



Financial Statements

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Directors' Report

The directors of UNISEM (M) BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2007.

PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacturing of semiconductor devices.

The principal activities of the subsidiary companies are as set out in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT EVENTS

During the financial year, the following events occurred:

- (i) On July 18, 2007, the Company announced that the acquisition of Unisem (Mauritius) Holdings Limited ("UMHL") (formerly known as Advanced Interconnect Technologies Limited) has been completed. The total purchase consideration of the acquisition amounted to US\$70.25 million (equivalent to RM246.3 million); and
- (ii) The Company obtained a US\$50 million (equivalent to RM165 million) secured term loan facility from a local financial institution. The Company has fully utilised the term loan facility during the financial year to part finance the acquisition of UMHL.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	117,744,706	101,753,686
Taxation	1,867,433	(1,102,714)
Profit for the year	119,612,139	100,650,972
Attributable to:		
Equity holders of the Company	119,093,499	100,650,972
Minority interests	518,640	-
	119,612,139	100,650,972

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the change in accounting policy as disclosed in Note 2 to the Financial Statements.

Directors' Report (cont'd)

DIVIDENDS

A final dividend of 10%, tax-exempt, amounting to RM23,572,084 declared in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report, was paid by the Company during the current financial year.

An interim dividend of 10%, tax-exempt, amounting to RM23,572,084 was paid on November 30, 2007 in respect of the current financial year.

The directors have proposed a final dividend of 10%, tax-exempt, for the current financial year. The proposed final dividend which amounts to approximately RM23,572,084 is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM223,462,777 to RM235,720,839 by way of an issue of 24,516,124 new ordinary shares of RM0.50 each pursuant to the Exchange of Guaranteed Convertible Bonds issued by a subsidiary company at the exercise price of RM1.86 per share.

The resulted premium arising from the shares issued above of RM35,530,015 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

There was no issue of debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (CONT'D)

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Mr. John Chia Sin Tet
Mr. Bruno Guilmart (appointed on August 2, 2007)
Mr. Ang Chye Hock
Mr. Francis Chia Mong Tet

Directors' Report (cont'd)

DIRECTORS (CONT'D)

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
 Y.Bhg. Tan Sri Dato' Samshuri bin Arshad
 Y.Bhg. Tan Sri Dato' Wong See Wah
 Mr. Yen Woon @ Low Sau Chee
 Mr. Sundra Moorthi s/o V.M. Krishnasamy
 Mr. Tee Yee Loh
 Mr. Chua Khing Chiew (alternate to Mr. Yen Woon @ Low Sau Chee)

In accordance with Article 124 of the Company's Articles of Association, Mr. John Chia Sin Tet, Mr. Ang Chye Hock and Y.Bhg. Tan Sri Dato' Samshuri bin Arshad retire by rotation and, being eligible, offer themselves for re-election.

Mr. Bruno Guilmart who was appointed to the Board since the last Annual General Meeting, retires under Article 127 of the Company's Articles of Association and, being eligible, offers himself for re-election.

In accordance with Section 129(6) of the Companies Act 1965, Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba who attained the age of 70, retires and offers himself for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM0.50 each			Balance as of 31.12.2007
	Balance as of 1.1.2007	Bought/ Transferred*	Sold/ Transferred*	
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	1,300,000	6,800,000	(8,100,000)*	-
Mr. Ang Chye Hock	145,000	150,000	-	295,000
Mr. Francis Chia Mong Tet	1,074,600	-	-	1,074,600
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	3,000,000	-	(2,700,000)	300,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	27,000	-	-	27,000
Mr. Tee Yee Loh	2,200,800	-	(282,000)/ (1,000,000)*	918,800
Indirect interest by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	146,111,800	1,225,000/ 8,100,000*	-	155,436,800
Mr. Francis Chia Mong Tet	9,300,000	-	-	9,300,000
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	114,900	114,900*	(114,900)*	114,900
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad	600,000	-	-	600,000
Mr. Yen Woon @ Low Sau Chee	136,195,000	1,225,000	-	137,420,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	6,000	-	-	6,000
Mr. Tee Yee Loh	4,698,000	1,000,000*	-	5,698,000

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their interests in the shares of the Company, Messrs. John Chia Sin Tet and Yen Woon @ Low Sau Chee are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company has interest.

Mr. Bruno Guilmart and Y. Bhg. Tan Sri Dato' Wong See Wah do not hold shares or have beneficial interest in the shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 19 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

PROF. TAN SRI DATO' DR. MOHD. RASHDAN BIN HAJI BABA

**Kuala Lumpur,
February 20, 2008**

Report of The Auditors TO THE MEMBERS OF UNISEM (M) BERHAD (Incorporated In Malaysia)

We have audited the accompanying balance sheets as of December 31, 2007 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2007 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors as mentioned under Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

YEOH SIEW MING

2421/05/09(J/PH)

