	<u>\$216,820</u>
Short-term borrowing	105,071	-	-	3,260	-	-
Accounts payable	487,000	276,453	299,688	15,110	8,385	9,241
Income tax payable	187,745	147,029	38,713	5,825	4,459	1,194
Accrued expenses and other current liabilities	514,035	372,025	426,336	15,949	11,284	13,146
Total current liabilities	1,293,851	795,507	764,737	40,144	24,128	23,581
Long-term liabilities	42,276	65,712	61,287	1,312	1,993	1,890
Other liabilities	55,884	41,602	45,572	1,734	1,263	1,405
Total liabilities	1,392,011	902,821	871,596	43,190	27,384	26,876
Shareholders' equity	6,700,736	6,180,632	6,159,876	207,904	187,462	189,944
Total liabilities & shareholders' equity	<u>\$8,092,747</u>	<u>\$7,083,453</u>	<u>\$7,031,472</u>	<u>\$251,094</u>	<u>\$214,846</u>	<u>\$216,820</u>

Note: The Company maintains its accounts and expresses its financial statements in New Taiwan dollars. For convenience only, U.S. dollar amounts presented in the income statement have been translated from New Taiwan dollars, using an average exchange rate of NT\$31.20 to US\$1 for 3Q08, NT\$33.16 to US\$1 for 2Q09, and NT\$32.83 to US\$1 for 3Q09 based on the average of the historical exchange rate of the Oanda Corporation. Amounts from the balance sheet have been translated using the ending exchange rate for the period. The exchange rate was NT\$32.23 to US\$1 at the end of 3Q08, NT\$32.97 to US\$1 at the end of 2Q09, and NT\$32.43 to US\$1 at the end of 3Q09.

**About Silicon Motion:**

We are a fabless semiconductor company that designs, develops and markets high performance, low-power semiconductor solutions for the multimedia consumer electronics market. We have three major product lines: mobile storage, mobile communications, and multimedia SoCs. Our mobile storage business is composed of microcontrollers used in NAND flash memory storage products such as flash memory cards, USB flash drives, SSDs, embedded flash applications, and card readers. Our mobile communications business is composed of mobile TV IC solutions, CDMA RF ICs, and electronic toll collection RF ICs. Our multimedia SoCs business is composed of products that support portable multimedia players, DAB systems, PC cameras, and embedded graphics applications.

**Forward-Looking Statements:**

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation, statements about Silicon Motion's expected third quarter 2009 revenue, gross margin and operating expenses, all of which reflect management's estimates based on information available at this time of this press release. While Silicon Motion believes these estimates to be meaningful, these amounts could differ materially from actual reported amounts for the third quarter. Forward-looking statements also include, without limitation, statements regarding trends in the multimedia consumer electronics market and our future results of operations, financial condition and business prospects. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. Although such statements are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on them. These statements involve risks and uncertainties, and actual market trends or our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward looking statements for a variety of reasons. Potential risks and uncertainties include, but are not limited to, our belief in the outcome of any claim or lawsuit, including those uncertainties relating to litigation filed against the Company relating to whether its products are covered by patents not owned by the Company; unpredictable volume and timing of customer orders, which are not fixed by contract but vary on a purchase order basis; the loss of one or more key customers or the significant reduction, postponement, rescheduling or cancellation of orders from these customers; integration of our recently announced acquisitions; general economic conditions or conditions in the semiconductor or consumer electronics markets; decreases in the overall average selling prices of our products; changes in the relative sales mix of our products; changes in our cost of finished goods; the availability, pricing, and timeliness of delivery of other components and raw materials used in our customers' products; our customers' sales outlook, purchasing patterns, and inventory adjustments based on consumer

demands and general economic conditions, including the general global economic slowdown as it affects the Company, its customers and consumers; our ability to successfully develop, introduce, and sell new or enhanced products in a timely manner; and the timing of new product announcements or introductions by us or by our competitors. For additional discussion of these risks and uncertainties and other factors, please see the documents we file from time to time with the Securities and Exchange Commission, including our Annual Report on Form 20-F filed on July 14, 2009. We assume no obligation to update any forward-looking statements, which apply only as of the date of this press release.

Investor Contact:  
Jason Tsai  
Director of IR and Strategy  
Tel: +1 408 519 7259  
Fax: +1 408 519 7101  
E-mail: [jtsai@siliconmotion.com](mailto:jtsai@siliconmotion.com)

Investor Contact:  
Selina Hsieh  
Investor Relations  
Tel: +886 3 552 6888 x2311  
Fax: +886 3 560 0336  
E-mail: [ir@siliconmotion.com](mailto:ir@siliconmotion.com)

Media Contact:  
Sara Hsu  
Project Manager  
Tel: +886 2 2219 6688 x3509  
Fax: +886 2 2219 6868  
E-mail: [sara.hsu@siliconmotion.com](mailto:sara.hsu@siliconmotion.com)