



Media Release

(all figures in US\$ unless otherwise stated)

UTAC 3Q05 Net Profit Triples to Record US\$10.5 Million

- Record quarterly performance marks 9th consecutive quarter of revenue growth and profit
- Revenue nearly doubled year-on-year to \$84.4 million and forecast to grow by another 10-15% sequentially
- Net margin of 12.5% (up from 9.4% in 2Q05)
- 3Q05 EPS rose to 0.72 cent from 0.42 cent y-o-y

US\$ (million)	3Q05	3Q04	Change %	2Q05	Change %
Revenue	84.4	42.8	97.2	77.4	9.1
Gross Profit	22.3	8.8	153.6	15.7	41.9
Net Profit	10.5	3.5	196.8	7.3	45.0
EBITDA Margin (%)	44.5	40.6	9.6	43.1	3.2
Earnings per share (cent)	0.72	0.42	71.4	0.50	44.0

US\$ (million)	YTD 30 Sep 05	YTD 30 Sep 04	Change %
Revenue	225.0	117.9	90.9
Gross Profit	48.3	22.9	110.9
Net Profit	21.7	8.3	160.4
EBITDA Margin (%)	41.9	39.9	5.0
Earnings per share (cent)	1.64	1.04	57.7



SINGAPORE, 26 October 2005 – United Test and Assembly Center Ltd (“UTAC” or the “Group” – SGX: UTAC) announced today that its net profit rose nearly three-fold to a record \$10.5 million for the July-September third quarter ended 30 September 2005 (“3Q05”) from \$3.5 million a year earlier, propelled by strong demand of its core memory and mixed-signal business segments, and increased contribution from higher-margin test services.

Net profit grew 45.0% on a sequential basis from \$7.3 million. The performance in 3Q05 marks the ninth consecutive quarter of revenue growth and profitability and sixth consecutive quarter of profit growth. Both in terms of net profit and revenue, this represents the best performance of any quarter by UTAC.

The leading global semiconductor test and assembly service provider said revenue, which nearly doubled to \$84.4 million in 3Q05 from 3Q04 and 9.1% higher on a sequential basis from 2Q05, is forecast to rise a further 10-15% in 4Q05. This would bring the revenue for the full financial year ending 31 December 2005 (“FY05”) to between \$317.7 million and \$322.0 million.

Net margin crossed the double-digit threshold to 12.5% from 8.3% in 3Q04 and 9.4% in 2Q05. Gross margin was 26.4% compared to 20.5% in 3Q04 and 20.3% in 2Q05.

For the nine months ended 30 September 2005 (“YTD05”), UTAC recorded a net profit of \$21.7 million, up 160.4 % from \$8.3 million for the corresponding period in FY04. Total sales achieved in YTD05 was \$225.0 million compared to \$117.9 million for YTD04, and exceeding the total full year revenue of \$169.6 million achieved in FY04 by 32.7%.

Memory and mixed-signal and logic products (“MSLP”) accounted for 65.3% and 34.7%, respectively, of 3Q05 revenue. Test services contributed 64.2% of 3Q05 revenue while revenue from assembly business accounted for 35.6% with the remaining 0.2% from other activities. Wafer sort, a subset of test services, accounted for 8.4% of total revenue.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin was 44.5% in 3Q05 compared to 40.6% in 3Q04 and 43.1% in 2Q05. This is due to the increase in test utilisation and test revenue mix.

Capital expenditure (“capex”) committed in 3Q05 was \$50.1 million, principally for new capabilities and production equipment. Total capex committed in YTD05 was \$111.8 million. As at 30 September 2005, UTAC Group operated 288 wirebonders and 312 testers, of which 137 were mixed-signal and logic testers with the remaining 175 being memory testers.



Basic earnings per share (“EPS”) rose to 0.72 cent in 3Q05 compared to 0.42 cent in 3Q04, while net asset value per share increased to 34.72 cents at the end of 3Q05 from 29.90 cents as at end of 3Q04 and 33.94 cents at the end of 2Q05.

The Group’s balance sheet remains strong, and in net cash position with cash equivalents (cash plus liquid financial assets) of \$88.2 million against total borrowings of \$74.2 million as at 30 September 2005. Net assets stood at \$508.0 million.

Highlights for the Quarter

- Proposed to cancel 2.44% of UTAC’s issued share capital
- Formed joint venture agreement with KOSDAQ-listed Nepes Corp of Korea to establish the first 12-inch wafer bumping facility in Singapore
- Started turnkey production for KOSDAQ-listed Telechips, a Korean fabless MP3 chip maker

Review and Outlook

Mr Lee Joon Chung, Group President and CEO of UTAC, said, “During the quarter, we saw strength in both our growth engines with continuing strong demand for memory testing and improving demand for mixed-signal and logic testing. Additionally, we achieved a more favourable mix with a larger proportion of the growth coming from test services which boosted our margins through its higher operating leverage.”

“We are seeing continuing strength in the DRAM segment for the fourth quarter. DDR II revenue as a percentage of total DRAM revenue increased to 28% in 3Q05.”

“The Flash memory segment was particularly robust for UTAC with sequential revenue growth of 41% in 3Q05 as the vigour of the overall NAND Flash demand, boosted by the introduction of Apple’s iPod nano, led to increased demand for Flash test and assembly services. This strength is expected to continue into 4Q05, and likely into 1H06 as well.”

“For the mixed-signal segment, we saw the end of the inventory correction in both the communications and MP3 segments. Demand for handset-related products, particularly Bluetooth chips, was very strong due to rising penetration. MP3 chip demand also rebounded as the quarter progressed.”

“Overall, we expect revenue in 4Q05 to be 10-15% sequentially higher than 3Q05. This will bring UTAC’s FY05 revenue to between \$317.7 million and \$322.0 million. For 4Q05, we expect our net profit to continue growing sequentially into a seventh consecutive quarter.”



Cancellation of Shares and Share Buyback Mandate

At the EGM held today, the Group proposed to cancel all of the 36,533,333 ordinary shares of US\$0.15 each in the capital of the Company, held by its wholly-owned subsidiary, UTAC (Taiwan) Corporation, representing approximately 2.44% of the Group's issued ordinary share capital through a selective capital reduction exercise. This exercise has an anti-dilutive effect on the Group's EPS and return on equity and has no effect on the number of shares held by UTAC's shareholders or on the par value of the ordinary shares.

Mr Lee said, "The share cancellation exercise is consistent with our objectives of managing our capital more efficiently and of enhancing our shareholder returns."

The proposal for a share buyback mandate for purchase of its issued shares was also passed.

Conference Call Today

UTAC will be discussing its 3Q05 results and 4Q05 outlook on a conference call today, October 26 at 5.45 pm Singapore time. There will be a recorded audio podcast and webcast of the conference call made available to all interested parties on UTAC's website at www.utacgroup.com, under the Investor Relations section, after the event. Presentation materials for the event will be available on the same website.

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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, UTAC is a leading independent global 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 established a global network of sales offices in the United States, Europe, Japan, Korea and China. It also has wholly-owned subsidiaries in China and Taiwan to provide wafer probing and testing services. For more information, visit www.utacgroup.com



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