



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31/12/2008 RM'000	Corresponding Quarter Ended 31/12/2007 RM'000	Current Year to date Ended 31/12/2008 RM'000	Corresponding Year to date Ended 31/12/2007 RM'000
Revenue	267,366	359,891	1,233,381	972,483
Operating expenses	(261,137)	(309,676)	(1,144,637)	(874,501)
Other operating income	3,793	12,996	21,287	47,732
Impairment loss on goodwill	(54,948)	-	(54,948)	-
Finance cost	(8,455)	(8,271)	(31,091)	(27,976)
Profit/(Loss) before taxation	(53,381)	54,940	23,992	117,738
Taxation	204	3,659	(5,656)	1,875
Profit/(Loss) for the period	(53,177)	58,599	18,336	119,613
Attributable to:				
Equity holders of the parent	(52,154)	57,216	19,837	119,094
Minority interest	(1,023)	1,383	(1,501)	519
	(53,177)	58,599	18,336	119,613
Earnings/(Loss) per share (sen)				
(a) Basic	(11.06)	12.14	4.21	25.26
(b) Diluted	(11.06)	11.66	4.21	24.43

(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
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at end of Current Quarter 31/12/2008 RM'000	As at Preceding Financial Year End 31/12/2007 RM'000 (Restated)
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,148,754	1,106,551
Prepaid Interest in Leased Land	21,385	20,896
Deferred Expenditure	-	206
Goodwill	72,308	123,509
Intangible Assets	25,028	17,671
Deferred Tax Assets	8,991	8,739
Other Receivable	1,318	3,169
Total Non-current Assets	1,277,784	1,280,741
<i>Current Assets</i>		
Inventories	114,322	140,231
Trade and Other Receivables	147,170	200,331
Cash and Cash Equivalents	102,220	90,152
Total Current Assets	363,712	430,714
Total Assets	1,641,496	1,711,455

(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
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 31/12/2008 RM'000	As at Preceding Financial Year End 31/12/2007 RM'000 (Restated)
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	235,721	235,721
Reserves	600,513	579,398
Equity Attributable To Equity Holders of the Parent	836,234	815,119
Minority Interests	12,608	7,804
Total Equity	848,842	822,923
<i>Non-Current Liabilities</i>		
Guaranteed Convertible Bonds Due 2009	-	42,498
Long Term Borrowings	300,217	451,016
Retirement Benefits and Obligations	11,833	12,882
Finance Lease	2,647	-
Deferred Income	9,358	5,227
Deferred Tax Liabilities	7,990	4,519
	332,045	516,142
<i>Current Liabilities</i>		
Trade and Other Payables	191,829	309,792
Short Term Borrowings	268,085	61,651
Finance Lease	654	-
Current Tax Payable	41	947
	460,609	372,390
Total Liabilities	792,654	888,532
Total Equity and Liabilities	1,641,496	1,711,455
Net Assets per ordinary share attributable to equity holders of the parent (RM)	1.7738	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
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31/12/2008	Corresponding Year To Date Ended 31/12/2007 (Restated)
	RM'000	RM'000
Operating Activities		
Profit For The Period	18,336	119,613
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	156,838	129,271
Impairment of goodwill	54,948	-
Finance cost (net of interest income)	32,799	28,931
Others	8,433	(27,275)
Operating Profit Before Changes In Working Capital	271,354	250,540
Net change in current assets	83,610	(72,417)
Tax paid	(5,327)	(708)
Others	(1,306)	(2,102)
Net change in current liabilities	(171,459)	36,519
Net Cash Flows From Operating Activities	176,872	211,832
Investing Activities		
Additions to property, plant and equipment	(119,192)	(118,543)
Acquisition of subsidiary company	-	(222,730)
Others	(6,815)	(3,227)
Net Cash Flows Used In Investing Activities	(126,007)	(344,500)
Financing Activities		
Proceeds from short and long term borrowings	106,937	461,722
Issuance of shares	-	47,788
Dividend paid	(23,572)	(47,144)
Repayment of short and long term borrowings	(89,676)	(10,399)
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	(44,840)	(316,661)
Others	(22,162)	(24,826)
Net Cash Flows From/(Used In) Financing Activities	(73,313)	110,480
Net Change in Cash & Cash Equivalents	(22,448)	(22,188)
Cash And Cash Equivalents At Beginning Of Period	88,850	111,448
Effect of exchange rate differences	6,518	(410)
	95,368	111,038
Cash And Cash Equivalents At End Of Period	72,920	88,850

(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 CASH FLOW STATEMENT

	Current Year To Date Ended 31/12/2008 RM'000	Corresponding Year To Date Ended 31/12/2007 RM'000
Investing Activities		
Acquisition of a subsidiary company		
Net assets acquired as at date of acquisition:		
Property, plant and equipment	-	172,130
Prepaid interest in leased land		2,916
Intangible assets	-	1,671
Goodwill on consolidation	-	63,414
Current assets	-	125,976
Current liabilities	-	(100,753)
Taxation	-	(83)
Short and Long term borrowings	-	(11,897)
Retirement benefit and obligations	-	(13,226)
Deferred taxation	-	(1,691)
Net assets acquired	-	238,457
Goodwill on consolidation	-	7,826
Purchase consideration	-	246,283
Less: Cash and bank balances	-	(23,553)
Cash flow used in acquisition of subsidiary	-	222,730

(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 STATEMENTS OF CHANGES IN EQUITY

