



UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED 31 MARCH 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) Income statements for three months ended 31 March 2006

	Notes	Group		Change %
		1 Jan 2006 to 31 Mar 2006 US\$'000	1 Jan 2005 to 31 Mar 2005 US\$'000	
Sales		103,168	63,126	63.4%
Cost of sales		(72,852)	(52,805)	-38.0%
Gross profit		30,316	10,321	193.7%
Other gains		3,947	979	303.2%
Expenses				
Selling, general and administrative expenses		(7,511)	(3,591)	-109.2%
Research and development costs		(3,715)	(3,077)	-20.7%
Finance costs		(1,485)	(542)	-174.0%
Other operating expenses		(803)	(199)	-303.5%
Share of loss of associated companies		(328)	-	NM
Profit before income tax		20,421	3,891	424.8%
Income tax credit		236	12	1866.7%
Net profit	A	20,657	3,903	429.3%
		1 Jan 2006 to 31 Mar 2006 US\$'000	1 Jan 2005 to 31 Mar 2005 US\$'000	Change %
A. Net profit for the period is arrived at after crediting/(charging)				
- Government grant income		1,947	53	3573.6%
- Investment income		34	30	13.3%
- Interest income		220	59	272.9%
- Interest expense		(1,485)	(542)	-174.0%
- Depreciation on property, plant and equipment		(27,683)	(19,035)	-45.4%
- Amortisation of intangible assets		(275)	(87)	-216.1%
- Impairment loss of available-for-sale financial assets		(623)	-	NM
- Fair value gain on derivative financial instruments		2	351	-99.4%
- Gain on disposal of financial assets at fair value through profit or loss		249	4	6125.0%
- Fair value gain/(loss) on financial assets at fair value through profit or loss		133	(42)	416.7%
- Allowance for doubtful non-trade receivable written back		-	279	-100.0%
- Allowance for doubtful trade receivable written back		-	41	-100.0%
- Allowance for inventory obsolescence		(85)	(61)	-39.3%
- Inventory written off		-	(164)	100.0%
- Net foreign exchange gain/(loss)		37	(39)	194.9%
- Gain on disposal of property, plant and equipment		523	64	717.2%
- Sales of scrap		253	207	22.2%
- Rental income		308	131	135.1%
- Miscellaneous income		241	80	201.3%

NM - Not meaningful



1(a)(ii) Income statements for three months ended 31 March 2006

	Notes	Group		Change %
		1 Jan 2006 to 31 Mar 2006 US\$'000	1 Oct 2005 to 31 Dec 2005 US\$'000	
Sales		103,168	100,504	2.7%
Cost of sales		(72,852)	(69,598)	-4.7%
Gross profit		30,316	30,906	-1.9%
Other gains		3,947	2,211	78.5%
Expenses				
Selling, general and administrative expenses		(7,511)	(6,732)	-11.6%
Research and development costs		(3,715)	(3,825)	2.9%
Finance costs		(1,485)	(965)	-53.9%
Other operating expenses		(803)	(1,919)	58.2%
Share of loss of associated companies		(328)	(50)	-556.0%
Profit before income tax		20,421	19,626	4.1%
Income tax credit		236	438	-46.1%
Net profit	A	20,657	20,064	3.0%

	1 Jan 2006 to 31 Mar 2006 US\$'000	1 Oct 2005 to 31 Dec 2005 US\$'000	Change %
A. Net profit for the period is arrived at after crediting/(charging)			
- Government grant income	1,947	40	4767.5%
- Investment income	34	64	-46.9%
- Interest income	220	232	-5.2%
- Interest expense	(1,485)	(965)	-53.9%
- Depreciation on property, plant and equipment	(27,683)	(25,926)	-6.8%
- Property, plant and equipment written off	-	(1,062)	100.0%
- Amortisation of intangible assets	(275)	(280)	1.8%
- Impairment loss of available-for-sale financial assets	(623)	(606)	-2.8%
- Fair value gain on derivative financial instruments	2	81	-97.5%
- Gain on disposal of financial assets at fair value through profit or loss	249	121	105.8%
- Fair value gain on financial assets at fair value through profit or loss	133	120	10.8%
- Allowance for doubtful trade receivables	-	(5)	100.0%
- Allowance for inventory obsolescence	(85)	-	NM
- Allowance for inventory obsolescence written back	-	293	-100.0%
- Net foreign exchange gain	37	77	-51.9%
- Gain on disposal of property, plant and equipment	523	561	-6.8%
- Sales of scrap	253	145	74.5%
- Rental income	308	351	-12.3%
- Miscellaneous income	241	419	-42.5%

