



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/09/2007 RM'000	Corresponding Quarter Ended 30/09/2006 RM'000	Current Year to date Ended 30/09/2007 RM'000	Corresponding Year to date Ended 30/09/2006 RM'000
Revenue	304,524	178,233	612,592	521,056
Operating expenses	(267,764)	(156,017)	(564,826)	(466,118)
Other operating income	4,824	6,352	34,736	39,276
Finance cost	(8,654)	(6,335)	(19,705)	(22,196)
Profit before taxation	32,930	22,233	62,797	72,018
Taxation	(2,016)	(4,440)	(1,784)	(16,757)
Profit for the period	30,914	17,793	61,013	55,261
Attributable to:				
Equity holders of the parent	31,110	17,996	61,876	56,325
Minority interest	(196)	(203)	(863)	(1,064)
	30,914	17,793	61,013	55,261
Earnings per share (sen)				
(a) Basic	6.60	4.03	13.12	12.60
(b) Diluted	6.38	3.76	12.69	11.47

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



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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at end of Current Quarter 30/09/2007 RM'000	(Restated) As at Preceding Financial Year end 31/12/2006 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,092,382	889,726
Prepaid Interest in Leased Land	18,276	14,296
Deferred Expenditure	5,854	11,130
Goodwill on Consolidation	125,329	54,947
Intangible Assets	17,140	15,393
Deferred Tax Assets	814	397
Total Non-current Assets	1,259,795	985,889
<i>Current Assets</i>		
Inventories	120,949	74,893
Trade and Other Receivables	191,575	96,721
Tax Recoverable	-	35
Cash and Cash Equivalents	133,949	112,298
Total Current Assets	446,473	283,947
Total Assets	1,706,268	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)



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CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 30/09/2007 RM'000	(Restated) 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	551,091	507,135
Equity Attributable To Equity Holders of the Parent	786,812	730,598
Minority Interests	6,224	11,706
Total Equity	793,036	742,304
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	40,785	58,453
Long Term Borrowings	524,628	52,931
Retirement benefit and obligations	13,957	-
Deferred Income	1,782	1,929
Deferred tax Liabilities	3,422	-
	584,574	113,313
<i>Current Liabilities</i>		
Trade and Other Payables	255,995	113,746
Short Term Borrowings	72,089	850
Guaranteed Convertible Bonds Due 2009	-	297,721
Current Portion of Deferred Income	415	1,902
Current Tax Payable	159	-
	328,658	414,219
Total Liabilities	913,232	527,532
Total Equity and Liabilities	1,706,268	1,269,836
Net Assets per ordinary share attributable to equity holders of the parent (RM)	1.6689	1.6347

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



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 30/09/2007 RM'000	Corresponding Year To Date Ended 30/09/2006 RM'000
Operating Activities		
Profit Before Taxation	62,797	72,018
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	89,789	91,125
Finance cost (net of interest income)	17,441	16,945
Others	(6,446)	(22,610)
Operating Profit Before Changes In Working Capital	163,581	157,478
Net change in current assets	(47,966)	(35,301)
Tax refund/(paid)	(186)	10,287
Net change in current liabilities	(43,505)	(7,966)
Net Cash Flows From Operating Activities	71,924	124,498
Investing Activities		
Additions to property, plant and equipment	(37,875)	(143,847)
Acquisition of subsidiary company	(222,725)	-
Others	2,258	6,072
Net Cash Flows Used In Investing Activities	(258,342)	(137,775)
Financing Activities		
Proceeds from short and long term borrowings	584,079	18,435
Issuance of shares	45,600	-
Dividend paid	(23,572)	(22,346)
Repayment of short and long term borrowings	(68,647)	(90,000)
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	(316,877)	(129,185)
Others	(15,112)	(15,725)
Net Cash Flows Used In Financing Activities	205,471	(238,821)
Net Change in Cash & Cash Equivalents	19,053	(252,098)
Cash And Cash Equivalents At Beginning Of Period	111,448	370,336
Effect of exchange rate differences	602	(131)
	112,050	370,205
Cash And Cash Equivalents At End Of Period	131,103	118,107

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



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	Current Year To Date Ended 30/09/2007 RM'000	Corresponding Year To Date Ended 30/09/2006 RM'000
Investing Activities		
Acquisition of a subsidiary company		
Net assets acquired as at date of acquisition:		
Property, plant and equipment	175,084	-
Intangible assets	1,671	-
Goodwill on consolidation	63,414	-
Current assets	125,980	-
Current liabilities	(100,784)	-
Taxation	(93)	-
Short and Long term borrowings	(11,898)	-
Retirement benefit and obligations	(13,226)	-
Deferred taxation	(1,691)	-
Net assets acquired	<u>238,457</u>	<u>-</u>
Goodwill on consolidation	<u>7,821</u>	<u>-</u>
Purchase consideration	<u>246,278</u>	<u>-</u>
Less: Cash and bank balances	<u>(23,553)</u>	<u>-</u>
Cash flow used in acquisition of subsidiary	<u><u>222,725</u></u>	<u><u>-</u></u>

