



UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED 30 SEPTEMBER 2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) Income statements for three months ended 30 September 2004

	Notes	Group		Change %
		1 Jul 2004 to 30 Sep 2004 US\$'000	1 Jul 2003 to 30 Sep 2003 US\$'000	
Sales		42,823	30,369	41.0%
Cost of sales		(33,911)	(25,692)	-32.0%
Gross profit		<u>8,912</u>	<u>4,677</u>	90.5%
Other operating income		200	386	-48.2%
Operating expenses				
Selling, general and administrative expenses		(2,217)	(1,223)	-81.3%
Research and development costs		(2,697)	(2,297)	-17.4%
Other operating expenses		(63)	(304)	79.3%
Operating profit		<u>4,135</u>	<u>1,239</u>	233.7%
Finance income		129	26	396.2%
Finance cost		(350)	(775)	54.8%
Other non-operating income		29	-	NM
Profit before tax		<u>3,943</u>	<u>490</u>	704.7%
Taxation		(33)	(17)	-94.1%
Net profit	A	<u>3,910</u>	<u>473</u>	726.6%

	1 Jul 2004 to 30 Sep 2004 US\$'000	1 Jul 2003 to 30 Sep 2003 US\$'000	Change %
A. Net profit is arrived at after crediting/(charging)			
- Government grant income	54	-	NM
- Investment income	7	25	-72.0%
- Interest income	122	1	NM
- Interest expense	(329)	(691)	52.4%
- Depreciation on fixed assets	(13,572)	(11,606)	-16.9%
- Amortisation of interest rate option premium	(21)	(84)	75.0%
- Allowance for doubtful non-trade receivable	-	(270)	100.0%
- Allowance for doubtful trade receivable written back	95	524	-81.9%
- Allowance for inventory obsolescence	(179)	-	NM
- Allowance for inventory obsolescence written back	-	60	-100.0%
- Inventory obsolescence written off	-	170	-100.0%
- Net foreign exchange gain / (loss)	134	(67)	300.0%
- Gain on disposal of fixed assets	-	386	NM

NM - Not meaningful



1(a)(ii) Income statements for three months ended 30 September 2004

	Notes	Group		Change %
		1 Jul 2004 to 30 Sep 2004 US\$'000	1 Apr 2004 to 30 Jun 2004 US\$'000	
Sales		42,823	38,887	10.1%
Cost of sales		(33,911)	(31,296)	-8.4%
Gross profit		<u>8,912</u>	<u>7,591</u>	17.4%
Other operating income		200	280	-28.6%
Operating expenses				
Selling, general and administrative expenses		(2,217)	(2,048)	-8.3%
Research and development costs		(2,697)	(2,268)	-18.9%
Other operating expenses		(63)	(401)	84.3%
Operating profit		<u>4,135</u>	<u>3,154</u>	31.1%
Finance income		129	280	-53.9%
Finance cost		(350)	(500)	30.0%
Other non-operating income		29	229	-87.3%
Profit before tax		<u>3,943</u>	<u>3,163</u>	24.7%
Taxation		(33)	(50)	34.0%
Net profit	A	<u>3,910</u>	<u>3,113</u>	25.6%

	1 Jul 2004 to 30 Sep 2004 US\$'000	1 Apr 2004 to 30 Jun 2004 US\$'000	Change %
A. Net profit is arrived at after crediting/(charging)			
- Government grant income	54	259	-79.2%
- Investment income	7	5	40.0%
- Interest income	122	276	-55.8%
- Interest expense	(329)	(444)	25.9%
- Depreciation on fixed assets	(13,572)	(12,498)	-8.6%
- Amortisation of interest rate option premium	(21)	(56)	62.5%
- Allowance for doubtful trade receivable	-	(56)	100.0%
- Allowance for doubtful trade receivable written back	95	-	NM
- Allowance for inventory obsolescence	(179)	(50)	-258.0%
- Net foreign exchange gain/(loss)	134	(311)	143.1%
- Loss on disposal of fixed assets	-	(7)	NM

