



Media Release

(all figures in US\$ unless otherwise stated)

UTAC 1Q06 Net Profit Grew More Than Five-Fold To \$20.7 Million

- 1Q06 revenue grew 63.4% over 1Q05 to \$103.2 million
- Record performance marks 11th consecutive quarter of sequential revenue growth and profit
- Guidance of 3-8% sequential revenue growth in 2Q06 vs 1Q06
- Target organic revenue growth of 40% for FY06

SINGAPORE, April 26, 2006 – Leading independent global provider of semiconductor assembly and test services, United Test and Assembly Center Ltd (“UTAC” – SGX: UTAC), announced today its financial results for the quarter ended 31 March 2006 (“1Q06”).

Group President and CEO of UTAC, Mr Lee Joon Chung, said, “We are pleased to have opened the financial year with our 11th consecutive quarter of revenue growth and 8th consecutive quarter of profit growth. Even though the sequential revenue growth came in at 2.7%, marginally below our 3-8% guidance, we managed to grow our profit sequentially to \$20.7 million. This was achieved despite weaker than expected demand for flash testing services in February 2006 and floor space constraints which impacted our ability to ramp up our assembly operations to meet increased demand.”

“Overall, this is a positive start to our goal of growing our business organically by 40% for the current financial year,” said Mr Lee.



Summary of 1Q06 Performance

US\$ (million)	1Q06	4Q05	Change %	1Q05	Change %
Revenue	103.2	100.5	2.7%	63.1	63.4%
Gross Profit	30.3	30.9	-1.9%	10.3	193.7%
Net Profit	20.7	20.1	3.0%	3.9	429.3%
EBITDA Margin (%)	49.4%	48.9%	1.0%	38.4%	28.6%
Earnings per share (cent)	1.40	1.37	2.2%	0.37	278.4%

- 1Q06 net profit grew 429.3% over 1Q05, and by 3.0% on a sequential basis over 4Q05. This is primarily due to the significantly stronger mixed-signal and logic (“MSLP”) sector compared to a year ago.
- Basic earnings per share (“EPS”) in 1Q06 was 1.40 cents, compared to 0.37 cent in 1Q05 and 1.37 cents in 4Q05.
- Revenue for 1Q06 increased 63.4% to \$103.2 million from \$63.1 million in 1Q05, and by 2.7% on a sequential basis. Compared to 4Q05, the growth was driven by strength in the communications sector, despite temporary weakness in demand for flash and a delay in the ramp-up of our assembly operations due to floor space constraints.
- 1Q06 net margin increased to 20.0% from 6.2% in 1Q05, and flat from 4Q05.
- EBITDA margin was 49.4% in 1Q06, up from 48.9% in 4Q05. EBITDA generated in 1Q06 was \$51.0 million.
- Net loss in equity investment of \$328,000 was primarily due to start-up losses in UTAC’s stakes in AT2, its joint venture with Semiconductor Manufacturing International Corporation (“SMIC”) for assembly and test services in Chengdu, China, and Nepes Pte Ltd, its joint venture with Nepes Corporation of Korea in Singapore.
- Depreciation during the quarter was \$27.7 million, compared to \$25.9 million in 4Q05.
- Capital expenditure (“capex”) for equipment committed for FY06 was \$195.5 million principally for new capabilities and production equipment. Of this, \$92.6 million worth of equipment was delivered during the quarter.



- The Group's balance sheet remains strong, with a leverage ratio (net debt over total equity) of 8.4%. Cash and cash equivalents (cash plus liquid financial assets) was \$113.8 million against total borrowings of \$160.5 million as at 31 March 2006.
- Net assets stood at \$556.4 million as at 31 March 2006. Net asset value per share increased to 37.43 cents at the end of 1Q06 from 36.14 cents at the end of 4Q05.
- During the quarter, we added 20 wirebonders, 9 memory testers and 22 MSLP testers. As at 31 March 2006, the total number of wirebonders, memory testers and MSLP testers were 339, 194 and 190, respectively.

Market Dynamics

The following tables contain information relating to revenue by business activity, product mix, application and region.