Partner

February 20, 2008

Unisem (M) Berhad and its subsidiaries Income Statements for the Year Ended December 31, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Revenue		972,482,318	692,754,814	639,441,968	609,960,507
Investment income	8	3,071,265	6,105,277	2,156,814	6,690,812
Other gains and (losses)	5	14,676,808	30,560,940	8,111,325	25,207,590
Other operating income	5	17,821,070	9,395,102	10,760,397	9,741,428
Gain on buy-back of guaranteed convertible bonds	24(b)	13,038,113	9,643,671	-	-
Changes in inventories of finished goods and work-in-progress		4,429,549	(3,199,310)	8,087,475	(2,269,884)
Raw materials and consumables used		(379,459,374)	(216,802,105)	(215,446,040)	(189,170,859)
Depreciation of property, plant and equipment	11	(123,464,141)	(119,945,761)	(84,212,259)	(103,473,344)
Employee benefits expenses	5	(195,031,501)	(141,162,939)	(110,584,742)	(100,867,175)
Directors' remuneration	6	(11,386,028)	(7,118,996)	(7,009,060)	(6,058,178)
Amortisation of prepaid interest in leased lands	12	(302,605)	(128,841)	(43,969)	(44,022)
Finance costs	7	(32,002,277)	(30,079,268)	(25,682,766)	(29,000,788)
Other operating expenses	5	(166,128,491)	(137,090,501)	(123,825,457)	(108,627,585)
Profit before tax		117,744,706	92,932,083	101,753,686	112,088,502
Taxation	9	1,867,433	(15,722,743)	(1,102,714)	(17,823,326)
Profit for the year		119,612,139	77,209,340	100,650,972	94,265,176
Attributable to:					
Equity holders of the Company		119,093,499	78,267,811	100,650,972	94,265,176
Minority interests		518,640	(1,058,471)	-	-
		119,612,139	77,209,340	100,650,972	94,265,176
Earnings per share					
Basic (sen)	10	25.26	17.51		
Diluted (sen)	10	24.43	16.49		

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad and its subsidiaries

Balance Sheets

as of December 31, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,106,550,610	889,726,357	608,352,054	630,769,021
Prepaid interest in leased lands	12	20,896,262	14,295,648	3,957,704	4,001,673
Investment in subsidiary companies	13	-	-	600,829,521	336,111,661
Deferred expenditure	14	5,336,338	11,151,193	5,336,338	11,151,193
Goodwill	15	123,509,392	54,947,600	-	-
Intangible assets	16	17,670,677	15,393,050	-	-
Deferred tax asset	9	8,739,003	2,246,666	416,000	-
Other receivable	18	3,168,880	-	3,168,880	-
Total non-current assets		1,285,871,162	987,760,514	1,222,060,497	982,033,548
Current assets					
Inventories	17	140,230,677	74,893,488	71,259,878	63,198,075
Trade receivables	18	187,387,704	90,096,059	93,904,462	81,270,587
Other receivables, deposits and prepaid expenses	18	12,943,724	6,603,310	3,799,051	1,276,916
Amount owing by subsidiary companies	19	-	-	7,910,861	12,534,291
Tax recoverable	9	-	35,260	-	18,241
Cash and bank balances	20	90,152,113	112,298,080	38,416,589	72,567,508
Total current assets		430,714,218	283,926,197	215,290,841	230,865,618
Total assets		1,716,585,380	1,271,686,711	1,437,351,338	1,212,899,166

Balance Sheets (cont'd)

as of December 31, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Equity and Liabilities					
Capital and reserves					
Share Capital	21	235,720,839	223,462,777	235,720,839	223,462,777
Reserves	22	579,397,967	508,777,803	617,802,120	528,765,301
Equity attributable to equity holders of the Company		815,118,806	732,240,580	853,522,959	752,228,078
Minority Interest		7,803,944	11,914,637	-	-
Total equity		822,922,750	744,155,217	853,522,959	752,228,078
Non-current liabilities					
Amount owing to subsidiary companies	19	-	-	49,107,585	61,460,659
Borrowings - non-current portion	23	453,734,019	52,931,273	333,903,480	-
Guaranteed convertible bonds	24(a)	42,498,066	58,452,664	-	-
Deferred income	25	4,823,965	1,929,527	-	-
Deferred tax liabilities	9	4,518,892	-	-	-
Retirement benefit obligation	26	12,882,313	-	-	-
Total non-current liabilities		518,457,255	113,313,464	383,011,065	61,460,659
Current liabilities					
Trade payables	27	129,748,962	39,899,788	58,991,318	29,418,817
Other payables and accrued expenses	27	180,043,724	73,845,628	77,913,103	50,976,896
Amount owing to a subsidiary company	19	-	-	155,917	318,814,716
Borrowings	23	64,062,796	849,827	62,905,867	-
Guaranteed convertible bonds	24(a)	-	297,721,124	-	-
Deferred income	25	402,918	1,901,663	-	-
Provision for taxation	9	946,975	-	851,109	-
Total current liabilities		375,205,375	414,218,030	200,817,314	399,210,429
Total liabilities		893,662,630	527,531,494	583,828,379	460,671,088
Total equity and liabilities		1,716,585,380	1,271,686,711	1,437,351,338	1,212,899,166

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad and its subsidiaries

Statement Of Changes In Equity

for the Year Ended December 31, 2007

The Group	Note	← Attributable to Equity Holders of the Company →							Total RM	
		Share Capital RM	Non-distributable Reserves			Foreign Currency Translation RM	Distributable Reserve Retained Earnings RM	Minority Interest RM		Subtotal RM
			Share Premium RM	Other Reserves RM	Other Reserves RM					
Balance as of January 1, 2006										
As previously stated		223,462,777	126,647,841	22,844,062	634,623	262,426,801	636,016,104	12,955,835	648,971,939	
Prior year adjustment	33	-	-	-	-	76,103,727	76,103,727	17,273	76,121,000	
Restated balance		223,462,777	126,647,841	22,844,062	634,623	338,530,528	712,119,831	12,973,108	725,092,939	
Net income recognised directly in equity:										
Exchange differences arising on translation of foreign operations		-	-	-	(3,950,152)	-	(3,950,152)	-	(3,950,152)	
Profit for the year - Restated balance	33	-	-	-	-	78,267,811	78,267,811	(1,058,471)	77,209,340	
Total recognised income and expense		-	-	-	(3,950,152)	78,267,811	74,317,659	(1,058,471)	73,259,188	
Dividends	28	-	-	-	-	(44,692,556)	(44,692,556)	-	(44,692,556)	
Buy-back of guaranteed convertible bonds	24(b)	-	-	(4,505,347)	-	(4,999,007)	(9,504,354)	-	(9,504,354)	

