



UNAUDITED FINANCIAL STATEMENTS FOR FIRST QUARTER ENDED 31 MARCH 2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) Income statement for three months ended 31 March 2004

| | Notes | Group | | Change % |
|--|-------|--|--|----------|
| | | 1 Jan 2004 to 31 Mar 2004 US\$'000 | 1 Jan 2003 to 31 Mar 2003 US\$'000 | |
| Sales | | 36,166 | 25,016 | 44.6% |
| Cost of sales | | (29,384) | (24,722) | -18.9% |
| Gross profit | | 6,782 | 294 | 2206.8% |
| Other operating income | | 345 | 35 | 885.7% |
| Operating expenses | | | | |
| Selling, general and administrative expenses | | (2,204) | (2,974) | 25.9% |
| Research and development costs | | (2,044) | (2,519) | 18.9% |
| Other operating expenses | | (28) | (8) | -250.0% |
| Operating profit/(loss) | | 2,851 | (5,172) | 155.1% |
| Finance income | | 101 | 14 | 621.4% |
| Finance cost | | (624) | (635) | 1.7% |
| Other non-operating income | | 4 | - | NM |
| Profit/(loss) before tax | | 2,332 | (5,793) | 140.3% |
| Taxation | | 63 | (20) | 415.0% |
| Net profit/(loss) | A | 2,395 | (5,813) | 141.2% |

| | 1 Jan 2004 to 31 Mar 2004 US\$'000 | 1 Jan 2003 to 31 Mar 2003 US\$'000 | Change % |
|---|--|--|----------|
| A. Net profit/(loss) is arrived at after crediting/(charging) | | | |
| - Government grant income | 297 | - | NM |
| - Investment income | 14 | 13 | 7.7% |
| - Interest income | 87 | 1 | NM |
| - Interest expense | (540) | (635) | 15.0% |
| - Depreciation on fixed assets | (11,705) | (12,402) | 5.6% |
| - Amortisation of interest rate option premium | (84) | - | NM |
| - Allowance for doubtful trade receivable | (48) | (1,173) | 95.9% |
| - Allowance for inventory obsolescence | - | (230) | 100.0% |
| - Allowance for inventory obsolescence written back | 39 | - | NM |
| - Net foreign exchange gain | 33 | 33 | 0.0% |
| - Adjustments for over provision of tax in respect of prior years | 89 | - | NM |

NM - Not meaningful



UNITED TEST AND ASSEMBLY CENTER LTD

1(a)(ii) Income statement for three months ended 31 March 2004

| | Notes | Group | | Change % |
|--|-------|--|--|----------|
| | | 1 Jan 2004 to 31 Mar 2004 US\$'000 | 1 Oct 2003 to 31 Dec 2003 US\$'000 | |
| Sales | | 36,166 | 35,074 | 3.1% |
| Cost of sales | | (29,384) | (28,636) | -2.6% |
| Gross profit | | 6,782 | 6,438 | 5.3% |
| Other operating income | | 345 | 1,071 | -67.8% |
| Operating expenses | | | | |
| Selling, general and administrative expenses | | (2,204) | (2,005) | -9.9% |
| Research and development costs | | (2,044) | (2,219) | 7.9% |
| Other operating expenses | | (28) | (255) | 89.0% |
| Operating profit | | 2,851 | 3,030 | -5.9% |
| Finance income | | 101 | 40 | 152.5% |
| Finance cost | | (624) | (777) | 19.7% |
| Other non-operating income | | 4 | - | NM |
| Profit before tax | | 2,332 | 2,293 | 1.7% |
| Taxation | | 63 | 38 | 65.8% |
| Net profit | A | 2,395 | 2,331 | 2.7% |

