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Faraday Reported 2007 Third Quarter Results

Third Quarter 2007 Highlights^[1]:

- Quarter-over-quarter revenue increased 21.4% to NT\$1,401 million (US\$43.0 million)
 - Gross margin, 47.3%
 - Net income of NT\$367 million (US\$11.3 million)
 - Earnings per share of NT\$1.09 for the quarter
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Hsinchu, Taiwan –October 25, 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 September 30, 2007. The third quarter revenue was NT\$1,401 million, while net income and basic earnings per share came to NT\$367 million and NT\$1.09 per share, respectively.

Thanks to a higher percentage from ASIC mass production business, the revenue of 3Q07 increased 21.4% compared to 2Q07. The gross margin of 3Q07 was 47.3%. The operating income was NT\$329 million, and operating margin was 23.5%. Net income was NT\$367 million, decreased 0.5% over the previous quarter, and down 4.8% over the same period last year.

The unconsolidated sales revenue from the first three quarters this year were NT\$3,702 million, gross margin and net margin were 51.1% and 35.5% respectively. The accumulated EPS was NT\$3.90, higher than the same period of 2006, NT\$3.54.

^[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 September 30, 2007, the three-month period ending June 30, 2007, and the equivalent three-month period that ended September 30, 2006. For all 3Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.6 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	3Q07	2Q07	QoQ% change	3Q06	YoY% change
Revenue	1,401	1,154	21.4	1,559	(10.1)
Gross Profit	663	620	6.8	682	(2.9)
Operation Expenses	(334)	(341)	(2.2)	(306)	9.0
Operating Income	329	279	17.7	376	(12.5)
Non-op. Income (Expenses)	39	91	(57.2)	9	312.2
Net Income	367	369	(0.5)	385	(4.8)
EPS (NT\$ per share)	1.09	1.09		1.24	

Detailed Financials Section

COGS & Expenses					
(Amount: NT\$ million)	3Q07	2Q07	QoQ% change	3Q06	YoY% change
Revenue	1,401	1,154	21.4	1,559	(10.1)
COGS	(738)	(534)	38.2	(877)	(15.8)
Wafer	(371)	(270)	37.4	(450)	(17.6)
Other Mfg. Costs	(367)	(264)	39.0	(427)	(14.1)
Gross Profit	663	620	6.8	682	(2.9)
Gross Margin (%)	47.3%	53.8%		43.8%	
Total Operating Exp.	(334)	(341)	(2.2)	(306)	9.0
G&A	(49)	(46)	6.2	(40)	21.6
Sales and Marketing	(29)	(28)	3.9	(28)	3.2
R&D	(256)	(267)	(4.3)	(238)	7.5
Operating Income	329	279	17.7	376	(12.5)
Operating Margin (%)	23.5%	24.2%		24.1%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	3Q07	2Q07	3Q06
Net Non-operating Income (Loss)	39	91	9
Net Interest Income (Expense)	8	8	4
Net Investment Income (Loss)	65	81	18
Reverse on (Inventory Loss Provision)	(15)	1	(4)
Gain (Loss) on Disposal of Investment	-	-	-
Exchange Gain (Loss)	(2)	2	1
Others	(17)	(1)	(10)

Current Assets			
(Amount: NT\$ million)	3Q07	2Q07	3Q06
Cash & Cash Equiv.	1,530	2,423	1,407
Notes & Accounts Receivable	1,241	951	1,147
Days Sales Outstanding	71	71	63
Inventory	263	252	234
Avg. Inventory Turnover	38	44	29
Total Current Assets	3,311	3,877	2,927

Liabilities			
(Amount: NT\$ million)	3Q07	2Q07	3Q06
Total Current Liabilities	1,432	2,211	1,550
Notes & Accounts Payable	769	602	674
Others	663	1,609	876
Long-term Liabilities			
Total Liabilities	1,454	2,234	1,577
Liabilities to Equity	22.7%	33.7%	28.3%

Analysis of Revenue

ASIC Revenue Breakdown by Region

Region	1Q07	2Q07	3Q07
Taiwan	56.8%	54.1%	48.2%
USA	16.1%	21.9%	23.1%
Japan	9.2%	5.9%	5.4%
Europe	8.8%	7.3%	15.0%
Korea	6.0%	6.1%	2.7%
China	3.1%	4.7%	5.6%

ASIC Revenue Breakdown by Geometry

Geometry	1Q07	2Q07	3Q07
90nm			0.4%
0.13um	2.5%	4.7%	8.6%
0.162um		3.7%	13.6%
0.18um	54.7%	50.3%	52.4%
0.22um	5.3%	4.9%	1.6%
0.25um	14.5%	11.5%	7.9%
0.35um	15.5%	15.2%	9.7%
0.45um	1.4%	1.9%	1.5%
0.5um	5.3%	6.9%	3.8%
0.6um	0.8%	0.9%	0.5%

Total Revenue Breakdown by Customer Type

Type	1Q07	2Q07	3Q07
Fabless	59.5%	47.9%	43.5%
System	32.3%	32.3%	41.2%
Foundry	8.2%	19.8%	15.3%

Total Revenue Breakdown by Billing Method

Billing	1Q07	2Q07	3Q07
ASIC	55.9%	60.7%	68.3%
Design Service	16.3%	11.2%	11.8%
IP	27.8%	28.1%	19.9%

ASIC Revenue Breakdown by Application

Application	1Q07	2Q07	3Q07
Peripheral	26.5%	19.1%	23.5%
Storage	17.7%	12.7%	15.6%
Comm.	23.7%	29.3%	29.7%
Display	5.9%	4.1%	4.0%
Consumer	4.5%	7.6%	5.7%
Multimedia	12.2%	18.8%	17.8%
Others	9.5%	8.4%	3.7%

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 750 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.