



UNAUDITED FINANCIAL STATEMENTS FOR HALF YEAR ENDED 30 JUNE 2006

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

1(a)(i) Income statements for six months ended 30 June 2006

	Notes	Group		Change %
		1 Jan 2006 to 30 Jun 2006 US\$'000	1 Jan 2005 to 30 Jun 2005 US\$'000	
Sales		223,710	140,553	59.2%
Cost of sales		(163,580)	(114,531)	-42.8%
Gross profit		60,130	26,022	131.1%
Other gains		6,368	3,023	110.7%
Expenses				
Selling, general and administrative expenses		(14,452)	(9,950)	-45.2%
Research and development costs		(6,974)	(6,378)	-9.3%
Finance costs		(4,570)	(1,310)	-248.9%
Other operating expenses		(2,160)	(374)	-477.5%
Share of loss of associated companies		(1,061)	-	NM
Profit before income tax		37,281	11,033	237.9%
Income tax (expense)/credit		(962)	132	-828.8%
Net profit	1	36,319	11,165	225.3%
Attributable to:				
Equity holders of the Company		36,180	11,165	224.0%
Minority interest		139	-	NM
		36,319	11,165	225.3%
		1 Jan 2006 to 30 Jun 2006 US\$'000	1 Jan 2005 to 30 Jun 2005 US\$'000	Change %
1. Net profit for the period is arrived at after crediting/(charging)				
- Government grant income		2,046	103	1886.4%
- Investment income		119	103	15.5%
- Interest income		866	155	458.7%
- Interest expense		(4,570)	(1,310)	-248.9%
- Depreciation on property, plant and equipment		(58,808)	(44,394)	-32.5%
- Amortisation of intangible assets		(739)	(348)	-112.4%
- Impairment loss of available-for-sale financial assets		(1,074)	-	NM
- Fair value (loss)/gain on derivative financial instruments		(314)	99	-417.2%
- Gain/(loss) on disposal of financial assets at fair value through profit or loss		386	(64)	703.1%
- Fair value gain on financial assets at fair value through profit or loss		74	122	-39.3%
- Allowance for doubtful non-trade receivables		-	(279)	100.0%
- Allowance for doubtful trade receivables		-	(83)	100.0%
- Allowance for inventory obsolescence		(63)	(58)	-8.6%
- Inventory written off		-	(261)	100.0%
- Net foreign exchange (loss)/gain		(507)	73	-794.5%
- Gain on disposal of property, plant and equipment		883	1,323	-33.3%
- Sales of scrap		648	383	69.2%
- Rental income		563	383	47.0%
- Miscellaneous income		783	279	180.6%

NM - Not meaningful



1(a)(ii) Income statements for three months ended 30 June 2006

	Notes	Group		Change %
		1 Apr 2006 to 30 Jun 2006 US\$'000	1 Apr 2005 to 30 Jun 2005 US\$'000	
Sales		120,542	77,427	55.7%
Cost of sales		(90,728)	(61,726)	-47.0%
Gross profit		29,814	15,701	89.9%
Other gains		2,519	2,381	5.8%
Expenses				
Selling, general and administrative expenses		(6,941)	(6,359)	-9.2%
Research and development costs		(3,259)	(3,301)	1.3%
Finance costs		(3,085)	(768)	-301.7%
Other operating expenses		(1,455)	(512)	-184.2%
Share of loss of associated companies		(733)	-	NM
Profit before income tax		16,860	7,142	136.1%
Income tax (expense)/credit		(1,198)	120	-1098.3%
Net profit	1	15,662	7,262	115.7%
Attributable to:				
Equity holders of the Company		15,523	7,262	113.8%
Minority interest		139	-	NM
		15,662	7,262	115.7%
		1 Apr 2006 to 30 Jun 2006 US\$'000	1 Apr 2005 to 30 Jun 2005 US\$'000	Change %
1. Net profit for the period is arrived at after crediting/(charging)				
- Government grant income		99	50	98.0%
- Investment income		85	73	16.4%
- Interest income		646	96	572.9%
- Interest expense		(3,085)	(768)	-301.7%
- Depreciation on property, plant and equipment		(31,125)	(25,359)	-22.7%
- Amortisation of intangible assets		(464)	(261)	-77.8%
- Impairment loss of available-for-sale financial assets		(451)	-	NM
- Fair value loss on derivative financial instruments		(316)	(252)	-25.4%
- Gain/(loss) on disposal of financial assets at fair value through profit or loss		137	(68)	301.5%
- Fair value (loss)/gain on financial assets at fair value through profit or loss		(59)	164	-136.0%
- Allowance for doubtful trade receivables		-	(124)	100.0%
- Allowance for inventory obsolescence written back		22	3	633.3%
- Inventory written off		-	(97)	100.0%
- Net foreign exchange (loss)/gain		(544)	112	-585.7%
- Gain on disposal of property, plant and equipment		360	1,259	-71.4%
- Sales of scrap		395	176	124.4%
- Rental income		255	252	1.2%
- Miscellaneous income		542	199	172.4%