Statement Of Changes In Equity (cont'd) for the Year Ended December 31, 2007

	Note	Attributable to Equity Holders of the Company							Total RM	
		Share Capital RM	Share Premium RM	Non-distributable Reserves			Retained Earnings RM	Distributable Reserve		Minority Interest RM
				Other Reserves RM	Foreign Currency Translation RM	Subtotal RM				
The Group										
Balance as of										
January 1, 2007										
As previously stated		223,462,777	126,647,841	18,338,715	(3,315,529)	284,613,739	649,747,543	11,705,674	661,453,217	
Prior year adjustment	33	-	-	-	-	82,493,037	82,493,037	208,963	82,702,000	
Restated balance		223,462,777	126,647,841	18,338,715	(3,315,529)	367,106,776	732,240,580	11,914,637	744,155,217	
Net income recognised directly in equity:										
Exchange differences arising on translation of foreign operations		-	-	-	(12,921,880)	-	(12,921,880)	-	(12,921,880)	
Profit for the year		-	-	-	-	119,093,499	119,093,499	518,640	119,612,139	
Total recognised income and expense		-	-	-	(12,921,880)	119,093,499	106,171,619	518,640	106,690,259	
Dividends	28	-	-	-	-	(47,144,168)	(47,144,168)	-	(47,144,168)	
Buy-back/redemption/conversion of guaranteed convertible bonds	24(b)	-	-	(16,197,959)	-	(7,739,343)	(23,937,302)	-	(23,937,302)	
Issue of shares due to conversion of bonds	24(b)	12,258,062	35,530,015	-	-	-	47,788,077	-	47,788,077	
Arising from dilution of equity interests in subsidiary		-	-	-	-	-	-	(4,629,333)	(4,629,333)	
Balance as of										
December 31, 2007		235,720,839	162,177,856	2,140,756	(16,237,409)	431,316,764	815,118,806	7,803,944	822,922,750	

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad

Statement Of Changes In Equity

for the Year Ended December 31, 2007

	Note	Share Capital RM	Non- distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings RM	Attributable to Equity Holders of the Company RM
The Company					
Balance as of January 1, 2006					
As previously stated		223,462,777	126,647,841	276,576,850	626,687,468
Prior year adjustment	33	-	-	75,968,000	75,968,000
Restated balance		223,462,777	126,647,841	352,544,850	702,655,468
Total recognised income and expense:					
Profit for the year					
- Restated balance	33	-	-	94,265,176	94,265,176
Dividends	28	-	-	(44,692,566)	(44,692,566)
Balance as of January 1, 2007					
As previously stated		223,462,777	126,647,841	321,266,460	671,377,078
Prior year adjustment	33	-	-	80,851,000	80,851,000
Restated balance		223,462,777	126,647,841	402,117,460	752,228,078
Total recognised income and expense:					
Profit for the year		-	-	100,650,972	100,650,972
Issue of shares from conversion of bonds		12,258,062	35,530,015	-	47,788,077
Dividends	28	-	-	(47,144,168)	(47,144,168)
Balance as of December 31, 2007		235,720,839	162,177,856	455,624,264	853,522,959

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad and its subsidiaries Cash Flow Statement for the Year Ended December 31, 2007

Note	The Group	
	2007 RM	2006 RM (as restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	119,612,139	77,209,340
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	123,464,359	119,945,761
Finance costs	32,002,277	30,079,268
Amortisation of deferred expenditure	6,890,751	6,046,236
Provision of retirement benefit	2,325,698	-
Amortisation of intangible assets	398,495	-
Amortisation of prepaid interest in leased lands	302,605	128,841
Loss/(Gain) on disposal of property, plant and equipment	154,366	(772,437)
Unrealised gain on foreign exchange	(14,848,937)	(26,241,615)
Gain on buy-back of guaranteed convertible bonds	(13,038,113)	(9,643,671)
Interest income	(3,071,265)	(6,105,277)
Taxation recognised in income statements	(1,867,433)	15,722,743
Amortisation of deferred income	(1,784,866)	(4,054,080)
Property, plant and equipment written off	-	8,551
	250,540,076	202,323,660
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(32,731,631)	(5,910,649)
Trade receivables	(41,252,953)	7,437,527
Other receivables, deposits and prepaid expenses	1,567,654	(2,495,383)
Increase/(Decrease) in:		
Trade payables	57,845,769	(154,555)
Other payables and accrued expenses	(21,326,761)	(68,635,451)
Cash Generated From Operations	214,642,154	132,565,149
Income tax paid	(724,942)	(1,053,046)
Income tax refunded	17,019	10,988,500
Contribution to retirement benefit fund	(2,102,404)	-
Net Cash From Operating Activities	211,831,827	142,500,603

