



UNAUDITED FINANCIAL STATEMENTS FOR HALF YEAR ENDED 30 JUNE 2005

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY AND HALF YEAR RESULTS

1(a)(i) Income statements for three and six months ended 30 June 2005

Notes	Group			Group		
	1 Apr 2005 to 30 Jun 2005 US\$'000	1 Apr 2004 to 30 Jun 2004 US\$'000	Change %	1 Jan 2005 to 30 Jun 2005 US\$'000	1 Jan 2004 to 30 Jun 2004 US\$'000	Change %
Sales	77,427	38,887	99.1%	140,553	75,053	87.3%
Cost of sales	(61,726)	(31,425)	-96.4%	(114,531)	(60,938)	-87.9%
Gross profit	15,701	7,462	110.4%	26,022	14,115	84.4%
Other gains	2,381	771	208.8%	3,023	1,593	89.8%
Operating expenses						
Selling, general and administrative expenses	(6,359)	(2,214)	-187.2%	(9,950)	(4,584)	-117.1%
Research and development costs	(3,301)	(2,336)	-41.3%	(6,378)	(4,448)	-43.4%
Other operating expenses	(512)	(383)	-33.7%	(374)	(783)	52.2%
Finance costs	(768)	(500)	-53.6%	(1,310)	(1,124)	-16.5%
Profit before income tax	7,142	2,800	155.1%	11,033	4,769	131.3%
Income tax credit/(expense)	120	(50)	340.0%	132	13	915.4%
Profit for the period	7,262	2,750	164.1%	11,165	4,782	133.5%

	1 Apr 2005 to 30 Jun 2005 US\$'000	1 Apr 2004 to 30 Jun 2004 US\$'000	Change %	1 Jan 2005 to 30 Jun 2005 US\$'000	1 Jan 2004 to 30 Jun 2004 US\$'000	Change %
A. Profit for the period is arrived at after crediting/(charging)						
- Government grant income	50	259	-80.7%	103	557	-81.5%
- Investment income	73	5	1360.0%	103	19	442.1%
- Interest income	96	276	-65.2%	155	363	-57.3%
- Interest expense	(768)	(444)	-73.0%	(1,310)	(984)	-33.1%
- Depreciation on property, plant and equipment	(25,359)	(12,498)	-102.9%	(44,394)	(24,203)	-83.4%
- Amortisation of interest rate option premium	-	(56)	100.0%	-	(140)	100.0%
- Amortisation of intangible assets	(261)	-	NM	(348)	-	NM
- Fair value (loss)/gain on derivative financial instruments	(252)	-	NM	99	-	NM
- Loss on disposal of financial assets at fair value through profit or Loss	(68)	-	NM	(64)	-	NM
- Gain on financial assets at fair value through profit or loss	164	-	NM	122	-	NM
- Allowance for doubtful non-trade receivables	-	-	NM	(279)	-	NM
- Allowance for doubtful trade receivables	(124)	(56)	-121.4%	(83)	(104)	20.2%
- Allowance for inventory obsolescence	-	(50)	100.0%	(58)	(11)	-427.3%
- Allowance for inventory obsolescence written back	3	-	NM	-	-	NM
- Inventory obsolescence written off	(97)	-	NM	(261)	-	NM
- Net foreign exchange gain/(loss)	112	(311)	136.0%	73	(278)	126.3%
- Gain/(loss) on disposal of property, plant and equipment	1,259	(7)	18085.7%	1,323	(10)	13330.0%
- Adjustments for over provision of tax in respect of prior years	-	-	NM	-	89	-100.0%
- Sales of scrap	176	-	NM	383	-	NM
- Rental income	252	19	1226.3%	383	34	1026.5%
- Miscellaneous income	199	212	-6.1%	279	620	-55.0%

NM - Not meaningful



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1(a)(ii) Income statements for three months ended 30 June 2005