NM - Not meaningful



1(a)(iii) Income statements for three months ended 30 June 2006

	Notes	Group		Change %
		1 Apr 2006 to 30 Jun 2006 US\$'000	1 Jan 2006 to 31 Mar 2006 US\$'000	
Sales		120,542	103,168	16.8%
Cost of sales		(90,728)	(72,852)	-24.5%
Gross profit		<u>29,814</u>	<u>30,316</u>	-1.7%
Other gains		2,519	3,947	-36.2%
Expenses				
Selling, general and administrative expenses		(6,941)	(7,511)	7.6%
Research and development costs		(3,259)	(3,715)	12.3%
Finance costs		(3,085)	(1,485)	-107.7%
Other operating expenses		(1,455)	(803)	-81.2%
Share of loss of associated companies		(733)	(328)	-123.5%
Profit before income tax		<u>16,860</u>	<u>20,421</u>	-17.4%
Income tax (expense)/credit		(1,198)	236	-607.6%
Net profit	1	<u>15,662</u>	<u>20,657</u>	-24.2%
Attributable to:				
Equity holders of the Company		15,523	20,657	-24.9%
Minority interest		139	-	NM
		<u>15,662</u>	<u>20,657</u>	-24.2%
		1 Apr 2006 to 30 Jun 2006 US\$'000	1 Jan 2006 to 31 Mar 2006 US\$'000	Change %
1. Net profit for the period is arrived at after crediting/(charging)				
- Government grant income		99	1,947	-94.9%
- Investment income		85	34	150.0%
- Interest income		646	220	193.6%
- Interest expense		(3,085)	(1,485)	-107.7%
- Depreciation on property, plant and equipment		(31,125)	(27,683)	-12.4%
- Amortisation of intangible assets		(464)	(275)	-68.7%
- Impairment loss of available-for-sale financial assets		(451)	(623)	27.6%
- Fair value (loss)/gain on derivative financial instruments		(316)	2	-15900.0%
- Gain on disposal of financial assets at fair value through profit or loss		137	249	-45.0%
- Fair value (loss)/gain on financial assets at fair value through profit or loss		(59)	133	-144.4%
- Allowance for inventory obsolescence		-	(85)	100.0%
- Allowance for inventory obsolescence written back		22	-	NM
- Net foreign exchange (loss)/gain		(544)	37	-1570.3%
- Gain on disposal of property, plant and equipment		360	523	-31.2%
- Sales of scrap		395	253	56.1%
- Rental income		255	308	-17.2%
- Miscellaneous income		542	241	124.9%