| | | 1 Jan 2004 to 31 Mar 2004 US\$'000 | 1 Oct 2003 to 31 Dec 2003 US\$'000 | Change % |
|---|--|--|--|----------|
| A. Net profit is arrived at after crediting/(charging) | | | | |
| - Government grant income | | 297 | 1,071 | -72.3% |
| - Investment income | | 14 | 38 | -63.2% |
| - Interest income | | 87 | 2 | NM |
| - Interest expense | | (540) | (694) | 22.2% |
| - Depreciation on fixed assets | | (11,705) | (11,517) | -1.6% |
| - Amortisation of interest rate option premium | | (84) | (83) | -1.2% |
| - Allowance for doubtful trade receivable | | (48) | - | NM |
| - Allowance for inventory obsolescence | | - | (348) | 100.0% |
| - Allowance for inventory obsolescence written back | | 39 | - | NM |
| - Net foreign exchange gain/(loss) | | 33 | (40) | 182.5% |
| - Loss on disposal of fixed assets | | - | (149) | 100.0% |
| - Adjustments for over provision of tax in respect of prior years | | 89 | 49 | 81.6% |

NM - Not meaningful



UNITED TEST AND ASSEMBLY CENTER LTD

1(b)(i) Balance Sheet

| | Group | | Company | |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | As at 31 Mar 2004 US\$'000 | As at 31 Dec 2003 US\$'000 | As at 31 Mar 2004 US\$'000 | As at 31 Dec 2003 US\$'000 |
| Current Assets | | | | |
| Cash and cash equivalents | 125,157 | 12,485 | 122,056 | 8,797 |
| Receivables | 29,453 | 30,033 | 31,448 | 30,551 |
| Inventories | 3,309 | 2,996 | 3,309 | 2,996 |
| Other current assets | 1,956 | 4,447 | 1,883 | 4,368 |
| | <u>159,875</u> | <u>49,961</u> | <u>158,696</u> | <u>46,712</u> |
| Non-Current Assets | | | | |
| Investment in subsidiaries | - | - | 4,554 | 4,512 |
| Fixed assets | 180,916 | 159,932 | 178,255 | 158,943 |
| | <u>180,916</u> | <u>159,932</u> | <u>182,809</u> | <u>163,455</u> |
| Total Assets | <u>340,791</u> | <u>209,893</u> | <u>341,505</u> | <u>210,167</u> |
| Current Liabilities | | | | |
| Trade and other payables | 46,099 | 30,370 | 45,945 | 30,212 |
| Current tax | 76 | 211 | 76 | 212 |
| Borrowings | 6,310 | 12,559 | 6,310 | 12,559 |
| | <u>52,485</u> | <u>43,140</u> | <u>52,331</u> | <u>42,983</u> |
| Non-Current Liabilities | | | | |
| Borrowings | 43,268 | 45,093 | 43,268 | 45,093 |
| Deferred Income | 727 | 606 | 727 | 606 |
| | <u>43,995</u> | <u>45,699</u> | <u>43,995</u> | <u>45,699</u> |
| Total Liabilities | <u>96,480</u> | <u>88,839</u> | <u>96,326</u> | <u>88,682</u> |
| Net Assets | <u>244,311</u> | <u>121,054</u> | <u>245,179</u> | <u>121,485</u> |
| Share Capital and Reserves | | | | |
| Share capital | 125,924 | 87,100 | 125,924 | 87,100 |
| Share premium | 175,222 | 93,183 | 175,222 | 93,183 |
| Accumulated losses | (56,835) | (59,230) | (55,967) | (58,798) |
| Foreign currency translation reserve | - | 1 | - | - |
| | <u>244,311</u> | <u>121,054</u> | <u>245,179</u> | <u>121,485</u> |



1(b)(ii) Group's borrowing

| | Group | |
|---|-------------------------------|-------------------------------|
| | As at 31 Mar 2004 US\$'000 | As at 31 Dec 2003 US\$'000 |
| <u>Amount repayable in one year or less, or on demand</u> | | |
| Unsecured | - | 5,750 |
| Secured | 6,310 | 6,809 |
| | <u>6,310</u> | <u>12,559</u> |
| <u>Amount repayable after one year</u> | | |
| Unsecured | 40,000 | 42,000 |
| Secured | 3,268 | 3,093 |
| | <u>43,268</u> | <u>45,093</u> |

Details of any collateral

The borrowings are secured on fixed assets acquired under finance lease contracts with a net book value of US\$22,934,000 (31 December 2003: US\$22,646,000)



