

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Current Quarter Ended 30/06/2008 RM'000	Corresponding Quarter Ended 30/06/2007 RM'000	Current Year to date Ended 30/06/2008 RM'000	Corresponding Year to date Ended 30/06/2007 RM'000
Revenue	324,135	161,097	634,816	308,069
Operating expenses	(292,143)	(151,258)	(580,889)	(297,062)
Other operating income	3,795	17,480	13,084	29,913
Finance cost	(6,884)	(4,861)	(14,802)	(11,051)
Profit before taxation	28,903	22,458	52,209	29,869
Taxation	(3,858)	5,141	(5,040)	232
Profit for the period	25,045	27,599	47,169	30,101
Attributable to:				
Equity holders of the parent	25,171	27,945	47,408	30,768
Minority interest	(126)	(346)	(239)	(667)
	25,045	27,599	47,169	30,101
Earnings per share (sen)				
(a) Basic	5.34	5.93	10.06	6.53
(b) Diluted	5.34	5.74	10.06	6.40

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at end of Current Quarter 30/06/2008 RM'000	As at Preceding Financial Year End 31/12/2007 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,120,890	1,106,551
Prepaid Interest in Leased Land	20,982	20,896
Deferred Expenditure	4,076	5,336
Goodwill	123,757	123,509
Intangible Assets	18,184	17,671
Deferred Tax Assets	8,751	8,739
Other Receivable	2,324	3,169
Total Non-current Assets	1,298,964	1,285,871
<i>Current Assets</i>		
Inventories	133,996	140,231
Trade and Other Receivables	214,037	200,331
Cash and Cash Equivalents	84,354	90,152
Total Current Assets	432,387	430,714
Total Assets	1,731,351	1,716,585

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 30/06/2008 RM'000	As at Preceding Financial Year End 31/12/2007 RM'000
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	235,721	235,721
Reserves	629,194	579,398
Equity Attributable To Equity Holders of the Parent	864,915	815,119
Minority Interests	7,565	7,804
Total Equity	872,480	822,923
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	-	42,498
Long Term Borrowings	382,858	453,734
Retirement Benefits and Obligations	13,395	12,882
Deferred Income	9,373	5,227
Deferred Tax Liabilities	6,580	4,519
	412,206	518,860
<i>Current Liabilities</i>		
Trade and Other Payables	260,102	309,792
Guaranteed Convertible Bonds Due 2009	26,507	-
Short Term Borrowings	156,765	64,063
Current Tax Payable	3,291	947
	446,665	374,802
Total Liabilities	858,871	893,662
Total Equity and Liabilities	1,731,351	1,716,585
Net Assets per ordinary share attributable to equity holders of the parent (RM)	1.8346	1.7290

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 30/06/2008 RM'000	Corresponding Year To Date Ended 30/06/2007 RM'000
Operating Activities		
Profit For The Period	47,169	29,869
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	76,660	60,645
Finance cost (net of interest income)	13,912	9,392
Others	7,365	(11,490)
Operating Profit Before Changes In Working Capital	145,106	88,416
Net change in current assets	(9,205)	(42,430)
Tax refund/(paid)	(610)	(125)
Net change in current liabilities	(116,891)	(19,664)
Net Cash Flows From / (Used In) Operating Activities	18,400	26,197
Investing Activities		
Additions to property, plant and equipment	(14,388)	(20,979)
Others	336	1,802
Net Cash Flows Used In Investing Activities	(14,052)	(19,177)
Financing Activities		
Proceeds from short and long term borrowings	39,753	247,366
Issuance of shares	-	45,600
Repayment of short and long term borrowings	(21,390)	-
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	(14,728)	(316,813)
Others	(10,216)	(8,427)
Net Cash Flows From Financing Activities	(6,581)	(32,274)
Net Change in Cash & Cash Equivalents	(2,233)	(25,254)
Cash And Cash Equivalents At Beginning Of Period	88,850	111,448
Effect of exchange rate differences	(2,263)	550
	86,587	111,998
Cash And Cash Equivalents At End Of Period	84,354	86,744

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



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 30 June 2008							
Balance at beginning of year	235,721	164,319	(16,238)	431,317	815,119	7,804	822,923
Currency translation differences	-	-	3,631	-	3,631	-	3,631
Net profit for the financial year to date	-	-	-	47,408	47,408	(239)	47,169
Total recognised income and expenses for the financial year to date	-	-	3,631	47,408	51,039	(239)	50,800
Buy-back of Guaranteed Convertible Bonds due 2009	-	(107)	-	(1,136)	(1,243)	-	(1,243)
Balance at end of period	235,721	164,212	(12,607)	477,589	864,915	7,565	872,480

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



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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 & Capital Reserves RM'000	Reserve attributable to Revenue RM'000	Retained Earnings RM'000	Subtotal RM'000		
Corresponding Year To Date Ended 30 June, 2007							
Balance at beginning of year	223,463	144,987	(3,316)	365,464	730,598	11,706	742,304
Currency translation differences	-	-	(1,773)	-	(1,773)	13	(1,760)
Net profit for the financial year to date	-	-	-	30,768	30,768	(667)	30,101
Total recognised income and expenses for the financial year to date	-	-	(1,773)	30,768	28,995	(654)	28,341
Issuance of shares	12,258	33,342	-	-	45,600	-	45,600
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	(5,089)	389,060	781,699	6,423	788,122

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

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 2007.

