



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Current Quarter Ended 30/09/2008 RM'000 | Corresponding Quarter Ended 30/09/2007 RM'000 | Current Year to date Ended 30/09/2008 RM'000 | Corresponding Year to date Ended 30/09/2007 RM'000 |
|------------------------------|--|--|---|---|
| Revenue | 331,199 | 304,524 | 966,015 | 612,592 |
| Operating expenses | (302,611) | (267,764) | (883,500) | (564,826) |
| Other operating income | 4,411 | 4,824 | 17,494 | 34,736 |
| Finance cost | (7,834) | (8,654) | (22,636) | (19,705) |
| Profit before taxation | 25,165 | 32,930 | 77,373 | 62,797 |
| Taxation | (820) | (2,016) | (5,860) | (1,784) |
| Profit for the period | 24,345 | 30,914 | 71,513 | 61,013 |
| Attributable to: | | | | |
| Equity holders of the parent | 24,583 | 31,110 | 71,991 | 61,876 |
| Minority interest | (238) | (196) | (478) | (863) |
| | 24,345 | 30,914 | 71,513 | 61,013 |
| Earnings per share (sen) | | | | |
| (a) Basic | 5.21 | 6.60 | 15.27 | 13.12 |
| (b) Diluted | 5.21 | 6.38 | 15.27 | 12.69 |

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

| | As at end of Current Quarter 30/09/2008 RM'000 | As at Preceding Financial Year End 31/12/2007 RM'000 |
|---------------------------------|---|---|
| Assets | | |
| <i>Non-Current Assets</i> | | |
| Property, Plant and Equipment | 1,158,060 | 1,106,551 |
| Prepaid Interest in Leased Land | 21,434 | 20,896 |
| Deferred Expenditure | 3,415 | 5,336 |
| Goodwill | 126,954 | 123,509 |
| Intangible Assets | 18,455 | 17,671 |
| Deferred Tax Assets | 8,765 | 8,739 |
| Other Receivable | 1,807 | 3,169 |
| Total Non-current Assets | 1,338,890 | 1,285,871 |
| <i>Current Assets</i> | | |
| Inventories | 128,850 | 140,231 |
| Trade and Other Receivables | 214,698 | 200,331 |
| Cash and Cash Equivalents | 53,822 | 90,152 |
| Total Current Assets | 397,370 | 430,714 |
| Total Assets | 1,736,260 | 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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

| | As at end of Current Quarter 30/09/2008 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 | 656,048 | 579,398 |
| Equity Attributable To Equity Holders of the Parent | 891,769 | 815,119 |
| Minority Interests | 7,326 | 7,804 |
| Total Equity | 899,095 | 822,923 |
| <i>Non-Current Liabilities</i> | | |
| Guaranteed Convertible Bonds Due 2009 | - | 42,498 |
| Long Term Borrowings | 357,264 | 453,734 |
| Retirement Benefits and Obligations | 14,268 | 12,882 |
| Deferred Income | 9,613 | 5,227 |
| Deferred Tax Liabilities | 6,364 | 4,519 |
| | 387,509 | 518,860 |
| <i>Current Liabilities</i> | | |
| Trade and Other Payables | 241,199 | 309,792 |
| Short Term Borrowings | 203,964 | 64,063 |
| Current Tax Payable | 4,493 | 947 |
| | 449,656 | 374,802 |
| Total Liabilities | 837,165 | 893,662 |
| Total Equity and Liabilities | 1,736,260 | 1,716,585 |
| Net Assets per ordinary share attributable to equity holders of the parent (RM) | 1.8916 | 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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Current Year To Date Ended 30/09/2008 RM'000 | Corresponding Year To Date Ended 30/09/2007 RM'000 |
|---|---|---|
| Operating Activities | | |
| Profit For The Period | 71,513 | 61,013 |
| Adjustments for non-cash flow items: | | |
| Depreciation and amortisation expenses (net of amortization income) | 119,121 | 89,789 |
| Finance cost (net of interest income) | 21,105 | 17,441 |
| Others | 7,835 | (4,662) |
| Operating Profit Before Changes In Working Capital | 219,574 | 163,581 |
| Net change in current assets | 4,107 | (47,966) |
| Tax refund/(paid) | (610) | (186) |
| Net change in current liabilities | (130,445) | (43,505) |
| Net Cash Flows From Operating Activities | 92,626 | 71,924 |
| Investing Activities | | |
| Additions to property, plant and equipment | (79,442) | (37,875) |
| Acquisition of subsidiary company | - | (222,725) |
| Others | 285 | 2,258 |
| Net Cash Flows Used In Investing Activities | (79,157) | (258,342) |
| Financing Activities | | |
| Proceeds from short and long term borrowings | 87,517 | 584,079 |
| Issuance of shares | - | 45,600 |
| Dividend paid | (23,572) | (23,572) |
| Repayment of short and long term borrowings | (54,852) | (68,647) |
| Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009 | (43,829) | (316,877) |
| Others | (18,124) | (15,112) |
| Net Cash Flows From/(Used In) Financing Activities | (52,860) | 205,471 |
| Net Change in Cash & Cash Equivalents | (39,391) | 19,053 |
| Cash And Cash Equivalents At Beginning Of Period | 88,850 | 111,448 |
| Effect of exchange rate differences | 4,363 | 602 |
| | 93,213 | 112,050 |
| Cash And Cash Equivalents At End Of Period | 53,822 | 131,103 |

