

Media Release

(all currency figures in US\$ or cents unless otherwise stated)

UTAC 2Q05 Net Profit Surges 164% to \$7.3 Million on Full Contribution from UTAC Taiwan and Higher Margins

- 8th consecutive quarter of revenue growth and profit
- Revenue doubled year-on-year to \$77.4 million and 22.7% sequentially from 1Q05
- First full quarter of contributions from UTAC (Taiwan) Corporation; Merger benefits seen
- Net margin of 9.4% (up from 6.2% in 1Q05) help lift net profit by 164.1% y-o-y and 86.1% sequentially to \$7.3 million; EPS rose to 0.50 cent from 0.33 cent a year ago
- 3Q05 revenues to grow sequentially by 5-10%; Full year revenues to exceed \$300 million

US\$ (million)	2Q05	2Q04	Change %	1Q05	Change %
Revenue	77.4	38.9	99.1	63.1	22.7
Gross Profit	15.7	7.5	110.4	10.3	52.1
Net Profit	7.3	2.8	164.1	3.9	86.1
EBITDA Margin	43.1	39.9	8.0	37.2	15.9
Earnings per share (EPS)	0.50 cent	0.33 cent	51.5	0.37 cent	35.1

US\$ (million)	1H05	1H04	Change %
Revenue	140.6	75.1	87.3
Gross Profit	26.0	14.1	84.4
Net Profit	11.2	4.8	133.5
EBITDA Margin	40.4	39.6	2.0
Earnings per share (EPS)	0.89 cent	0.61 cent	45.9

SINGAPORE, 26 July 2005 – Leading semiconductor test and assembly service provider, **United Test and Assembly Center Ltd** (“**UTAC**” or the “**Company**” – SGX: UTAC), reported today that its revenue for the quarter ended 30 June 2005 (“2Q05”) doubled to \$77.4 million, up 99.1% from 2Q04 and 22.7% higher on a sequential basis from 1Q05. Net profit surged 164.1% to \$7.3 million from \$2.8 million in 2Q04 and was 86.1% compared to 1Q05. Net margin rose to 9.4% from 6.2% in 1Q05. The quarter marks UTAC’s eighth consecutive quarter of revenue growth and profit.

The results for 2Q05 reflected the first full quarter of contribution from UTAC (Taiwan) Corporation (“UTC”), whose acquisition by UTAC Group was completed in March 2005, as well as improving performance from the communications application business segment.

Memory and mixed-signal and logic products (“MSLP”) accounted for 60.2% and 38.6%, respectively, of 2Q05 revenues. Test services contributed 61.3% of 2Q05 revenue while revenue from assembly and module business accounted for 37.5% with the remaining 1.2% from other activities.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin was 43.1% in 2Q05 compared to 39.9% in 2Q04 and 37.2% in 1Q05. This is due to variations in revenue mix.

Capital expenditure (“capex”) committed in 2Q05 was \$38.0 million, principally for new capabilities and production equipment. Total capex committed in 1H05 was \$61.7 million. As at 30 June 2005, UTAC operated 300 wirebonders and 301 testers, of which 132 were mixed-signal and logic testers with the remaining 169 being memory testers.

Net profit margin for 2Q05 rose significantly to 9.4% compared to 7.1% in 2Q04 and 6.2% in 1Q05. Gross margin for 2Q05 was 20.3% compared to 19.2% in 2Q04 and 16.3% in 1Q05. The higher margin during the quarter was mainly due to increased contribution from test revenues, improving utilisation of mixed-signal testers and merger synergies.

Basic earnings per share rose to 0.50 cent in 2Q05 compared to 0.33 cent in 2Q04, while net asset value per share increased to 33.9 cents at the end of 2Q05 from 32.5 cents as at the end of 1Q05.

The Group’s balance sheet remains strong with a net debt of \$5.5 million on a net asset base of \$496.0 million for a leverage ratio of 1.1%.

Mr Lee Joon Chung, Group President and CEO of UTAC, said, “I am pleased that the UTAC team was able to deliver strong results and profitability against a challenging environment of weak seasonality for the memory market, soft module assembly business, customer capacity transitions and inventory adjustment in the digital consumer sector.”

On the integration process of UTC, Mr Lee added, “During the 2Q05 period, we worked hard to integrate UTC into the UTAC Group and I am happy to say that this process is

largely complete. We have started to reap some merger benefits such as customer diversification, capex optimisation, overhead and sales force rationalisation. It was due to our diversified customer base that we were able to offset most of the weaknesses in some customer loadings with volume from other customers.”

Highlights for the Quarter

- MOU with 9 Chinese fabless IC design companies
- Agreement with SMIC to establish an assembly & test joint-venture in Chengdu, China
- Started 512Mb DDR II DRAM volume production for Infineon
- Completed integration of UTC into the UTAC Group

Outlook for 3Q05

“For 3Q05, we expect to experience some lingering effects from the capacity transition from DRAM to NAND Flash of a major customer and continuing softness in the initial part of the quarter for the digital consumer sector. We believe this to be temporary, given the robust demand for DRAM and our diversified customer base, and expect to maintain high utilisation levels for our DRAM capacity. Softness in the module business is also expected to persist into 3Q05,” said Mr Lee.

“The digital consumer sector is expected to improve in the latter part of the quarter as inventory is consumed. The NAND flash memory sector recently began to see erosion in end-product ASPs and this is expected to drive volume growth from applications such as mobile phones, MP3 players, digital cameras and thumb-drives.”

“The DDR II transition has been gathering momentum. As DDR II becomes more mainstream, test times will come down but this will be more than offset by increasing volume. We expect business from testing of higher-margin DDR II to increase from just under 20% in 2Q05 to at least one-third of the Group’s DRAM revenue by the end of the year.”

“The outlook for the communications sector is improving, and we expect this will help continue driving up mixed-signal utilisation levels.”

“We expect to further reap some merger revenue synergies from introducing DDR II assembly into UTC. Contribution in 3Q05 will be small but is expected to become more significant in 4Q05. As a result of merger synergies, we are able to rationalize and optimize our capex requirements. Hence, UTAC Group is reducing our budgeted capex for the full year from \$140 million to \$130 million.”

“Overall for 3Q05, we expect to grow 5% to 10%. We are confident of our earlier projection of another healthy year of growth for UTAC in 2005 and expect our revenue to exceed \$300 million, compared with \$169.6 million in 2004.”

Further material

The analyst briefing presentation can be downloaded from SGXNet at www.sgx.com and the Investor Relations page of the UTAC Group website at <http://www.utacgroup.com/investor.html>.

A webcast as well as a podcast of the briefing will also be made available from the UTAC Group website.

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About United Test and Assembly Center Ltd (UTAC)

Established in 1997 and listed on the Main Board of the Singapore Exchange, UTAC is a leading independent provider of semiconductor assembly and testing services to its customers, which comprise integrated device manufacturers (“IDMs”), fabless companies and wafer foundries. UTAC provides wafer probing and final testing services on a diverse selection of test platforms for a range of semiconductors including memory, logic, mixed-signal and radio-frequency ICs. Besides testing services, UTAC also provides assembly services for a broad range of leadframe and array packages.

Headquartered in Singapore where it houses its manufacturing, test engineering and package design facilities, UTAC has established a global network of sales offices in the United States, Europe, Japan, Korea and China. It also has wholly-owned subsidiaries in China and Taiwan to provide wafer probing and testing services. For more information, visit www.utacgroup.com

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