



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31/12/2006 RM'000	Corresponding Quarter Ended 31/12/2005 RM'000	Current Year to date Ended 31/12/2006 RM'000	Corresponding Year to date Ended 31/12/2005 RM'000
Revenue	171,698	167,854	692,754	568,976
Operating expenses	(160,762)	(146,640)	(626,884)	(520,338)
Other operating income	16,366	10,930	55,644	25,405
Finance cost	(6,388)	(13,663)	(28,582)	(34,188)
Profit before taxation	20,914	18,481	92,932	39,855
Taxation	(5,547)	(6,680)	(22,304)	(17,875)
Profit for the period	15,367	11,801	70,628	21,980
Attributable to:				
Equity holders of the parent	15,554	12,089	71,878	22,323
Minority interest	(187)	(288)	(1,250)	(343)
	15,367	11,801	70,628	21,980
Earnings per share (sen)				
(a) Basic	3.48	2.70	16.08	4.99
(b) Diluted	3.32	2.70	15.21	4.99

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at end of Current Quarter 31/12/2006 RM'000	(Audited) As at Preceding Financial Year end 31/12/2005 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	904,022	850,149
Deferred Expenditure	11,130	10,858
Goodwill on Consolidation	54,948	54,948
Intangible Assets	15,393	15,393
Deferred Tax Assets	396	-
Total Non-current Assets	985,889	931,348
<i>Current Assets</i>		
Inventories	74,893	68,532
Trade and Other Receivables	96,721	107,441
Tax Recoverable	35	10,427
Cash and Cash Equivalents	112,298	372,291
Total Current Assets	283,947	558,691
Total Assets	1,269,836	1,490,039

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 31/12/2006 RM'000	(Audited) As at Preceding Financial Year end 31/12/2005 RM'000
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	223,463	223,463
Reserves	426,284	412,553
Equity Attributable To Equity Holders of the Parent	649,747	636,016
Minority Interests	11,706	12,956
Total Equity	661,453	648,972
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	58,453	504,095
Long Term Borrowings	52,931	-
Deferred Income	1,929	3,615
Deferred Tax Liabilities	80,851	58,601
	194,164	566,311
<i>Current Liabilities</i>		
Trade and Other Payables	113,746	149,202
Short Term Borrowings	850	121,610
Guaranteed Convertible Bonds Due 2009	297,721	-
Current Portion of Deferred Income	1,902	3,944
	414,219	274,756
Total Liabilities	608,383	841,067
Total Equity and Liabilities	1,269,836	1,490,039
Net Assets per ordinary share attributable to equity holders of the parent (RM)	1.4538	1.4231

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



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31/12/2006 RM'000	Corresponding Year To Date Ended 31/12/2005 RM'000
Operating Activities		
Profit Before Taxation	92,932	39,855
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	122,067	113,215
Finance cost (net of interest income)	23,974	23,780
Others	(5,994)	(9,676)
Operating Profit Before Changes In Working Capital	232,979	167,174
Net change in current assets	(32,306)	(41,015)
Tax refund/(paid)	9,935	(296)
Net change in current liabilities	(68,571)	(3,494)
Net Cash Flows From Operating Activities	142,037	122,369
Investing Activities		
Additions to property, plant and equipment	(141,107)	(214,500)
Others	7,627	13,936
Net Cash Flows Used In Investing Activities	(133,480)	(200,564)
Financing Activities		
Proceeds from short and long term borrowings	53,857	120,000
Proceeds from issue of Guaranteed Convertible Bonds Due 2009	-	188,905
Repayment of short and long term borrowings	(120,000)	(35,412)
Dividend paid	(44,693)	(35,754)
Consideration for buy-back of Guaranteed Convertible Bonds due 2009	(133,494)	(60,364)
Others	(22,767)	(15,722)
Net Cash Flows From/(Used In) Financing Activities	(267,097)	161,653
Net Change in Cash & Cash Equivalents	(258,540)	83,458
Cash And Cash Equivalents At Beginning Of Period	370,681	287,337
Effect of exchange rate differences	(693)	(114)
	369,988	287,223
Cash And Cash Equivalents At End Of Period	111,448	370,681