Cash Flow Statement (cont'd) for the Year Ended December 31, 2007

	The Group	
	2007 RM	2006 RM (as restated)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,623,210	1,292,309
Interest received	2,966,425	6,313,234
Acquisition of subsidiary companies *	(222,730,363)	-
Additions to property, plant and equipment	30(a) (118,543,042)	(141,007,578)
Acquisition of shares from minority interest	(4,629,332)	-
Additions of leased land	(4,084,519)	(99,802)
Purchase of intangible assets	16 (1,102,731)	-
Uplift of fixed deposits	-	343,908
Net Cash Used In Investing Activities	(344,500,352)	(133,157,929)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Term loans drawdown	461,721,616	53,856,604
Proceeds from issue of shares	47,788,077	-
Proceeds from deferred income	25 3,268,847	-
Buy-back/redemption of the guaranteed convertible bonds	(316,661,299)	(133,494,078)
Dividends paid	28 (47,144,168)	(44,692,556)
Interest paid	(27,018,520)	(16,868,602)
Repayment of term loans	(10,398,653)	(120,000,000)
Debt issue expenses	14 (1,075,896)	(6,339,661)
Net Cash From/(Used In) Financing Activities	110,480,004	(267,538,293)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,188,521)	(258,195,619)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	111,448,253	370,336,826
Effect of exchange rate changes on the balance of cash held in foreign currencies	(410,030)	(692,954)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30(b) 88,849,702	111,448,253

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad Cash Flow Statement for the Year Ended December 31, 2007

Note	The Company	
	2007 RM	2006 RM (as restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
	100,650,972	97,595,176
Profit for the year		
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	84,212,259	103,473,344
Finance costs	25,682,766	29,000,788
Amortisation of deferred expenditure	6,890,751	6,046,236
Taxation recognised in income statements	1,102,714	14,493,326
Loss/(Gain) on disposal of property, plant and equipment	236,137	(433,091)
Amortisation of prepaid interest in leased lands	43,969	44,022
Unrealised gain on foreign exchange	(7,915,854)	(26,926,152)
Overprovision of interest on advances	(3,114,544)	(8,282,483)
Interest income	(1,772,814)	(6,306,812)
	206,016,356	208,704,354
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(8,061,803)	(3,911,185)
Trade receivables	(10,909,193)	(5,324,425)
Other receivables, deposits and prepaid expenses	(4,934,380)	2,697,209
Increase/(Decrease) in:		
Trade payables	30,668,310	1,316,395
Other payables and accrued expenses	2,917,630	(39,430,770)
Cash Generated From Operations	215,696,920	164,051,578
Income tax paid	(649,364)	(1,048,789)
Income tax refunded	-	10,988,500
Net Cash From Operating Activities	215,047,556	173,991,289
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
	4,170,395	59,704,915
Repayment from subsidiary companies		
Interest received	1,834,939	5,997,924
Proceeds from disposal of property, plant and equipment	734,798	482,974
Acquisition of subsidiary companies *	(246,283,399)	-
Additions to property, plant and equipment	30(a) (43,064,561)	(41,578,634)
Investment in a subsidiary company	(18,434,462)	(157,095,177)
Net Cash Used In Investing Activities	(301,042,290)	(132,487,998)

Cash Flow Statement (cont'd) for the Year Ended December 31, 2007

	The Company	
	2007 RM	2006 RM (as restated)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from term loan	403,220,000	-
Repayment to a subsidiary company for buy-back and redemption of bonds	(282,807,841)	(134,403,133)
Dividends paid	28 (47,144,168)	(44,692,556)
Interest paid	(21,820,917)	(14,906,415)
Debt issue expenses	14 (1,075,896)	(6,339,661)
Repayment of short-term loan	-	(120,000,000)
Net Cash From/(Used In) Financing Activities	50,371,178	(320,341,765)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,623,556)	(278,838,474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,567,508	353,077,833
Effect of exchange rate changes on the balance of cash held in foreign currencies	593,290	(1,671,851)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30(b) 37,537,242	72,567,508

* ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Company acquired Unisem (Mauritius) Holdings Limited (formerly known as Advanced Interconnect Technologies Limited) and its subsidiary companies. The fair value of the assets acquired and the liabilities assumed are as follows:

	July 14, 2007 RM
Property, plant and equipment	172,129,757
Prepaid interest in leased lands	2,916,518
Goodwill on consolidation	63,414,410
Intangible Assets	1,670,526
Inventories	34,742,799
Trade receivables	59,403,767
Other receivables, deposits and prepaid expenses	8,276,696
Cash and bank balances	23,553,036
Trade payables	(34,370,037)
Other payables and accrued expenses	(66,382,700)
Deferred tax liabilities	(1,691,235)
Term loan	(2,895,809)
Retirement benefit obligation	(13,226,148)
Tax payables	(82,836)
Short-term borrowings	(9,001,512)
Net assets acquired	238,457,232
Goodwill on consolidation	7,826,167
Total cash outflow of the Company	246,283,399
Add: Cash and cash equivalent of subsidiary companies acquired	(23,553,036)
Cash flow on acquisition, net of cash acquired	222,730,363

The accompanying Notes form an integral part of the Financial Statements.

Unisem (M) Berhad and its subsidiaries

Notes To The Financial Statements

1. GENERAL INFORMATION

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in the manufacturing of semiconductor devices.

The principal activities of the subsidiary companies are as set out in Note 13.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at Letter Box #95, 9th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. 1, Persiaran Pulau Jaya 9, Kawasan Perindustrian Pulau Jaya, 31300 Ipoh, Perak Darul Ridzuan, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on February 20, 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and in compliance with the applicable Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other than Private Entities.