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1(c) Cash flow statement for three month ended 31 March 2004

| | Group | |
|--|--|--|
| | 1 Jan 2004 to 31 Mar 2004 US\$'000 | 1 Jan 2003 to 31 Mar 2003 US\$'000 |
| Cash flows from operating activities | | |
| Profit/(loss) before tax | 2,332 | (5,793) |
| Adjustments for: | | |
| Depreciation of fixed assets | 11,705 | 12,402 |
| Amortisation of deferred government grant income | (29) | - |
| Dividend income | (14) | (13) |
| Interest income | (87) | (1) |
| Interest expense | 540 | 635 |
| Amortisation of interest rate option premium | 84 | - |
| Currency translation difference | (1) | - |
| Operating cash flow before working capital change | 14,530 | 7,230 |
| Change in operating assets and liabilities | | |
| Receivables | 580 | (3,262) |
| Inventories | (313) | 283 |
| Other current assets | 2,148 | (413) |
| Trade and other payables | 3,200 | 346 |
| Cash generated from operations | 20,145 | 4,184 |
| Income tax paid | (72) | (55) |
| Net cash inflow from operating activities | 20,073 | 4,129 |
| Cash flows from investing activities | | |
| Dividends received | 14 | 13 |
| Interest received | 40 | 1 |
| Payment for fixed assets | (18,372) | (5,909) |
| Government grant received | 440 | - |
| Repayment of finance lease liabilities | (2,015) | (1,489) |
| Net cash outflow from investing activities | (19,893) | (7,384) |
| Cash flows from financing activities | | |
| Interest paid | (621) | (668) |
| Proceeds from issues of shares | 120,863 | 3 |
| Repayment of borrowings | (7,750) | (1,500) |
| Net cash inflow/(outflow) from financing activities | 112,492 | (2,165) |
| Net increase/(decrease) in cash and cash equivalents held | 112,672 | (5,420) |
| Cash and cash equivalents at the beginning of the financial period | 12,485 | 9,196 |
| Cash and cash equivalents at the end of the financial period | 125,157 | 3,776 |



UNITED TEST AND ASSEMBLY CENTER LTD

1(d)(i) Statement of changes in equity

(a) Consolidated statement of changes in equity for the 3 months ended 31 March 2004

| | <u>Share Capital</u> US\$'000 | <u>Share Premium</u> US\$'000 | <u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000 | <u>Accumulated</u> <u>losses</u> US\$'000 | <u>Total</u> US\$'000 |
|-------------------------------------|----------------------------------|----------------------------------|---|---|--------------------------|
| Balance at 1 January 2004 | 87,100 | 93,183 | 1 | (59,230) | 121,054 |
| Net profit for the financial period | - | - | - | 2,395 | 2,395 |
| Issue of share capital | 38,824 | 86,294 | - | - | 125,118 |
| Expenses for issue of new shares | - | (4,255) | - | - | (4,255) |
| Currency translation difference | - | - | (1) | - | (1) |
| Balance at 31 March 2004 | <u>125,924</u> | <u>175,222</u> | <u>-</u> | <u>(56,835)</u> | <u>244,311</u> |

(a) Consolidated statement of changes in equity for the 3 months ended 31 March 2003

| | <u>Share Capital</u> US\$'000 | <u>Share Premium</u> US\$'000 | <u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000 | <u>Accumulated</u> <u>losses</u> US\$'000 | <u>Total</u> US\$'000 |
|-----------------------------------|----------------------------------|----------------------------------|---|---|--------------------------|
| Balance at 1 January 2003 | 81,492 | 91,278 | - | (51,640) | 121,130 |
| Net loss for the financial period | - | - | - | (5,813) | (5,813) |
| Issue of share capital | 2 | 1 | - | - | 3 |
| Balance at 31 March 2003 | <u>81,494</u> | <u>91,279</u> | <u>-</u> | <u>(57,453)</u> | <u>115,320</u> |