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

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 & Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000		
Current Year To Date Ended 31 December 2006							
Balance at beginning of year	223,463	149,492	634	262,427	636,016	12,956	648,972
Currency translation differences	-	-	(3,950)	-	(3,950)	-	(3,950)
Net profit for the financial year to date	-	-	-	71,878	71,878	(1,250)	70,628
Total recognised income and expenses for the financial year to date	-	-	(3,950)	71,878	67,928	(1,250)	66,678
Dividend distributed to equity holders	-	-	-	(44,693)	(44,693)	-	(44,693)
Buy-back of Guaranteed Convertible Bonds due 2009	-	(4,505)	-	(4,999)	(9,504)	-	(9,504)
Balance at end of period	223,463	144,987	(3,316)	284,613	649,747	11,706	661,453

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

	← Attributable to Equity Holders of the Parent →						Total Equity RM'000
	Share Capital RM'000	Share Premium & Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000	Minority Interest RM'000	
Corresponding Year To Date Ended 31 December 2005							
Balance at beginning of year	148,969	201,107	304	273,073	623,453	-	623,453
Reclassification of opening Minority Interest	-	-	-	-	-	13,300	13,300
Restated Balance	148,969	201,107	304	273,073	623,453	13,300	636,753
Currency translation differences	-	-	330	-	330	-	330
Net profit for the financial year to date	-	-	-	22,323	22,323	(344)	21,979
Total recognised income and expenses for the financial year to date	-	-	330	22,323	22,653	(344)	22,309
Dividend distributed to equity holders	-	-	-	(35,754)	(35,754)	-	(35,754)
Buy-back of Guaranteed Convertible Bonds due 2009	-	22,844	-	2,785	25,629	-	25,629
Exercise of ESOS	6	29	-	-	35	-	35
Issuance of Bonus shares	74,488	(74,488)	-	-	-	-	-
Restated Balance at end of period	223,463	149,492	634	262,427	636,016	12,956	648,972

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



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 2 FRSs will only be effective for financial statements commencing 1 October 2006. The other remaining FRS covering Financials Instruments : Measurement and Recognition has been deferred until further notice.

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 and year to date ended 31 December 2006. The amortization charge for the corresponding quarter and year to date ended 31 December 2005 amounted to RM742,000 and RM2,970,000 respectively.

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.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

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, save and except for

- (i) the repurchase and cancellation of US\$15.620 million principal amount of the Company's US\$100 million 2% unsecured convertible bonds due 2009 by the Company's wholly-owned subsidiary, Unisem International (Labuan) Limited, convertible into ordinary shares of, and guaranteed by the Company ("US\$100 million 2% CB"); and
- (ii) the repurchase and cancellation of US\$20.022 million principal amount of the Company's US\$50 million 3% unsecured convertible bonds due 2009 by the Company's wholly-owned subsidiary, Unisem International (Labuan) Limited, convertible into ordinary shares of, and guaranteed by the Company ("US\$50 million 3% CB").

7. Dividend Paid

A final dividend of 10%, tax exempt, amounting to RM22,346,278 in respect of ordinary shares in the previous financial year was paid by the Company on 31 May 2006. An interim dividend of 10%, tax exempt, amounting to RM22,346,278 in respect of ordinary shares in the current financial year was paid by the Company on 6 December 2006.

8. Segment revenue and segment result and segment assets employed for business segments or geographical segments

Current Quarter Ended 31 December 2006	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	155,977	15,721	171,698
Profit before taxation	25,346	(4,432)	20,914
Current Year To Date Ended 31 December 2006	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	613,921	78,833	692,754
Profit before taxation	93,882	(950)	92,932

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.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2006

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, save and except for

- (i) the issue of 24,516,124 new shares pursuant to the conversion of US\$12,000,000 principal amount of the US\$50 million 3% CB in January 2007. Thereafter, the amount outstanding of the 3% CB remains at US\$12,978,000.
- (ii) the early redemption (at the option of the bondholders) of US\$67,412,000 principal amount of the US\$100 million 2% CB on 12 February 2007. Thereafter, the amount outstanding of the 2% CB remains at zero.

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, save and except for:

On 25 April 2006, the Industrial Court had in Award No. 708 of 2006 ruled that the dismissal of Mr Ku Hong Hai was without just cause and excuse. The Court awarded Mr Ku Hong Hai the compensation in lieu of reinstatement of one month's salary for each year of service and backwages of 24 months. This amounted to a total of RM960,000, less statutory deductions. The Company has since filed an application in the Ipoh High Court for leave to commence Judicial Review proceedings to review the decision of the Industrial Court.

In October 2006, the Company was granted leave to commence judicial review proceedings to quash the above-mentioned Award. The Company was also granted a stay of proceedings pending the final determination of the matter.

