



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2009

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Current Quarter Ended 31/12/2009 RM'000</b>	<b>Corresponding Quarter Ended 31/12/2008 RM'000</b>	<b>Current Year to date Ended 31/12/2009 RM'000</b>	<b>Corresponding Year to date Ended 31/12/2008 RM'000</b>
Revenue	316,831	267,366	1,036,310	1,233,381
Operating expenses	(280,045)	(261,137)	(961,400)	(1,144,637)
Other operating income	3,689	3,793	3,734	21,287
Impairment loss on goodwill	-	(54,948)	-	(54,948)
Finance cost	(3,943)	(8,455)	(20,265)	(31,091)
Profit/(Loss) before taxation	36,532	(53,381)	58,379	23,992
Taxation	(1,663)	204	2,366	(5,656)
<b>Profit/(Loss) for the period</b>	<b>34,869</b>	<b>(53,177)</b>	<b>60,745</b>	<b>18,336</b>
<b>Attributable to:</b>				
Equity holders of the Company	35,100	(52,154)	61,821	19,837
Minority interest	(231)	(1,023)	(1,076)	(1,501)
	<b>34,869</b>	<b>(53,177)</b>	<b>60,745</b>	<b>18,336</b>
Earnings/(Loss) per share (sen)				
- Basic	6.77	(11.06)	11.92	4.21

(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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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As at end of Current Quarter 31/12/2009 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	1,118,215	1,148,754
Prepaid Interest in Leased Land	20,819	21,385
Goodwill	71,831	72,308
Intangible Assets	21,428	25,028
Deferred Tax Assets	9,056	8,991
Other Receivable	-	1,318
Total Non-current Assets	1,241,349	1,277,784
<i>Current Assets</i>		
Inventories	126,829	114,322
Trade and Other Receivables	186,492	147,170
Cash and Bank Balances	65,147	102,220
Total Current Assets	378,468	363,712
<b>Total Assets</b>	<b>1,619,817</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 31/12/2009 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	259,293	235,721
Reserves	690,735	600,513
Equity Attributable To Equity Holders of the Company	950,028	836,234
Minority Interests	11,532	12,608
<b>Total Equity</b>	<b>961,560</b>	<b>848,842</b>
<i>Non-Current Liabilities</i>		
Long Term Borrowings	126,562	300,217
Retirement Benefits and Obligations	15,723	11,833
Finance Lease	1,938	2,647
Deferred Income	8,789	9,358
Deferred Tax Liabilities	4,130	7,990
	157,142	332,045
<i>Current Liabilities</i>		
Trade and Other Payables	230,492	191,829
Short Term Borrowings	269,947	268,085
Finance Lease	659	654
Current Tax Payable	17	41
	501,115	460,609
<b>Total Liabilities</b>	<b>658,257</b>	<b>792,654</b>
<b>Total Equity and Liabilities</b>	<b>1,619,817</b>	<b>1,641,496</b>
Net Assets per ordinary share attributable to equity holders of the Company (RM)	1.8320	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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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Current Year To Date Ended 31/12/2009</b>	<b>Corresponding Year To Date Ended 31/12/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit For The Period	60,745	18,336
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	163,644	156,838
Finance cost (net of interest income)	22,994	32,799
Impairment of goodwill	-	54,948
Others	193	8,433
Operating Profit Before Changes In Working Capital	247,576	271,354
Net change in current assets	(50,971)	83,610
Tax paid	(1,440)	(5,327)
Others	(313)	(1,306)
Net change in current liabilities	40,694	(171,459)
Net Cash Flows From Operating Activities	235,546	176,872
<b>Investing Activities</b>		
Additions to property, plant and equipment	(133,889)	(119,192)
Others	3,046	(6,815)
Net Cash Flows Used In Investing Activities	(130,843)	(126,007)
<b>Financing Activities</b>		
Proceeds from issuance of shares	66,844	-
Repayment of short and long term borrowings	(155,311)	(89,676)
Dividend paid	(11,786)	(23,572)
Consideration for buy-back and early redemption of Guaranteed Convertible Bonds due 2009	-	(44,840)
Proceeds from short and long term borrowings	-	106,937
Others	(23,967)	(22,162)
Net Cash Flows Used In Financing Activities	(124,220)	(73,313)
Net Change in Cash & Cash Equivalents	(19,517)	(22,448)
Cash And Cash Equivalents At Beginning Of Period	72,920	88,850
Effect of exchange rate differences	513	6,518
	73,433	95,368
Cash And Cash Equivalents At End Of Period	53,916	72,920