UNITED TEST AND ASSEMBLY CENTER LTD

(b) Statement of changes in equity for the 3 months ended 31 March 2004 - Company

| | <u>Share Capital</u> US\$'000 | <u>Share Premium</u> US\$'000 | <u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000 | <u>Accumulated</u> <u>losses</u> US\$'000 | <u>Total</u> US\$'000 |
|-------------------------------------|----------------------------------|----------------------------------|---|---|--------------------------|
| Balance at 1 January 2004 | 87,100 | 93,183 | - | (58,798) | 121,485 |
| Net profit for the financial period | - | - | - | 2,831 | 2,831 |
| Issue of share capital | 38,824 | 86,294 | - | - | 125,118 |
| Expenses for issue of new shares | - | (4,255) | - | - | (4,255) |
| Balance at 31 March 2004 | 125,924 | 175,222 | - | (55,967) | 245,179 |

(b) Statement of changes in equity for the 3 months ended 31 March 2003 - Company

| | <u>Share Capital</u> US\$'000 | <u>Share Premium</u> US\$'000 | <u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000 | <u>Accumulated</u> <u>losses</u> US\$'000 | <u>Total</u> US\$'000 |
|-----------------------------------|----------------------------------|----------------------------------|---|---|--------------------------|
| Balance at 1 January 2003 | 81,492 | 91,278 | - | (51,657) | 121,113 |
| Net loss for the financial period | - | - | - | (5,823) | (5,823) |
| Issue of share capital | 2 | 1 | - | - | 3 |
| Balance at 31 March 2003 | 81,494 | 91,279 | - | (57,480) | 115,293 |



- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital

Details of movement in the Company's share capital for the financial period are as follows:

| | Shares | US\$'000 |
|--|---------------|----------|
| (a) <u>Authorised</u> | | |
| Ordinary shares of US\$0.15 each | 4,000,000,000 | 600,000 |
| (b) <u>Issued and fully paid</u> | | |
| Balance at the beginning of the period | | |
| - ordinary shares of US\$0.15 each | 580,666,892 | 87,100 |
| Issued during the period | | |
| - ordinary shares of US\$0.15 each at a premium of US\$0.34 per share pursuant to the Initial Public Offering "IPO" | 220,000,000 | 33,000 |
| - ordinary shares of US\$0.15 each at a premium of US\$0.34 per share pursuant to the Over-Allotment Option in the "IPO" | 33,000,000 | 4,950 |
| - ordinary shares of US\$0.15 each at a premium of US\$0.0375 per share pursuant to the exercise of share option | 5,693,347 | 854 |
| - ordinary shares of US\$0.15 each at a premium of US\$0.45 per share pursuant to the exercise of share option | 134,138 | 20 |
| Balance at the end of the financial period | | |
| - ordinary shares of US\$0.15 each | 839,494,377 | 125,924 |

Share options

- (a) Option granted/exercised

During the financial period, 5,827,485 shares of the Company of par value of US\$0.15 were allotted and issued by virtue of the exercise of options.

- (b) Options outstanding

As at 31 March 2004, there were unexercised options for 11,917,052 and 41,037,038 of unissued ordinary shares of US\$0.15 each at exercise price of US\$0.60 and US\$0.1875 respectively. As at 31 March 2003, there were unexercised options for 13,843,329 and 26,953,318 of unissued ordinary shares of US\$0.15 each at exercise price of US\$0.60 and US\$0.1875 respectively.

- 2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.



3 Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

Not applicable.

6 Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | 1 Jan 2004 to 31 Mar 2004 | 1 Jan 2003 to 31 Mar 2003 |
|--|--------------------------------------|--------------------------------------|
| Basic earning /(loss) per share (cents) | <u>0.33</u> | <u>(1.07)</u> |
| Diluted earning/(loss) per share (cents) | <u>0.33</u> | <u>(1.07)</u> |

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and immediately preceding financial year.

| | As at 31 Mar 2004 | As at 31 Dec 2003 |
|--|------------------------------|------------------------------|
| Net asset value per ordinary share based on issued share capital as at the end of the reporting period (cents) | | |
| - Group | <u>29.10</u> | <u>20.86</u> |
| - Company | <u>29.21</u> | <u>20.92</u> |



8 Review of the performance of the group.

Revenue rose 44.6% to \$36.2 million in 1Q04 from \$25.0 million in 1Q03 due to higher sales from both assembly and test businesses. Revenue from assembly business for 1Q04 amounted to \$15.3 million or 42.4% of total revenue, and test revenue at \$20.9 million, or 57.6% of total revenue. Revenue increased by 3.1% from \$35.1 million compared to 4Q03.

