

Faraday Reported 2007 Second Quarter Results

Second Quarter 2007 Highlights^[1]:

- Quarter-over-quarter revenue increased 0.6% to NT\$1,154 million (US\$35.1 million)
 - Gross margin raised to a record high of 53.8%
 - Net income of NT\$369 million (US\$11.2 million)
 - Earnings per share of NT\$1.15 for the quarter
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Hsinchu, Taiwan –July 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 June 30, 2007. The second quarter revenue was NT\$1,154 million, while net income and fully diluted earnings per share came to NT\$369 million and NT\$1.15 per share, respectively.

Thanks to a higher percentage from high-margin IP business, gross margin of the quarter raised to 53.8%, higher than previous quarter's 53.0%. The operating income was NT\$279 million, operating margin of 2Q07 was 24.2%. Net income was NT\$369 million down 0.9% over the same period last year.

The unconsolidated sales revenue for the first half of 2007 were NT\$2,301 million, gross margin and net margin were 53.4% and 41.4% respectively. EPS for the first half of 2007 was NT\$2.95, higher than same period of 2006's NT\$2.30.

^[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 June 30, 2007, the three-month period ending March 31, 2007, and the equivalent three-month period that ended June 30, 2006. For all 2Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.9 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	2Q07	1Q07	QoQ% change	2Q06	YoY% change
Revenue	1,154	1,148	0.6	1,474	(21.7)
Gross Profit	620	608	2.0	664	(6.5)
Operation Expenses	(341)	(294)	16.0	(293)	16.5
Operating Income	279	314	(11.1)	371	(24.6)
Non-op. Income (Expenses)	91	265	(65.7)	1	5101.4
Net Income	369	578	(36.2)	372	(0.9)
EPS (NT\$ per share)	1.15	1.80		1.20	

Detailed Financials Section

COGS & Expenses					
(Amount: NT\$ million)	2Q07	1Q07	QoQ% change	2Q06	YoY% change
Revenue	1,154	1,148	0.6	1,474	(21.7)
COGS	(534)	(540)	(1.1)	(810)	(34.1)
Wafer	(270)	(256)	5.5	(434)	(37.8)
Other Mfg. Costs	(264)	(284)	7.0	(376)	(29.8)
Gross Profit	620	608	2.0	664	(6.5)
Gross Margin (%)	53.8%	53.0%		45.0%	
Total Operating Exp.	(341)	(294)	16.0	(293)	16.5
G&A	(46)	(39)	17.9	(40)	16.7
Sales and Marketing	(28)	(25)	12.0	(27)	2.9
R&D	(267)	(230)	16.1	(226)	18.1
Operating Income	279	314	(11.1)	371	(24.6)
Operating Margin (%)	24.2%	27.4%		25.1%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	2Q07	1Q07	2Q06
Net Non-operating Income (Loss)	91	265	1
Net Interest Income (Expense)	8	7	4
Net Investment Income (Loss)	81	251	(3)
Reverse on (Inventory Loss Provision)	1	(1)	(1)
Gain (Loss) on Disposal of Investment	-	-	-
Exchange Gain (Loss)	2	-	(2)
Others	(1)	8	3

Current Assets			
(Amount: NT\$ million)	2Q07	1Q07	2Q06
Cash & Cash Equiv.	2,423	2,026	2,117
Notes & Accounts Receivable	951	834	967
Days Sales Outstanding	71	77	58
Inventory	252	173	257
Avg. Inventory Turnover	44	40	34
Total Current Assets	3,877	3,344	3,614

Liabilities			
(Amount: NT\$ million)	2Q07	1Q07	2Q06
Total Current Liabilities	2,211	947	2,643
Notes & Accounts Payable	602	432	673
Others	1,609	515	1,970
Long-term Liabilities			
Total Liabilities	2,234	971	2,672
Liabilities to Equity	33.7%	13.4%	56.4%

Analysis of Revenue

ASIC Revenue Breakdown by Region

Region	4Q06	1Q07	2Q07
Taiwan	53.6%	56.8%	54.1%
USA	18.3%	16.1%	21.9%
Japan	7.5%	9.2%	5.9%
Europe	9.8%	8.8%	7.3%
Korea	6.4%	6.0%	6.1%
China	4.4%	3.1%	4.7%

ASIC Revenue Breakdown by Geometry

Geometry	4Q06	1Q07	2Q07
0.13um	5.7%	2.5%	4.7%
0.162um			3.7%
0.18um	50.8%	54.7%	50.3%
0.22um	9.9%	5.3%	4.9%
0.25um	11.6%	14.5%	11.5%
0.35um	12.6%	15.5%	15.2%
0.45um	1.7%	1.4%	1.9%
0.5um	7.1%	5.3%	6.9%
0.6um	0.6%	0.8%	0.9%

Total Revenue Breakdown by Customer Type

Type	4Q06	1Q07	2Q07
Fabless	53.7%	59.5%	47.9%
System	37.4%	32.3%	32.3%
Foundry	8.9%	8.2%	19.8%

Total Revenue Breakdown by Billing Method

Billing	4Q06	1Q07	2Q07
ASIC	65.2%	55.9%	60.7%
Design Service	10.3%	16.3%	11.2%
IP	24.5%	27.8%	28.1%

ASIC Revenue Breakdown by Application

Application	4Q06	1Q07	2Q07
Peripheral	29.9%	26.5%	19.1%
Storage	26.9%	17.7%	12.7%
Comm.	24.5%	23.7%	29.3%
Display	6.4%	5.9%	4.1%
Consumer	0.7%	4.5%	7.6%
Multimedia	8.5%	12.2%	18.8%
Others	3.1%	9.5%	8.4%

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.