



STATS ChipPAC Ltd.

Reg No.: 199407932D

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT

Financial Statements for the Three Months Ended 31 March 2013.

These figures have not been audited.

STATS ChipPAC Ltd. (“STATS ChipPAC” or the “Company” and together with its subsidiaries, the “Group”) is an independent provider of a full range of semiconductor packaging design, bump, probe, assembly, test and distribution solutions. The Group is headquartered in Singapore and has manufacturing facilities in South Korea, Singapore, China, Malaysia and Taiwan (which includes the facilities of STATS ChipPAC’s 52%-owned Taiwan subsidiary, STATS ChipPAC Taiwan Semiconductor Corporation). STATS ChipPAC markets its services through its direct sales force in the United States, South Korea, Japan, China, Singapore, Malaysia, Taiwan and Switzerland.

The financial statements included in this announcement have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

The results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for any other period. Our 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. Our fiscal quarters end on a Sunday and our 13-week first quarter of 2013 ended on 31 March 2013, while our 13-week first quarter of 2012 and 14-week fourth quarter of 2012 ended on 25 March 2012 and 30 December 2012, respectively.

All amounts are expressed in United States dollars unless otherwise indicated.

Certain of the statements in this report are forward-looking statements, including our outlook for the three months ending 30 June 2013, that are based on management’s current views and assumptions and involve a number of risks and uncertainties which could cause actual results to differ materially. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “intend,” “target,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue” or the negative of these terms or other comparable terminology. Factors that could cause actual results figures to differ include, but are not limited to, the amount of recovery from the business interruption insurance claim due to flooding of the Thailand plant; shortages in supply of key components and disruption in supply chain, general business and economic conditions and the state of the semiconductor industry; prevailing market conditions; demand for end-use applications products such as communications equipment, consumer and multi-applications and personal computers; decisions by customers to discontinue outsourcing of test and packaging services; level of competition; our reliance on a small group of principal customers; our continued success in technological innovations; pricing pressures, including declines in average selling prices; intellectual property rights disputes and litigation; our ability to control operating expenses; our substantial level of indebtedness and access to credit markets; potential impairment charges; availability of financing; changes in our product mix; our capacity utilisation; delays in acquiring or installing new equipment; limitations imposed by our financing arrangements which may limit our ability to maintain and grow our business; returns from research and development investments; changes in customer order patterns; customer credit risks; disruption of our operations; loss of key management or other personnel; defects or malfunctions in our testing equipment or packages; rescheduling or cancelling of customer orders; adverse tax and other financial consequences if the taxing authorities do not agree with our interpretation of the applicable tax laws; classification of our Company as a passive foreign investment company; our ability to develop and protect our intellectual property; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; majority ownership by Temasek Holdings (Private) Limited (“Temasek”) that may result in conflicting interests with Temasek and our affiliates; unsuccessful acquisitions and investments in other companies and businesses; labour union problems in South Korea; uncertainties of conducting business in China and changes in laws, currency policy and political instability in other countries in Asia; natural calamities and disasters, including outbreaks of epidemics and communicable diseases; and the continued trading and listing of our ordinary shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”). You should not unduly rely on such statements. We do not intend, and do not assume any obligation, to update any forward-looking statements to reflect subsequent events or circumstances.

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated Income Statement	
	Three Months Ended	
	31 March 2013	25 March 2012
	US\$'000	US\$'000
Net revenues	406,361	390,185
Cost of revenues	(343,927)	(327,515)
Gross profit.....	62,434	62,670
Operating expenses:		
Selling, general and administrative.....	23,292	24,821
Research and development	12,375	11,741
Exchange offer expenses	1,572	—
Write-off of debt issuance costs.....	216	—
Total operating expenses	37,455	36,562
Operating income before exceptional items.....	24,979	26,108
Flood related plan charges	—	(4,596)
Operating income after exceptional items	24,979	21,512
Other income (expenses), net:		
Interest income	327	441
Interest expense	(15,258)	(14,710)
Foreign currency exchange gain (loss)	(316)	218
Share of loss of associate	—	(458)
Other non-operating income (expenses), net	(8)	48
Total other expenses, net	(15,255)	(14,461)
Income before income taxes	9,724	7,051
Income tax expense	(4,671)	(2,452)
Net income	5,053	4,599
Less: Net income attributable to the non-controlling interest	(1,524)	(1,815)
Net income attributable to STATS ChipPAC Ltd.	3,529	2,784

