



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31/03/2007 RM'000	Corresponding Quarter Ended 31/03/2006 RM'000	Current Year to date Ended 31/03/2007 RM'000	Corresponding Year to date Ended 31/03/2006 RM'000
Revenue	146,972	170,041	146,972	170,041
Operating expenses	(145,804)	(148,314)	(145,804)	(148,314)
Other operating income	12,432	15,403	12,432	15,403
Finance cost	(6,190)	(8,389)	(6,190)	(8,389)
Profit before taxation	7,410	28,741	7,410	28,741
Taxation	(4,909)	(6,884)	(4,909)	(6,884)
Profit for the period	2,501	21,857	2,501	21,857
Attributable to:				
Equity holders of the parent	2,822	22,210	2,822	22,210
Minority interest	(321)	(353)	(321)	(353)
	2,501	21,857	2,501	21,857
Earnings per share (sen)				
(a) Basic	0.60	4.97	0.60	4.97
(b) Diluted	0.60	4.30	0.60	4.30

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at end of Current Quarter 31/03/2007 RM'000	(Audited) As at Preceding Financial Year end 31/12/2006 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	887,437	889,726
Prepaid Interest in Leased Land	14,217	14,296
Deferred Expenditure	8,307	11,130
Goodwill on Consolidation	54,947	54,947
Intangible Assets	15,393	15,393
Deferred Tax Assets	392	397
Total Non-current Assets	980,693	985,889
<i>Current Assets</i>		
Inventories	76,665	74,893
Trade and Other Receivables	101,144	96,721
Tax Recoverable	-	35
Cash and Cash Equivalents	111,188	112,298
Total Current Assets	288,997	283,947
Total Assets	1,269,690	1,269,836

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 31/03/2007 RM'000	(Audited) As at Preceding Financial Year end 31/12/2006 RM'000
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	235,721	223,463
Reserves	435,527	426,284
Equity Attributable To Equity Holders of the Parent	671,248	649,747
Minority Interests	11,385	11,706
Total Equity	682,633	661,453
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	44,852	58,453
Long Term Borrowings	267,850	52,931
Deferred Income	1,805	1,929
Deferred Tax Liabilities	85,668	80,851
	400,175	194,164
<i>Current Liabilities</i>		
Trade and Other Payables	117,083	113,746
Short Term Borrowings	68,881	850
Guaranteed Convertible Bonds Due 2009	-	297,721
Current Portion of Deferred Income	918	1,902
	186,882	414,219
Total Liabilities	587,057	608,383
Total Equity and Liabilities	1,269,690	1,269,836
Net Assets per ordinary share attributable to equity holders of the parent (RM)	1.4238	1.4538

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31/03/2007 RM'000	Corresponding Year To Date Ended 31/03/2006 RM'000
Operating Activities		
Profit Before Taxation	7,410	28,741
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	29,830	29,339
Finance cost (net of interest income)	5,446	5,820
Others	(16,831)	(12,865)
Operating Profit Before Changes In Working Capital	25,855	51,035
Net change in current assets	(9,907)	(8,933)
Tax refund/(paid)	(75)	10,820
Net change in current liabilities	(15,667)	(28,122)
Net Cash Flows From Operating Activities	206	24,800
Investing Activities		
Additions to property, plant and equipment	(11,041)	(54,722)
Others	887	3,173
Net Cash Flows Used In Investing Activities	(10,154)	(51,549)
Financing Activities		
Proceeds from short and long term borrowings	284,434	-
Issuance of shares	45,600	-
Repayment of short and long term borrowings	-	(30,000)
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	(316,215)	-
Others	(4,159)	(7,592)
Net Cash Flows From/(Used In) Financing Activities	9,660	(37,592)
Net Change in Cash & Cash Equivalents	(288)	(64,341)
Cash And Cash Equivalents At Beginning Of Period	111,448	370,336
Effect of exchange rate differences	(353)	(341)
	111,095	369,995
Cash And Cash Equivalents At End Of Period	110,807	305,654

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



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

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 & Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000		
Current Year To Date Ended 31 March, 2007							
Balance at beginning of year	223,463	144,987	(3,316)	284,613	649,747	11,706	661,453
Currency translation differences	-	-	(2,902)	-	(2,902)	-	(2,902)
Net profit for the financial year to date	-	-	-	2,822	2,822	(321)	2,501
Total recognised income and expenses for the financial year to date	-	-	(2,902)	2,822	(80)	(321)	(401)
Issuance of shares	12,258	33,342	-	-	45,600	-	45,600
Buy-back of Guaranteed Convertible Bonds due 2009	-	(16,460)	-	(7,559)	(24,019)	-	(24,019)
Balance at end of period	235,721	161,869	(6,218)	279,876	671,248	11,385	682,633

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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 March, 2006							
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
Restated Balance at end of period	223,463	149,492	(2,123)	284,637	655,469	12,604	668,073

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

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 2006.

