



UNISEM (M) BERHAD (Company No. 183314-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2006

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Current Quarter Ended 31/03/2006 RM'000</b>	<b>Corresponding Quarter Ended 31/03/2005 RM'000</b>	<b>Current Year to date Ended 31/03/2006 RM'000</b>	<b>Corresponding Year to date Ended 31/03/2005 RM'000</b>
Revenue	170,041	114,308	170,041	114,308
Operating expenses	(148,314)	(114,299)	(148,314)	(114,299)
Other operating income	15,403	2,693	15,403	2,693
Finance cost	(8,389)	(6,585)	(8,389)	(6,585)
Profit/(Loss) before taxation	28,741	(3,883)	28,741	(3,883)
Taxation	(6,884)	(1,286)	(6,884)	(1,286)
<b>Profit/(Loss) for the period</b>	<b>21,857</b>	<b>(5,169)</b>	<b>21,857</b>	<b>(5,169)</b>
<b>Attributable to:</b>				
Equity holders of the parent	22,210	(5,129)	22,210	(5,129)
Minority interest	(353)	(40)	(353)	(40)
	21,857	(5,169)	21,857	(5,169)
Earnings per share (sen) – Basic	4.97	(1.15)	4.97	(1.15)

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2005)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As at end of Current Quarter 31/03/2006 RM'000</b>	<b>(Audited) As at Preceding Financial Year end 31/12/2005 RM'000</b>
<b>Assets</b>		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	873,079	850,149
Deferred Expenditure	9,395	10,858
Goodwill on Consolidation	54,948	54,948
Intangible Assets	15,393	15,393
Total Non-current Assets	952,815	931,348
<i>Current Assets</i>		
Inventories	76,992	68,532
Trade and Other Receivables	106,492	107,441
Tax Recoverable	-	10,427
Cash and Cash Equivalents	305,654	372,291
Total Current Assets	489,138	558,691
<b>Total Assets</b>	<b>1,441,953</b>	<b>1,490,039</b>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2005)



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CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 31/03/2006 RM'000	(Audited) As at Preceding Financial Year end 31/12/2005 RM'000
<b>Equity and Liabilities</b>		
<i>Capital and Reserves</i>		
Share Capital	223,463	223,463
Reserves	432,006	412,553
Equity Attributable To Equity Holders of the Parent	655,469	636,016
Minority Interests	12,604	12,957
<b>Total Equity</b>	668,073	648,973
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	494,990	504,095
Deferred Income	3,224	3,615
Deferred Tax Liabilities	65,321	58,601
	563,535	566,311
<i>Current Liabilities</i>		
Trade and Other Payables	116,552	149,201
Short Term Borrowings	90,000	121,610
Current Portion of Deferred Income	3,224	3,944
Current Tax Payable	569	-
	210,345	274,755
<b>Total Liabilities</b>	773,879	841,066
<b>Total Equity and Liabilities</b>	1,441,953	1,490,039
Net Assets per share attributable to ordinary equity holders of the parent (RM)	1.4666	1.4231



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FIRST FINANCIAL QUARTER ENDED 31 MARCH 2006  
**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial  
Report for the year ended 31<sup>st</sup> December 2005)**



UNISEM (M) BERHAD (Company No. 183314-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2006

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Current Year To Date Ended 31/03/2006 RM'000</b>	<b>Corresponding Year To Date Ended 31/03/2005 RM'000</b>
<b>Operating Activities</b>		
Profit/(Loss) Before Taxation	28,741	(3,883)
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	29,339	26,619
Finance cost (net of interest income)	5,820	(2,693)
Others	(12,865)	(159)
Operating Profit Before Changes In Working Capital	51,035	19,884
Net change in current assets	(8,933)	(14,864)
Tax refund/(paid)	10,820	(23)
Net change in current liabilities	(28,122)	(6,359)
Net Cash Flows From/(Used In) Operating Activities	24,800	(1,362)
<b>Investing Activities</b>		
Additions to property, plant and equipment	(54,722)	(22,385)
Others	3,173	5,776
Net Cash Flows Used In Investing Activities	(51,549)	(16,609)
<b>Financing Activities</b>		
Proceeds from short and long term borrowings	-	190,000
Issue of shares	-	35
Repayment of short and long term borrowings	(30,000)	(7,862)
Bond issue expenses	-	(3,793)
Others	(7,592)	-
Net Cash Flows From/(Used In) Financing Activities	(37,592)	178,380
Net Change in Cash & Cash Equivalents	(64,341)	160,409
Cash And Cash Equivalents At Beginning Of Period	370,336	287,338
Effect of exchange rate differences	(341)	331
	369,995	287,669
Cash And Cash Equivalents At End Of Period	305,654	448,078

