

# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000 (Restated)	Changes %	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000 (Restated)	Changes
CONTINUING OPERATIONS		,			,	
Revenue	310,083	281,124	10.3	565,242	544,962	3.7
Cost of sales	(254,988)	(243,914)	4.5	(489,835)	(478,558)	2.4
Gross profit	55,095	37,210	48.1	75,407	66,404	13.6
Operating expenses	(16,154)	(17,370)	-7.0	(32,827)	(33,884)	-3.1
Other operating income	3,842	10,022	-61.7	11,849	11,367	4.2
Interest expense	(1,350)	(766)	76.2	(2,915)	(1,081)	169.7
Profit before tax	41,433	29,096	42.4	51,514	42,806	20.3
Taxation	(7,523)	(6,230)	20.8	(12,285)	(7,728)	59.0
Profit for the period from continuing operations	33,910	22,866	48.3	39,229	35,078	11.8
DISCONTINUED OPERATIO	NS					
Profit/(Loss) for the period from discontinued operations	40	(8,638)	100.5	(8,107)	(14,804)	45.2
Profit for the period	33,950	14,228	138.6	31,122	20,274	53.5
Profit attributable to:						
Owners of the Company	33,950	14,451	134.9	31,122	20,513	51.7
Non-controlling interests	-	(223)	100.0	-	(239)	100.0
	33,950	14,228	138.6	31,122	20,274	53.5
Earnings/(Loss) per share (sen):						
Basic and diluted						
- Continuing operations	4.66	3.18	46.5	5.39	4.86	10.9
- Discontinued operations	0.01	(1.19)	100.8	(1.11)	(2.04)	45.6
-	4.67	1.99	134.7	4.28	2.82	51.8

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000 (Restated)	Changes %	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000 (Restated)	Changes %
Profit for the period	33,950	14,228	138.6	31,122	20,274	53.5
Other comprehensive (loss)/income						
Items that may be reclassified subsequently to profit or loss Exchange differences on translating foreign operations	(2,496)	(6,773)	63.1	17,824	1,268	1305.7
Total Comprehensive Income for the period	31,454	7,455	321.9	48,946	21,542	127.2
Total Comprehensive Income						
attributable to:						
Owners of the Company	31,454	7,678	309.7	48,946	21,781	124.7
Non-controlling interests	-	(223)	100.0	-	(239)	100.0
-	31,455	7,455	321.9	48,946	21,542	127.2

(The Condensed Consolidated Statements of Comprehensive Income or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets	As at end of Current Quarter 30/6/2020 RM'000	As at Preceding Financial Year End 31/12/2019 RM'000
Non-Current Assets		
Property, Plant and Equipment	1,198,565	1,100,076
Prepaid Interest in Leased Land	17,151	17,061
Total Non-current Assets	1,215,716	1,117,137
Current Assets		
Inventories	174,968	154,026
Trade and Other Receivables	189,519	158,321
Tax Recoverable	517	200
Deposits and Other Cash and Cash Equivalents	278,203	342,803
Total Current Assets	643,207	655,350
<b>Total Assets</b>	1,858,923	1,772,487
Equity and Liabilities  Capital and Reserves  Share Capital	595,367	595,367
Treasury Shares	(15,888)	(15,888)
Reserves	810,180	775,776
Total Equity	1,389,659	1,355,255
Non-Current Liabilities		
Bank Borrowings	146,866	120,638
Deferred Income	17,563	17,719
Deferred Tax Liabilities	29,399	24,522
Total Non-current Liabilities	193,828	162,879
Current Liabilities		
Trade and Other Payables	210,385	192,356
Bank Borrowings	62,438	53,471
Amount owing to Other Related Companies	2,142	4,091
Provision for Tax	471	4,435
Total Current Liabilities	275,436	254,353
Total Liabilities	469,264	417,232
Total Equity and Liabilities	1,858,923	1,772,487
Net Assets per ordinary share attributable to		
owners of the Company (RM)	1.9113	1.8640