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



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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 30 September, 2007							
Balance at beginning of year	223,463	144,987	(3,316)	284,613	649,747	11,706	661,453
Prior year adjustment – Effect of adopting revised FRS 112	-	-	-	80,851	80,851	-	80,851
Restated Balance	223,463	144,987	(3,316)	365,464	730,598	11,706	742,304
Currency translation differences	-	-	(4,196)	-	(4,196)	10	(4,186)
Net profit for the financial year to date	-	-	-	61,876	61,876	(863)	61,013
Total recognised income and expenses for the financial year to date	-	-	(4,196)	61,876	57,680	(853)	56,827
Issuance of shares	12,258	33,342	-	-	45,600	-	45,600
Dividend distributed to equity holders	-	-	-	(23,572)	(23,572)	-	(23,572)
Adjustment due to increase in equity in subsidiary company	-	-	-	-	-	(4,629)	(4,629)
Buy-back of Guaranteed Convertible Bonds due 2009	-	(16,322)	-	(7,172)	(23,494)	-	(23,494)
Balance at end of period	235,721	162,007	(7,512)	396,596	786,812	6,224	793,036

(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)



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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 30 September, 2006							
Balance at beginning of year	223,463	149,492	634	262,427	636,016	12,957	648,973
Currency translation differences	-	-	1,720	-	1,720	-	1,720
Net profit for the financial year to date	-	-	-	56,325	56,325	(1,064)	55,261
Total recognised income and expenses for the financial year to date	-	-	1,720	56,325	58,045	(1,064)	56,981
Dividend distributed to equity holders	-	-	-	(22,346)	(22,346)	-	(22,346)
Buy-back of Guaranteed Convertible Bonds due 2009	-	(4,387)	-	(5,098)	(9,485)	-	(9,485)
Balance at end of period	223,463	145,105	2,354	291,308	662,230	11,893	674,123

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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.

On 15 June, 2007, the MASB has issued a total of 10 revised Financial Reporting Standards ("FRS"). The revised FRSs will be applicable for annual periods commencing on or after 1 July, 2007.

In the quarter ended 30 June 2007, the Group has opted for an early adoption of the revised FRS 112 'Income Taxes' and details of the change in the basis of calculating deferred taxation is explained in Note 19.

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 retrospective adjustments.

1. Balance Sheet

Impact to prior year ended 31 December 2006	As previously stated RM'000	FRS 112 Adjustment RM'000	FRS 117 Adjustment RM'000	As restated RM'000
Property, Plant and Equipment	904,022	-	(14,296)	889,726
Prepaid Interest in Leased Land	-	-	14,296	14,296
Deferred Tax Liabilities	(80,851)	80,851	-	-
Reserves	426,284	80,851	-	507,135
	RM	RM	RM	RM
Net assets per ordinary share	1.4538	0.1809	-	1.6347

2. Income Statement

The early adoption of FRS 112 has resulted in the following profit impact to the quarter ended 30 June 2007 and current year to date:

Reversal of deferred tax expense recognised in quarter ended 31 March, 2007	RM'000 4,817
Recognition of deferred tax asset	416
Total profit impact	<u>5,233</u>

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The early adoption of FRS 112 has resulted in no provision for deferred taxation expense being necessary for the current quarter and year to date ended 30 September 2007. The amount of deferred taxation expense recognized for the corresponding quarter and year to date ended 30 September 2006 amounted to RM4.653 million and RM16.351 million 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 cyclical nature 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 year 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 RM3.8 million and RM15.6 million for the current quarter and year to date respectively.

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 amounting to RM520,000 and RM1.164 million for the quarter and year to date respectively.

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;
- (ii) the repurchase and cancellation of US\$6 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



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- (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% CB by the Company's wholly-owned subsidiary, Unisem International (Labuan) Limited, convertible into ordinary shares of, and guaranteed by the Company.

7. Dividend Paid

A final dividend of 10%, tax exempt, amounting to RM23.572 million in respect of ordinary shares in the previous financial year was paid by the Company on 6 July, 2007.