NM - Not meaningful



1(b)(i) Balance Sheet

	Group		Company	
	As at 30 Jun 2006 US\$'000	As at 31 Dec 2005 US\$'000	As at 30 Jun 2006 US\$'000	As at 31 Dec 2005 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	84,067	49,695	30,855	25,882
Trade and other receivables	124,998	88,810	88,185	69,908
Inventories	28,960	9,390	11,328	8,105
Derivative financial instruments	7,349	1,120	1,078	1,120
Financial assets at fair value through profit or loss	24,002	33,388	-	-
Other current assets	5,212	2,119	1,992	1,207
	<u>274,588</u>	<u>184,522</u>	<u>133,438</u>	<u>106,222</u>
Non-current assets				
Available-for-sale financial assets	4,118	5,142	-	-
Investment in associated companies	33,911	34,972	35,021	35,022
Investment in subsidiaries	-	-	430,489	246,345
Property, plant and equipment	658,313	450,134	388,555	310,554
Intangible assets	146,490	63,220	825	-
Deferred income tax assets	8,102	5,892	-	-
	<u>850,934</u>	<u>559,360</u>	<u>854,890</u>	<u>591,921</u>
Total assets	<u>1,125,522</u>	<u>743,882</u>	<u>988,328</u>	<u>698,143</u>
LIABILITIES				
Current liabilities				
Trade and other payables	146,512	125,916	94,562	112,074
Current income tax liabilities	2,562	341	85	128
Borrowings	38,350	22,819	18,378	18,819
Derivative financial instruments	7,220	-	1,008	-
	<u>194,644</u>	<u>149,076</u>	<u>114,033</u>	<u>131,021</u>
Non-current liabilities				
Borrowings	342,605	63,249	319,084	40,952
Deferred income	982	476	982	476
Retirement benefit obligations	7,010	1,213	-	-
Deferred income tax liabilities	3,274	-	-	-
	<u>353,871</u>	<u>64,938</u>	<u>320,066</u>	<u>41,428</u>
Total liabilities	<u>548,515</u>	<u>214,014</u>	<u>434,099</u>	<u>172,449</u>
NET ASSETS	<u>577,007</u>	<u>529,868</u>	<u>554,229</u>	<u>525,694</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital and share premium	539,105	529,373	539,105	529,373
Other reserves	2,477	5,597	2,603	5,844
Retained earnings/(Accumulated losses)	31,078	(5,102)	12,521	(9,523)
	<u>572,660</u>	<u>529,868</u>	<u>554,229</u>	<u>525,694</u>
Minority interest	4,347	-	-	-
Total equity	<u>577,007</u>	<u>529,868</u>	<u>554,229</u>	<u>525,694</u>



1(b)(ii) Group's borrowings

	Group	
	As at 30 Jun 2006 US\$'000	As at 31 Dec 2005 US\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Unsecured	15,205	11,778
Secured	23,145	11,041
	<u>38,350</u>	<u>22,819</u>
<u>Amount repayable after one year</u>		
Unsecured	330,987	49,660
Secured	11,618	13,589
	<u>342,605</u>	<u>63,249</u>

Details of any collateral

The borrowings are secured on property, plant and equipment with a net book value of US\$48,226,000 (31 December 2005: US\$36,850,000).