	Notes	Group		Change %
		1 Apr 2005 to 30 Jun 2005 US\$'000	1 Jan 2005 to 31 Mar 2005 US\$'000	
Sales		77,427	63,126	22.7%
Cost of sales		(61,726)	(52,805)	-16.9%
Gross profit		<u>15,701</u>	<u>10,321</u>	52.1%
Other gains		2,381	979	143.2%
Operating expenses				
Selling, general and administrative expenses		(6,359)	(3,591)	-77.1%
Research and development costs		(3,301)	(3,077)	-7.3%
Other operating expenses		(512)	(199)	-157.3%
Finance costs		(768)	(542)	-41.7%
Profit before income tax		<u>7,142</u>	<u>3,891</u>	83.6%
Income tax credit		120	12	900.0%
Net profit	A	<u>7,262</u>	<u>3,903</u>	86.1%

	1 Apr 2005 to 30 Jun 2005 US\$'000	1 Jan 2005 to 31 Mar 2005 US\$'000	Change %
A. Profit for the period is arrived at after crediting/(charging)			
- Government grant income	50	53	-5.7%
- Investment income	73	30	143.3%
- Interest income	96	59	62.7%
- Interest expense	(768)	(542)	-41.7%
- Depreciation on property, plant and equipment	(25,359)	(19,035)	-33.2%
- Amortisation of intangible assets	(261)	(87)	-200.0%
- Fair value (loss)/gain on derivative financial instruments	(252)	351	-171.8%
- (Loss)/gain on disposal of financial assets at fair value through profit or loss	(68)	4	-1800.0%
- Gain / (loss) on financial assets at fair value through profit or loss	164	(42)	490.5%
- Allowance for doubtful non-trade receivable	-	(279)	100.0%
- Allowance for doubtful trade receivables	(124)	-	NM
- Allowance for doubtful trade receivables written back	-	41	-100.0%
- Allowance for inventory obsolescence	-	(61)	100.0%
- Allowance for inventory obsolescence written back	3	-	NM
- Inventory obsolescence written off	(97)	(164)	40.9%
- Net foreign exchange gain / (loss)	112	(39)	387.2%
- Gain on disposal of property, plant and equipment	1,259	64	1867.2%
- Sales of scrap	176	207	-15.0%
- Rental income	252	131	92.4%
- Miscellaneous income	199	80	148.8%

NM - Not meaningful



1(b)(i) Balance Sheet

	Group		Company	
	As at 30 Jun 2005 US\$'000	As at 31 Dec 2004 US\$'000	As at 30 Jun 2005 US\$'000	As at 31 Dec 2004 US\$'000
ASSETS				
Current Assets				
Inventories	7,387	5,432	6,297	5,508
Trade and other receivables	60,729	45,090	51,668	53,305
Other current assets	3,001	3,795	1,355	3,547
Derivative financial instruments	703	-	703	-
Other financial assets at fair value through profit or loss	31,582	-	-	-
Cash and cash equivalents	51,148	28,494	26,074	25,894
	<u>154,550</u>	<u>82,811</u>	<u>86,097</u>	<u>88,254</u>
Non-Current Assets				
Property, plant and equipment	377,891	252,149	227,177	234,338
Intangible assets	63,351	-	-	-
Investment in an associate	30,000	-	30,000	-
Investment in subsidiaries	-	-	257,874	15,001
Deferred income tax assets	4,956	-	-	-
Available-for-sale financial assets	5,997	-	-	-
	<u>482,195</u>	<u>252,149</u>	<u>515,051</u>	<u>249,339</u>
Total Assets	<u>636,745</u>	<u>334,960</u>	<u>601,148</u>	<u>337,593</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	50,350	51,545	39,243	51,009
Current income tax liabilities	365	169	144	169
Borrowings	21,235	14,202	15,481	14,202
	<u>71,950</u>	<u>65,916</u>	<u>54,868</u>	<u>65,380</u>
Non-Current Liabilities				
Borrowings	66,959	12,070	36,126	12,070
Deferred income	561	663	561	663
Retirement benefit obligations	1,260	-	-	-
	<u>68,780</u>	<u>12,733</u>	<u>36,687</u>	<u>12,733</u>
Total Liabilities	<u>140,730</u>	<u>78,649</u>	<u>91,555</u>	<u>78,113</u>
NET ASSETS	<u>496,015</u>	<u>256,311</u>	<u>509,593</u>	<u>259,480</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	224,667	126,600	224,667	126,600
Share premium	316,479	175,387	316,479	175,387
Treasury shares	(13,316)	-	-	-
Other reserves	3,878	1,548	3,821	1,549
Accumulated losses	(35,693)	(47,224)	(35,374)	(44,056)
	<u>496,015</u>	<u>256,311</u>	<u>509,593</u>	<u>259,480</u>