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2005)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium & Other Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000		
<b>Current Year To Date Ended 31 March 2006</b>							
Balance at beginning of year	223,463	149,492	634	262,427	636,016	12,957	648,973
Currency translation differences	-	-	(2,757)	-	(2,757)	-	(2,757)
Net profit for the financial year to date	-	-		22,210	22,210	(353)	21,857
Total recognised income and expenses for the financial year to date	-	-	(2,757)	22,210	19,453	(353)	19,100
<b>Balance at end of period</b>	<b>223,463</b>	<b>149,492</b>	<b>(2,123)</b>	<b>284,637</b>	<b>655,469</b>	<b>12,604</b>	<b>668,073</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2005)



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

	← Attributable to Equity Holders of the Parent →					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium & Other Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000		
<b>Corresponding Year To Date Ended 31 March 2005</b>							
Balance at beginning of year	148,969	201,107	305	273,073	623,454	-	623,454
Reclassification of opening Minority Interest	-	-	-	-	-	13,300	13,300
Restated Balance	148,969	201,107	305	273,073	623,454	13,300	636,754
Currency translation differences	-	-	(97)	-	(97)	-	(97)
Net loss for the financial year to date	-	-	-	(5,129)	(5,129)	(40)	(5,169)
Total recognised income and expenses for the financial year to date	-	-	(97)	(5,129)	(5,226)	(40)	(5,266)
Exercise of ESOS	6	29	-	-	35	-	35
Issuance of Bonus shares	74,488	(74,488)	-	-	-	-	-
<b>Restated Balance at end of period</b>	<b>223,463</b>	<b>126,648</b>	<b>208</b>	<b>267,944</b>	<b>618,263</b>	<b>13,260</b>	<b>631,523</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2005)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2006

**EXPLANATORY NOTES AND ADDITIONAL INFORMATION**

**1. *Accounting policies and methods of computation***

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the *Financial Reporting Standards (FRS) 134 'Interim Financial Reporting'* issued by the Malaysian Accounting Standards Board (MASB) and *Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad* and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2005.

The MASB has issued a total of 21 new and amended Financial Reporting Standards and other Interpretations (herein thereafter referred as FRSs). A total of 18 FRSs will be effective for financial statements commencing 1 January 2006 and the remaining 3 FRSs will only be effective for financial statements commencing 1 October 2006.

The Group's consolidated financial statements for year ended 31 December 2005 were prepared with MASB standards with effective dates before 1 January, 2006. Certain comparative figures in respect of 2005 have therefore been restated to reflect the relevant adjustments.

The adoption of the FRSs have resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior periods :-

**Goodwill**

*FRS 3 'Business Combination'* requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses and prohibits the amortization of goodwill. Under *FRS 136 'Impairment of Assets'*, periodic impairment reviews are required if there are indications that goodwill might be impaired. Previously, the Group carried goodwill in its balance sheet at cost less accumulated amortization and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.

In accordance with the transitional rules of *FRS 3*, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on 1 January 2006. The Group has therefore discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with *FRS 136*.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

No amortisation has been charged in the current quarter ended 31 March 2006. The amortization charge for the quarter ended 31 March 2005 was RM744,000.

**2. *Declaration of audit qualification***

The preceding annual financial statements of the Group were reported on without any qualification.

**3. *Explanatory comment about the seasonality or cyclicity of operations***

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.





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4. ***Nature and amount of unusual items***  
There are no extraordinary items for the current interim period.
5. ***Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period***  
There are no changes in the estimates of amounts, which give a material effect in the current interim period.
6. ***Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities***  
There are no issue, cancellation, repurchases, resale and repayment of debt or equity securities for the current financial year to date.
7. ***Dividend Paid***  
No dividend was paid in respect of the current financial year to date.
8. ***Segment revenue and segment result and segment assets employed for business segments or geographical segments***

<b>Current Quarter Ended 31 March 2006</b>	<b>Asia RM'000</b>	<b>Europe RM'000</b>	<b>Consolidated RM'000</b>
Revenue	147,020	23,021	170,041
Profit before taxation	27,336	1,405	28,741
<b>Current Year To Date Ended 31 March 2006</b>	<b>Asia RM'000</b>	<b>Europe RM'000</b>	<b>Consolidated RM'000</b>
Revenue	147,020	23,021	170,041
Profit before taxation	27,336	1,405	28,741

9. ***Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements***  
The Group did not carry out any valuations on its property, plant and equipment.
10. ***Material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period***  
There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period.
11. ***Effect of changes in the composition of the Group***  
There are no changes in the composition of the Group for the current financial year to date.
12. ***Changes in contingent liabilities or contingent assets***  
There are no changes in contingent liabilities.



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**13. *Review of the performance of the Group, setting out material factors affecting the earnings and /or revenue of the Group for the current quarter and financial year to date***

The Group recorded a revenue of RM170.041 million and net profit of RM21.857 million for the current quarter and financial year to date ended 31 March 2006. These represent a corresponding quarterly growth of 48.8% in revenue and an improvement in net profit from a net loss of RM5.169 million. The increased revenue and improved net profit was mainly due to increase in sales volume, improved average selling prices, higher unrealised foreign exchange gains as well as additional revenue and profit contribution from Unisem (Europe) Limited.