1(c)(i) Cash flow statement for six months ended 30 June 2006

	Notes	Group	
		1 Jan 2006 to 30 Jun 2006 US\$'000	1 Jan 2005 to 30 Jun 2005 US\$'000
Cash flows from operating activities			
Net profit		36,319	11,165
Adjustments for:			
- Tax		962	(132)
- Depreciation of property, plant and equipment		58,808	44,394
- Amortisation of deferred government grant income		(179)	(103)
- Amortisation of intangible assets		739	348
- Net gain on disposal of property, plant and equipment		(883)	(1,323)
- Interest income		(866)	(155)
- Investment income		(119)	(103)
- Government grant income		(1,867)	-
- Interest expense		4,570	1,310
- (Gain)/loss on disposal of financial assets at fair value through profit or loss		(386)	64
- Fair value loss/(gain) on derivative financial instruments		314	(99)
- Fair value gain on financial assets at fair value through profit or loss		(74)	(122)
- Impairment loss of available-for-sale financial assets		1,074	-
- Share option expense		492	2,379
- Share of loss of associated companies		1,061	-
- Unrealised exchange gain		(437)	(165)
Operating cash flow before working capital changes		99,528	57,458
Change in operating assets and liabilities, net of effects from purchase of a subsidiary:			
- Trade and other receivables		(9,760)	5,051
- Inventories		(2,695)	(1)
- Derivative financial assets		(82)	-
- Other current assets		(4,605)	(281)
- Trade and other payables		(10,892)	(4,447)
- Retirement benefit obligations		28	93
- Currency translation difference		71	(1)
Cash generated from operations		71,593	57,872
Government grant received		1,438	-
Income tax paid		(2,476)	(182)
Net cash provided by operating activities		70,555	57,690
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash (disbursed)/acquired	2	(160,635)	10,205
Investment in an associated company		-	(30,000)
Purchases of property, plant and equipment		(166,522)	(44,553)
Purchases of intangible assets		(412)	-
Proceeds from disposal of property, plant and equipment		1,321	3,416
Proceeds from disposal of financial assets at fair value through profit or loss		10,621	-
Purchases of financial assets at fair value through profit or loss		-	(3,907)
Proceeds from disposal of available-for-sale financial assets		-	3,352
Government grant received		1,123	-
Investment income received		119	103
Interest received		772	146
Net cash used in investing activities		(313,613)	(61,238)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		6,810	414
Proceeds from borrowings		383,600	41,256
Repayment of borrowings		(103,427)	(8,855)
Repayment of finance lease liabilities		(5,762)	(5,605)
Interest paid		(3,718)	(1,305)
Net cash provided by financing activities		277,503	25,905
Net increase in cash and cash equivalents		34,445	22,357
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		-	(38)
Cash and cash equivalents at the end of the financial period		83,843	50,813
Cash and cash equivalents in the Group's balance sheet		84,067	51,148
Less: Cash subject to restrictions		(224)	(335)
Cash and cash equivalents in consolidated cash flow statement		83,843	50,813



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1(c)(ii) Cash flow statement for three months ended 30 June 2006

	Notes	Group	
		1 Apr 2006 to 30 Jun 2006 US\$'000	1 Apr 2005 to 30 Jun 2005 US\$'000
Cash flows from operating activities			
Net profit		15,662	7,262
Adjustments for:			
- Tax		1,198	(120)
- Depreciation of property, plant and equipment		31,125	25,359
- Amortisation of deferred government grant income		(79)	(50)
- Amortisation of intangible assets		464	261
- Net gain on disposal of property, plant and equipment		(360)	(1,259)
- Interest income		(646)	(96)
- Investment income		(85)	(73)
- Government grant income		(20)	-
- Interest expense		3,085	768
- (Gain)/loss on disposal of financial assets at fair value through profit or loss		(137)	68
- Fair value gain on derivative financial instruments		316	252
- Fair value loss/(gain) on financial assets at fair value through profit or loss		59	(164)
- Impairment loss of available-for-sale financial assets		451	-
- Share option expense		103	1,584
- Share of loss of associated companies		733	-
- Unrealised exchange gain		(479)	(403)
Operating cash flow before working capital changes		51,390	33,389
Change in operating assets and liabilities, net of effects from purchase of a subsidiary:			
- Trade and other receivables		(8,388)	3,682
- Inventories		(2,125)	(909)
- Derivative financial assets		(82)	-
- Other current assets		(3,640)	145
- Trade and other payables		(4,505)	3,055
- Retirement benefit obligations		52	69
- Currency translation difference		54	(3)
Cash generated from operations		32,756	39,428
Government grant received		1,438	-
Income tax paid		(2,280)	(60)
Net cash provided by operating activities		31,914	39,368
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash disbursed	2	(160,635)	-
Investment in an associated company		-	(30,000)
Purchases of property, plant and equipment		(77,441)	(31,097)
Purchases of intangible assets		(314)	-
Proceeds from disposal of property, plant and equipment		755	2,193
Proceeds from disposal of financial assets at fair value through profit or loss		213	3,631
Government grant received		1,123	-
Investment income received		85	73
Interest received		584	91
Net cash used in investing activities		(235,630)	(55,109)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		1,349	148
Proceeds from borrowings		264,490	41,256
Repayment of borrowings		(61,521)	(5,767)
Repayment of finance lease liabilities		(2,751)	(2,634)
Interest paid		(2,308)	(767)
Net cash provided by financing activities		199,259	32,236
Net (decrease)/increase in cash and cash equivalents		(4,457)	16,495
Cash and cash equivalents at the beginning of the financial period		88,300	34,356
Effects of exchange rate changes on cash and cash equivalents		-	(38)
Cash and cash equivalents at the end of the financial period		83,843	50,813
Cash and cash equivalents in the Group's balance sheet		84,067	51,148
Less: Cash subject to restrictions		(224)	(335)
Cash and cash equivalents in consolidated cash flow statement		83,843	50,813