	Consolidated Statement of Comprehensive Income	
	Three Months Ended	
	31 March 2013	25 March 2012
	US\$'000	US\$'000
Net income	5,053	4,599
Other comprehensive income (loss):		
Cash flow hedges.....	(1,111)	10,132
Foreign currency translation adjustment.....	(3,020)	2,776
Comprehensive income (loss), net of tax.....	(4,131)	12,908
Total comprehensive income, net of tax	922	17,507
Comprehensive income, net of tax attributable to:		
STATS ChipPAC Ltd.	851	14,404
Non-controlling interest	71	3,103
	922	17,507

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Net income of the Group is arrived at after charging (crediting):

	Three Months Ended	
	31 March	25 March
	2013	2012
	US\$'000	US\$'000
Depreciation and amortisation, including amortisation of debt issuance cost.....	72,444	70,878
Allowance for doubtful debts.....	236	236
Bad debts written off.....	—	—
Write-off for stock obsolescence	611	230
Adjustment for overprovision of tax in respect of prior years.....	—	(108)
Write-back of liability on unrecognised tax benefits for uncertain tax positions in respect of prior years.....	—	(847)
Gain on sale of property, plant and equipment	(364)	(736)
Flood related plan charges	—	4,596

Flood related plan charges of \$4.6 million in the three months ended 25 March 2012 primarily related to depreciation on suspended production operations and labour and other expenses to support production shift from the Thailand plant to other manufacturing locations of the Group.

1(b)(i) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2013 US\$'000	30 December 2012 US\$'000	31 March 2013 US\$'000	30 December 2012 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	297,261	170,558	255,207	84,204
Financial assets, available-for-sale.....	44,709	39,601	—	—
Accounts receivable, net	236,723	258,043	85,751	89,092
Other receivables	15,233	20,726	1,503	806
Inventories	89,155	90,203	15,382	15,585
Prepaid expenses and other current assets.....	27,017	24,559	12,026	10,788
Short-term amounts due from subsidiaries.....	—	—	465,017	459,407
Total current assets	710,098	603,690	834,886	659,882
Non-current assets:				
Property, plant and equipment, net	1,262,115	1,242,950	435,385	422,607
Investment in subsidiaries.....	—	—	711,411	732,311
Intangible assets.....	35,985	36,361	25,266	24,816
Goodwill	381,487	381,487	—	—
Long-term restricted cash	445	489	—	—
Deferred tax assets	65	—	—	—
Prepaid expenses and other non-current assets	3,048	3,299	16	10
Total non-current assets	1,683,145	1,664,586	1,172,078	1,179,744
Total assets	2,393,243	2,268,276	2,006,964	1,839,626
LIABILITIES				
Current liabilities:				
Accounts and other payables.....	139,349	164,301	17,477	14,424
Payables related to property, plant and equipment purchases	32,918	42,746	19,635	18,675
Accrued operating expenses.....	79,686	113,476	29,869	55,381
Income taxes payable.....	13,149	13,155	—	—
Short-term borrowings.....	254,379	50,690	254,379	50,690
Short-term amounts due to related parties.....	29	28	29	28
Short-term amounts due to subsidiaries	—	—	184,662	176,970
Total current liabilities.....	519,510	384,396	506,051	316,168
Non-current liabilities:				
Long-term borrowings	778,466	792,609	778,466	792,609
Deferred tax liabilities	50,062	47,141	7,206	6,952
Other non-current liabilities	21,685	21,532	—	—
Total non-current liabilities.....	850,213	861,282	785,672	799,561
Total liabilities	1,369,723	1,245,678	1,291,723	1,115,729
EQUITY				
Share capital.....	873,666	873,666	872,766	872,766
Retained earnings.....	102,500	98,971	(147,774)	(139,192)
Other reserves	(4,506)	(1,828)	(9,751)	(9,677)
Equity attributable to equity holders of STATS				
ChipPAC Ltd.....	971,660	970,809	715,241	723,897
Non-controlling interest.....	51,860	51,789	—	—
Total equity	1,023,520	1,022,598	715,241	723,897
Total liabilities and equity	2,393,243	2,268,276	2,006,964	1,839,626

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	31 March 2013		30 December 2012	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
(a) Repayable within 1 year	—	254,379	—	50,690
(b) Repayable after 1 year	—	778,466	—	792,609
	—	1,032,845	—	843,299

As of 31 March 2013, the Group's total debt outstanding consisted of \$1,032.8 million of borrowings, which included \$241.6 million of the Company's 7.5% Senior Notes due 2015, \$200.0 million of the Company's 5.375% Senior Notes due 2016, \$611.2 million of the Company's 4.5% Senior Notes due 2018 and other short-term borrowings. The \$241.6 million of 7.5% Senior Notes due 2015 were redeemed on 19 April 2013.

(c) Details of the collaterals:

The long-term debts as at 31 March 2013 and 30 December 2012 were unsecured.