**14. *Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter***

The Group recorded a profit before taxation (“PBT”) of RM28.741 million for the first quarter ended 31 March 2006. This represents an increase of 55.5% as compared to the PBT of RM18.481 million for the immediate preceding quarter ended 31 December 2005. The improved PBT was mainly attributable to the profit contribution from Unisem (Europe) Limited and higher unrealized foreign exchange gain arising from the revaluation of the US\$100 million 2% and US\$50 million 3% Guaranteed Convertible Bonds Due 2009.

**15. *Commentary on the prospects, including the factors that are likely to influence the Group’s prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter***

The first quarter performance was generally in-line with the Group’s expectation. The Board expects the Group’s revenue and earnings to further improve over the remaining period till the end of the financial year.

**16. (a) *Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)***

Not applicable

**(b) *Explanatory note for any shortfall in the profit guarantee***

Not applicable

**17. *Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial year to date***

	<b>Current Quarter Ended 31/03/2006 RM'000</b>	<b>Current Year To Date Ended 31/03/2006 RM'000</b>
Income tax payable - current	(164)	(164)
Transfer (to)/from deferred taxation	(6,720)	(6,720)
Total	(6,884)	(6,884)

Income tax expense for the current quarter and financial year to date arose mainly from rental income and interest income received which are assessed separately.

The effective tax rate is lower than the statutory tax rate for the current quarter and financial year to date mainly due to certain income being considered as not taxable in determining taxable profit.



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- 18. Amount of profits on sale of unquoted investments or properties**  
There is no sale of unquoted investments or properties for the current quarter and financial year to date.
- 19. Particulars of purchase or disposal of quoted securities**  
There are no purchases or disposals of quoted securities by the Group as at 8 May 2006.
- 20. (a) Status of corporate proposals announced but not completed**  
There are no outstanding corporate proposals announced but not completed as at 8 May 2006.
- (b) Status of utilisation of proceeds raised from any corporate proposal for the quarter under review**  
The status of utilisation of proceeds of RM570 million raised from the US\$100 million 2% Guaranteed Convertible Bonds due 2009 and the US\$50 million 3% Guaranteed Convertible Bonds due 2009 is as follows:

	<b>Approved utilisation for the proceeds RM'000</b>	<b>Utilisation of proceeds as at 31/03/2006 RM'000</b>	<b>Unutilised balance as at 31/03/2006 RM'000</b>
Capital expenditure	500,000	318,361	181,639
Working capital	51,000	46,625	4,375
Expenses relating to the convertible bonds issues	19,000	15,795	3,205
<b>Total</b>	<b>570,000</b>	<b>380,781</b>	<b>189,219</b>

The unutilised balance of the proceeds is currently placed under fixed and short-term deposits with licensed banks.

- 21. Borrowings and debt securities as at the end of the reporting period**  
The details of the Group's borrowings as at end of current quarter are as follows:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
<u>Short Term Borrowings</u>		
Short Term Loan (Unsecured)		90,000
<u>Long Term Borrowings</u>		
Guaranteed Convertible Bonds due 2009 (Unsecured)	USD134,444	494,990
<b>Total</b>		<b>584,990</b>



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**22. Summary of off balance sheet financial instruments by type and maturity profile**

In order to hedge its exposure to foreign exchange risks, the Group has entered into foreign currency forward contracts. Gains and losses on foreign exchange contracts designated as hedges of identified exposure are offset against the foreign exchange gains and losses on the hedged financial assets and liabilities.

Where the instrument is used to hedge against anticipated future transactions, gains and losses are not recognized until the transaction occurs.

As at 31 March 2006, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade receivables are as follows:

Currency	Contracts amount (in '000)	Equivalent amount in RM'000
US Dollars	19,600 =====	72,606 =====

All of these contracts mature within six months.

There are no cash requirement risks as the Group only uses forward foreign currency contracts as its hedging instrument. The Group is exposed to credit risk with respect to foreign currency forward contracts in the event of non-performance by the counterparties to these financial instruments which are major financial institutions. However, the risk of incurring material losses related to this credit risk is remote.

**23. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date**

There are no changes in material litigation since the last annual balance sheet date.

**24. Dividend**

The Directors do not recommended any dividend for the current financial quarter ended 31 March 2006. (Nil for the financial quarter ended 31 March 2005).

**25. Earnings per ordinary share**

Earnings per share for the current quarter and financial year to date of 4.97 sen was calculated by dividing the Group's net profit attributable to equity holders of the parent company for the current quarter and financial year to date amounting to RM22.210 million respectively by the number of ordinary shares in issue of 446,925,555.

BY ORDER OF THE BOARD

**CHUA HENG FATT** (MACS 00264)

**CHIN HOCK YEE** (LS 8922)

Company Secretary

DATED : 8 MAY 2006