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2. Business Combination

In June 2006, UTAC acquired 95.83% of the issued share capital of NS Electronics Bangkok (1993) Ltd (“NSEB”) for total cash consideration of US\$168,662,000. The professional and transaction costs in relation to the acquisition were US\$1,122,000.

Details of net assets acquired and goodwill are as follows:

	US\$'000
Purchase consideration:	
- cash paid	167,540
- direct costs relating to the acquisition	1,122
Total purchase consideration	<u>168,662</u>
- fair value of net identifiable assets acquired (see below)	<u>96,710</u>
Goodwill	<u>71,952</u>

The preliminary purchase price allocation of this acquisition to goodwill, property, plant and equipment and intangible assets is currently being assessed and is expected to be finalized within 12 months from the date of acquisition. The goodwill is attributable to earnings potential of NSEB.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount US\$'000	Preliminary fair value US\$'000
Cash and cash equivalents	6,905	6,905
Trade and other receivables	24,144	24,144
Inventories	16,875	16,875
Property, plant and equipment	108,133	106,783
Customer relationships	-	2,870
Patents	-	7,639
Computer software development costs	-	365
Derivative financial assets	8,774	8,774
Other current assets	1,757	1,757
Deferred tax assets	2,324	2,324
Trade and other payables	(35,556)	(35,556)
Borrowings	(20,279)	(20,279)
Current income tax liabilities	(3,852)	(3,852)
Retirement benefit obligations	(5,808)	(5,808)
Derivative financial liabilities	(8,721)	(8,721)
Deferred tax liabilities	(1,682)	(3,302)
Net identifiable assets	<u>93,014</u>	<u>100,918</u>
Less: Minority interest	<u>(3,879)</u>	<u>(4,208)</u>
Net identifiable assets acquired	<u>89,135</u>	<u>96,710</u>



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

(a) Consolidated statement of changes in equity for the half year ended 30 June 2006

	← Attributable to equity holders of the Company				→ Minority interest		Total equity
	Share capital and share premium	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated (losses) / Retained earnings		
Balance at 1 January 2006	529,373	5,928	(270)	(61)	(5,102)	-	529,868
Fair value gain on available-for-sale financial assets	-	-	50	-	-	-	50
Cash flow hedge	-	-	(811)	-	-	-	(811)
Currency translation differences	-	-	-	71	-	-	71
Net (loss)/gain recognised directly in equity	-	-	(761)	71	-	-	(690)
Net profit	-	-	-	-	36,180	139	36,319
Total recognised (loss)/gains	-	-	(761)	71	36,180	139	35,629
Employee share option scheme:							
- Value of employee services	-	492	-	-	-	-	492
- Proceeds from shares issued	9,732	(2,922)	-	-	-	-	6,810
Acquisition of a subsidiary	-	-	-	-	-	4,208	4,208
Balance at 30 June 2006	539,105	3,498	(1,031)	10	31,078	4,347	577,007