Activity (%)	1Q05	2Q05	3Q05	4Q05	1Q06
Final Test	45	55	56	56	55
Wafer Sort	7	7	8	8	9
Assembly	48	38	36	36	36

Product Mix (%)	1Q05	2Q05	3Q05	4Q05	1Q06
DRAM	49	53	54	51	49
Flash	5	9	11	11	11
MSLP	46	38	35	38	40

Application (%)	1Q05	2Q05	3Q05	4Q05	1Q06
Computing	50	53	55	52	50
Communication	22	25	27	29	33
Consumer	26	20	17	18	16
Others	2	2	1	1	1

Geographical Region (%)	1Q05	2Q05	3Q05	4Q05	1Q06
USA	44	38	35	40	42
Europe	13	11	14	14	18
Taiwan	32	33	34	32	28
Others (Asia)	11	18	17	14	12



Highlights for 1Q06

- Awarded “Supplier of the Year” by Medtronic Microelectronics Center
- Acquired a new 376,000 sq foot facility in Singapore (officially declared open on April 20, 2006)
- Selected as a component stock of the benchmark Straits Times Index, a leading index in the South-East Asian region
- Selected as prime supplier by SiTel, a leading European fabless supplier of cordless voice and voice/data chips
- Began production of satellite communications chips for the Korean division of GCT Semiconductor
- Attained TS 16949 certification for chips designed for automotive applications

Review & Outlook

“1Q06 was an eventful quarter for a traditionally slow quarter. We saw significant growth in demand for communication chips and the increasing transition towards the DDR II memory standard as the chipset shortage eased. On the other hand, the hitherto strong flash memory market suddenly turned south in February before correcting in March. The consumer market experienced the typical 1Q softness but the communications sector remained strong,” said Mr Lee.

“Despite the segmental fluctuations, we continued our track record of sequential revenue growth into the 11th consecutive quarter, though we had hoped for more. This was partially due to constraints on the ramp-up of our assembly operations for new customers due to a shortage of floor space for new machines. To alleviate this, we have acquired a new 376,000 square foot facility in Ang Mo Kio, Singapore, which is a five-minute drive from our current Singapore facility. In addition, we expect our proposed acquisition of NS Electronics Bangkok (1993) Ltd (“NSEB”) to help ease capacity demands on our Singapore facility for the production of leadframe-based packages.”



“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, we expect 2Q06 revenue to be 3-8% higher than that of 1Q06, excluding any potential contributions from NSEB. We target to provide an update on potential contribution by 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 we remain confident of our full year target to grow organic revenue by 40% in FY06,” concluded Mr Lee.

Information Access

UTAC will host an analyst briefing today (April 26, 2006) at 5.45pm, Singapore time, to discuss its 1Q06 results and 2Q06 outlook. The presentation material will be available at UTAC’s website at www.utacgroup.com, under the Investor Relations section. Interested parties may also listen “live” to the briefing at the same website. The recorded audio podcast and video webcast of the briefing will be made available on the website following the conclusion of the event.

~ End of Release ~



About United Test and Assembly Center Ltd (“UTAC”)

United Test and Assembly Center Ltd (“UTAC”, SGX-ST: UTAC) is a leading independent provider of semiconductor assembly and testing services for a broad range of integrated circuits including memory, mixed-signal, logic and radio-frequency ICs. The company offers a full range of package and test development, engineering and manufacturing services and solutions to a worldwide customer base, comprising leading integrated device manufacturers (“IDMs”), fabless companies and wafer foundries. UTAC operates manufacturing facilities in Singapore, Taiwan and China, in addition to its global network of sales offices in the United States, Europe, Japan, Korea, China and Singapore. More information on the company can be found at www.utacgroup.com.



For further information, please contact:

UTAC

Media Contact:

Josephine Lim

Manager, Corporate Communications

Email: media@sg.utacgroup.com

Tel: (65) 6551-1511

Fax: (65) 6551-1521

Issued on behalf of the Company by

WeR1 Consultants Pte Ltd

Stephen Chen

Senior Associate Consultant

Email: stephenchen@wer1.net

Tel: (65) 6737-4844

Fax: (65) 6737-4944

Address: 29 Scotts Road, Singapore 228224