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to their operations and effective for financial years beginning on or after October 1, 2006. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group's and the Company's accounting policies except as follows:

FRS 124: Related Party Disclosures

The adoption of the revised FRS 124 has affected the identification of related parties of the Company and the disclosure of related party transactions and balances.

FRS 117: Leases

The standard requires the classification of leasehold land as prepaid interest in leased lands. The adoption of the revised FRS117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The prepaid interest in leased lands will be amortised evenly over the lease term of the lands.

As of December 31, 2006, the leasehold interest in long-term leasehold land which were stated at cost less accumulated depreciation were classified as property, plant and equipment. With the adoption of FRS 117 on January 1, 2007, the leasehold interests in leasehold land of the Group and of the Company with carrying amount of RM14,295,648 and RM4,001,673 will be accounted for as operating leases and will reclassified as prepaid interest in leased lands in accordance with the transitional provisions of FRS 117. The prepaid interest in leased lands will be amortised evenly over the lease term of the lands.

Notes To The Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

FRS 117: Leases (cont'd)

Certain comparatives of the balance sheets of the Group and of the Company as of December 31, 2006 have been restated. There were no effects on the income statements of the Group and of the Company for the financial year ended December 31, 2007 and prior periods.

The cumulative financial effects on balance sheet as of December 31, 2007 are as follows:

	The Group 2007 RM	The Company 2006 RM
<i>Increase/(Decrease)</i>		
Prepaid interest in lease lands	20,896,262	3,957,704
Property, plant and equipment	(20,896,262)	(3,957,704)

Amendments to FRS 119₂₀₀₄: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

FRS 112: Income Taxes

The Group and the Company have opted for an early adoption of the revised FRS 112 'Income Taxes'.

The financial impact of the adoption of FRS 112 to the Group and to the Company are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Income statements				
Increase in profit for the year	17,596,000	6,581,000	13,044,000	4,883,000
Balance sheets				
Increase in deferred tax asset	6,640,000	1,851,000	416,000	-
Decrease in deferred tax liability	93,658,000	80,851,000	93,479,000	80,851,000
Increase in retained earnings	99,784,125	82,493,037	93,895,000	80,851,000
Increase in minority interest	513,875	208,963	-	-

Notes To The Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

FRS 112: Income Taxes (cont'd)

The revised FRS 112 has changed the basis of the calculation of deferred tax by allowing reinvestment allowances ("RA") of the Company and investment tax allowances ("ITA") of one of its subsidiary companies to be treated as part of the tax base of qualifying assets acquired. This has resulted in deferred tax assets being recognised in respect of the RA and ITA to the extent that it is probable that future taxable profits will be available against which the RA and ITA can be utilised.

At the date of authorisation of these financial statements for issue, the following Standards and Interpretations were issued but were not yet adopted:

Standards/IC Interpretation ("Int.")	Title	Effective for annual periods beginning on or after
FRS 107	Cash Flow Statements	July 1, 2007
FRS 111	Construction Contracts	July 1, 2007
FRS 112	Income Taxes	July 1, 2007
FRS 118	Revenue	July 1, 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	July 1, 2007
FRS 134	Interim Financial Reporting	July 1, 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	July 1, 2007
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	July 1, 2007
Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	July 1, 2007
Int. 2	Members' Shares in Co-operative Entities & Similar Instruments	July 1, 2007
Int. 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	July 1, 2007
Int. 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	July 1, 2007
Int. 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ <i>Financial Reporting in Hyperinflationary Economies</i>	July 1, 2007
Int. 8	Scope of FRS 2	July 1, 2007

The directors anticipate that the adoption of these Standards and Interpretations in the financial year ending December 31, 2008 will have no material impact on the financial statements of the Group and of the Company.

MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but has yet to announce the effective date of this standard. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The measurement basis applied in the preparation of the Financial Statements include historical cost, recoverable value, realisable value and fair value.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2007.

A subsidiary company is a company where the Group has control over the financial and operating policies of that company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

Financial Statements of subsidiary companies are consolidated with those of the Company using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interests consist of amount of those interests at the date of the original business combination stated at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at that date and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue Recognition

Sales of goods and services are recognised when the risks and rewards of ownership have passed to the customers. Sales represent gross invoiced value of goods sold and services provided net of returns, trade discounts, allowances and value added tax.

Interest income is recognised on a time basis by reference to the principal outstanding using the effective interest method.

Rental income is accrued on a time basis, by reference to the agreements entered into.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparative figures) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparative figures) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of transactions are used.

The closing rates per unit of Ringgit Malaysia used in the retranslation of subsidiary companies' functional currency (foreign currencies) are as follows:

Currency	2007	2006
US Dollar	0.3025	0.2835
Sterling Pound	0.1489	0.1436
Chinese Renminbi	2.2065	2.2139

Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing Costs

Borrowings are initially recognised based on proceeds received. The cost of issuing debt instruments and securing major financing facilities are capitalised as deferred expenditure.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are credited to deferred income. Grants towards capital expenditure are deferred and recognised in the income statement over the expected useful lives of the related assets. Grants towards revenue expenditure are released to the income statement so as to match them with the associated expenditure.

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Defined benefit plans

The Group's net obligations in respect of post employment defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expenses in the profit and loss account on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expenses is recognised immediately in the income statement.

In calculating the Group's obligations in respect of a plan, any actuarial gain or loss is recognised in the profit and loss account over the expected average remaining working lives of the employees participating in the plan.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statements because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is accounted for using the "liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation of these assets commences when the assets are ready for their intended use.