NM - Not meaningful



UNITED TEST AND ASSEMBLY CENTER LTD

1(b)(i) Balance Sheet

	Group		Company	
	As at 30 Sep 2004 US\$'000	As at 31 Dec 2003 US\$'000	As at 30 Sep 2004 US\$'000	As at 31 Dec 2003 US\$'000
<b>Current Assets</b>				
Cash and cash equivalents	38,207	12,485	34,983	8,797
Receivables	32,973	30,033	33,529	30,551
Inventories	3,379	2,996	3,458	2,996
Other current assets	4,092	4,447	3,910	4,368
	<u>78,651</u>	<u>49,961</u>	<u>75,880</u>	<u>46,712</u>
<b>Non-Current Assets</b>				
Investment in subsidiaries	-	-	15,001	4,512
Fixed assets	245,981	159,932	235,353	158,943
	<u>245,981</u>	<u>159,932</u>	<u>250,354</u>	<u>163,455</u>
<b>Total Assets</b>	<u>324,632</u>	<u>209,893</u>	<u>326,234</u>	<u>210,167</u>
<b>Current Liabilities</b>				
Trade and other payables	42,507	30,370	42,311	30,212
Current tax	150	211	150	212
Borrowings	5,631	12,559	5,631	12,559
	<u>48,288</u>	<u>43,140</u>	<u>48,092</u>	<u>42,983</u>
<b>Non-Current Liabilities</b>				
Borrowings	23,738	45,093	23,738	45,093
Deferred Income	716	606	716	606
	<u>24,454</u>	<u>45,699</u>	<u>24,454</u>	<u>45,699</u>
<b>Total Liabilities</b>	<u>72,742</u>	<u>88,839</u>	<u>72,546</u>	<u>88,682</u>
<b>Net Assets</b>	<u>251,890</u>	<u>121,054</u>	<u>253,688</u>	<u>121,485</u>
<b>Share Capital and Reserves</b>				
Share capital	126,369	87,100	126,369	87,100
Share premium	175,329	93,183	175,329	93,183
Accumulated losses	(49,812)	(59,230)	(48,010)	(58,798)
Foreign currency translation reserve	4	1	-	-
	<u>251,890</u>	<u>121,054</u>	<u>253,688</u>	<u>121,485</u>



**1(b)(ii) Group's borrowing**

	Group	
	As at 30 Sep 2004 US\$'000	As at 31 Dec 2003 US\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Unsecured	-	5,750
Secured	5,631	6,809
	<u>5,631</u>	<u>12,559</u>
<u>Amount repayable after one year</u>		
Unsecured	21,000	42,000
Secured	2,738	3,093
	<u>23,738</u>	<u>45,093</u>

**Details of any collateral**

The borrowings are secured on fixed assets acquired under finance lease contracts with a net book value of US\$24,629,000 (31 December 2003: US\$22,646,000)



UNITED TEST AND ASSEMBLY CENTER LTD

1(c) Cash flow statement for three months ended 30 September 2004

	Group	
	1 Jul 2004 to 30 Sep 2004 US\$'000	1 Jul 2003 to 30 Sep 2003 US\$'000
Cash flows from operating activities		
Profit before tax	3,943	490
Adjustments for:		
Depreciation of fixed assets	13,572	11,606
Amortisation of deferred government grant income	(54)	-
Investment income	(7)	(25)
Interest income	(122)	(1)
Interest expense	329	691
Gain on disposal of fixed assets	-	(386)
Amortisation of interest rate option premium	21	84
Foreign currency exchange (gain)/loss	(134)	67
Operating cash flow before working capital change	17,548	12,526
Change in operating assets and liabilities		
Receivables	1,405	(606)
Inventories	(485)	(149)
Other current assets	(1,508)	117
Trade and other payables	498	(462)
Currency translation difference	(1)	-
Cash generated from operations	17,457	11,426
Income tax paid	-	(12)
Net cash inflow from operating activities	17,457	11,414
Cash flows from investing activities		
Investment income received	7	25
Interest received	133	1
Payment for fixed assets	(71,372)	(2,876)
Proceeds from disposal of fixed assets	-	986
Repayment of finance lease liabilities	(2,826)	(2,052)
Net cash outflow from investing activities	(74,058)	(3,916)
Cash flows from financing activities		
Interest paid	(324)	(766)
Proceeds from issuance of shares	101	5,684
Repayment of borrowings	6,000	3,250
Net cash inflow from financing activities	5,777	8,168
Net (decrease)/increase in cash and cash equivalents held	(50,824)	15,666
Effect of exchange rate changes on cash and cash equivalents	161	-
Cash and cash equivalents at the beginning of the financial period	88,870	5,750
Cash and cash equivalents at the end of the financial period	38,207	21,416



