



Press Release

(all figures in US\$ unless otherwise stated)

UTAC Net Profit Jumps Eight-Fold to US\$3.91 Million in 3Q04 versus 3Q03, Boosted by Higher Margins

- 3Q04 revenues was \$42.82 million, a growth of 41.0% over 3Q03
- Net profit margin strengthened to 9.1% in 3Q04 vs 8.0% in 2Q04 and vs 1.6% in 3Q03; EPS at 0.46 cent in 3Q04 vs 0.37 cent in 2Q04 and vs 0.09 cents in 3Q03
- Strength in both the Memory and Mixed-signal & logic segments expected to drive 4Q04 revenue up by 5-10% sequentially from 3Q04

US\$ (million)	3Q04	3Q03	Change %	2Q04	Change %
Revenue	42.82	30.37	41.0	38.89	10.1
Gross Profit	8.91	4.68	90.5	7.59	17.4
Net Profit	3.91	0.47	726.6	3.11	25.6
EBITDA Margin	41.3	42.3	(2.4)	40.2	2.7
Earnings per share (EPS)	0.46 cent	0.09 cent	411.1	0.37 cent	24.3

US\$ (million)	YTD 30 Sep 04	YTD 30 Sep 03	Change %
Revenue	117.88	80.32	46.8
Gross Profit	23.28	5.23	344.9
Net Profit	9.42	(9.92)	194.9
EBITDA Margin	40.6	34.9	16.3
Earnings per share (EPS)	1.16 cent	(1.82) cent	163.7



SINGAPORE, 28 October 2004 – United Test and Assembly Center Ltd (“UTAC” – SGX: UTAC), a leading semiconductor test and assembly service provider, announced today its net profit for the three months ended 30 September 2004 (“3Q04”) rose to \$3.91 million, up 726.6% from 3Q03 and 25.6% higher compared to 2Q04 on a sequential basis.

Net profit margin in 3Q04 rose to 9.1% compared to 1.6% in 3Q03 and 8.0% in 2Q04. Gross margin in 3Q04 was 20.8% compared to 15.4% in 3Q03 and 19.5% in 2Q04.

For the nine months ending 30 September 2004 (“YTD04”), it recorded a net profit of \$9.42 million, reversing from losses of \$9.92million for the corresponding period in FY03.

Total revenue in 3Q04 was \$42.82 million, an increase of 10.1% from \$38.89 million in 2Q04, strengthened by orders from both the memory and mixed-signal & logic businesses. Total sales achieved in YTD04 was \$117.88 million compared to \$80.32 million in corresponding period in FY03, and exceeding the total revenue achieved in FY2003 by 2.2%.

Test services contributed 61.3% of total 3Q04 revenue while revenue from assembly business accounted for 38.7%. Within test services, wafer sort services account for 26.2% of test revenues, up from 13.2% in 3Q03. UTAC has been focusing on developing a strong base of wafer sort services and is an industry leader in the 300mm category.

The increase in overall revenue was attributed to the rebound in the memory segment and increasing contribution from new customers in the mixed-signal & logic segment. UTAC’s mixed-signal and memory revenues each accounted for 57.8% and 42.2% of total revenues in 3Q04, respectively.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin was 41.3% in 3Q04 compared to 42.3% in 3Q03 and 40.2% in 2Q04. This is due to variations in revenue mix. Depreciation charges increased from 2Q04 due to charges for new equipment purchased for business expansion. As at 30 September 2004, UTAC had 249 wirebonders and 151 testers, up from 220 wirebonders and 120 testers on 30 June 2004. Of the 151 testers, 120 were mixed-signal and logic testers with the remaining 31 being memory testers. Capital expenditure for equipment delivered in 3Q04 totalled \$34.5 million.

Basic earnings per share registered was 0.46 cent in 3Q04. Including earnings of 0.70 cent in 1H04, YTD04 earnings per share stands at 1.16 cent compared to loss per share of 1.82 cents for the corresponding period in FY03. Net asset value per share increased to 29.9 cents at the end of 3Q04 from 20.86 cents as at the end of December 2003.



Mr Lee Joon Chung, President and CEO of UTAC, said: "Our strategy of having a twin growth engines based on the memory and mixed-signal segments is proving its value. The strength in the memory segment in 3Q04 boosted UTAC's financial performance despite the industry inventory correction seen in the mixed-signal segment. Our focus in test has also continued to strengthen our net profit margin and overall bottom line."

"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."

"We are also proud to announce that UTAC Shanghai recorded its first profitable quarter in 3Q04 even though operation in Shanghai only started in December 2003. In August, UTAC Shanghai moved into a larger 20,000 square feet facility two blocks away from our old facility which was co-located with Amkor China," he said.

Mr Lee said UTAC expected to complete its proposed acquisition of UltraTera Corporation ("UTC") of Taiwan by February 2005. The company 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 earlier today in Taiwan. UTAC expects to hold an EGM by end-November 2004 for its shareholders to vote on the deal.

"This acquisition of UTC is important to our strategy to have a physical presence in three strategic locations of Singapore, China and Taiwan and to provide a launch pad for our mixed-signal business in Taiwan. Upon completion, the enlarged entity will be amongst the world's top five players in both the independent IC test and independent memory service provision," he added.

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About United Test and Assembly Center Ltd (UTAC)

Established in 1997 and listed on the Main Board of the Singapore Exchange on 9 February 2004, UTAC is a leading independent provider of semiconductor assembly and testing services to its customers, which comprise Integrated Device Manufacturers ("IDMs"), fabless companies and wafer foundries. UTAC provides wafer probing and final testing services on a diverse selection of test platforms for a range of semiconductors including memory, logic, mixed-signal and radio-frequency ICs. Besides testing services, UTAC also provides assembly services for a broad range of leadframe and array packages.

Headquartered in Singapore where it houses its manufacturing, test engineering and package design facilities, UTAC has also established a global network of sales offices in the United States, Italy and Japan and has appointed a sales agent in Israel. It has also incorporated a wholly-owned subsidiary in the PRC to provide wafer probing and testing services. For more information, visit www.utac.com.sg.

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