NM - Not meaningful



1(b)(i) Balance Sheet

	Group		Company	
	As at 31 Mar 2006 US\$'000	As at 31 Dec 2005 US\$'000	As at 31 Mar 2006 US\$'000	As at 31 Dec 2005 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	88,601	49,695	39,828	25,882
Trade and other receivables	92,560	88,810	83,820	69,908
Inventories	9,960	9,390	8,530	8,105
Derivative financial instruments	1,122	1,120	1,122	1,120
Financial assets at fair value through profit or loss	24,039	33,388	-	-
Other current assets	3,081	2,119	1,792	1,207
	<u>219,363</u>	<u>184,522</u>	<u>135,092</u>	<u>106,222</u>
Non-current assets				
Available-for-sale financial assets	4,576	5,142	-	-
Investment in associated companies	34,644	34,972	35,022	35,022
Investment in subsidiaries	-	-	261,703	246,345
Property, plant and equipment	514,960	450,134	360,754	310,554
Intangible assets	63,080	63,220	-	-
Deferred income tax assets	6,227	5,892	-	-
	<u>623,487</u>	<u>559,360</u>	<u>657,479</u>	<u>591,921</u>
Total assets	<u>842,850</u>	<u>743,882</u>	<u>792,571</u>	<u>698,143</u>
LIABILITIES				
Current liabilities				
Trade and other payables	123,407	125,916	108,521	112,074
Current income tax liabilities	248	341	32	128
Borrowings	24,650	22,819	20,650	18,819
	<u>148,305</u>	<u>149,076</u>	<u>129,203</u>	<u>131,021</u>
Non-current liabilities				
Borrowings	135,846	63,249	114,288	40,952
Deferred income	1,061	476	1,061	476
Retirement benefit obligations	1,189	1,213	-	-
	<u>138,096</u>	<u>64,938</u>	<u>115,349</u>	<u>41,428</u>
Total liabilities	<u>286,401</u>	<u>214,014</u>	<u>244,552</u>	<u>172,449</u>
NET ASSETS	<u>556,449</u>	<u>529,868</u>	<u>548,019</u>	<u>525,694</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital and share premium	537,197	529,373	537,197	529,373
Other reserves	3,697	5,597	3,870	5,844
Accumulated profits/(losses)	15,555	(5,102)	6,952	(9,523)
	<u>556,449</u>	<u>529,868</u>	<u>548,019</u>	<u>525,694</u>



1(b)(ii) Group's borrowings

	Group	
	As at 31 Mar 2006 US\$'000	As at 31 Dec 2005 US\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Unsecured	14,001	11,778
Secured	10,649	11,041
	24,650	22,819
<u>Amount repayable after one year</u>		
Unsecured	124,876	49,660
Secured	10,970	13,589
	135,846	63,249

Details of any collateral

The borrowings are secured on property, plant and equipment with a net book value of US\$35,392,000 (31 December 2005: US\$36,850,000).