(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 31 December 2009</b>							
Balance at beginning of year	235,721	162,178	12,351	425,984	836,234	12,608	848,842
Currency translation differences	-	-	(3,085)	-	(3,085)	-	(3,085)
Net profit for the financial year to date	-	-	-	61,821	61,821	(1,076)	60,745
Total recognised income and expenses for the financial year to date	-	-	(3,085)	61,821	58,736	(1,076)	57,660
Issuance of share due to private placement	23,572	43,272	-	-	66,844	-	66,844
Capital appropriation	-	6,592	-	(6,592)	-	-	-
Dividend distributed to equity holders	-	-	-	(11,786)	(11,786)	-	(11,786)
<b>Balance at end of period</b>	<b>259,293</b>	<b>212,042</b>	<b>9,266</b>	<b>469,427</b>	<b>950,028</b>	<b>11,532</b>	<b>961,560</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 31 December 2008</b>							
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)
<b>Balance at end of period</b>	<b>235,721</b>	<b>162,178</b>	<b>12,351</b>	<b>425,984</b>	<b>836,234</b>	<b>12,608</b>	<b>848,842</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  
FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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 the following:

On 16 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 31 December 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>309,283</u>	<u>5,398</u>	<u>2,150</u>	<u>316,831</u>
Profit/(Loss) before taxation	<u>36,926</u>	<u>(725)</u>	<u>331</u>	<u>36,532</u>
<b>Year To Date Ended 31 December 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>1,009,650</u>	<u>19,243</u>	<u>7,417</u>	<u>1,036,310</u>
Profit/(Loss) before taxation	<u>66,061</u>	<u>(6,897)</u>	<u>(785)</u>	<u>58,379</u>



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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.

**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 the following:

- (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 dissolved on 13 Dec 2009; 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 save and except for the following:

Pursuant to the Ipoh High Court decision given in November 2009, the Company made payment to Mr Ku Hong Hai a sum of RM960,000, being compensation in lieu of reinstatement, less statutory deductions, as awarded by the Industrial Court.

**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 RM316.831 million for the current quarter, representing a corresponding quarterly increase of 18.5%. For the current quarter the Group achieved a net profit of RM34.869 million as compared to the net loss of RM53.177 million (after the provision of RM54.948 million being the impairment loss on goodwill from the acquisition of Unisem Europe) in the same quarter in 2008. The increase in revenue was mainly due to increased sales volume as a consequence of the recovery in the worldwide economy. The marked improvement in the net profit was mainly due to increased in overall sales volume and higher profit contribution from Unisem Chengdu.

For the current financial year to date ended 31 December 2009, the Group recorded revenue of RM1.036 billion, this represents a corresponding year-on-year decline of 16.0% in revenue. The decrease in revenue was mainly due to reduced sales volume as a consequence of the slowdown in the worldwide economy during the first half of the financial year. The Group recorded a net profit of RM60.745 million compared to net profit of RM18.336 million (after the provision of RM54.948 million being the impairment loss on goodwill from the acquisition of Unisem Europe) in 2008.





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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 RM36.532 million for the fourth quarter ended 31 December 2009, a 43.2% increase compared to the PBT of RM25.516 million achieved in the immediate preceding quarter ended 30 September 2009. The improvement in PBT was mainly due to increase in overall group sales volume as well as higher profit contribution from Unisem Mauritius.

**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 Board of Directors expects the revenue and earnings of the Group in the next quarter to improve from the previous quarter and that the business of the Group for the financial year 2010 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 31/12/2009 RM’000	Current Year To Date Ended 31/12/2009 RM’000
Income tax payable	(855)	(1,604)
Transfer from/(to) deferred taxation	(808)	3,970
Total	(1,663)	2,366

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.



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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 22 February 2010.
22. (a) **Status of corporate proposals announced but not completed**  
There are no outstanding corporate proposals announced but not completed as at 22 February 2010.
- (b) **Status of utilisation of proceeds raised from any corporate proposal for the quarter under review**  
As at 31 December 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	USD66,200	226,278
<i>Unsecured Borrowings</i>		
Term Loans		78,900
Revolving Credit		73,500
Bank overdrafts		11,231
Banker Acceptances		6,600
Total		<u>396,509</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 31 December 2009, the foreign exchange currency contracts that have been entered into by the Company are as follows:

<b>Currency</b>	<b>Contracts amount (in '000)</b>	<b>Equivalent amount in RM'000</b>
US Dollars	10,000	32,600
	=====	=====

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.



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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 2009 (5% (or 2.5 sen per share) tax-exempt for the financial year ended 31 December 2008). 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 earnings per share for the current quarter of 6.77 sen and financial year to date of 11.92 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 RM35.100 million and RM61.821 million by the weighted average number of ordinary shares in issue of 518,585,679.

BY ORDER OF THE BOARD

**CHUA HENG FATT** (MACS 00264)

**CHIN HOCK YEE** (LS 8922)

Company Secretary

DATED : 22 February 2010