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/6/2020 RM'000	Corresponding Year To Date Ended 30/6/2019 RM'000
Operating Activities		
Profit/(Loss) For The Period		
- Continuing operations	39,229	35,078
- Discontinued operations	(8,107)	(14,804)
	31,122	20,274
Adjustments for non-cash items:	00.000	02.120
Depreciation and amortisation expenses	82,029	83,130
Interest expense/(income) - net	1,351	136
Others	20,559	7,092
Operating Profit Before Changes In Working Capital	135,061	110,632
Net change in current assets	(57,773)	9,526
Tax paid	(8,840)	(9,647)
Net change in current liabilities	(14,339)	(48,886)
Others	470	(422)
Net Cash Flows From Operating Activities	54,579	61,203
Investing Activities Additions to property, plant and equipment Others Net Cash Flows Used In Investing Activities	(122,914) 3,768 (119,146)	(161,475) 3,061 (158,414)
Financing Activities		
Drawdown/(Repayment) of bank borrowings - net	25,391	63,096
Dividends paid	(29,084)	(21,812)
Others	(2,888)	(1,890)
Net Cash Flows (Used In)/From Financing Activities	(6,581)	39,394
Net Change in Cash & Cash Equivalents	(71,148)	(57,817)
Cash And Cash Equivalents At Beginning Of Period	342,803	344,110
Effect of exchange rate differences	6,548	377
Zirov er enemmige rune universiteer	349,351	344,487
Cash And Cash Equivalents At End Of Period	278,203	286,670
Cash and Cash Equivalents comprised the following:	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	278,203	286,670

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company  Foreign							
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Subtotal RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Current Period To Date Ended 30 June 2020								
At 1 January 2020	595,367	(15,888)	40,255	124,799	610,722	1,355,255	-	1,355,255
Profit for the period	-	-	-	-	31,122	31,122	-	31,122
Other comprehensive income	-	-	-	17,824	-	17,824	-	17,824
Total comprehensive income for the period	-	-	-	17,824	31,122	48,946	-	48,946
Dividends distributed to equity holders					(14,542)	(14,542)		(14,542)
At 30 June 2020	595,367	(15,888)	40,255	142,623	627,302	1,389,659	<b>-</b>	1,389,659
Corresponding Period To Date Ended 30 June 2019								
At 1 January 2019	595,367	(15,888)	35,525	139,456	676,370	1,430,830	7,297	1,438,127
Profit for the period	-	-	-	-	20,513	20,513	(239)	20,274
Other comprehensive income	-	-	-	1,268	-	1,268	-	1,268
Total comprehensive income for the period	-	-	-	1,268	20,513	21,781	(239)	21,542
Dividends distributed to equity holders		-	-	-	(21,812)	(21,812)	-	(21,812)
At 30 June 2019	595,367	(15,888)	35,525	140,724	675,071	1,430,799	7,058	1,437,857

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

# A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 'INTERIM FINANCIAL REPORTING' (MFRS 134) AND BURSA LISTING REQUIREMENTS

#### A1. Accounting policies and basis of preparation

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the *MFRS 134* 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 2019.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2019.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2020. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

#### A2. Declaration of audit qualification

The preceding annual financial statements of the Group were reported without any audit qualification.

#### A3. Explanatory comment about the seasonality or cyclicality of operations

There were no material seasonal or cyclical factors affecting the results of the quarter under review.

### A4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities or equity that are unusual because of their nature, size, or incidence during the quarter under review and financial period to date except for the cessation of manufacturing operations in PT Unisem on 31 March 2020 and has been classified as discontinued operations as disclosed in Note A13.

### A5. 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 were no changes in the estimates of amounts, which give a material effect in the current interim period.

### A6. Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issue, cancellation, repurchases, resale and repayment of debt or equity securities during the quarter under review and financial period to date.

#### A7. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or assets since the date of the last report.

### A8. Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements

There were no amendments to the valuations of property, plant and equipment brought forward.



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### A9. Dividend Paid

A third interim dividend of 2.0 sen per share tax-exempt, amounting to RM14.542 million in respect of ordinary shares in the previous financial year was paid by the Company on 29 April 2020.

A second interim dividend of 2.0 sen per share tax-exempt, amounting to RM14.542 million in respect of ordinary shares in the previous financial year was paid by the Company on 10 January 2020.