1(c)(i) Cash flow statement for three months ended 31 March 2006

	Group	
	1 Jan 2006 to 31 Mar 2006 US\$'000	1 Jan 2005 to 31 Mar 2005 US\$'000
Cash flows from operating activities		
Net profit	20,657	3,903
Adjustments for:		
- Tax	(236)	(12)
- Depreciation of property, plant and equipment	27,683	19,035
- Amortisation of deferred government grant income	(100)	(53)
- Amortisation of intangible assets	275	87
- Net gain on disposal of property, plant and equipment	(523)	(64)
- Interest income	(220)	(59)
- Investment income	(34)	(30)
- Government grant income	(1,847)	-
- Interest expense	1,485	542
- Gain on disposal of financial assets at fair value through profit or loss	(249)	(4)
- Fair value gain on derivative financial instruments	(2)	(351)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	(133)	42
- Impairment loss of available-for-sale financial assets	623	-
- Share option expense	389	795
- Share of loss of associated companies	328	-
- Unrealised exchange losses	42	238
Operating cash flow before working capital changes	48,138	24,069
Change in operating assets and liabilities, net of effects from purchase of a subsidiary:		
- Trade and other receivables	(1,372)	1,369
- Inventories	(570)	908
- Other current assets	(965)	(426)
- Trade and other payables	(6,387)	(7,502)
- Retirement benefit obligations	(24)	24
- Currency translation difference	17	2
Cash generated from operations	38,837	18,444
Income tax paid	(196)	(122)
Net cash provided by operating activities	38,641	18,322
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	-	10,205
Purchases of property, plant and equipment	(89,081)	(13,456)
Purchases of intangible assets	(98)	-
Proceeds from disposal of property, plant and equipment	566	1,223
Proceeds from disposal of financial assets at fair value through profit or loss	10,408	-
Purchases of financial assets at fair value through profit or loss	-	(7,538)
Proceeds from disposal of available-for-sale financial assets	-	3,352
Repayment of finance lease liabilities	(3,011)	(2,971)
Investment income received	34	30
Interest received	188	55
Net cash used in investing activities	(80,994)	(9,100)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	5,461	266
Proceeds from borrowings	119,110	-
Repayment of borrowings	(41,906)	(3,088)
Interest paid	(1,410)	(538)
Net cash provided by/(used in) financing activities	81,255	(3,360)
Net increase in cash and cash equivalents	38,902	5,862
Cash and cash equivalents at the beginning of the financial period	49,398	28,494
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial period	88,300	34,356
Cash and cash equivalents in the Group's balance sheet	88,601	34,687
Less: Cash subject to restrictions	(301)	(331)
Cash and cash equivalents in consolidated cash flow statement	88,300	34,356



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

(a) Consolidated statement of changes in equity for the quarter ended 31 March 2006

	Share capital and share premium	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated (losses) / profits	Total equity
Balance at 1 January 2006							
- As previously reported	529,373	-	5,928	(270)	(61)	(5,102)	529,868
Fair value loss on available-for-sale financial assets	-	-	-	57	-	-	57
Currency translation differences	-	-	-	-	17	-	17
Net gains recognised directly in equity	-	-	-	57	17	-	74
Net profit	-	-	-	-	-	20,657	20,657
Total recognised gains	-	-	-	57	17	20,657	20,731
Employee share option scheme:							
- Value of employee services	-	-	389	-	-	-	389
- Proceeds from shares issued	7,824	-	(2,363)	-	-	-	5,461
Balance at 31 March 2006	537,197	-	3,954	(213)	(44)	15,555	556,449

(a) Consolidated statement of changes in equity for the quarter ended 31 March 2005

	Share capital and share premium	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated (losses) / profits	Total equity
Balance at 1 January 2005							
- As previously reported	301,987	-	-	-	(1)	(45,675)	256,311
- Effect of changes in accounting policies							
- Adjusted retrospectively	-	-	1,549	-	-	(1,549)	-
	301,987	-	1,549	-	(1)	(47,224)	256,311
- Adjusted prospectively	-	-	-	-	-	366	366
- As restated	301,987	-	1,549	-	(1)	(46,858)	256,677
Currency translation differences	-	-	-	-	(79)	-	(79)
Net gains recognised directly in equity	-	-	-	-	(79)	-	(79)
Net profit	-	-	-	-	-	3,903	3,903
Total recognised gains	-	-	-	-	(79)	3,903	3,824
Employee share option scheme:							
- Value of employee services	-	-	795	-	-	-	795
- Proceeds from shares issued	266	-	-	-	-	-	266
Acquisition of a subsidiary	238,721	-	-	-	-	-	238,721
Treasury shares purchased via acquisition of a subsidiary	-	(13,876)	-	-	-	-	(13,876)
Balance at 31 March 2005	540,974	(13,876)	2,344	-	(80)	(42,955)	486,407