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

	← Attributable to equity holders of the Company				Accumulated (losses) / Retained earnings	Total equity
	Share capital and share premium	Treasury shares	Share option reserve	Foreign currency translation reserve		
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	-	-	-	(26)	-	(26)
Net loss recognised directly in equity	-	-	-	(26)	-	(26)
Net profit	-	-	-	-	11,165	11,165
Total recognised (loss)/gains	-	-	-	(26)	11,165	11,139
Employee share option scheme:						
- Value of employee services	-	-	2,379	-	-	2,379
- Proceeds from shares issued	438	-	(23)	-	-	415
Acquisition of a subsidiary	238,721	-	-	-	-	238,721
Treasury shares purchased via acquisition of a subsidiary	-	(13,316)	-	-	-	(13,316)
Balance at 30 June 2005	541,146	(13,316)	3,905	(27)	(35,693)	496,015



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

(b) Statement of changes in equity for the half year ended 30 June 2006 - Company

	← Attributable to equity holders of the Company →				
	Share capital and share premium	Share option reserve	Fair value reserve	Accumulated (losses) / Retained earnings	Total equity
Balance at 1 January 2006	529,373	5,844	-	(9,523)	525,694
Cash flow hedge	-	-	(811)	-	(811)
Net gains recognised directly in equity	-	-	(811)	-	(811)
Net profit	-	-	-	22,044	22,044
Total recognised (loss)/gains	-	-	(811)	22,044	21,233
Employee share option scheme:					
- Value of employee services	-	492	-	-	492
- Proceeds from shares issued	9,732	(2,922)	-	-	6,810
Balance at 30 June 2006	539,105	3,414	(811)	12,521	554,229

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

	← Attributable to equity holders of the Company →				
	Share capital and share premium	Share option reserve	Accumulated (losses) / Retained earnings	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	-	-	8,316	8,316	
Employee share option scheme:					
- Value of employee services	-	2,295	-	2,295	
- Proceeds from shares issued	438	(23)	-	415	
Acquisition of a subsidiary	238,721	-	-	238,721	
Balance at 30 June 2005	541,146	3,821	(35,374)	509,593	



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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 2006

	← Attributable to equity holders of the Company →					Minority interest	Total equity
	Share capital and share premium	Share option reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings		
Balance at 1 April 2006	537,197	3,954	(213)	(44)	15,555	-	556,449
Fair value gain on available-for-sale financial assets	-	-	(7)	-	-	-	(7)
Cash flow hedge	-	-	(811)	-	-	-	(811)
Currency translation differences	-	-	-	54	-	-	54
Net gains recognised directly in equity	-	-	(818)	54	-	-	(764)
Net profit	-	-	-	-	15,523	139	15,662
Total recognised (loss)/gains	-	-	(818)	54	15,523	139	14,898
Employee share option scheme:							
- Value of employee services	-	103	-	-	-	-	103
- Proceeds from shares issued	1,908	(559)	-	-	-	-	1,349
Acquisition of a subsidiary	-	-	-	-	-	4,208	4,208
Balance at 30 June 2006	539,105	3,498	(1,031)	10	31,078	4,347	577,007

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

	← Attributable to equity holders of the Company →					Total equity
	Share capital and share premium	Treasury shares	Share option reserve	Foreign currency translation reserve	Accumulated (losses)	
Balance at 1 April 2005	540,974	(13,316)	2,344	(80)	(42,955)	486,967
Currency translation differences	-	-	-	53	-	53
Net gains recognised directly in equity	-	-	-	53	-	53
Net profit	-	-	-	-	7,262	7,262
Total recognised gains	-	-	-	53	7,262	7,315
Employee share option scheme:						
- Value of employee services	-	-	1,584	-	-	1,584
- Proceeds from shares issued	172	-	(23)	-	-	149
Balance at 30 June 2005	541,146	(13,316)	3,905	(27)	(35,693)	496,015