1(b)(ii) Group's borrowings

	Group	
	As at 30 Jun 2005 US\$'000	As at 31 Dec 2004 US\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Unsecured	7,778	8,600
Secured	13,457	5,602
	<u>21,235</u>	<u>14,202</u>
<u>Amount repayable after one year</u>		
Unsecured	37,833	9,178
Secured	29,126	2,892
	<u>66,959</u>	<u>12,070</u>

Details of any collateral

The borrowings are secured on property, plant and equipment with a net book value of US\$64,256,000 (31 December 2004: US\$14,786,000).



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1(c) Cash flow statement for three and six months ended 30 June 2005

	Group		Group	
	1 Apr 2005 to 30 Jun 2005 US\$'000	1 Apr 2004 to 30 Jun 2004 US\$'000	1 Jan 2005 to 30 Jun 2005 US\$'000	1 Jan 2004 to 30 Jun 2004 US\$'000
Cash flows from operating activities				
Profit before income tax	7,142	2,800	11,033	4,769
Adjustments for:				
Depreciation of property, plant and equipment	25,359	12,498	44,394	24,203
Amortisation of intangible assets	261	-	348	-
Government grant income	-	(208)	-	(477)
Amortisation of deferred government grant income	(50)	(51)	(103)	(80)
Investment income	(73)	(5)	(103)	(19)
Interest income	(96)	(276)	(155)	(363)
Interest expense	768	444	1,310	984
Loss on disposal of financial assets at fair value through profit or loss	68	-	64	-
(Gain)/loss on disposal of property, plant and equipment	(1,259)	7	(1,323)	10
Fair value loss/(gain) on derivative financial instruments	252	-	(99)	-
Gain on financial assets at fair value through profit or loss	(164)	-	(122)	-
Share option expense	1,584	363	2,379	726
Amortisation of interest rate option premium	-	56	-	140
Foreign currency exchange (gain)/loss	(403)	311	(165)	278
Operating cash flow before working capital change	33,389	15,939	57,458	30,171
Change in operating assets and liabilities, net of effects from acquisition of subsidiary				
Trade and other receivables	3,682	(4,925)	5,051	(4,345)
Inventories	(909)	414	(1)	101
Other current assets	145	(730)	55	891
Trade and other payables	3,055	1,699	(4,447)	4,932
Retirement benefit obligations	69	-	93	-
Currency translation difference	(3)	5	(1)	4
Cash generated from operations	39,428	12,402	58,208	31,754
Government grant received	-	208	-	1,003
Income tax paid	(60)	-	(182)	(72)
Net cash from operating activities	39,368	12,610	58,026	32,685
Cash flows from investing activities				
Investment in an associate	(30,000)	-	(30,000)	-
Acquisition of subsidiary, net of cash acquired	-	-	9,869	-
Investment income received	73	5	103	19
Interest received	91	288	146	328
Payment for property, plant and equipment	(31,097)	(21,463)	(44,553)	(39,835)
Proceeds from disposal of property, plant and equipment	2,193	-	3,416	(3)
Proceeds/(Payment) for financial assets at fair value through profit & loss	3,631	-	(3,907)	-
Proceeds from disposal of available-for-sale financial assets	-	-	3,352	-
Government grant received	-	111	-	551
Repayment of finance lease liabilities	(2,634)	(2,483)	(5,605)	(4,497)
Net cash used in investing activities	(57,743)	(23,542)	(67,179)	(43,437)
Cash flows from financing activities				
Interest paid	(767)	(453)	(1,305)	(1,074)
Proceeds from issues of shares	148	451	414	121,314
Proceeds from borrowings	41,256	-	41,256	-
Repayment of borrowings	(5,767)	(25,000)	(8,855)	(32,750)
Net cash from/(used in) financing activities	34,870	(25,002)	31,510	87,490
Net increase/(decrease) in cash and cash equivalents held	16,495	(35,934)	22,357	76,738
Effect of exchange rate changes on cash and cash equivalents	(38)	(353)	(38)	(353)
Cash and cash equivalents at the beginning of the financial period	34,356	125,157	28,494	12,485
Cash and cash equivalents at the end of the financial period	50,813	88,870	50,813	88,870
Cash and cash equivalents in consolidated balance sheet	51,148	88,870	51,148	88,870
Less: cash subject to restrictions	(335)	-	(335)	-
Cash and cash equivalents in consolidated cash flow statement	50,813	88,870	50,813	88,870