	← 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	
Current Year To Date Ended 31 December 2008							
Balance at beginning of year	235,721	164,319	(16,238)	431,317	815,119	7,804	822,923
Currency translation differences	-	-	26,792	-	26,792	-	26,792
Net profit for the financial year to date	-	-	-	19,837	19,837	(1,501)	18,336
Total recognised income and expenses for the financial year to date	-	-	26,792	19,837	46,629	(1,501)	45,128
Dividend distributed to equity holders	-	-	-	(23,572)	(23,572)	-	(23,572)
Arising from accretion of equity interests in subsidiary	-	-	-	-	-	6,305	6,305
Buy-back of Guaranteed Convertible Bonds due 2009	-	(2,141)	1,797	(1,598)	(1,942)	-	(1,942)
Balance at end of period	235,721	162,178	12,351	425,984	836,234	12,608	848,842

(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 →						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, 2007							
Balance at beginning of year	223,463	144,987	(3,316)	367,106	732,240	11,914	744,154
Currency translation differences	-	-	(12,922)	-	(12,922)	-	(12,922)
Net profit for the financial year to date	-	-	-	119,094	119,094	519	119,613
Total recognised income and expenses for the financial year to date	-	-	(12,922)	119,094	106,172	519	106,691
Issuance of shares	12,258	35,530	-	-	47,788	-	47,788
Dividend distributed to equity holders	-	-	-	(47,144)	(47,144)	-	(47,144)
Adjustment due to increase in equity in subsidiary company	-	-	-	-	-	(4,629)	(4,629)
Buy-back of Guaranteed Convertible Bonds due 2009	-	(16,198)	-	(7,739)	(23,937)	-	(23,937)
Balance at end of period	235,721	164,319	(16,238)	431,317	815,119	7,804	822,923

(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
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 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 31 December 2008	Asia	Europe	USA	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	252,337	12,827	2,202	267,366
Segment Profit before taxation	535	1,443	(411)	1,567
Impairment loss on goodwill				(54,948)
Profit/Loss) before taxation				(53,381)



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Year To Date Ended 31 December 2008	Asia	Europe	USA	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	1,168,766	53,619	10,996	1,233,381
Segment Profit before taxation	75,310	2,498	1,132	78,940
Impairment loss on goodwill				(54,948)
Profit before taxation				23,992

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 RM267.366 million, this represents a corresponding quarterly decline of 25.7%. The decrease in revenue was mainly due to reduced sales volume as a consequence of the slowdown in the worldwide economy. For the current quarter ended 31 December 2008 the Group recorded a net loss of RM53.177 million as compared to the net profit of RM58.599 million recorded in the same quarter in 2007. The significant net loss incurred during the current quarter was mainly attributable to the impairment loss on the remaining balance of goodwill arising from the acquisition of Unisem Europe amounting to RM54.948 million, lower profits achieved as a consequence of reduced revenue, lower foreign exchange gains and compensation cost arising from termination of a major sales agent.

For the current financial year to date ended 31 December 2008, the Group recorded revenue of RM1.233 billion, this represents a corresponding yearly growth of 26.8%. The increase in revenue was mainly due to revenue contribution from Unisem Mauritius and Unisem Chengdu. For the financial year 2008 the Group also recorded a net profit of RM18.336 million, compared to a net profit of RM119.613 million for the financial year 2007. The decrease in net profit was mainly due to impairment loss on the remaining balance of goodwill arising from the acquisition of Unisem Europe amounting to RM54.948 million, lower other operating income recognized by Unisem Chengdu, compensation cost arising from termination of a major sales agent and lower foreign exchange gains.



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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 loss before taxation ("LBT") of RM53.381 million for the fourth quarter ended 31 December 2008 as compared to the PBT of RM25.165 million for the immediate preceding quarter ended 30 September 2008. The LBT arose mainly due to the impairment loss on the remaining balance of goodwill arising from the acquisition of Unisem Europe amounting to RM54.948 million, lower profits achieved as a consequence of reduced revenue, lower foreign exchange gains and compensation cost arising from termination of a major sales agent.

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 rapid deterioration in the global economy that began in the second half of 2008 will continue to adversely affect the business of the Group in 2009. Visibility remains poor and the present weakness is expected to continue at least through the first half of 2009. In response to the declining business volume, aggressive measures have been put in place to mitigate the slowdown. These included headcount reduction, cancellation of annual salary increases, reductions in working days and wage cuts for the employees.

The Board of Directors however believes that despite the rapid deterioration of business sentiment the longer term prospects of the Group remains positive given the diversity of our products and services, the geographical spread of our facilities and well established trend 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.



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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 31/12/2008 RM'000	Current Year To Date Ended 31/12/2008 RM'000
Income tax payable – current/(overprovision)	(1,618)	2,718
Transfer to/(from) deferred taxation	1,414	2,938
Total	<u>(204)</u>	<u>5,656</u>

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 26 February 2009.

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

There are no outstanding corporate proposals announced but not completed as at 26 February 2009.

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

As at 31 December 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)		195,157
Term Loan (Secured)	USD83,400	287,312
Revolving Credit (Unsecured)		54,500
Bank overdrafts (Unsecured)		29,300
Banker Acceptances (Unsecured)		1,350
Promissory Notes (Unsecured)	USD198	683
Total		<u>568,302</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.



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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, 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	34,000 =====	110,840 =====

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.

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 have recommended a final dividend of 5% (or 2.5 sen per share) tax-exempt for the financial year ended 31 December 2008 (10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2007). 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.

27. *Earnings per share*

The basic loss per share for the current quarter of 11.06 sen and earnings per share for the financial year to date of 4.21 sen was calculated by dividing the Group's net loss attributable to equity holders of the parent company for the current quarter amounting to RM52.154 million and the Group's net profit attributable to equity holders of the parent company for the financial year to date amounting to RM19.837 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 : 26 February 2009