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

(b) Statement of changes in equity for the quarter ended 30 June 2006 - Company

	← Attributable to equity holders of the Company →				
	Share capital and share premium	Share option reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 April 2006	537,197	3,870	-	6,952	548,019
Cash flow hedge	-	-	(811)	-	(811)
Net gains recognised directly in equity	-	-	(811)	-	(811)
Net profit	-	-	-	5,569	5,569
Total recognised (loss)/gains	-	-	(811)	5,569	4,758
Employee share option scheme:					
- Value of employee services	-	103	-	-	103
- Proceeds from shares issued	1,908	(559)	-	-	1,349
Balance at 30 June 2006	539,105	3,414	(811)	12,521	554,229

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

	← Attributable to equity holders of the Company →			
	Share capital and share premium	Share option reserve	Accumulated (losses)	Total equity
Balance at 1 April 2005	540,974	2,260	(40,030)	503,204
Total recognised gains - Net profit	-	-	4,656	4,656
Employee share option scheme:				
- Value of employee services	-	1,584	-	1,584
- Proceeds from shares issued	172	(23)	-	149
Balance at 30 June 2005	541,146	3,821	(35,374)	509,593



- 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 Apr 2006		
- ordinary shares of US\$0.15 each	1,486,577,771	222,987
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	1,375,176	206
- ordinary shares of US\$0.15 each at a premium of US\$0.21 per share pursuant to the exercise of share option	450,000	68
- ordinary shares of US\$0.15 each at a premium of US\$0.22 per share pursuant to the exercise of share option	1,142,000	171
- ordinary shares of US\$0.15 each at a premium of US\$0.0984 per share pursuant to the exercise of share option	2,042,340	306
Balance as at 30 June 2006		
- ordinary shares of US\$0.15 each	1,491,587,287	223,738

Share options

(a) Options granted/exercised

During the financial period, 5,009,516 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 30 June 2006, there were unexercised options for 9,562,660, 15,255,665 and 17,027,083 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 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.



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 Apr 2006 to 30 Jun 2006	1 Apr 2005 to 30 Jun 2005	1 Jan 2006 to 30 Jun 2006	1 Jan 2005 to 30 Jun 2005
Basic earning per share (cents)	<u>1.04</u>	0.50	<u>2.44</u>	<u>0.89</u>
Diluted earning per share (cents)	<u>1.03</u>	0.49	<u>2.40</u>	<u>0.87</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 30 Jun 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>38.68</u>	<u>36.14</u>
- Company	<u>37.16</u>	<u>35.86</u>



8 Review of the performance of the group.

In June 2006, the Company completed the acquisition of NS Electronics Bangkok (1993) Ltd (“NSEB”). Total investment and goodwill resulted from this acquisition amounted to \$168.7 million and \$72.0 million respectively. The 2Q06 performance for the Group includes the performance of newly acquired subsidiary NSEB for the month of June 2006.

Revenue increased by 55.7% to \$120.5 million in 2Q06 from \$77.4 million in 2Q05 due to higher sales from assembly and test services as a result of loading increase from customers as well as the acquisition of NSEB. In 2Q06, revenue from test service amounted to \$70.2 million or 58.2% of total revenue, revenue from assembly and module services in 2Q06 amounted to \$50.1 million or 41.6% while other revenue amounted to \$0.2 million or 0.2%.

2Q06 revenue from mixed-signal segment amounted to \$68.3 million or 56.7% of total revenues compared to 2Q05 revenue of \$29.9 million or 38.6% of total revenue; 2Q06 revenue from memory segment amounted to \$52.0 million or 43.1% of total revenue compared to \$46.6 million or 60.2% in 2Q05. Other revenue amounted to \$0.2 million or 0.2% of total revenue in 2Q06.