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

(a) Consolidated statement of changes in equity for the quarter ended 30 June 2005

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Treasury shares</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 April 2005	224,548	316,426	(13,316)	2,344	(80)	(42,955)	486,967
Net income recognised directly in equity							
- Currency translation differences	-	-	-	-	53	-	53
Profit for the period	-	-	-	-	-	7,262	7,262
Total recognised gain for the period	-	-	-	-	53	7,262	7,315
Employee share option scheme:							
- value of employee services	-	-	-	1,584	-	-	1,584
- proceeds from shares issued	119	53	-	(23)	-	-	149
Balance at 30 June 2005	224,667	316,479	(13,316)	3,905	(27)	(35,693)	496,015

(a) Consolidated statement of changes in equity for the quarter ended 30 June 2004

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Treasury shares</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 April 2004	125,924	175,222	-	461	-	(57,296)	244,311
Net income recognised directly in equity							
- Currency translation difference	-	-	-	-	5	-	5
Profit for the period							
- As previously reported	-	-	-	-	-	3,113	3,113
- Effect of changes in accounting policies	-	-	-	-	-	(363)	(363)
- Restated	-	-	-	-	-	2,750	2,750
Total recognised gain for the period	-	-	-	-	5	2,750	2,755
Employee share option scheme:							
- value of employee services	-	-	-	363	-	-	363
- proceeds from shares issued	349	87	-	-	-	-	436
Share issue expenses written back	-	15	-	-	-	-	15
Balance at 30 June 2004	126,273	175,324	-	824	5	(54,546)	247,880



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

(b) Statement of changes in equity for the quarter ended 30 June 2005 - Company

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 April 2005	224,548	316,426	2,260	(40,030)	503,204
Total recognised gain for the period - Net profit	-	-	-	4,656	4,656
Employee share option scheme:					
- value of employee services	-	-	1,584	-	1,584
- proceeds from shares issued	119	53	(23)	-	149
Balance at 30 June 2005	<u>224,667</u>	<u>316,479</u>	<u>3,821</u>	<u>(35,374)</u>	<u>509,593</u>

(b) Statement of changes in equity for the quarter ended 30 June 2004 - Company

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 April 2004	125,924	175,222	461	(56,428)	245,179
Total recognised gain for the period - Net profit					
- As previously reported	-	-	-	3,983	3,983
- Effect of changes in accounting policies	-	-	-	(363)	(363)
- Restated	-	-	-	3,620	3,620
Employee share option scheme:					
- value of employee services	-	-	363	-	363
- proceeds from shares issued	349	87	-	-	436
Share issue expenses written back	-	15	-	-	15
Balance at 30 June 2004	<u>126,273</u>	<u>175,324</u>	<u>824</u>	<u>(52,808)</u>	<u>249,613</u>



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

(c) Consolidated statement of changes in equity for the half year ended 30 June 2005