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

(b) Statement of changes in equity for the quarter ended 31 March 2006 - Company

	Share capital and share premium	Share option reserve	Accumulated (losses) / profits	Total equity
Balance at 1 January 2006				
- As previously reported	529,373	5,844	(9,523)	525,694
Total recognised gains	-	-	16,475	16,475
Employee share option scheme:				
- Value of employee services	-	389	-	389
- Proceeds from shares issued	7,824	(2,363)	-	5,461
Balance at 31 March 2006	537,197	3,870	6,952	548,019

(b) Statement of changes in equity for the quarter ended 31 March 2005 - Company

	Share capital and share premium	Share option reserve	Accumulated (losses) / profits	Total equity
Balance at 1 January 2005				
- As previously reported	301,987	-	(42,507)	259,480
- Effect of changes in accounting policies				
- Adjusted retrospectively	-	1,549	(1,549)	-
	301,987	1,549	(44,056)	259,480
- Adjusted prospectively	-	-	366	366
- As restated	301,987	1,549	(43,690)	259,846
Total recognised gains	-	-	3,660	3,660
Employee share option scheme:				
- Value of employee services	-	711	-	711
- Proceeds from shares issued	266	-	-	266
Acquisition of a subsidiary	238,721	-	-	238,721
Balance at 31 March 2005	540,974	2,260	(40,030)	503,204



- 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
<u>Authorised</u>		
Ordinary shares of US\$0.15 each	4,000,000,000	600,000
<u>Issued and fully paid</u>		
Balance as at 1 Jan 2006		
- ordinary shares of US\$0.15 each	1,465,952,146	219,893
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	4,855,360	728
- ordinary shares of US\$0.15 each at a premium of US\$0.20 per share pursuant to the exercise of share option	2,663,678	400
- ordinary shares of US\$0.15 each at a premium of US\$0.21 per share pursuant to the exercise of share option	3,244,662	487
- ordinary shares of US\$0.15 each at a premium of US\$0.0984 per share pursuant to the exercise of share option	9,861,925	1,479
Balance as at 31 Mar 2006		
- ordinary shares of US\$0.15 each	1,486,577,771	222,987

Share options

(a) Options granted/exercised

During the financial period, 20,625,625 shares of the Company of par value of US\$0.15 were allotted and issued by virtue of the exercise of options under the Equity Incentive Plan, Employee Share Option Scheme and Replacement Option Scheme.

(b) Options outstanding

As at 31 March 2006, there were unexercised options for 11,270,660, 17,722,275 and 18,463,225 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 31 December 2005, there were unexercised options for 17,299,000, 27,754,440 and 23,412,790 of unissued ordinary shares of US\$0.15 each at exercise price of S\$0.59, US\$0.2484 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 2006 to 31 Mar 2006	1 Jan 2005 to 31 Mar 2005
Basic earning per share (cents)	<u>1.40</u>	<u>0.37</u>
Diluted earning per share (cents)	<u>1.37</u>	<u>0.36</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 2006	As at 31 Dec 2005
Net asset value per ordinary share based on issued share capital as at the end of the reporting period (cents)		
- Group	<u>37.43</u>	<u>36.14</u>
- Company	<u>36.86</u>	<u>35.86</u>



8 Review of the performance of the group.

Revenue increased by 63.4% to \$103.2 million in 1Q06 from \$63.1 million in 1Q05 due to higher sales from assembly and test services as a result of loading increase from customers. In 1Q06, revenue from test service amounted to \$66.4 million or 64.4% of total revenue, revenue from assembly and module services in 1Q06 amounted to \$36.5 million or 35.4% while other revenue amounted to \$0.3 million or 0.2%.