Revenue growth in 1Q04 was driven mainly by growth in the mixed-signal segment, which recorded a revenue growth of 129.9% over 1Q03 and 2.1% over 4Q03. This is in line with UTAC's efforts to provide a comprehensive offering of test services and to complement its strategy to target the fast-growth broadband, mobile and wireless segment, which uses mixed-signal semiconductors extensively. The Group's mixed signal and memory revenues each accounted for 54.2% and 45.8% of total revenues in 1Q04 respectively.

Gross profits of \$6.8 million or 18.8% of revenue, were achieved in 1Q04, compared to gross profit of \$0.3 million in 1Q03 due principally to higher revenue resulting in cost savings from economies of scale and higher utilization.

Depreciation expense was \$10.8 million in 1Q04 compared to \$11.2 million in 1Q03 and \$10.6 million in 4Q03. The reduction compared to 1Q03 was due to depreciation savings from fully depreciated assets offset by additional depreciation from purchase of new equipment to cater for increased revenue. The increase compared to 4Q03 was due to purchase of new equipment. Other components of the cost of sales such as overheads, raw materials and labor costs also increased in line with the increase in revenue in 1Q04 as compared to 1Q03 and 4Q03.

Other operating income of \$0.3 million in 1Q04 relate to Research Incentive Scheme for Companies (RISC) grant received from The Economic Development Board (EDB) for certain research and development projects ("R&D"). This compared to 1Q03's other operating income of \$0.03 million from net foreign exchange gain. Compared to 4Q03, there was a decrease of \$0.7 million due to lower RISC grant received from EDB.

Operating expenses for 1Q04 were \$4.3 million compared to \$5.5 million in 1Q03 and \$4.5 million in 4Q03. Selling general and administrative ("SG&A") expenses for 1Q04 were \$2.2 million or 6.1% of revenue compared to \$3.0 million or 11.9% of revenue in 1Q03 due to various cost reduction programs put in place in FY03. Compared to \$2.0 million or 5.7% of revenue in 4Q03, SG&A expenses increased by \$0.2 million primarily due to higher professional fees and expenses related to the initial public offering.

R&D expenses for 1Q04 was \$2.0 million or 5.7% of revenue compared to \$2.5 million in 1Q03 due to lower depreciation and engineering expenses relating to engineering projects resulted from the company's effort to consolidate package types. Compared to \$2.2 million or 6.3% of revenue in 4Q03, lower due to decrease in engineering expenses.

Net profit for 1Q04 was \$2.4 million, an improvement of \$8.2 million compared to 1Q03 net loss of \$5.8 million and marginally higher compared to 4Q03 net profit of \$2.3 million.



- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The group's performance in 1Q04 is in line with the previous guidance provided in the announcement on 27 February 2004.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Building on the performance in FY2003, UTAC anticipate a strong growth in FY2004 on the back of gathering momentum for the semiconductor industry. In a February report, Research firm Gartner maintained its earlier estimate on the growth of the global outsourced assembly and test revenue at 35.5% as the semiconductor up cycle momentum remains intact. With the increasing trend of test and assembly services, the company expects revenues in 2Q04, traditionally the weakest seasonal quarter, to show sequential growth over 1Q04 revenues.

On 13 April 2004, UTAC announced the acquisition of UltraTera Corporation ("UTC") of Taiwan for \$475.8 million in a share-swap transaction. The proposed acquisition, which is expected to be completed by September 2004, will transform the two leading Asian semiconductor test and assembly service providers into a worldwide leading test-centric group and one of the largest global independent full-turnkey providers in the memory business. The enlarged group will lead to synergies in customer portfolio, geographic and product fit.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

- 11 Dividend**

Not applicable.

- 12 If no dividend has been declared/recommended, a statement to that effect.**

No dividends have been paid, declared or recommended since the end of the Company's preceding financial year.

BY ORDER OF THE BOARD

Lareina Yap Chu Han
Company Secretary
27 April 2004