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Treasury shares</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2005							
- As previously reported	126,600	175,387	-	-	(1)	(45,675)	256,311
- Effect of changes in accounting policies	-	-	-	1,549	-	(1,183)	366
- Restated	126,600	175,387	-	1,549	(1)	(46,858)	256,677
Net income recognised directly in equity							
- Currency translation differences	-	-	-	-	(26)	-	(26)
Profit for the period	-	-	-	-	-	11,165	11,165
Total recognised gain/(loss) for the period	-	-	-	-	(26)	11,165	11,139
Employee share option scheme:							
- value of employee services	-	-	-	2,379	-	-	2,379
- proceeds from shares issued	332	106	-	(23)	-	-	415
Acquisition of a subsidiary	97,735	140,986	-	-	-	-	238,721
Treasury shares purchased via acquisition of subsidi	-	-	(13,316)	-	-	-	(13,316)
Balance at 30 June 2005	224,667	316,479	(13,316)	3,905	(27)	(35,693)	496,015

(c) Consolidated statement of changes in equity for the half year ended 30 June 2004

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Treasury shares</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2004							
- As previously reported	87,100	93,183	-	-	1	(59,230)	121,054
- Effect of changes in accounting policies	-	-	-	98	-	(98)	-
- Restated	87,100	93,183	-	98	1	(59,328)	121,054
Net loss recognised directly in equity							
- Currency translation difference	-	-	-	-	4	-	4
Profit for the period							
- As previously reported	-	-	-	-	-	5,508	5,508
- Effect of changes in accounting policies	-	-	-	-	-	(726)	(726)
- Restated	-	-	-	-	-	4,782	4,782
Total recognised gain/(loss) for the period	-	-	-	-	4	4,782	4,786
Employee share option scheme:							
- value of employee services	-	-	-	726	-	-	726
- proceeds from shares issued	1,223	361	-	-	-	-	1,584
Issue of shares	37,950	86,020	-	-	-	-	123,970
Share issue expenses	-	(4,240)	-	-	-	-	(4,240)
Balance at 30 June 2004	126,273	175,324	-	824	5	(54,546)	247,880



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

(d) Statement of changes in equity for the half year ended 30 June 2005 - Company

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2005					
- As previously reported	126,600	175,387	-	(42,507)	259,480
- Effect of changes in accounting policies	-	-	1,549	(1,183)	366
- Restated	126,600	175,387	1,549	(43,690)	259,846
Total recognised gain for the period - Net profit	-	-	-	8,316	8,316
Employee share option scheme:					
- value of employee services	-	-	2,295	-	2,295
- proceeds from shares issued	332	106	(23)	-	415
Acquisition of a subsidiary	97,735	140,986	-	-	238,721
Balance at 30 June 2005	224,667	316,479	3,821	(35,374)	509,593

(d) Statement of changes in equity for the half year ended 30 June 2004 - Company

	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Share option reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2004					
- As previously reported	87,100	93,183	-	(58,798)	121,485
- Effect of changes in accounting policies	-	-	98	(98)	-
- Restated	87,100	93,183	98	(58,896)	121,485
Total recognised gain for the period - Net profit					
- As previously reported	-	-	-	6,814	6,814
- Effect of changes in accounting policies	-	-	-	(726)	(726)
- Restated	-	-	-	6,088	6,088
Employee share option scheme:					
- value of employee services	-	-	726	-	726
- proceeds from shares issued	1,223	361	-	-	1,584
Issue of shares	37,950	86,020	-	-	123,970
Share issue expenses	-	(4,240)	-	-	(4,240)
Balance at 30 June 2004	126,273	175,324	824	(52,808)	249,613



- 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 as at 1 April 2005		
- ordinary shares of US\$0.15 each	1,496,987,361	224,548
Issued during the period		
- ordinary shares of US\$0.15 each at a premium of US\$0.0375 per share pursuant to the exercise of share option	790,226	119
Balance as at 30 June 2005		
- ordinary shares of US\$0.15 each	1,497,777,587	224,667

Share options

(a) Options granted/exercised

During the financial period, 28,874,300 options at exercise price of US\$0.2484 were granted under the UTAC Replacement Options Scheme of the Group to replace all outstanding share options issued under the UltraTera 2003 Share Option Scheme pursuant to the acquisition of UTAC (Taiwan) Corporation (formally known as UltraTera Corporation) and 790,226 shares of the Company of par value of US\$0.15 were allotted and issued by virtue of the exercise of options under the 2000 Equity Incentive Plan.