The Company's 7.5% Senior Notes due 2015, 5.375% Senior Notes due 2016 and 4.5% Senior Notes due 2018 are fully and unconditionally guaranteed, jointly and severally, on a senior basis, by certain subsidiaries of the Company.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three Months Ended	
	31 March 2013	25 March 2012
	US\$'000	US\$'000
Cash Flows From Operating Activities		
Net income.....	5,053	4,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Income tax expense	4,671	2,452
Depreciation and amortisation	71,526	70,114
Gain on sale of property, plant and equipment	(364)	(736)
Exchange offer expenses	1,572	—
Write-off of debt issuance costs.....	216	—
Foreign currency exchange (gain) loss	(676)	316
Share of loss of associate.....	—	458
Interest income	(327)	(441)
Interest expense	15,258	14,710
Others	(28)	36
Changes in working capital:		
Accounts receivable.....	21,320	(6,284)
Inventories	1,048	(3,968)
Other receivables, prepaid expenses and other assets	4,077	(13,044)
Accounts payable, accrued operating expenses and other payables.....	(43,712)	(7,534)
Amounts due to related parties	1	7
Income tax paid.....	(1,114)	(122)
Net cash provided by operating activities	<u>78,521</u>	<u>60,563</u>
Cash Flows From Investing Activities		
Proceeds from maturity of financial assets, available-for-sale	16,966	16,813
Purchases of financial assets, available-for-sale	(23,244)	(18,494)
Acquisition of intangible assets	(1,114)	(1,547)
Purchases of property, plant and equipment	(102,234)	(69,485)
Interest received.....	144	310
Others, net.....	1,795	760
Net cash used in investing activities	<u>(107,687)</u>	<u>(71,643)</u>
Cash Flows From Financing Activities		
Repayment of short-term debts	(121,483)	(26,300)
Proceeds from issuance of senior notes.....	255,000	—
Debt issuance costs	(7,400)	—
Exchange offer of senior notes.....	(24,933)	—
Proceeds from bank borrowings	85,483	26,300
Grants received	88	919
Interest paid	(30,931)	(22,582)
(Increase) decrease in restricted cash.....	44	(13)
Net cash provided by (used in) financing activities	<u>155,868</u>	<u>(21,676)</u>
Net decrease in cash and cash equivalents	126,702	(32,756)
Effect of exchange rate changes on cash and cash equivalents.....	1	(41)
Cash and cash equivalents at beginning of the period.....	170,558	194,811
Cash and cash equivalents at end of the period.....	<u>297,261</u>	<u>162,014</u>

1(d)(i) A statement (for the Company and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity – Group

Three Months Ended 31 March 2013

	Attributable to equity holders of STATS ChipPAC Ltd.						
	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Hedging reserve US\$'000	Total equity attributable to STATS ChipPAC Ltd. US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance at 31 December 2012	873,666	98,971	(2,349)	521	970,809	51,789	1,022,598
Total comprehensive income (loss), net of tax	—	3,529	(1,567)	(1,111)	851	71	922
Balance at 31 March 2013	<u>873,666</u>	<u>102,500</u>	<u>(3,916)</u>	<u>(590)</u>	<u>971,660</u>	<u>51,860</u>	<u>1,023,520</u>

Three Months Ended 25 March 2012

	Attributable to equity holders of STATS ChipPAC Ltd.						
	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Hedging reserve US\$'000	Total equity attributable to STATS ChipPAC Ltd. US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balances at 26 December 2011	873,666	82,408	(4,652)	(13,329)	938,093	47,602	985,695
Total comprehensive income, net of tax	—	2,784	1,488	10,132	14,404	3,103	17,507
Balance at 25 March 2012	<u>873,666</u>	<u>85,192</u>	<u>(3,164)</u>	<u>(3,197)</u>	<u>952,497</u>	<u>50,705</u>	<u>1,003,202</u>

Statement of Changes in Equity – Company

Three Months Ended 31 March 2013

	Attributable to equity holders of STATS ChipPAC Ltd.				
	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Hedging reserve US\$'000	Total equity attributable to STATS ChipPAC Ltd. US\$'000
Balance at 31 December 2012	872,766	(139,192)	(9,733)	56	723,897
Total comprehensive loss, net of tax	—	(8,582)	—	(74)	(8,656)
Balance at 31 March 2013	<u>872,766</u>	<u>(147,774)</u>	<u>(9,733)</u>	<u>(18)</u>	<u>715,241</u>

Three Months Ended 25 March 2012

	Attributable to equity holders of STATS ChipPAC Ltd.				
	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Hedging reserve US\$'000	Total equity attributable to STATS ChipPAC Ltd. US\$'000
Balances at 26 December 2011	872,766	(125,980)	(9,733)	(11,531)	725,522
Total comprehensive income (loss), net of tax	—	(10,044)	—	7,525	(2,519)
Balance at 25 March 2012	<u>872,766</u>	<u>(136,024)</u>	<u>(9,733)</u>	<u>(4,006)</u>	<u>723,003</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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, 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.

