



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Current Quarter Ended 30/09/2009 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2008 RM'000</b>	<b>Current Year to date Ended 30/09/2009 RM'000</b>	<b>Corresponding Year to date Ended 30/09/2008 RM'000</b>
Revenue	283,519	331,199	719,479	966,015
Operating expenses	(252,841)	(302,611)	(681,353)	(883,500)
Other operating income/(expenses)	(437)	4,411	45	17,494
Finance cost	(4,725)	(7,834)	(16,322)	(22,636)
Profit before taxation	25,516	25,165	21,849	77,373
Taxation	42	(820)	4,029	(5,860)
<b>Profit for the period</b>	<b>25,558</b>	<b>24,345</b>	<b>25,878</b>	<b>71,513</b>
<b>Attributable to:</b>				
Equity holders of the Company	25,828	24,583	26,723	71,991
Minority interest	(270)	(238)	(845)	(478)
	<b>25,558</b>	<b>24,345</b>	<b>25,878</b>	<b>71,513</b>
Earnings per share (sen) - Basic	5.48	5.21	5.67	15.27

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As at end of Current Quarter 30/09/2009 RM'000</b>	<b>As at Preceding Financial Year End 31/12/2008 RM'000</b>
<b>Assets</b>		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,117,778	1,148,754
Prepaid Interest in Leased Land	21,083	21,385
Goodwill	72,693	72,308
Intangible Assets	22,913	25,028
Deferred Tax Assets	8,993	8,991
Other Receivable	2,148	1,318
Total Non-current Assets	1,245,608	1,277,784
<i>Current Assets</i>		
Inventories	119,872	114,322
Trade and Other Receivables	191,337	147,170
Cash and Bank Balances	53,090	102,220
Total Current Assets	364,299	363,712
<b>Total Assets</b>	<b>1,609,907</b>	<b>1,641,496</b>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



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CONDENSED CONSOLIDATED BALANCE SHEETS – CONTINUED

	As at end of Current Quarter 30/09/2009 RM'000	As at Preceding Financial Year End 31/12/2008 RM'000
<b>Equity and Liabilities</b>		
<i>Capital and Reserves</i>		
Share Capital	235,721	235,721
Reserves	620,902	600,513
Equity Attributable To Equity Holders of the Company	856,623	836,234
Minority Interests	11,763	12,608
<b>Total Equity</b>	<b>868,386</b>	<b>848,842</b>
<i>Non-Current Liabilities</i>		
Long Term Borrowings	173,178	300,217
Retirement Benefits and Obligations	13,853	11,833
Finance Lease	2,212	2,647
Deferred Income	9,064	9,358
Deferred Tax Liabilities	3,387	7,990
	201,694	332,045
<i>Current Liabilities</i>		
Trade and Other Payables	248,353	191,829
Short Term Borrowings	290,841	268,085
Finance Lease	633	654
Current Tax Payable	-	41
	539,827	460,609
<b>Total Liabilities</b>	<b>741,521</b>	<b>792,654</b>
<b>Total Equity and Liabilities</b>	<b>1,609,907</b>	<b>1,641,496</b>
Net Assets per ordinary share attributable to equity holders of the Company (RM)	1.8170	1.7738

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



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

	<b>Current Year To Date Ended 30/09/2009</b>	<b>Corresponding Year To Date Ended 30/09/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit For The Period	25,878	71,513
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	127,269	119,121
Finance cost (net of interest income)	15,483	21,105
Others	(2,917)	7,835
Operating Profit Before Changes In Working Capital	165,713	219,574
Net change in current assets	(51,578)	4,107
Tax paid	(2,082)	(610)
Net change in current liabilities	9,363	(130,445)
Net Cash Flows From Operating Activities	121,416	92,626
<b>Investing Activities</b>		
Additions to property, plant and equipment	(39,616)	(79,442)
Others	2,258	285
Net Cash Flows Used In Investing Activities	(37,358)	(79,157)
<b>Financing Activities</b>		
Proceeds from short and long term borrowings	28,711	87,517
Repayment of short and long term borrowings	(134,518)	(54,852)
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	-	(43,829)
Dividend paid	(11,786)	(23,572)
Others	(13,767)	(18,124)
Net Cash Flows Used In Financing Activities	(131,360)	(52,860)
Net Change in Cash & Cash Equivalents	(47,302)	(39,391)
Cash And Cash Equivalents At Beginning Of Period	72,920	88,850
Effect of exchange rate differences	2,054	4,363
	74,974	93,213
Cash And Cash Equivalents At End Of Period	27,672	53,822

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to Equity Holders of the Company →						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	
<b>Current Year To Date Ended 30 September 2009</b>							
Balance at beginning of year	235,721	162,178	12,351	425,984	836,234	12,608	848,842
Currency translation differences	-	-	5,452	-	5,452	-	5,452
Net profit for the financial year to date	-	-	-	26,723	26,723	(845)	25,878
Total recognised income and expenses for the financial year to date	-	-	5,452	26,723	32,175	(845)	31,330
Dividend distributed to equity holders	-	-	-	(11,786)	(11,786)	-	(11,786)
<b>Balance at end of period</b>	<b>235,721</b>	<b>162,178</b>	<b>17,803</b>	<b>440,921</b>	<b>856,623</b>	<b>11,763</b>	<b>868,386</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED**