The Group has adopted FRS 117 'Leases' and FRS 124 'Related Party Disclosures' which are applicable for annual periods commencing on or after 1 October, 2006. Certain comparative figures in respect of the Group's consolidated financial statements for year ended 31 December 2006 have therefore been restated to reflect the relevant adjustments.

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.

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*

During the current quarter under review, the Group has reviewed the useful lives and residual values used for the purposes of depreciation calculation for its major class of plant and machinery in accordance with FRS 116 'Property, Plant and Equipment'. These changes in accounting estimates are applied prospectively.

	Previous Estimate	Revised Estimate
Changes in residual values	%	%
Major class of plant and machinery	0	10

As a result of this revision, the depreciation expense of property, plant and equipment has decreased by RM6.0 million for the quarter under review.

Changes in useful lives

One of the subsidiary company has revised the useful lives of its plant and machinery from 8 years to 10 years. The revision in useful lives has resulted in a decrease in depreciation expense of property, plant and equipment of RM565,000 for the quarter under review.



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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 early redemption (at the option of the bondholders) of US\$67.412 million principal amount of the 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");
- (ii) the repurchase and cancellation of US\$5 million principal amount of the 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"); and
- (iii) the issuance of 24,516,124 new shares pursuant to the conversion of US\$12 million principal amount of the 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

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

Current Quarter Ended 31 March 2007	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	137,414	9,558	146,972
Profit before taxation	11,437	(4,027)	7,410
Current Year To Date Ended 31 March 2007	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	137,414	9,558	146,972
Profit before taxation	11,437	(4,027)	7,410

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.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007

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 RM146.972 million and net profit (before Minority Interest) of RM2.501 million for the current quarter and year to date ended 31 March 2007. These represent a corresponding quarterly decrease of 13.6% in revenue and a decrease in net profit of RM19.356 million. The decline in revenue was mainly due to lower sales volume and the weakening of the US Dollar against the Malaysian Ringgit. The decrease in net profit was attributable to lower revenue, losses incurred by both the European and China subsidiaries as well as foreign exchange losses.

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 RM7.410 million for the first quarter ended 31 March 2007. This represents a decline in PBT of RM13.504 million as compared to the PBT of RM20.914 million for the immediate preceding quarter ended 31 December 2006. The decline in PBT was mainly due to lower revenue, losses incurred by both the European and China subsidiaries and foreign exchange losses in the quarter under review.

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 believes that the inventory adjustment across the industry is tapering off. The Directors expect the Group's revenue and earnings in the second quarter to improve from the previous quarter and that the Group will perform satisfactorily for the remaining period to the end of the financial year.

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 31/03/2007 RM'000	Current Year To Date Ended 31/03/2007 RM'000
Income tax payable - current	92	92
Transfer (to)/from deferred taxation	4,817	4,817
Total	4,909	4,909



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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 higher than the statutory tax rate for the current quarter and financial year to date mainly due to losses of certain subsidiary companies that are not available for relief against Group's 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 15 May 2007.

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

On 20 April 2007, the Company entered into a sale and purchase agreement to acquire the entire issued and paid-up capital of Advanced Interconnect Technologies Ltd for a cash consideration of USD70.25 million.

The acquisition is expected to be completed in July 2007 and is subject to approvals of the Company's shareholders and Bank Negara Malaysia.

(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 31/03/2007 RM'000	Unutilised balance 31/03/2007 RM'000
Capital expenditure	500,000	(82,295)	369,206	48,499
Expenses relating to the convertible bonds issues	19,000	(3,205)	15,795	-
Working capital	51,000		51,000	-
Buy back of the Guaranteed Convertible Bonds Due 2009	-	85,500	85,500	-
Total	570,000	-	521,501	48,499

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.



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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>		
Revolving Credit (Unsecured)	-	68,500
Bank Overdraft (Secured)	£56	381
<u>Long Term Borrowings</u>		
Long Term Loan (Unsecured)	-	215,934
Long Term Loan (Secured)	USD15,000	51,916
Guaranteed Convertible Bonds due 2009 (Unsecured)	USD12,978	44,852
Total		<u>381,583</u>

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 March 2007, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade payables are as follows:

Currency	Contracts amount (in '000)	Equivalent amount in RM'000
US Dollars	3,633 =====	12,681 =====

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 do not recommended any dividend for the current financial quarter ended 31 March 2007. (Nil for the financial quarter ended 31 March 2006).



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26 *Earnings per share*

The basic earnings per share for the current quarter and financial year to date of 0.60 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 RM2.822 million by the weighted average number of ordinary shares in issue of 471,441,680.

The diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The guaranteed convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate interest expense less the tax effect.

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 15 May 2007