Freehold land and capital work-in-progress are not depreciated.

Capital work-in-progress including properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than freehold land and other capital work-in-progress, over their estimated useful lives, after taking into account their estimated residual value, using the straight-line method.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

The annual depreciation rates are as follows:

Buildings	2% to 20%
Plant and machinery	10% to 33.33%
Electrical installation	10%
Production support equipment	10%
Office equipment	10% to 33.33%
Air-conditioners	10%
Motor vehicles	20%
Furniture and fittings	10% to 33.33%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. The Group has revised the useful lives and residual values of its major class of plant and machinery from eight (8) years to ten (10) years and 0% to 10% respectively at the balance sheet date. The revision was accounted for as change in accounting estimate and as a result, the depreciation charge of the Group and of the Company have decreased by RM25,576,258 and RM23,209,933 respectively during the current financial year.

Prepaid Interest In Leased Land

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid interest in leased land and amortised over the remaining lease term.

The Group and the Company had previously classified leasehold land under property, plant and equipment. Upon adoption of the revised FRS 117, Leases, the Group and the Company treat such leases as operating leases, with the unamortised carrying amount classified as prepaid interest in leased land in accordance with FRS 117.

Investment

Investment in subsidiary companies is stated in the Company's financial statements at cost less accumulated impairment losses.

Deferred Expenditure

Deferred expenditure represents expenditure attributable to the debt instruments issue expenses as well as securing major financing facilities which are amortised over the tenure of the debts.

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated income statement and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding are recognised as an expense when incurred.

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to the income statement in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of full scale commercial business operations.

Intangible Assets

Intangible assets are measured initially at purchase cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives ranging from three to five years upon commencement of full scale commercial business operations.

The amortisation period and the amortisation method for intangible assets with finite useful life are reviewed at each year end, with the effect of any changes accounted for as a change in accounting estimate recognised on a prospective basis.

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of its tangible and intangible assets (other than inventories, deferred tax assets and other financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss had been recognised for the asset in prior years. A reversal is recognised immediately in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" method.

The cost of raw materials and factory supplies comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of production overheads incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less costs of completion and cost necessary to make the sale.

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments

Compound Financial Instruments

On issue of a financial instrument that contains both a liability and an equity component, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis until it is extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity. The value of the conversion option is not changed in subsequent periods.

Financial Guarantee Contracts

Liabilities arising from financial guarantee contracts are recognised initially at fair value. Subsequent to initial measurement, the liabilities are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When a financial guarantee contract is terminated before its original expiry date, the carrying amount of the liability is transferred to the income statement.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to known amount of cash and are subject to an insignificant risks of changes in value.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements made by the management in the application of FRSs that have a significant effect on the financial statements and estimates with a significant risk or material adjustment in the next financial year include the estimation on useful life of property, plant and equipment and intangible assets, estimation on impairment of goodwill and the realisability of deferred tax assets. Note 15 to the Financial Statements contain information about the assumptions relating to goodwill impairment testing.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes To The Financial Statements (cont'd)

4. SEGMENT INFORMATION

Business segment

The Group operates within one industry, in the manufacturing of semiconductor devices and other related services, which includes principally packaging and test services. As such, information by business segment on the Group's operations is not presented.

Geographical segment

The Group's operations are located in Malaysia, the United Kingdom, the People's Republic of China, Indonesia and United States of America.

In presenting information on the basis of geographical segments, segment revenue, results, assets and liabilities are based on the geographical location of assets.

Unallocated assets include items that cannot be reasonably allocated to individual segment.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one period.

Inter-segment sales are charged at amounts equal to competitive market prices for external sales of similar goods.

	Asia		Europe		United States of America		Consolidated	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
The Group								
<i>Geographical segments by location of assets</i>								
Revenue								
External sales	912,304,990	613,889,444	53,370,625	78,865,370	6,806,703	-	972,482,318	692,754,814
Results								
Segment results	142,556,016	107,367,904	(7,558,719)	(105,501)	(1,359,692)	-	133,637,605	107,262,403
Unallocated corporate expenses							-	-
							133,637,605	107,262,403
Finance costs							(32,002,277)	(30,079,268)
Investment income							3,071,265	6,105,277
Gain on buy-back of guaranteed convertible bonds							13,038,113	9,643,671
Profit before tax							117,744,706	92,932,083
Taxation							1,867,433	(15,722,743)
Profit after tax							119,612,139	77,209,340
Minority interest							(518,640)	1,058,471
Profit for the year							119,093,499	78,267,811

Notes To The Financial Statements (cont'd)

4. SEGMENT INFORMATION (CONT'D)

Geographical segment (cont'd)

The Group	Asia		Europe		United States of America		Consolidated	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Consolidated Balance Sheet								
Assets								
Segment assets	1,645,780,205	1,143,172,558	62,687,325	128,514,153	8,117,850	-	1,716,585,380	1,271,686,711
Unallocated corporate assets							-	-
Consolidated total assets							1,716,585,380	1,271,686,711
Liabilities								
Segment liabilities	878,063,895	511,496,222	13,410,454	16,035,272	2,188,281	-	893,662,630	527,531,494
Unallocated corporate liabilities							-	-
Consolidated total liabilities							893,662,630	527,531,494
Other information								
Capital expenditure	176,938,041	173,159,084	2,506,570	2,829,125	398,495	-	179,843,106	175,988,209
Depreciation of property, plant and equipment	114,125,511	108,482,336	8,507,287	11,463,425	831,343	-	123,464,141	119,945,761
Amortisation of deferred income/ (expenditure)	(6,810,885)	(6,046,236)	1,705,000	4,054,080	-	-	(5,105,885)	(1,992,156)
Gain/(Loss) on disposal of property, plant and equipment	(154,366)	387,300	-	385,137	-	-	(154,366)	772,437