	← Attributable to Equity Holders of the Company →						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	
<b>Corresponding Year To Date Ended 30 September 2008</b>							
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)
<b>Balance at end of period</b>	<b>235,721</b>	<b>163,983</b>	<b>13,845</b>	<b>478,220</b>	<b>891,769</b>	<b>7,326</b>	<b>899,095</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2008)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

**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 2008.
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:
  - (i) On 15 October, 2009, the Company issued 47,144,000 new ordinary shares of RM0.50 each, representing 10% of the issued and paid-up share capital of the Company, at an issue price of RM1.45 pursuant to a private placement exercise.
7. ***Dividend Paid***  
A final dividend of 5%, tax exempt, amounting to RM11.786 million in respect of ordinary shares in the previous financial year was paid by the Company on 30 July 2009.
8. ***Segment revenue and segment result and segment assets employed for business segments or geographical segments***

<b>Quarter Ended 30 September 2009</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<u>276,177</u>	<u>5,065</u>	<u>2,277</u>	<u>283,519</u>
Profit/(Loss) before taxation	<u>27,024</u>	<u>(1,774)</u>	<u>266</u>	<u>25,516</u>



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<b>Year To Date Ended 30 September 2009</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	700,367	13,845	5,267	719,479
Profit/(Loss) before taxation	29,137	(6,172)	(1,116)	21,849

**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 save and except for

- (i) On 1 July 2009, Unisem International (Labuan) Limited (“Unisem Labuan”) was placed under Member’s Voluntary Winding Up process pursuant to the Offshore Companies Act, 1990. Unisem Labuan was created for the issuance of the unsecured Guaranteed Convertible Bonds due 2009. The company has been dormant since the full redemption and cancellation of all the outstanding convertible bonds in August 2008; and
- (ii) On 15 July 2009, the Company incorporated a wholly-owned subsidiary in Chengdu, known as Unisem International (Chengdu) Ltd with a registered capital of USD20,000. The principal activities of the company are marketing of semiconductor devices and provision of related services.

**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 RM283.519 million and net profit of RM25.558 million for the current quarter representing a corresponding quarterly decline of 14.4% in revenue and an increase in net profit of 5.0% respectively. The decrease in revenue was mainly due to reduced sales volume whereas the improvement in profit was mainly due to the higher profit contribution from Unisem Chengdu, lower operating costs and lower interest expenses.

For the period of 9-month ended 30 September 2009, the Group recorded revenue of RM719.479 million and net profit of RM25.878 million, representing a corresponding decline of 25.5% and 63.8% respectively. The decrease in revenue was mainly due to decrease in sales volume as a consequence of the global economic slowdown. The decrease in net profit was mainly due to lower business revenue achieved and foreign exchange losses.





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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 profit before taxation (“PBT”) of RM25.516 million for the third quarter ended 30 September 2009, this represents a 12.2% growth compared to the PBT of RM22.751 million for the immediate preceding quarter ended 30 June 2009. The improvement in PBT was mainly due to increase in overall group sales volume as well as higher profit contribution from Unisem Chengdu.

**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.

**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 30/09/2009 RM’000	Current Year To Date Ended 30/09/2009 RM’000
Income tax payable - current	(533)	(749)
Transfer from deferred taxation	575	4,778
Total	42	4,029

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.



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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 are no sales 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 2 November 2009.

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

There are no outstanding corporate proposals announced but not completed as at 2 November 2009.

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

As at 30 September 2009, 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:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
<i>Secured Borrowings</i>		
Term Loans	USD70,000	242,971
Revolving Credit	USD2,000	6,940
<i>Unsecured Borrowings</i>		
Term Loans		110,460
Revolving Credit		73,500
Bank overdrafts		25,418
Banker Acceptances		4,657
Promissory Notes	USD21	73
Total		<u>464,019</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 2009, the foreign exchange currency contracts that have been entered into by the Company are as follows:



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Currency	Contracts amount (in '000)	Equivalent amount in RM'000
US Dollars	16,000 =====	52,160 =====

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 do not recommend any dividend for the current financial quarter ended 30 September 2009. (Nil for the financial quarter ended 30 September 2008).

**27. *Earnings per share***

The basic earnings per share for the current quarter of 5.48 sen and financial year to date of 5.67 sen was calculated by dividing the Group's net profit attributable to equity holders of the Company for the current quarter and financial year to date amounting to RM25.828 million and RM26.723 by the weighted average number of ordinary shares in issue of 471,441,679.

BY ORDER OF THE BOARD

**CHUA HENG FATT** (MACS 00264)

**CHIN HOCK YEE** (LS 8922)

Company Secretary

DATED : 2 November 2009