(b) Options outstanding

As at 30 June 2005, there were unexercised options for 20,060,000, 28,476,630 and 27,869,206 of unissued ordinary shares of US\$0.15 each at exercise price of S\$0.59, US\$0.2484 and US\$0.1875 respectively. As at 30 June 2004, there were unexercised options for 11,863,719 and 38,250,340 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 except as highlighted in note 5 below.

- 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.**

Changes in accounting policies

In 2005, the Group and the Company adopted the Financial Reporting Standards (FRS) below. The 2004 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS.

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets
FRS 39(revised 2004) Financial Instruments: Recognition and Measurement
FRS 102 Share-based Payments
FRS 103 Business Combinations



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GROUP	Increase/(Decrease) \$'000		
	FRS 39 (revised 2004)	FRS 102	Total
<u>Description of change</u>			
<u>Consolidated balance sheet items at 30 June 2005</u>			
Share option reserve	-	3,928	3,928
Accumulated losses	(587)	3,928	3,341
Trade and other receivables	470	-	470
Other current assets	(674)	-	(674)
Derivative financial instruments (current assets)	669	-	669
Other financial assets at fair value through profit or loss	122	-	122
<u>Consolidated income statement items for period ended 30 June 2005</u>			
Cost of sales	-	1,148	1,148
Other gains	221	-	221
Selling, general and administrative expenses	-	935	935
Research and development costs	-	296	296
Profit for the period	221	(2,379)	(2,158)
Basic earning per share (cents)	0.02	(0.19)	(0.17)
Diluted earning per share (cents)	0.02	(0.18)	(0.16)
<u>Consolidated balance sheet items at 31 December 2004</u>			
Trade and other receivables	470	-	470
Other current assets	(104)	-	(104)
Share option reserve	-	1,549	1,549
Accumulated losses	(366)	1,549	1,183
<u>Equity items at 1 January 2004</u>			
Share option reserve	-	98	98
Accumulated losses	-	98	98
<u>Consolidated income statement items for period ended 30 June 2004</u>			
Cost of sales	-	258	258
Selling, general and administrative expenses	-	332	332
Research and development costs	-	136	136
Profit for the period	-	(726)	(726)
Basic earning per share (cents)	-	(0.10)	(0.10)
Diluted earning per share (cents)	-	(0.10)	(0.10)



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COMPANY	Increase/(Decrease) \$'000		
	FRS 39 (revised 2004)	FRS 102	Total
Description of change			
<u>Balance sheet items at 30 June 2005</u>			
Share option reserve	-	3,844	3,844
Accumulated losses	(499)	2,950	2,451
Trade and other receivables	470	-	470
Other current assets	(674)	-	(674)
Derivative financial instruments (current assets)	703	-	703
<u>Income statement items for period ended 30 June 2005</u>			
Cost of sales	-	520	520
Other gains	133	-	133
Selling, general and administrative expenses	-	612	612
Research and development costs	-	269	269
Profit for the period	133	(1,401)	(1,268)
<u>Balance sheet items at 31 December 2004</u>			
Trade and other receivables	470	-	470
Other current assets	(104)	-	(104)
Share option reserve	-	1,549	1,549
Accumulated losses	(366)	1,549	1,183
<u>Equity items at 1 January 2004</u>			
Share option reserve	-	98	98
Accumulated losses	-	98	98
<u>Income statement items for period ended 30 June 2004</u>			
Cost of sales	-	258	258
Selling, general and administrative expenses	-	332	332
Research and development costs	-	136	136
Profit for the period	-	(726)	(726)

Description of changes

(a) FRS 39 (revised 2004) and FRS 32 (revised 2004) have affected:

(i) Classification and consequential accounting of financial assets and financial liabilities

FRS 39 requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose for which the financial asset or liabilities were acquired or incurred. The categories and the respective subsequent measurement rules are as follows:

- Financial assets or financial liabilities at fair value through profit or loss.