	Number of shares	
	31 March 2013	25 March 2012
Issued shares outstanding at 31 December 2012 and 26 December 2011	2,202,218,293	2,202,218,293
Issue of shares pursuant to share plans.....	—	—
Issued shares outstanding at 31 March 2013 and 25 March 2012.....	2,202,218,293	2,202,218,293
Options outstanding	3,779,555	7,285,278

Convertible Notes

The Group did not have any outstanding convertible notes as at 31 March 2013 and 25 March 2012.

Treasury Shares

The Group did not have any treasury shares as at 31 March 2013 and 25 March 2012.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2013	30 December 2012
Total number of issued shares excluding treasury shares.....	2,202,218,293	2,202,218,293

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures, prepared in accordance with Singapore FRS, have not been audited or reviewed by the Group’s auditors.

3 Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the Company’s most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements. See also item 5 below.

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.

The Group adopted various new/revised FRS which took effect for fiscal 2013:-

- FRS 1: Amendments to FRS 1 - Presentation of Other Comprehensive Income (effective for annual periods beginning on or after 1 Jul 2012)
- FRS 19: Employee Benefits (effective for annual periods beginning on or after 1 Jan 2013)
- FRS 101: Amendments to FRS 101 - Government Loans (effective for annual periods beginning on or after 1 Jan 2013)
- FRS 107: Amendments to FRS 107 - Disclosures - Offsetting of Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 Jan 2013)
- FRS 113: Fair Value Measurement (effective for annual periods beginning on or after 1 Jan 2013)
- General Amendment: Improvement to FRS 2012 (effective for annual periods beginning on or after 1 Jan 2013)

The adoption of these new/revised FRS did not result in any significant impact on the financial statements of the Group.

6 Earnings per ordinary share (“EPS”) 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:-

- (a) based on the weighted average number of ordinary shares on issue; and
 (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Three Months Ended	
	31 March 2013	25 March 2012
Net income per ordinary shares attributable to STATS ChipPAC Ltd.		
- Basic	US\$ 0.00	US\$ 0.00
- Diluted	US\$ 0.00	US\$ 0.00
Ordinary shares (in thousands) used in per ordinary shares calculation:		
- Basic	2,202,218	2,202,218
- Diluted	2,202,219	2,202,226

7 Net asset value (for the Company and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the:-

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	31 March 2013	30 December 2012	31 March 2013	30 December 2012
Net asset value per ordinary share	US\$ 0.46	US\$ 0.46	US\$ 0.32	US\$ 0.33

The net asset value per ordinary share of the Group and the Company as at 31 March 2013 and 30 December 2012 is calculated based on the total issued number of ordinary shares of 2,202,218,293.

8 A review of performance of the Group, to the extent necessary for a reasonable understanding of the Group’s business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Please refer to attached appendix: “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

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 net revenues for the three months ended 31 March 2013 decreased 15.4% from the three months ended 30 December 2012 compared to guidance for net revenues to be approximately 13% to 19% decrease from the three months ended 30 December 2012.

As a percentage of net revenues, the adjusted EBITDA for the three months ended 31 March 2013 was 23.7%, compared to guidance of adjusted EBITDA to be in the range of 20% to 25%.

The Group's capital expenditure in the three months ended 31 March 2013 amounted to \$92.4 million, compared to capital expenditure guidance of approximately \$80 million to \$100 million.

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.

Please refer to attached appendix: "Management's Discussion and Analysis of Financial Condition and Results of Operations."

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Not applicable.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date.

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the current reporting period.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No Interested Party Transactions (IPT) mandate has been obtained from shareholders.

14 Negative confirmation pursuant to Rule 705(5).

The Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months ended 31 March 2013 to be false or misleading in any material aspect.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the Company’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to attached appendix: “Management Discussion and Analysis of Financial Condition and Results of Operations.”

17 A breakdown of the Group’s sales.

Not applicable.

18 A breakdown of the total annual dividend (in dollar value) for the Company’s latest full year and its previous full year.

Not applicable.

19 Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) in the format below. If there are no such persons, the Company must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
—	—	—	—	—

Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) will be made in the full year announcement.

ON BEHALF OF THE BOARD OF DIRECTORS

Tan Lay Koon
President and Chief Executive Officer

R. Douglas Norby
Director

BY ORDER OF THE BOARD

Janet T. Taylor
Company Secretary

24 April 2013