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Faraday Reported 2006 Fourth Quarter Results

Fourth Quarter 2006 Highlights^[1]:

- Quarter-over-quarter revenue decreased 21.1% to NT\$1,230 million (US\$37.5 million)
 - Gross margin raised to 49.9%
 - Net income of NT\$374 million (US\$11.4 million)
 - Earnings per share of NT\$1.2 for the quarter; accumulated EPS for 2006 were NT\$4.74
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Hsinchu, Taiwan –February 1, 2007 – Faraday Technology Corporation (TSE: 3035), a leading fabless ASIC design solution and silicon IP provider, today announced its unconsolidated operating results for the quarter ended December 31, 2006. The fourth quarter revenue reached NT\$1,230 million, while net income and fully diluted earnings per share came to NT\$374 million and NT\$1.2 per share, respectively.

Thanks to a higher percentage from high-margin IP business, gross margin of the quarter raised to 49.9%, significantly higher than previous quarter's 43.8%. The operating margin of 4Q06 was 19.9%. Net income achieved NT\$374 million, down 2.9% over the previous quarter, but increased 10.7% over the same period last year.

The unconsolidated sales revenue for 2006 were NT\$5,544 million, and accumulated EPS for the year was NT\$4.74. Gross margin for 2006 were 45.9%, significantly higher than pervious year's 43.4%. Net margin for 2006 was 26.7%, also higher than 2005's 25.1%.

^[1] Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States. They are un-audited, un-consolidated, and represent comparisons among the three-month period ending December 31, 2006, the three-month period ending September 30, 2006, and the equivalent three-month period that ended December 31, 2005. For all 4Q06 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.8 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	4Q06	3Q06	QoQ% change	4Q05	YoY% change
Revenue	1,230	1,559	(21.1)	1,390	(11.5)
Gross Profit	613	682	(10.1)	604	1.5
Operation Expenses	(369)	(306)	20.6	(310)	19.0
Operating Income	244	376	(35.1)	294	(17.0)
Non-op. Income (Expenses)	132	9	1,366.7	44	200.0-
Net Income	374	385	(2.9)	338	10.7
EPS (NT\$ per share)	1.20	1.24		1.20	

Detailed Financials Section

COGS & Expenses					
(Amount: NT\$ million)	4Q06	3Q06	QoQ% change	4Q05	YoY% change
Revenue	1,230	1,559	(21.1)	1,390	(11.5)
COGS	(617)	(877)	(29.6)	(786)	(21.5)
Wafer	(344)	(450)	(23.6)	(438)	(21.5)
Other Mfg. Costs	(273)	(427)	(36.1)	(348)	(21.6)
Gross Profit	613	682	(10.1)	604	1.5
Gross Margin (%)	49.9%	43.8%		43.5%	
Total Operating Exp.	(369)	(306)	20.6	(310)	19.0
G&A	(45)	(40)	12.5	(45)	0.0
Sales and Marketing	(58)	(28)	107.1	(32)	81.3
R&D	(266)	(238)	11.8	(233)	14.2
Operating Income	244	376	(35.1)	294	(17.0)
Operating Margin (%)	19.9%	24.1%		21.2%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q06	3Q06	4Q05
Net Non-operating Income (Loss)	132	9	44
Net Interest Income (Expense)	5	4	6
Net Investment Income (Loss)	160	18	51
Reverse on (Inventory Loss Provision)	(23)	(4)	(6)
Gain (Loss) on Disposal of Investment	-	-	-
Exchange Gain (Loss)	1	1	(6)
Others	(11)	(10)	(1)

Current Assets			
(Amount: NT\$ million)	4Q06	3Q06	4Q05
Cash & Cash Equiv.	1,535	1,407	2,252
Notes & Accounts Receivable	1,113	1,147	1,040
Days Sales Outstanding	84	63	78
Inventory	208	234	247
Avg. Inventory Turnover	39	29	38
Total Current Assets	3,216	2,927	3,795

Liabilities			
(Amount: NT\$ million)	4Q06	3Q06	4Q05
Total Current Liabilities	1,314	1,550	1,696
Notes & Accounts Payable	612	674	625
Others	702	876	1,071
Long-term Liabilities			
Total Liabilities	1,339	1,577	1,728
Liabilities to Equity	19.9%	28.3%	37.2%

Analysis of Revenue

ASIC Revenue Breakdown by Region

Region	2Q06	3Q06	4Q06
Taiwan	59.3%	58.1%	53.6%
USA	21.0%	21.3%	18.3%
Japan	4.2%	3.5%	7.5%
Europe	5.1%	5.7%	9.8%
Korea	6.5%	5.6%	6.4%
China	3.9%	5.8%	4.4%

ASIC Revenue Breakdown by Geometry

Geometry	2Q06	3Q06	4Q06
0.13um	4.8%	1.3%	5.7%
0.18um	40.8%	51.5%	50.8%
0.22um	9.0%	6.7%	9.9%
0.25um	21.2%	16.1%	11.6%
0.35um	16.1%	17.2%	12.6%
0.45um	1.7%	1.3%	1.7%
0.5um	5.8%	5.3%	7.1%
0.6um	0.6%	0.6%	0.6%

Total Revenue Breakdown by Customer Type

Type	2Q06	3Q06	4Q06
Fabless	49.2%	41.4%	53.7%
System	35.0%	45.7%	37.4%
Foundry	15.8%	12.9%	8.9%

Total Revenue Breakdown by Billing Method

Billing	2Q06	3Q06	4Q06
ASIC	69.5%	70.9%	65.2%
Design Service	14.2%	12.6%	10.3%
IP	16.3%	16.5%	24.5%

ASIC Revenue Breakdown by Application

Application	2Q06	3Q06	4Q06
Peripheral	28.3%	28.8%	29.9%
Storage	25.8%	26.8%	26.9%
Comm.	18.0%	15.6%	24.5%
Display	7.0%	5.4%	6.4%
Consumer	5.6%	7.9%	0.7%
Multimedia	10.2%	9.9%	8.5%
Others	5.1%	5.6%	3.1%

About Faraday

Faraday Technology Corporation is a leading silicon IP and fabless ASIC vendor. The company's broad IP portfolio includes 32-bit RISC CPUs, DSPs, PHY/Controllers for USB 2.0, Ethernet, and Serial ATA. With more than 700 employees and 2006 revenue of NT\$5,544 million (US\$171 million), Faraday is one of the largest fabless ASIC companies in the Asia-Pacific region, and it also has a significant presence in other markets, world-wide. Headquartered in Taiwan, Faraday has service and support offices around the world, including the U.S., Japan, Europe, and China. For more information, please visit: <http://www.faraday-tech.com>

The financial statements included in this release were un-audited and un-consolidated, and prepared and published in accordance with ROC GAAP. Investors are cautioned that there are many differences between ROC GAAP and U.S. GAAP. The forward-looking statements in this release reflect the current belief of Faraday as of the date of this release and Faraday undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.