# A10. Segment revenue and segment result and segment assets employed for business segments or geographical segments

The Group's geographical segment report from continuing operations for the financial period to date is as follows:

Year To Date Ended 30 June 2020	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	297,917	47,108	220,217	565,242
Segment results	20,249	7,009	25,664	52,922
Year To Date Ended 30 June 2019	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	294,362	45,779	204,821	544,962
Segment results	21,326	3,063	17,028	41,417
Reconciliation of segmen	nt results from (	continuing	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000
operations Reportable segments			52,922	41,417
Non-reportable segments			(56)	(88)
Interest expense			(2,915)	(1,081)
Interest income			1,563	2,558
Profit before tax			51,514	42,806
Taxation			(12,285)	(7,728)
Profit after tax			39,229	35,078

# A11. 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 current reported period that have not been reflected in the financial statement for the current period.



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### A12. Effect of changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review and financial period to date except for the cessation of manufacturing operations in PT Unisem on 31 March 2020.

#### A13. Loss from Discontinued Operations

As a result of the cessation of manufacturing operations in PT Unisem on 31 March 2020, financial results of the Group have been reclassified as guided by MFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, where the results from PT Unisem are disclosed separately as "Discontinued Operations". The results of the discontinued operations are as follows:

	Current	Corresponding
	Year to date Ended	Year to date Ended
	30/6/2020	30/6/2019
	RM'000	RM'000
Revenue	18,498	70,095
Cost of sales	(30,910)	(82,696)
Gross loss	(12,412)	(12,601)
Operating expenses	(1,341)	(4,200)
Other operating income	1,896_	2,343
Operating loss	(11,857)	(14,458)
Interest expense	<u></u> _	(1,616)
Loss before tax	(11,857)	(16,074)
Taxation	3,750	1,270
Loss after tax	(8,107)_	(14,804)

The following charges/(credits) have been included in arriving at the loss before tax of discontinued operations:

	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000
Write down of inventories to net realisable value	4,668	-
Depreciation and amortisation	2,199	6,255
Impairment loss on property, plant and equipment	1,011	-
Interest expense	-	1,616
Loss allowance on trade receivables no longer		
required	(1,450)	-
Foreign exchange (gain)/loss	(453)	176
Interest income	(1)	(3)



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

### B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

# B1. Detailed analysis of the performance of all operating segments of the Group, setting out material factors affecting the earnings and/or revenue for the current quarter and financial year to date

Under the Group's continuing operations, the Group recorded revenue of RM310.084 million and RM565.242 million respectively for the current quarter and six months ended 30 June 2020, representing an improvement of 10.3% and 3.7% respectively against the same period a year ago.

The Group recorded net profit of RM33.910 million and RM39.229 million respectively for the quarter and period ended 30 June 2020 from continuing operations as compared to the net profit of RM22.866 million and RM35.078 million a year ago.

The improvement in revenue and net profits was mainly attributable to the higher sales volume achieved and appreciation of USD/MYR exchange rates as compared to the prevailing rates a year ago.

### B2. Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

	Current Quarter Ended 30/6/2020 RM'000	Immediate Preceding Quarter Ended 31/3/2020 RM'000	Changes
Continuing operations			
Revenue	310,083	255,159	21.5
Gross Profit	55,095	20,312	171.2
Profit Before Tax	41,433	10,081	311.0
Profit After Tax attributable to Owners of the			
Company	33,910	5,319	537.5

The Group recorded profit before taxation of RM41.433 million for the current quarter against the profit before taxation of RM10.081 million reported in the preceding quarter ended 31 March 2020. The improvement in the profit before taxation was mainly attributable to the higher sales volume achieved with the resumption of normal production in the current quarter.

# B3. 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

Global consumption and consumer confidence remain volatile due to the current Covid-19 pandemic. At Unisem, we remain cautious and will continue with stringent cost control measures, exercise restrain on capital expenditure and to take safety measures vigilantly at our plants to protect the health and well-being of all our employees.

The Directors expect the operating environment of the Group for 2020 to be challenging.



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

- B4. 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 preceding annual financial statements of the Group were reported without any audit qualification.
- B5. 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.
- **B6.** (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.