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

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 the repurchase and cancellation, by the Company's wholly-owned subsidiary, Unisem International (Labuan) Limited, of US\$3.847 million principal amount of the US\$50 million 3% unsecured convertible bonds due 2009, convertible into ordinary shares of, and guaranteed by the Company.

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

Quarter Ended 30 June 2008	Asia	Europe	USA	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	307,801	13,096	3,238	324,135
Profit before taxation	28,719	(719)	903	28,903
Year To Date Ended 30 June 2008	Asia	Europe	USA	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	601,132	27,513	6,171	634,816
Profit before taxation	51,094	(394)	1,509	52,209



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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 except on 3 July, 2008, there has been a repurchase and cancellation of the remaining outstanding principal amount of the US\$50 million 3% unsecured convertible bonds due 2009 amounting to USD8.131 million by Unisem International (Labuan) Limited.
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.
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 RM324.135 million and net profit of RM25.045 million for the current quarter ended 30 June 2008. The corresponding increase in revenue of 101.2% was mainly due to revenue contribution from Unisem Mauritius, Unisem Chengdu as well as increased sales volume in Unisem Ipoh. The current quarter net profit of RM25.045 million was lower compared with the RM27.599 million achieved in the previous corresponding quarter. This was mainly attributable to the recognition of other operating income by Unisem Chengdu and the one-off reversal of deferred taxation expenses arising from the early adoption of revised FRS112 'Income Taxes' in the previous corresponding quarter.
- For the first half of the current financial year ended 30 June 2008, the Group recorded revenue of RM634.816 million and net profit of RM47.169 million. These represent corresponding increase of 106.1% and 54.1% in revenue and net profit respectively. The increase in revenue was mainly due to revenue contribution from Unisem Mauritius, Unisem Chengdu as well as increased sales volume in Unisem Ipoh. The increase in net profit was mainly due to higher capacity utilization achieved, higher foreign exchange gains as well as profit contribution from both Unisem Chengdu and Unisem Mauritius.
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 RM28.903 million for the second quarter ended 30 June 2008. This represents a increase in PBT of 24.0% as compared to the PBT of RM23.305 million for the immediate preceding quarter ended 31 March 2008. The improvement was mainly due to higher sales revenue achieved and improved cost management.
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.



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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 third quarter of 2008 to be better than that of the second quarter and the business of the Group for the remaining period of the financial year 2008 would be better than the first half of 2008.

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.

19. ***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 30/06/2008 RM'000	Current Year To Date Ended 30/06/2008 RM'000
Income tax payable - current	1,632	2,955
Transfer (to)/from deferred taxation	2,226	2,085
Total	3,858	5,040

The effective tax rate is lower than the statutory tax rate for the current quarter and financial year to date mainly due to deferred tax assets being recognized in respect of the Reinvestment Allowances (RA) and Investment Tax Allowances (ITA) to the extent that it is probable that future taxable profits will be available against which the RA and ITA can be utilized.

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 28 July 2008.

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

There are no outstanding corporate proposals announced but not completed as at 28 July 2008.

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

As at 30 June 2008, 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
Term Loan (Unsecured)	-	241,960
Term Loan (Secured)	USD91,000	296,646
Promissory Notes (Unsecured)	USD312	1,017
Guaranteed Convertible Bonds due 2009 (Unsecured)	USD8,131	26,507
Total		<u>566,130</u>

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 June, 2008, the foreign exchange currency contracts that have been entered into by the Company are as follows:

Currency	Contracts amount (in '000)	Equivalent amount in RM'000
US Dollars	46,000	150,440
	=====	=====

The Company has entered into a foreign exchange currency forward contract for a period of up to twenty-four months. The above amount represents the balance of the contract.

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.

26. Dividend

The Directors do not recommended any dividend for the current financial quarter ended 30 June 2008. (Nil for the financial quarter ended 30 June 2007).



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

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27. *Earnings per share*

The basic earnings per share for the current quarter of 5.34 sen and financial year to date of 10.06 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 RM25.171 million and RM47.408 million by the weighted average number of ordinary shares in issue of 471,441,679.

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 : 28 JULY 2008