1Q06 revenue from mixed-signal segment amounted to \$41.7 million or 40.4% of total revenues compared to 1Q05 revenue of \$28.3 million or 44.8% of total revenue; 1Q06 revenue from memory segment amounted to \$61.2 million or 59.4% of total revenue compared to \$33.7 million or 53.3% in 1Q05. Other revenue amounted to \$0.3 million or 0.2% of total revenue in 1Q06.

Depreciation expense in cost of sales increased by 44.8% to \$25.7 million in 1Q06 from \$17.8 million in 1Q05 due to the purchase of new machinery and equipment to cater for the increasing orders from our customers and from the acquisition of UTAC (Taiwan) Corporation ("UTC"). Other components of the cost of sales such as overheads, raw materials and labour costs increased in line with the revenue increase in 1Q06.

Operating expenses in 1Q06 increased by 82.4% to \$13.5 million as compared to \$7.4 million in 1Q05 due to increase in sales activities and acquisition of UTC.

Selling, general and administration expenses in 1Q06 increased by 109.2% to \$7.5 million compared to \$3.6 million in 1Q05 due to increase in sales activities and acquisition of UTC.

Research and development expenses in 1Q06 increased by 20.7% to \$3.7 million compared to \$3.1 million in 1Q05 due to increase in engineering activities to develop new packages.

The finance cost in 1Q06 increased by 174.0% to \$1.5 million compared to \$0.5 million in 1Q05 due to increase in bank loans.

Other gains in 1Q06 increased by 303.2% to \$3.9 million compared to \$1.0 million in 1Q05 due primarily to government grant income of \$1.9 million, gain on disposal of property, plant and equipment of \$0.5 million, rental income of \$0.3 million and gain on disposal of financial assets at fair value through profit or loss of \$0.2 million.

Net profit for 1Q06 increased by 429.3% to \$20.7 million from \$3.9 million in 1Q05 due to the increase in sales activities.

Revenue increased by 2.7% to \$103.2 million in 1Q06 from \$100.5 million in 4Q05 due to increase in sales activities.

Capital expenditure for equipment committed in 1Q06 was \$195.5 million principally for new capabilities and production equipment. As at 31 March 2006 the Company had 339 wire bonders and 384 testers.



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

The group reported a revenue growth in 1Q06 of 2.7%, marginally below its earlier guidance of 3-8%, and a net profit of \$20.7 million which is above its guidance of at least maintaining the \$20.1 million net profit of 4Q05.

The slightly lower than expected revenue growth is due to a temporary slowdown in the flash memory sector in the middle of the quarter and constraints on the group's assembly ramp-up for new customers caused by shortage of floorspace. To alleviate this, UTAC has acquired a new 376,000 square feet facility in Ang Mo Kio, Singapore. In addition, we expect our proposed acquisition of NS Electronics (1993) Bangkok Ltd ("NSEB") to help ease capacity demands on our Singapore facility for some of the leadframe-based packages.

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 2Q06, demand for flash memory appears to have stabilised and will be stronger than in 1Q06. Similarly, the consumer sector should also improve from 1Q06. However, the DRAM market is typically softer in 2Q due to seasonally weaker PC sales. Overall, the Group expects 2Q06 revenue to be 3-8% higher than that of 1Q06, excluding any potential contributions from NSEB. UTAC targets to provide an update on the potential of contribution from NSEB to the quarter's performance about a month following the official completion of the transaction in June 2006.

In general, the outlook for the sector remains healthy and the Group remain confident of our full year target to grow organic revenue by 40% in FY06.

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.



UNITED TEST AND ASSEMBLY CENTER LTD

BY ORDER OF THE BOARD

**Lareina Yap Chu Han
Company Secretary
26 April 2006**