Depreciation expense in cost of sales increased by 25.5% to \$29.4 million in 2Q06 from \$23.5 million in 2Q05 due to the purchase of new machinery and equipment to cater for the increasing orders from our customers as well as the acquisition of NSEB. Other components of the cost of sales such as overheads, raw materials and labour costs increased in line with the revenue increase in 2Q06.

Operating expenses in 2Q06 increased by 34.7% to \$14.7 million as compared to \$10.9 million in 2Q05 due to increase in sales activities and the acquisition of NSEB.

Selling, General and Administration expenses in 2Q06 increased by 10.1% to \$7.0 million compared to \$6.4 million in 2Q05 due to increase in sales activities and acquisition of NSEB. Research and Development expenses remained at the same level as 2Q05 with \$3.3 million in 2Q06.

The finance cost in 2Q06 increased by 301.7% to \$3.1 million compared to \$0.8 million in 2Q05 due to increase in bank loans.

Other gains in 2Q06 increased by 5.8% to \$2.5 million in 2Q06 as compared to \$2.4 million in 2Q05.

Net profit after minority interest for 2Q06 increased by 113.8% to \$15.5 million from \$7.3 million in 2Q05 due to the increase in sales activities and the acquisition of NSEB.

Revenue increased by 16.8% to \$120.5 million in 2Q06 from \$103.2 million in 1Q06 due primarily to acquisition of NSEB.

Capital expenditure for equipment committed in 2Q06 was \$61.2 million principally for new capabilities and production equipment. As at 30 June 2006, the group had 1,010 wire bonders and 747 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 sequential revenue growth from 1Q06 to 2Q06 of 16.8%, higher than the guidance of 3-8%. This is principally due to the incorporation of one month contribution from NSEB during the quarter.

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.

2Q06 was a challenging quarter as well as a period of major expansion for the Group. Our newly acquired facility in Ang Mo Kio, Singapore, has already begun production and is helping the Group to win new customers and increase sales. In addition, we announced and completed the acquisition of NSEB within the quarter, which began contributing to the group in June. The acquisition has helped the Group extend its range of assembly services, widen its customer base, diversify its industry exposure and ultimately create a more resilient business structure for the Group.

At the same time, the Group also faced slower sales due to the slower-than-expected relocation of a customer's DRAM manufacturing facilities from Korea to China and one-off expenses related to the movement of equipment from our Serangoon North facility to our new Ang Mo Kio plant in Singapore. As a validation of our customer and sector diversification strategy, the weakness in the DRAM business was offset by strength in our communications, flash memory, and newly-acquired analog sectors.

For 3Q06, we expect to see a rebound in our DRAM business as we enter a seasonally strong quarter for DRAM, combined with the continuing transition to the DDR II standard, the conclusion of the relocation of a customer's fab, and a shift of product mix back into our favour with a major customer. For the flash memory segment, we are more cautious due to rumoured delays of the launch of the next generation of flash-based iPods.

For the mixed-signal communications market sector, the outlook has turned somewhat mixed but we remain cautiously optimistic. Certain areas such as 3G, Bluetooth, 802.11n and digital TV appear to remain bright. We expect to ramp-up production for some new customers and some new programs for existing customers during the quarter. This should offset softness in some areas such as broadband. Our new analog market segment should see a fairly good quarter, contributing to the resilience of our overall business.

Overall, we expect 3Q06 revenue to be 30% to 35% higher than that of 2Q06, as we incorporate the first full quarter of contribution from NSEB to our original growth estimates for our organic business.

We are also seeing strategic opportunities to win meaningful loading with some prospective customers, which will further our on-going diversification efforts. This will require significant additional capex as it relates to starting these engagements with test services. Including NSEB's capex, we are revising the enlarged Group's capex budget for FY06 up from \$200 million to \$350 million.



UNITED TEST AND ASSEMBLY CENTER LTD

Taking into account NSEB's expected contribution and new business wins, we are revising our FY06 revenue growth target up from 40% to 70%.

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
25 July 2006**