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

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

	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000	<u>Accumulated</u> <u>losses</u> US\$'000	<u>Total</u> US\$'000
<b>Balance at 1 July 2004</b>	126,273	175,324	5	(53,722)	247,880
Net profit for the financial period	-	-	-	3,910	3,910
Issue of share capital	96	24	-	-	120
Expenses for issue of new shares written back	-	(19)	-	-	(19)
Currency translation difference	-	-	(1)	-	(1)
<b>Balance at 30 September 2004</b>	<u>126,369</u>	<u>175,329</u>	<u>4</u>	<u>(49,812)</u>	<u>251,890</u>

**(a) Consolidated statement of changes in equity for the quarter ended 30 September 2003**

	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000	<u>Accumulated</u> <u>losses</u> US\$'000	<u>Total</u> US\$'000
<b>Balance at 1 July 2003</b>	81,494	91,279	-	(62,034)	110,739
Net profit for the financial period	-	-	-	473	473
<b>Balance at 30 September 2003</b>	<u>81,494</u>	<u>91,279</u>	<u>-</u>	<u>(61,561)</u>	<u>111,212</u>

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

	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000	<u>Accumulated</u> <u>losses</u> US\$'000	<u>Total</u> US\$'000
<b>Balance at 1 July 2004</b>	126,273	175,324	-	(51,984)	249,613
Net profit for the financial period	-	-	-	3,974	3,974
Issue of share capital	96	24	-	-	120
Expenses for issue of new shares written back	-	(19)	-	-	(19)
<b>Balance at 30 September 2004</b>	<u>126,369</u>	<u>175,329</u>	<u>-</u>	<u>(48,010)</u>	<u>253,688</u>

**(b) Statement of changes in equity for the quarter ended 30 September 2003 - Company**

	<u>Share Capital</u> US\$'000	<u>Share Premium</u> US\$'000	<u>Foreign currency</u> <u>translation</u> <u>reserve</u> US\$'000	<u>Accumulated</u> <u>losses</u> US\$'000	<u>Total</u> US\$'000
<b>Balance at 1 July 2003</b>	81,494	91,279	-	(62,006)	110,767
Net profit for the financial period	-	-	-	595	595
<b>Balance at 30 September 2003</b>	<u>81,494</u>	<u>91,279</u>	<u>-</u>	<u>(61,411)</u>	<u>111,362</u>



- 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 July 2004 - ordinary shares of US\$0.15 each	841,818,018	126,273
- ordinary shares of US\$0.15 each at a premium of US\$0.0375 per share pursuant to the exercise of share option	640,272	96
Balance at the end of the financial period - ordinary shares of US\$0.15 each	842,458,290	126,369

### Share options

#### (a) Options granted/exercised

During the financial period, 21,132,000 options at exercise price of S\$0.59 were granted under the Employee Share Option Scheme to 242 employees of the Group and 640,272 shares of the Company of par value of US\$0.15 were allotted and issued by virtue of the exercise of options.

#### (b) Options outstanding

As at 30 September 2004, there were unexercised options for 11,637,052, 21,132,000 and 36,718,640 of unissued ordinary shares of US\$0.15 each at exercise price of US\$0.60, S\$0.59 and US\$0.1875 respectively. As at 30 September 2003, there were unexercised options for 13,723,330 and 26,339,987 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.