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The Group's investment in quoted equity investments and derivative contracts that are not hedges are classified in this category. The Group's investment in equity investment is classified in this category if they were acquired principally for the purpose of selling in the short term. They are initially recognised at fair value and subsequently re-measured to fair value at the balance sheet date with all gains and losses recognised in profit or loss in the period in which the change in fair value arise.

- Loans and receivables

These include the Group's trade and other receivables and cash and bank balances. They are initially recognised at its fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less impairment (see note (ii) below).

Previously, the Group's trade and other receivables were stated at the gross proceeds receivable less an allowance for doubtful receivable. Cash and bank balances were recognised at cost.

- Available-for-sale financial assets

These include the Group's investments that are not classified in the 2 categories above, namely the investment in equity interest of other companies. They are initially recognised at its fair value subsequently measured at the fair values at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement.

- Other financial liabilities

These are financial liabilities that are not held for trading nor designated as fair value through profit or loss. These include the Group's trade and other payables and bank borrowings. They are initially recognised at its fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method.

Previously, trade and other payables were stated at cost. Bank borrowings were stated at the proceeds received and transaction costs on borrowings were classified as deferred charges and amortised on a straight-line basis over the period of the borrowings.

(ii) Impairment and uncollectibility of financial assets

FRS 39 (revised 2004) requires the Group to assess at each balance sheet date if there is any objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.



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Impairment of trade receivables is established when there is objective that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment charge is recognised in the income statement.

Previously, the Group maintains a general provision against its trade and other receivables for risks that are not specifically identified to any customer.

(iii) Fair values of financial assets and liabilities

At each balance sheet date, the fair values of quoted financial assets and liabilities are based on current bid prices. If the market for a financial asset or liabilities is not active (and for unquoted financial assets and liabilities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Previously, the Group uses the last transacted prices of quoted financial assets or liabilities as the market values.

- (b) FRS 102 has resulted in a change in the accounting policy for share-based payments. The Group's UTAC 2000 Equity Incentive Plan, UTAC 2003 Employee Share Option Scheme, UltraTera 2003 Share Option Scheme and UTAC Replacement Options Scheme are equity-settled, share-based compensation plans. FRS 102 requires the Group and the Company to recognise an expense in the income statement with a corresponding increase in equity for share options granted under UTAC 2000 Equity Incentive Plan, UTAC 2003 Employee Share Option Scheme, UltraTera 2003 Share Option Scheme and UTAC Replacement Options Scheme granted after 22 November 2002 and not vested by 1 January 2005. The total amount to be recognised as an expense in the income statement is determined by reference to the fair value of the options at the date of the grant and the number of options to be vested by vesting date. At every balance sheet date, the Group revises its estimates of the number of options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Previously, the provision of share options to employees did not result in any charge in the income statement. The Group and Company recognised an increase in share capital and share premium when the options were exercised.

- (c) The Group adopted FRS 103 in 2005. In accordance with FRS 103, goodwill arising from the acquisition of subsidiary will be tested annually for impairment as well as when there are indications of impairment. Goodwill represents the excess of cost of acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is included in intangible assets.