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



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

| | Current Year To Date Ended 30/09/2008 RM'000 | Corresponding Year To Date Ended 30/09/2007 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 | - | 238,457 |
| Goodwill on consolidation | - | 7,821 |
| Purchase consideration | - | 246,278 |
| Less: Cash and bank balances | - | (23,553) |
| Cash flow used in acquisition of subsidiary | - | 222,725 |

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

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 2008 | | | | | | | |
| Balance at beginning of year | 235,721 | 164,319 | (16,238) | 431,317 | 815,119 | 7,804 | 822,923 |
| Currency translation differences | - | - | 30,083 | - | 30,083 | - | 30,083 |
| Net profit for the financial year to date | - | - | - | 71,991 | 71,991 | (478) | 71,513 |
| Total recognised income and expenses for the financial year to date | - | - | 30,083 | 71,991 | 102,074 | (478) | 101,596 |
| Dividend distributed to equity holders | - | - | - | (23,572) | (23,572) | - | (23,572) |
| Buy-back of Guaranteed Convertible Bonds due 2009 | - | (336) | - | (1,516) | (1,852) | - | (1,852) |
| Balance at end of period | 235,721 | 163,983 | 13,845 | 478,220 | 891,769 | 7,326 | 899,095 |

(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)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

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, 2007 | | | | | | | |
| Balance at beginning of year | 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 2007)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 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***
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 the remaining US\$11.978 million principal amount of the US\$50 million 3% unsecured convertible bonds due 2009, convertible into ordinary shares of, and guaranteed by the Company. All of the convertible bonds have been fully redeemed and cancelled.
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 10 July, 2008.
8. ***Segment revenue and segment result and segment assets employed for business segments or geographical segments***

| Quarter Ended 30 September 2008 | Asia | Europe | USA | Consolidated |
|--|----------------|---------------|---------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | <u>315,303</u> | <u>13,279</u> | <u>2,617</u> | <u>331,199</u> |
| Profit before taxation | <u>23,702</u> | <u>1,447</u> | <u>16</u> | <u>25,165</u> |



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

| Year To Date Ended 30 September 2008 | Asia | Europe | USA | Consolidated |
|---|---------------|---------------|---------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 916,429 | 40,792 | 8,794 | 966,015 |
| Profit before taxation | 74,775 | 1,055 | 1,543 | 77,373 |

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.

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 RM331.199 million and net profit of RM24.345 million for the current quarter ended 30 September 2008. These represent corresponding 8.8% increase and 21.2% decrease in revenue and net profit respectively. The increase in revenue was mainly due to the increased revenue contribution from Unisem Chengdu and overall sales volume. The decline in the current quarter net profit was attributable to higher foreign exchange losses and higher utilities cost.

For the current financial year to date ended 30 September 2008, the Group recorded revenue of RM966.015 million and net profit of RM71.513 million. These represent corresponding increase of 57.7% and 17.2% in revenue and net profit respectively. The increase in revenue was mainly due to revenue contribution from Unisem Mauritius, increased revenue contribution from Unisem Chengdu and overall sales volume. The increase in net profit was mainly due to higher capacity utilization achieved and 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 RM25.165 million for the third quarter ended 30 September 2008. This represents a decrease in PBT of 12.9% as compared to the PBT of RM28.903 million for the immediate preceding quarter ended 30 June 2008. The decrease in PBT was mainly due to higher foreign exchange losses and higher utilities cost.

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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THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

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 unprecedented turmoil in the financial markets globally in recent weeks will inevitably have an adverse impact on the Group's operations. Measures have been put in place to mitigate a likely slowdown in the Group's revenue and earnings in the near term.

The Board of Directors however believes that despite an imminent slowdown the longer term prospects of the Group remains positive given the diversity of our products and services, the geographical spread of our facilities and the growing trend in the industry towards total outsourcing of assembly and testing services to subcontract houses in the Far East.

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 30/09/2008 RM'000 | Current Year To Date Ended 30/09/2008 RM'000 |
|--------------------------------------|--|---|
| Income tax payable - current | 1,382 | 4,336 |
| Transfer (to)/from deferred taxation | (562) | 1,524 |
| Total | 820 | 5,860 |

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 6 November 2008.



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22. (a) *Status of corporate proposals announced but not completed*
There are no outstanding corporate proposals announced but not completed as at 6 November 2008.
- (b) *Status of utilisation of proceeds raised from any corporate proposal for the quarter under review*
As at 30 September 2008, there are no unutilised proceeds raised from corporate proposal.

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) | - | 220,920 |
| Term Loan (Secured) | USD87,200 | 298,929 |
| Revolving Credit (Unsecured) | - | 40,500 |
| Promissory Notes (Unsecured) | USD256 | 879 |
| Total | | <u>561,228</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 September, 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 | 42,000 ===== | 137,509 ===== |

The Company has entered 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.



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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 recommend any dividend for the current financial quarter ended 30 September 2008 (10% or 5 sen per share tax exempt for the financial quarter ended 30 September 2007).

27. *Earnings per share*

The basic earnings per share for the current quarter of 5.21 sen and financial year to date of 15.27 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 RM24.583 million and RM71.991 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 : 6 November 2008