**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.**

	<b>1 Jul 2004 to 30 Sep 2004</b>	<b>1 Jul 2003 to 30 Sep 2003</b>
Basic earning per share (cents)	<u>0.46</u>	<u>0.09</u>
Diluted earning per share (cents)	<u>0.45</u>	<u>0.09</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.**

	<b>As at 30 Sep 2004</b>	<b>As at 31 Dec 2003</b>
Net asset value per ordinary share based on issued share capital as at the end of the reporting period (cents)		
- Group	<u>29.90</u>	<u>20.86</u>
- Company	<u>30.11</u>	<u>20.92</u>



**8 Review of the performance of the group.**

Revenue for the quarter totaled \$42.8 million, up 41.0% from 3Q03 and up 10.1% from 2Q04. As a percentage of revenue, testing revenue amounted for 61.3% while assembly revenue amounted for 38.7% during the quarter. In the 2Q04, revenue contribution from testing and assembly was 59.5% and 40.5% respectively.

Revenue from mixed-signal segment amounted to \$24.7 million or 57.8% of total revenues while revenue from memory segment amounted to \$18.1 million or 42.2% of total revenue for 3Q04. This compared to revenue from mixed-signal segment of \$23.6 million or 60.8% of total revenue and \$15.3 million or 39.2% in 2Q04.

Gross profits of \$8.9 million or 20.8% of revenue, were achieved in 3Q04 compared to gross profit of \$4.7 million or 15.4% in 3Q03 due principally to higher revenue resulting in cost savings from economies of scale and higher utilization.

Depreciation expense was \$12.6 million in 3Q04 compared to \$10.4 million in 3Q03 and \$11.6 million in 2Q04, resulting from purchase of new equipment to cater for revenue growth. Other components of the cost of sales such as overheads, raw materials and labor also increased in line with the increase in revenue in 3Q04 as compared to 3Q03 and 2Q04.

Other operating income of \$0.2 million in 3Q04 related mainly to the foreign exchange gain of over \$0.1 million. There was other operating income of \$0.4 million in the previous comparable 3Q03 due to gain on disposal of fixed assets. In 2Q04, there was other operating income of \$0.3 million from the Research Incentive Scheme for Companies (RISC) grant awarded by the Economic Development board (EDB) for certain research and development projects ("R&D").

Operating expenses for 3Q04 was \$5.0 million compared to \$3.8 million in 3Q03. Selling general and administrative ("SG&A") expenses for 3Q04 were \$2.2 million or 5.2% of revenue compared to \$1.2 million or 4.0% of revenue in 3Q03. In the previous comparable quarter of 3Q03, SG&A expenses included \$0.5 million write back of provision for doubtful debts; without this write back, SG&A expenses would be \$1.7 million or 5.8% of revenue. SG&A expenses in 3Q04 were 8.3% higher compared to 2Q04 of \$2.0 million or 5.3% of revenue.

R&D expenses for 3Q04 was \$2.7 million or 6.3% of revenue versus \$2.3 million or 7.6% of revenue in 3Q03 due to increase in depreciation and engineering expenses relating to new engineering projects. R&D expenses for 3Q04 was also higher than 2Q04 due to the same reason.

Net profit for 3Q04 was \$3.9 million, an improvement of \$3.4 million compared to 3Q03 net income of \$0.5 million. Sequentially, the quarter recorded a 25.6% increase over 2Q04 net profit of \$3.1 million.

Capital expenditures for equipment delivered in 3Q04 were \$34.5 million principally for new capabilities and production equipment. As at 30 September 2004 the company had 249 wirebonders and 151 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's performance in 3Q04 is in line with the previous guidance provided in the announcement on 29 Jul 2004.

**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.**

We are seeing continuing strength in the memory segment for the fourth quarter. We will see some small DDR2 production volumes in 4Q04 and this will accelerate in 2005. For the mixed-signal segment, we expect that the continuing inventory correction in GSM handset and DVD product areas to be offset by increasing contributions from our new business wins. Overall, we expect revenues in 4Q04 to be 5-10% sequentially higher than 3Q04

The Company expects to complete its proposed acquisition of UltraTera Corporation ("UTC") of Taiwan by February 2005. UTAC received in-principle approval on 21 October 2004 from Singapore Exchange Securities Trading Ltd for the listing and quotation of new ordinary shares to be allotted and issued in satisfaction of the consideration for the proposed acquisition of UTC. The proposed acquisition has been approved by UTC shareholders at a general meeting held on 28 October 2004. UTAC expects to hold an EGM by end-November 2004 for its shareholders to vote on the deal.

*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**  
**28 October 2004**