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 revenue of RM171.698 million and net profit (before Minority Interest) of RM15.367 million for the current quarter ended 31 December 2006. These represent a corresponding quarterly growth of 2.3% in revenue and an increase of 30.2% in net profit. The improvement in the net profit was mainly due to higher unrealized foreign exchange and lower interest expenses.

For the current financial year to date ended 31 December 2006, the Group recorded revenue of RM692.754 million and net profit (before Minority Interest) of RM70.628 million. These represent a corresponding growth of 21.8% in revenue and improvement of 221.3% in net profit. The improvement in revenue and net profit was mainly due to increased sales volume, higher utilization of installed capacity, higher unrealized foreign exchange and lower interest expenses.

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 profit before taxation ("PBT") of RM20.914 million for the fourth quarter ended 31 December 2006. This represents a decline of 5.9% as compared to the PBT of RM22.233 million for the immediate preceding quarter ended 30 September 2006. The decline in PBT was mainly due to lower revenue and losses contributed by Unisem (Europe) Limited in the quarter under review.

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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 Board of Directors expects the Group's revenue and earnings in the first quarter of 2007 to be marginally lower than the previous quarter due to inventory adjustment across the industry. However, the business of the Group for the next financial year is expected to improve compared to that of 2006.

16. ***A statement of the board of directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved***

Not applicable. The Company had not announced or disclosed in a public document any revenue or profit estimates.

17. ***(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 received by the Group (if any) and steps taken to recover the shortfall;***

Not applicable

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

	Current Quarter Ended 31/12/2006 RM'000	Current Year To Date Ended 31/12/2006 RM'000
Income tax payable - current	(86)	(649)
Income tax – overprovision in prior years	33	193
Transfer (to)/from deferred taxation	(5,494)	(21,848)
Total	(5,547)	(22,304)

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.

19. ***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.

20. ***Particulars of purchase or disposal of quoted securities***

There are no purchases or disposals of quoted securities by the Group as at 27 February 2007.



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21. (a) *Status of corporate proposals announced but not completed*

There are no outstanding corporate proposals announced but not completed as at 27 February 2007.

(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% CB and the US\$50 million 3% CB due 2009 (collectively known as “**Guaranteed Convertible Bonds due 2009**”) is as follows:

	Proposed utilisation RM'000	Variation RM'000	Actual Utilisation 31/12/2006 RM'000	Unutilised balance 31/12/2006 RM'000
Capital expenditure	500,000	(82,295)	362,547	55,158
Expenses relating to the convertible bonds issues	19,000	(3,205)	15,795	-
Working capital	51,000		51,000	-
Buy back of Guaranteed Convertible Bonds Due 2009	-	85,500	85,500	-
Total	570,000	-	514,842	55,158

The varied sum of RM85.5 million represents 15% of the RM570 million proceeds. The Directors of the Company are of the view that the variation is not material given that the varied sum is to reduce the amount outstanding on the Guaranteed Convertible Bonds. The buy-back of the Guaranteed Convertible Bonds has provided both an immediate reduction in liability and improved forward cashflow. In addition, this also resulted in interest savings and positive gains for the Company. The entire proceeds are being used solely on the core business of the Company and its subsidiaries.

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

22. *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:

	Foreign Currency '000	RM Equivalent '000
<u>Short Term Borrowings</u>		
Bank Overdraft (Secured)	£122	850
<u>Long Term Borrowings</u>		
Long Term Loan (Secured)	USD15,000	52,931
Guaranteed Convertible Bonds due 2009 (Unsecured)	USD97,390	356,174
Total		409,955



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23. *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 December 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	33,000 =====	119,155 =====

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.

24. *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.

25. *Dividend*

The Directors have recommended a final dividend of 10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2006 (10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2005). The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.



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26 *Earnings per share*

	Current quarter ended 31/12/2006
Basic	
Profit attributable to equity holders of the parent (RM'000)	<u>15,554</u>
Weighted average number of ordinary shares in issue	<u>446,925,555</u>
Basic earnings per share (sen)	<u>3.48</u>
 Diluted	
Profit attributable to equity holders of the parent (RM'000)	15,554
Additional interest savings on assumed conversion of bonds	961
Profit used to determine diluted earnings per share	<u>16,515</u>
Weighted average number of ordinary shares in issue	446,925,555
Adjustment for assumed conversion of bonds	51,030,000
Weighted average number of ordinary shares for calculating diluted earnings per share	<u>497,955,555</u>
Diluted earnings per share (sen)	<u>3.32</u>

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 27 February 2007