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## Faraday Reported 2007 Fourth Quarter Results

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### Fourth Quarter 2007 Highlights<sup>[1]</sup>:

- Quarter-over-quarter revenue decreased 0.8% to NT\$1,390 million (US\$42.9 million)
  - Gross margin raise to 52.0%
  - Net income of NT\$383 million (US\$11.8 million)
  - Earnings per share of NT\$1.14 for the quarter; accumulated EPS for 2007 was NT\$5.03
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**Hsinchu, Taiwan –February 21, 2008 – 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, 2007. The fourth quarter revenue was NT\$1,390 million, while net income and basic earnings per share came to NT\$383 million and NT\$1.14 per share, respectively.

Thanks to a higher percentage from higher-margin IP business and ASIC communication projects, gross margin of the quarter raise to 52.0%, significantly higher than previous quarter's 47.3%. The operating margin of 4Q07 was 23.7%. Net income achieved NT\$383 million, increased 4.5% over the previous quarter, and increased 2.5% over the same period last year.

The unconsolidated sales revenue for 2007 were NT\$5,092 million, and gross margin for 2007 were 51.3%, significantly higher than pervious year's 45.9%. Net margin for 2007 was 33.3%, and accumulated EPS for the year was NT\$5.03.

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<sup>[1]</sup> 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, 2007, the three-month period ending September 30, 2007, and the equivalent three-month period that ended December 31, 2006. For all 4Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.355 to one U.S. dollar.

## Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	4Q07	3Q07	QoQ% change	4Q06	YoY% change
Revenue	1,390	1,401	(0.8)	1,230	13.0
Gross Profit	722	663	9.0	613	17.8
Operation Expenses	(393)	(334)	17.8	(369)	6.7
Operating Income	329	329	-	244	34.5
Non-op. Income (Expenses)	49	39	28.8	132	(62.2)
Net Income	383	367	4.5	374	2.5
EPS (NT\$ per share)	1.14	1.09		1.20	

## Detailed Financials Section

COGS & Expenses					
(Amount: NT\$ million)	4Q07	3Q07	QoQ% change	4Q06	YoY% change
Revenue	1,390	1,401	(0.8)	1,230	13.0
COGS	(668)	(738)	(9.5)	(617)	8.3
Wafer	(351)	(371)	(5.4)	(344)	2.0
Other Mfg. Costs	(317)	(367)	(13.6)	(273)	16.1
Gross Profit	722	663	9.0	613	17.8
Gross Margin (%)	52.0%	47.3%		49.9%	
Total Operating Exp.	(393)	(334)	17.8	(369)	6.7
G&A	(58)	(49)	18.4	(45)	29.2
Sales and Marketing	(42)	(29)	45.7	(58)	(27.1)
R&D	(293)	(256)	14.5	(266)	10.2
Operating Income	329	329	0.0	244	34.5
Operating Margin (%)	23.7%	23.5%		19.9%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q07	3Q07	4Q06
Net Non-operating Income (Loss)	49	39	132
Net Interest Income (Expense)	5	8	5
Net Investment Income (Loss)	58	65	160
Reverse on (Inventory Loss Provision)	(8)	(15)	(23)
Gain (Loss) on Disposal of Investment	-	-	-
Exchange Gain (Loss)	0	(2)	1
Others	(6)	(17)	(11)

Current Assets			
(Amount: NT\$ million)	4Q07	3Q07	4Q06
Cash & Cash Equiv.	1,660	1,530	1,535
Notes & Accounts Receivable	1,035	1,241	1,113
Days Sales Outstanding	75	71	84
Inventory	399	263	208
Avg. Inventory Turnover	53	38	39
Total Current Assets	3,494	3,311	3,180

Liabilities			
(Amount: NT\$ million)	4Q07	3Q07	4Q06
Total Current Liabilities	1,387	1,432	1,314
Notes & Accounts Payable	759	769	612
Others	628	663	702
Long-term Liabilities	21		
Total Liabilities	1,408	1,454	1,339
Liabilities to Equity	21.8%	22.7%	19.9%

## Analysis of Revenue

### ASIC Revenue Breakdown by Region

Region	2Q07	3Q07	4Q07
Taiwan	54.1%	48.2%	37.0%
USA	21.9%	23.1%	15.5%
Japan	5.9%	5.4%	8.3%
Europe	7.3%	15.0%	31.2%
Korea	6.1%	2.7%	2.9%
China	4.7%	5.6%	5.1%

### ASIC Revenue Breakdown by Geometry

Geometry	2Q07	3Q07	4Q07
90nm		0.4%	
0.13um	4.7%	8.6%	9.5%
0.162um	3.7%	13.6%	5.6%
0.18um	50.3%	52.4%	57.9%
0.22um	4.9%	1.6%	2.6%
0.25um	11.5%	7.9%	10.4%
0.35um	15.2%	9.7%	8.6%
0.45um	1.9%	1.5%	1.1%
0.5um	6.9%	3.8%	4.0%
0.6um	0.9%	0.5%	0.3%

### Total Revenue Breakdown by Customer Type

Type	2Q07	3Q07	4Q07
Fabless	47.9%	43.5%	64.2%
System	32.3%	41.2%	26.4%
Foundry	19.8%	15.3%	9.4%

### Total Revenue Breakdown by Billing Method

Billing	2Q07	3Q07	4Q07
ASIC	60.7%	68.3%	71.5%
Design Service	11.2%	11.8%	7.6%
IP	28.1%	19.9%	20.9%

### ASIC Revenue Breakdown by Application

Application	2Q07	3Q07	4Q07
Peripheral	19.1%	23.5%	11.6%
Storage	12.7%	15.6%	13.5%
Comm.	29.3%	29.7%	51.3%
Display	4.1%	4.0%	3.3%
Consumer	7.6%	5.7%	2.7%
Multimedia	18.8%	17.8%	13.1%
Others	8.4%	3.7%	4.5%

## About Faraday

**Faraday Technology Corporation** is a leading silicon IP and fabless ASIC vendor. The company's broad silicon IP portfolio includes Cell Library, Memory Compiler, ARM-compliant CPUs, DDRII, MPEG4, H.264, USB 2.0, 10/100 Ethernet, Serial ATA, PCI Express, and UWB. With more than 800 employees and 2007 revenue of US\$ 156 million, Faraday is one of the largest fabless ASIC companies in the Asia-Pacific region, and it also has a significant presence in other world-wide markets. 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: [www.faraday-tech.com](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.