



ChipMOS REPORTS SECOND QUARTER RESULTS

Hsinchu, Taiwan, August 4, 2006 – ChipMOS TECHNOLOGIES (Bermuda) LTD. ("ChipMOS" or the "Company") (Nasdaq: IMOS) today reported unaudited consolidated financial results for the second quarter ended June 30, 2006. All U.S. dollar figures in this release are based on the exchange rate of NT\$32.37 against US\$1.00 as of June 30, 2006.

Under ROC GAAP, net revenue for the second quarter of 2006 was NT\$4,774.7 million or US\$147.5 million, an increase of 27.1% from NT\$3,755.3 million or US\$116.0 million for the same period in 2005 and an increase of 9.3% from NT\$4,367.1 million or US\$134.9 million in the first quarter of 2006. On a consolidated basis, the gross margin under ROC GAAP for the second quarter of 2006 was 28.5%, compared to 25.4% for the same period in 2005 and 31.5% for the first quarter of 2006. Under ROC GAAP, net income for the second quarter of 2006 was NT\$316.4 million or US\$9.8 million, and NT\$4.62 or US\$0.14 per common share, compared to net income of NT\$75.2 million or US\$2.3 million, and NT\$1.11 or US\$0.03 per common share, for the same period in 2005 and net income of NT\$601.6 million or US\$18.6 million, and NT\$8.86 or US\$0.27 per common share, for the first quarter of 2006. Under US GAAP, net income for the second quarter of 2006 was NT\$780.8 million or US\$24.1 million, and NT\$11.40 or US\$0.35 per common share.

Net income under ROC GAAP for the second quarter of 2006 included interest in bonuses paid by subsidiaries of NT\$149.5 million or US\$4.6 million that related to the earnings for the fiscal year 2005. The Company currently does not expect additional bonus payments in respect of the fiscal year 2005 earnings. Interest in bonuses paid by subsidiaries was not included in the US GAAP results for the second quarter of 2006 because a provision has already been made in the fourth quarter of 2005 under US GAAP. Net income under US GAAP for the second quarter of 2006 also included an additional US\$10.7 million in non-operating income resulting from changes in the fair value of the embedded derivative liabilities for the conversion feature contained in the Company's convertible notes due 2009, as required by Statement of Financial Accounting Standard No. 133 "Accounting For Derivative Instruments And Hedging Activities" and Emerging Interpretation Task Force ("EITF") Issue No. 00-19 "Accounting For Derivative Financial Instruments Indexed To And Potentially Settled In A Company's Own Stock."

The unaudited consolidated financial results of ChipMOS for the second quarter ended June 30, 2006 included the financial results of ChipMOS TECHNOLOGIES INC., ChipMOS Japan Inc., ChipMOS U.S.A., Inc., ChipMOS TECHNOLOGIES (H.K.) Limited, MODERN MIND TECHNOLOGY LIMITED and its wholly-owned subsidiary ChipMOS TECHNOLOGIES (Shanghai) LTD., and ThaiLin Semiconductor Corp.

S.J. Cheng, Chairman and Chief Executive Officer of ChipMOS, said, "Revenue from DDR II came in stronger than expected in the second quarter. Although our LCD driver IC business performed in line with expectations, it declined due to inventory build-up for both LCD panel and driver IC sides resulting from weak market demands in TV and monitor. We currently expect growth in our LCD driver IC business will continue to be driven by demand in large panels for LCD TVs and PC monitors, with more favorable ASPs in the second half. We remain cautiously optimistic on the high growth of the LCD applications, especially in TV market, and we are currently well positioned to capitalize on this trend, both in the short-term and in the long-term. Demand in our NOR flash business remained strong, as expected, led by growth of a key strategic customer. Based on current customer orders, volumes will continue to ramp up in the second half of 2006. Demand in our NAND flash segment continued to grow but such segment remains a smaller component to our revenue and profit growth. We currently foresee healthy customer demand in the NAND flash business primarily due to growth in consumer applications, including mobile, computing and communications. As a result, NAND flash is currently expected to grow from 10 percent of our total flash revenue to approximately 20 percent by year end. At end of the second quarter of 2006, ChipMOS met the standards for the new NASDAQ Global Select Market. This is a remarkable milestone for ChipMOS after we initiated the listing on NASDAQ in year 2001."

S.K. Chen, Chief Financial Officer of ChipMOS, said, "We remain fiscally conservative but continue to strategically invest in customer programs that are capable of meeting our growth requirements. As expected, our capital expenditures have been weighted toward the first half of the year with approximately US\$157 million spent in the second quarter compared to US\$96 million in the first quarter. Based on current forecasts, we currently expect capital expenditures will decline to approximately US\$60 million in the third quarter of 2006. Gross margin in the second quarter was 28.5%, compared to 31.5% in the first quarter of 2006. The decline was primarily due to higher depreciation costs associated with the increased capacity we brought online."

Third Quarter 2006 Outlook

Based on current customer forecasts and market conditions, ChipMOS expects revenue for the third quarter of 2006 will be in

the range of approximately US\$155 million to US\$160 million, which would represent sequential growth of approximately 5% to 8% compared to the second quarter of 2006. The Company currently expects gross margin on a consolidated basis for the third quarter of 2006 to be in the range of approximately 25% to 29%, reflecting continued higher depreciation costs related to capacity that was brought online in the first half of 2006, combined with higher ASP pressure for LCD driver IC business.

Investor Conference Call / Webcast Details

ChipMOS will review detailed second quarter 2006 results on Thursday, August 3, 2006 at 7:00PM ET (7:00AM, August 4, Taiwan time). The conference call-in number is +1-201-689-8562. A live webcast of the conference call will be available at ChipMOS' website at <http://www.chipmos.com/>. The playback will be available in 2 hours after the conclusion of the conference call and will be accessible by dialing +1-201-612-7415. The account number to access the replay is 3055 and the confirmation ID number is 209161.

About ChipMOS TECHNOLOGIES (Bermuda) LTD.:

ChipMOS (<http://www.chipmos.com/>) is a leading independent provider of semiconductor testing and assembly services to customers in Taiwan, Japan, and the U.S. With advanced facilities in Hsinchu and Southern Taiwan Science Parks in Taiwan and Shanghai, ChipMOS and its subsidiaries provide testing and assembly services to a broad range of customers, including leading fabless semiconductor companies, integrated device manufacturers and independent semiconductor foundries.

Forward-Looking Statements

Certain statements contained in this announcement may be viewed as "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") and in the Company's other filings with the SEC.

[Please click here for financial statements.](#)

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