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 Apr 2005 to 30 Jun 2005	1 Apr 2004 to 30 Jun 2004	1 Jan 2005 to 30 Jun 2005	1 Jan 2004 to 30 Jun 2004
Basic earning per share (cents)	<u>0.50</u>	0.33	<u>0.89</u>	0.61
Diluted earning per share (cents)	<u>0.49</u>	0.32	<u>0.87</u>	0.59

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 30 Jun 2005	As at 31 Dec 2004
Net asset value per ordinary share based on issued share capital as at the end of the reporting period (cents)		
- Group	<u>33.94</u>	30.37
- Company	<u>34.02</u>	30.74

8 Review of the performance of the group.

Revenue increased by 99.1% to \$77.4 million in 2Q05 from \$38.9 million in 2Q04 due to higher sales from assembly and test services as a result of loading increase from customers and acquisition of UTAC (Taiwan) Corporation (formerly known as UltraTera Corporation) ("UTC") in March 2005. In 2Q05, revenue from test service amounted to \$47.5 million in 2Q05 or 61.3% of total revenue, revenue from assembly and module services in 2Q05 amounted to \$29.0 million or 37.5% while other revenue amounted to \$0.9 million or 1.2%.

2Q05 revenue from mixed-signal segment amounted to \$29.9 million or 38.6% of total revenues compared to 2Q04 revenue of \$23.4 million or 60.0% of total revenue; 2Q05 revenue from memory segment amounted to \$46.6 million or 60.2% of total revenue compared to \$15.5 million or 40.0% in 2Q04; while in 2Q05, others amount to \$0.9 million or 1.2% of total revenue.

Depreciation expense within the cost of sales increased by 101.7% to \$23.4 million in 2Q05 compared to \$11.6 million in 2Q04 due to the purchase of new machinery and equipment to cater for the increasing orders from our customers and from the acquisition of UTC. Other components of the cost of sales such as overheads, raw materials and labour costs increased in line with the revenue increase in 2Q05.

Operating Expenses in 2Q05 increased by 101.9% to \$10.9 million compared to \$5.4 million in 2Q04 due to increase in sales activities and acquisition of UTC in March 2005.



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Selling, General and Administration expenses in 2Q05 increased by 187.2% to \$6.4 million compared to \$2.2 million in 2Q04 in line with the increase in sales activities and acquisition of UTC.

Research and development expenses in 2Q05 increased by 41.3% to \$3.3 million compared to \$2.3 million in 2Q04 due to increase engineering activities to develop new packages and acquisition of UTC.

The finance cost in 2Q05 increased by 53.6% to \$0.8 million compared to \$0.5 million in 2Q04 due to increase in bank loans.

Other gains in 2Q05 increased by 208.8% to \$2.3 million compared to \$0.8 million in 2Q04 due to gain from disposal of fixed assets of \$1.3 million and rental income of \$0.2 million.

Net profit for 2Q05 increased by 164.1% to \$7.3 million from \$2.8 million in 2Q04 due to the increase in sales activities and the acquisition of UTC in March 2005.

Revenue increased by 22.7% to \$77.4 million in 2Q05 from \$63.1 million in 1Q05 due to increase in sales activities and acquisition of UTC in March 2005.

Capital expenditure for equipment delivered in 2Q05 was \$38.0 million principally for new capabilities and production equipment. As at 30 Jun 2005 the Company had 300 wirebonders and 301 testers.

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

For 2Q05, UTAC Group had earlier guided for revenue in the range of \$76 to \$80 million. Based on revenues posted in 2Q05, UTAC Group has met its guidance.

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.

For 3Q05 outlook, we are factoring in 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 expect this to be temporary as, given the strong DRAM market condition, we expect to be able to maintain high utilisation levels of DRAM capacity. The digital consumer sector is expected to improve in the latter part of the quarter as inventory is consumed. The NAND flash memory sector started to see end-product ASP erosion recently 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 started to gather momentum. As DDR II becomes more mainstream, test times are coming down but will be more than offset by increasing volume. We expect the content of the higher-margin DDR II of UTAC total DRAM revenue to increase from just under 20% in 2Q05 to at least one-third by the end of the year.



The outlook for the communications sector is improving, and this will help to continue to drive 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 will become more significant in 4Q05. Also as a result of merger synergies, we are able to rationalise and optimise our capex requirements. Hence, UTAC Group is reducing our budgeted capex from \$140 million to \$130 million.

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

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
26 July 2005**