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

Current Quarter Ended 30 September 2007	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	289,060	15,464	304,524
Profit before taxation	33,758	(828)	32,930
Current Year To Date Ended 30 September 2007	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	574,388	38,204	612,592
Profit before taxation	69,278	(6,481)	62,797

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

Pursuant to the completion of the acquisition of Advanced Interconnect Technologies Ltd ("AIT") on 18 July 2007, AIT has become a wholly owned subsidiary of the Company. On 6 August 2007, AIT, by special resolution, has changed its name to Unisem (Mauritius) Holdings Limited ("Unisem Mauritius").

12. Changes in contingent liabilities or contingent assets

There are no changes in contingent liabilities.

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 RM304.524 million and net profit of RM30.914 million for the current quarter ended 30 September 2007. These represent a corresponding quarterly increase of 70.9% in revenue and increase in net profit of 73.7%. The significant upsurge in revenue was mainly due to revenue contribution from Unisem Mauritius as well as increased sales volume. The increase in net profit was attributable to improved profit margins arising from higher capacity utilisation, significant reduction in operating losses from both its China and European subsidiaries and profit contribution from Unisem Mauritius.



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For the 9-month period ended 30 September 2007, the Group recorded revenue of RM612.592 million and net profit of RM61.013 million. These represent corresponding increase of 17.6% and 10.4% in revenue and net profit respectively. The increase in revenue was mainly due to revenue contribution from Unisem Mauritius as well as increased sales volume. The improvement in net profit for the 9-month period was attributable to impact of the reversal of deferred taxation expenses upon early adoption of revised FRS 112, recognition of other operating income by its China subsidiary, profit contribution from Unisem Mauritius as well as better margins arising from higher capacity utilisation. However, the increase in profit has been partly offset by lower foreign exchange gains and higher losses incurred by its European subsidiary for the 9-month period ended 30 September 2007.

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 RM32.930 million for the third quarter ended 30 September 2007. This represents an increase of 46.6% as compared to the PBT of RM22.458 million for the immediate preceding quarter ended 30 June 2007. The significant increase in PBT was mainly due to higher sales revenue achieved, profit contribution from Unisem Mauritius as well as lower operating losses from both its European and China subsidiaries.

15. *Where the audit report of the company's preceding annual financial statements was qualified, disclosure of the qualification and current status of the matter(s) giving rise to the qualification for the current quarter and financial year to date*

The company's preceding annual financial statements did not have any audit qualification.

16. *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 Directors expect the Group's revenue and earnings in the fourth quarter to improve further from the previous quarter and that the business of the Group for the remaining period to the end of the financial year would remain strong.

17. *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.

18. (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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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	Current Quarter Ended 30/09/2007 RM'000	Current Year To Date Ended 30/09/2007 RM'000
Income tax payable - current	(228)	(412)
Transfer (to)/from deferred taxation	(1,788)	(1,372)
Total	<u>(2,016)</u>	<u>(1,784)</u>

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.

As mentioned in Note 1, the Company has opted for an early adoption of FRS 112 'Income Taxes'. The revised FRS 112 has changed the basis of the calculation of deferred tax by allowing reinvestment allowances be treated as part of the tax base of qualifying assets acquired. This has resulted in deferred tax assets being recognized in respect of reinvestment allowances to the extent that it is probable that future taxable profits will be available against which the reinvestment allowances can be utilized. As a consequence of the early adoption of FRS 112, the effective tax rate of the Group is lower than the statutory tax rate.

20. 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.

21. Particulars of purchase or disposal of quoted securities

There are no purchases or disposals of quoted securities by the Group as at 1 November 2007.

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

There are no outstanding corporate proposals announced but not completed as at 1 November 2007.

(b) Status of utilisation of proceeds raised from any corporate proposal for the quarter under review

As at 30 September 2007, there are no unutilised proceeds raised from corporate proposal.



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23. 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)	£412	2,846
<u>Long Term Borrowings</u>		
Long Term Loan (Unsecured)	-	230,645
Long Term Loan (Secured)	USD86,000	293,116
Others (Unsecured)	USD473	1,610
Guaranteed Convertible Bonds due 2009 (Unsecured)	USD11,978	40,785
Total		<u>637,502</u>

During the current quarter, the Company has obtained a USD50 million secured syndicated term loan facility to part-finance the acquisition of 100% equity interest in AIT.

24. 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 30 September 2007, 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	5,000	17,464
	=====	=====

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.

25. 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.



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26. *Dividend*

The Directors have recommended an interim dividend of 5 sen per share tax exempt for the current financial quarter ended 30 September 2007 (10% or 5 sen per share tax exempt for the financial quarter ended 30 September 2006). The interim dividend will be paid on 30 November 2007.

27. *Earnings per share*

The basic earnings per share for the current quarter of 6.60 sen and financial year to date of 13.12 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 RM31.110 million and RM61.876 million respectively 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 is 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 : 1 November 2007