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Faraday Reported 2007 First Quarter Results

First Quarter 2007 Highlights^[1]:

- Quarter-over-quarter revenue decreased 6.7% to NT\$1,148 million (US\$34.9 million)
 - Gross margin raised to a record high of 53%
 - Net income of NT\$578 million (US\$17.6 million)
 - Earnings per share of NT\$1.81 for the quarter
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Hsinchu, Taiwan –April 26, 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 March 31, 2007. The first quarter revenue was NT\$1,148 million, while net income and fully diluted earnings per share came to NT\$578 million and NT\$1.81 per share, respectively.

Thanks to a higher percentage from high-margin IP business, gross margin of the quarter raised to 53%, significantly higher than previous quarter's 49.9%. The operating margin of 1Q07 was 27.4%. Net income was NT\$578 million, increased 54.5% over the previous quarter, and increased 68% over the same period last year.

The unconsolidated sales revenue for the first quarter were NT\$1,148 million, and EPS for the first quarter was NT\$1.81.

^[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 March 31, 2007, the three-month period ending December 31, 2006, and the equivalent three-month period that ended March 31, 2006. For all 1Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.93 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q07	4Q06	QoQ% change	1Q06	YoY% change
Revenue	1,148	1,230	(6.7)	1,281	(10.4)
Gross Profit	608	613	(0.8)	585	3.9
Operation Expenses	(294)	(369)	(20.3)	(274)	7.3
Operating Income	314	244	28.7	311	1.0
Non-op. Income (Expenses)	265	132	100.8	33	703.0
Net Income	578	374	54.5	344	68.0
EPS (NT\$ per share)	1.81	1.20		1.11	

Detailed Financials Section

COGS & Expenses					
(Amount: NT\$ million)	1Q07	4Q06	QoQ% change	1Q06	YoY% change
Revenue	1,148	1,230	(6.7)	1,281	(10.4)
COGS	(540)	(617)	(12.5)	(696)	(22.4)
Wafer	(256)	(344)	(25.6)	(364)	(29.7)
Other Mfg. Costs	(284)	(273)	4.0	(332)	(14.5)
Gross Profit	608	613	(0.8)	585	3.9
Gross Margin (%)	53.0%	49.9%		45.7%	
Total Operating Exp.	(294)	(369)	(20.3)	(274)	7.3
G&A	(39)	(45)	(13.3)	(35)	11.4
Sales and Marketing	(25)	(58)	(56.9)	(27)	(7.4)
R&D	(230)	(266)	(13.5)	(212)	8.5
Operating Income	314	244	28.7	311	1.0
Operating Margin (%)	27.4%	19.8%		24.3%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	1Q07	4Q06	1Q06
Net Non-operating Income (Loss)	265	132	33
Net Interest Income (Expense)	7	5	3
Net Investment Income (Loss)	251	160	(17)
Reverse on (Inventory Loss Provision)	(1)	(23)	(3)
Gain (Loss) on Disposal of Investment	-	-	-
Exchange Gain (Loss)	-	1	(1)
Others	8	(11)	51

Current Assets			
(Amount: NT\$ million)	1Q07	4Q06	1Q06
Cash & Cash Equiv.	2,026	1,535	1,808
Notes & Accounts Receivable	834	1,113	810
Days Sales Outstanding	77	84	70
Inventory	173	208	281
Avg. Inventory Turnover	40	39	39
Total Current Assets	3,344	3,180	3,225

Liabilities			
(Amount: NT\$ million)	1Q07	4Q06	1Q06
Total Current Liabilities	947	1,314	1,515
Notes & Accounts Payable	432	612	686
Others	515	702	829
Long-term Liabilities			
Total Liabilities	972	1,339	1,545
Liabilities to Equity	13.4%	19.9%	30.2%

Analysis of Revenue

ASIC Revenue Breakdown by Region

Region	3Q06	4Q06	1Q07
Taiwan	58.1%	53.6%	56.8%
USA	21.3%	18.3%	16.1%
Japan	3.5%	7.5%	9.2%
Europe	5.7%	9.8%	8.8%
Korea	5.6%	6.4%	6.0%
China	5.8%	4.4%	3.1%

ASIC Revenue Breakdown by Geometry

Geometry	3Q06	4Q06	1Q07
0.13um	1.3%	5.7%	2.5%
0.18um	51.5%	50.8%	54.7%
0.22um	6.7%	9.9%	5.3%
0.25um	16.1%	11.6%	14.5%
0.35um	17.2%	12.6%	15.5%
0.45um	1.3%	1.7%	1.4%
0.5um	5.3%	7.1%	5.3%
0.6um	0.6%	0.6%	0.8%

Total Revenue Breakdown by Customer Type

Type	3Q06	4Q06	1Q07
Fabless	41.4%	53.7%	59.5%
System	45.7%	37.4%	32.3%
Foundry	12.9%	8.9%	8.2%

Total Revenue Breakdown by Billing Method

Billing	3Q06	4Q06	1Q07
ASIC	70.9%	65.2%	55.9%
Design Service	12.6%	10.3%	16.3%
IP	16.5%	24.5%	27.8%

ASIC Revenue Breakdown by Application

Application	3Q06	4Q06	1Q07
Peripheral	28.8%	29.9%	26.5%
Storage	26.8%	26.9%	17.7%
Comm.	15.6%	24.5%	23.7%
Display	5.4%	6.4%	5.9%
Consumer	7.9%	0.7%	4.5%
Multimedia	9.9%	8.5%	12.2%
Others	5.6%	3.1%	9.5%

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.