#### B7. Profit Before Taxation

Profit before taxation from continuing operations is arrived at after charging/(crediting):-

	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000
Depreciation and amortisation	41,056	38,610	79,830	76,875
Interest expense	1,350	766	2,915	1,081
Provision/(Write-back) for				
slow moving inventories	46	(61)	101	(12)
Interest income	(744)	(1,403)	(1,563)	(2,558)
Grant income received	(476)	(204)	(1,196)	(408)
Foreign exchange gains	(64)	(3,692)	(4,110)	(1,294)
Loss/(Gain) on disposal of				
properties	-	-	-	-
Bad debts written off	-	-	-	-
Loss/(Gain) on derivatives				



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

### B8. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial year to date

Tay aynanga an wasulta fuom	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000	Current Year to date Ended 30/6/2020 RM'000	Corresponding Year to date Ended 30/6/2019 RM'000
Tax expense on results from continuing operations:				
Income tax payable	(1,572)	(2,558)	(4,460)	(4,053)
Deferred tax	(5,973)	(3,672)	(7,847)	(3,675)
	(7,545)	(6,230)	(12,307)	(7,728)
Over provision in prior year	22		22	
	(7,523)	(6,230)	(12,285)	(7,728)

The effective tax rates for the current financial period to date approximate to the statutory tax rates of Malaysia and the People's Republic of China.

#### B9. (a) Status of corporate proposals announced but not completed

There are no outstanding corporate proposals announced but not completed as at the date of this announcement.

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

There are no unutilised proceeds raised from corporate proposal as at the date of this announcement.

#### B10. Borrowings and debt securities as at the end of the reporting period

The detail and currency analysis of the Group's borrowings are as follows:

	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000
Secured Borrowings		
Due within 12 months	-	30,511
Due after 12 months	-	9,485
Unsecured Borrowings		
Due within 12 months	62,438	35,678
Due after 12 months	146,866	60,969
	209,304	136,643

All the Group's borrowings are denominated in US Dollars.



### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### **B11.** Trade Receivables

The age analysis of trade receivables is as follows:

	Current Quarter Ended 30/6/2020 RM'000	Corresponding Quarter Ended 30/6/2019 RM'000
Neither past due nor impaired	167,908	147,128
Past due but not impaired:		
61-90  days	4,896	5,965
91 – 120 days	817	639
Above 120 days	365	448
·	6,078	7,052
Past due and impaired:		
Above 120 days	-	-
·	173,986	154,180

The Group monitors the past due trade receivables closely and will only impair the amounts if their eventual recovery is in doubt.

#### **B12.** Material Impairment of Assets

There was no material impairment of assets during the quarter under review and financial period to date.

### B13. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

There were no changes in material litigation since the date of the last report.

#### B14. Foreign Currency Risk Management

The Group attempts to limit the foreign currency exchange risk by having a natural hedge between its receivables and a portion of its payables/bank borrowings and may also enter into forward currency exchange contracts.

#### B15. Dividend

The Directors recommended an interim dividend of 2.0 sen per share tax-exempt for the current financial quarter ended 30 June 2020. (2.0 sen per share tax-exempt for the financial quarter ended 30 June 2019). The dividend will be paid on 3 September 2020.



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2020

#### B16. Earnings/(Loss) per share

The basic and diluted earnings/(loss) per share is calculated by dividing the Group's earnings/(loss) attributable to owners of the Company for the current quarter/financial period to date by the weighted average number of ordinary shares in issue.

	Current Quarter Ended 30/6/2020	Corresponding Quarter Ended 30/6/2019	Current Year to date Ended 30/6/2020	Corresponding Year to date Ended 30/6/2019
Net profit/(loss) attributable to owners of the Company (RM'000)				
- Continuing operations	33,910	23,089	39,229	35,317
- Discontinued operations	40	(8,638)	(8,107)	(14,804)
	33,950	14,451	31,122	20,513
Weighted average number of ordinary shares in issue ('000)	727,086	727,086	727,086	727,086
Basic & diluted earnings/(loss) per share (sen)				
- Continuing operations	4.66	3.18	5.39	4.86
- Discontinued operations	0.01	(1.19)	(1.11)	(2.04)
_	4.67	1.99	4.28	2.82

BY ORDER OF THE BOARD

**CHIN HOCK YEE** (LS 8922) SSM PC No. 201908003237

**KUAN HUI FANG** (MIA 16876) SSM PC No. 202008001235

**Company Secretaries** 

DATED: 3 August 2020