Revenue from sales to external customers by location of customers:

	The Group	
	2007 RM	2006 RM
North America	523,745,907	440,991,937
Europe	309,544,249	149,659,149
Asia	137,684,583	100,343,547
Others	1,507,579	1,760,181
	972,482,318	692,754,814

Notes To The Financial Statements (cont'd)

5. OTHER GAINS AND (LOSSES), OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSES

Included in other gains and (losses) and other operating income/(expenses) are the following:

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Foreign exchange:					
Unrealised gain		14,848,690	26,241,615	7,915,607	26,926,152
Realised gain/(loss)		(17,516)	3,546,888	431,855	(2,151,653)
Grant income received		8,010,903	-	-	-
Amortisation of deferred income	25	1,784,866	4,054,080	-	-
Rental income		696,336	539,963	1,096,536	973,513
Overprovision of interest on advances	19	-	-	3,114,544	8,282,483
Gain/(Loss) on disposal of property, plant and equipment to:					
Subsidiary company		-	-	1,866	45,791
Third parties		(154,366)	772,437	(238,003)	387,300
Amortisation of deferred expenditure	14	(6,890,751)	(6,046,236)	(6,890,751)	(6,046,236)
Research and development expenses		(3,852,129)	(3,066,928)	(3,816,170)	(3,040,364)
Rental of equipment		(941,875)	(486,490)	-	-
Rental of premises		(667,773)	(742,359)	(562,198)	(536,976)
Amortisation of intangible assets	16	(398,495)	-	-	-
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		(382,771)	(416,437)	(165,000)	(130,000)
Prior year		41,250	(35,000)	-	(35,000)
Others		(4,000)	(4,000)	(4,000)	(4,000)
Property, plant and equipment written off		-	(8,551)	-	-

Included in the employee benefits expenses of the Group and of the Company are the following charges:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Contributions to defined contribution plans	10,245,333	7,774,603	7,731,668	6,756,991

Notes To The Financial Statements (cont'd)

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Executive:				
Fees	596,333	498,000	596,333	498,000
Other emoluments	6,803,630	4,194,110	4,900,457	4,194,110
Contributions to defined contribution plans	583,632	517,068	583,632	517,068
	7,983,595	5,209,178	6,080,422	5,209,178
Non-executive:				
Fees	922,500	849,000	922,500	849,000
Other emoluments	6,138	-	6,138	-
	928,638	849,000	928,638	849,000
	8,912,233	6,058,178	7,009,060	6,058,178
Directors of subsidiaries				
Non-executive:				
Other emoluments	2,463,489	1,060,818	-	-
Contributions to defined contribution plans	10,306	-	-	-
	2,473,795	1,060,818	-	-
	11,386,028	7,118,996	7,009,060	6,058,178

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM231,548 (2006: RM97,136) and RM155,971 (2006: RM97,136) respectively.

7. FINANCE COSTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest on:				
Term loans	20,908,377	3,697,657	14,948,592	2,933,537
Guaranteed convertible bonds (Note 24(a))	4,724,551	24,616,619	-	-
Revolving credit	1,996,761	-	1,996,761	-
Bank overdraft	96,048	222,974	13,548	-
Advances from a subsidiary company	-	-	4,786,922	24,628,680
Loan and facility arrangement fee	2,493,496	770,244	2,225,543	770,244
Commitment fee	1,340,640	410,959	1,340,640	410,959
Bank charges and commission	442,404	360,815	370,760	257,368
	32,002,277	30,079,268	25,682,766	29,000,788

Notes To The Financial Statements (cont'd)

8. INVESTMENT INCOME

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income from:				
Fixed and short-term deposits	3,071,265	6,105,277	1,772,814	5,789,967
Advances to subsidiary companies	-	-	-	516,845
Management fees	-	-	384,000	384,000
	3,071,265	6,105,277	2,156,814	6,690,812

9. TAXATION

(a) Current Tax Expense

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Tax expense/(income) comprises:				
Current tax expense	(1,452,094)	(348,494)	(1,404,000)	(348,494)
Deferred tax income/(expenses) relating to origination and reversal of temporary differences	3,478,900	(15,990,417)	416,000	(18,091,000)
Withholding tax	-	(300,344)	-	(300,344)
Adjustments recognised in the current year in relation to the taxes of prior years:				
Current tax	(159,373)	192,512	(114,714)	192,512
Deferred tax	-	724,000	-	724,000
	(159,373)	916,512	(114,714)	916,512
	1,867,433	(15,722,743)	(1,102,714)	(17,823,326)

Malaysian income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

Withholding tax in previous year relates to foreign interest income received by the Company from one of the subsidiary companies.

Notes To The Financial Statements (cont'd)

9. TAXATION (CONT'D)

(a) Current Tax Expense (cont'd)

The tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Profit before tax	117,744,706	92,932,083	101,753,686	112,088,502
Tax expense calculated at 27% (2006: 28%)	(31,791,000)	(26,021,000)	(27,474,000)	(31,385,000)
Different tax rates of subsidiary operating in other jurisdictions	(259,874)	(1,138,000)	-	-
Tax effects of:				
Recognition of previously unrecognised tax benefits	19,412,000	6,581,000	14,640,000	4,883,000
Tax incentive on investment in foreign subsidiary companies	13,692,000	1,549,000	13,692,000	1,549,000
Income exempt from tax	9,809,000	10,241,000	2,865,000	9,247,000
Adjustment for deferred tax due to change in income tax rate from 26% to 25% (2006: 28% to 26%)	1,909,000	6,292,000	2,035,000	6,292,000
Utilisation of deferred tax assets previously not recognised	1,017,900	-	-	-
Grant income	460,000	(1,135,000)	-	-
Provisions	21,000	25,000	-	-
Non-deductible expenses	(9,706,720)	(9,220,911)	(6,746,000)	(9,025,494)
Temporary differences of property, plant and equipment	(2,104,500)	1,862,000	-	-
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	(432,000)	(5,374,000)	-	-
Tax relief on withholding tax	-	(300,344)	-	(300,344)
	2,026,806	(16,639,255)	(988,000)	(18,739,838)
Adjustments recognised in the current year in relation to the taxes of prior years	(159,373)	916,512	(114,714)	916,512
Taxation recognised in income statements	1,867,433	(15,722,743)	(1,102,714)	(17,823,326)

Notes To The Financial Statements (cont'd)

9. TAXATION (CONT'D)

(b) Tax Recoverable

Tax recoverable in the previous financial year relate to tax refund receivable.

(c) Deferred Tax Balances

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax assets	8,739,003	2,246,666	416,000	-
Deferred tax liabilities	4,518,892	-	-	-

Deferred tax assets/(liabilities) arose from the following:

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
At beginning of year	2,246,666	17,513,083	-	17,367,000
Transfer from/(to) the income statements	3,478,900	(15,266,417)	416,000	(17,367,000)
Arising from acquisition of subsidiary companies	(1,691,235)	-	-	-
Translation reserve	185,780	-	-	-
At end of year	4,220,111	2,246,666	416,000	-

The deferred tax liabilities (before offsetting) are in respect of the following:

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Tax effect of:				
Temporary differences arising from property, plant and equipment	108,107,338	94,584,000	93,479,000	90,045,000

Notes To The Financial Statements (cont'd)

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

The deferred tax assets (before offsetting) are in respect of the following:

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
Tax effect of:				
Unabsorbed capital allowances and unutilised tax losses	10,360,793	15,511,000	-	10,200,000
Unutilised reinvestment allowances and investment tax allowances	98,846,000	77,594,000	93,895,000	77,415,000
Retirement benefits	2,872,653	-	-	-
Prepaid expenses	248,003	395,666	-	-
Deferred tax assets on allowable redemption interest	-	3,330,000	-	3,330,000
	112,327,449	96,830,666	93,895,000	90,945,000

Subject to agreement by the other tax jurisdictions, the components of deferred tax asset of the subsidiary companies not recognised during the financial year are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax asset:				
Property, plant and equipment	42,975,000	29,636,000	-	-
Unabsorbed capital allowances and unutilised tax losses	35,364,000	19,670,000	-	-
Reinvestment allowances	31,166,500	41,591,000	31,166,500	41,591,000
Investment tax allowances	7,118,500	10,009,500	-	-
Others	636,000	1,181,000	-	-
	117,260,000	102,087,500	31,166,500	41,591,000
Tax losses with expiry	(14,896,500)	-	-	-
	102,363,500	102,087,500	31,166,500	41,591,000

Notes To The Financial Statements (cont'd)

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

One of the indirect foreign subsidiary companies' tax losses will expire as follows:

	The Group	
	2007 RM	2006 RM
Tax losses expiring in:		
Within 4 years	31,715,000	-
Within 5 years	5,474,000	-
More than 5 years	12,466,000	-
	49,655,000	-
Tax effect of 30%	14,896,500	-

(d) Tax-exempt Income Accounts

As of December 31, 2007 subject to agreement by the tax authorities, the Group and the Company have tax-exempt income accounts arising from the following:

	2007 RM	2006 RM
Reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967	69,730,000	58,144,000
Chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999	41,229,000	88,374,000
Tax-exempt income account under Schedule 6 of the Income Tax Act, 1967	1,247,000	1,247,000
	112,206,000	147,765,000

These tax-exempt income accounts, which are subject to the approval of the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the Company.

10. EARNINGS PER SHARE

Basic

Profit for the year attributable to equity holders of the Company	RM 119,093,499	RM 78,267,811
Number of ordinary shares in issue as of January 1	446,925,555	446,925,555
Effect of conversion of convertible bonds	24,516,124	-
Weighted average number of ordinary shares for the purposes of basic earnings per share	471,441,679	446,925,555
Basic earnings per ordinary share (sen)	25.26	17.51

	The Group	
	2007	2006 (as restated)
RM 119,093,499	RM 78,267,811	
446,925,555	446,925,555	
24,516,124	-	
471,441,679	446,925,555	
25.26	17.51	

Notes To The Financial Statements (cont'd)

10. EARNINGS PER SHARE (CONT'D)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Guaranteed convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less the tax effect.

	The Group	
	2007	2006 (as restated)
Profit for the year attributable to equity holders of the Company	RM 119,093,499	RM 78,267,811
Interest expense on convertible bonds (net of tax)	1,727,188	3,842,145
Profit used to determine diluted earnings per share	120,820,687	82,109,956
Weighted average number of ordinary shares for basic earnings per share	471,441,679	446,925,555
Adjustment for assumed convertible bonds	23,222,653	51,030,323
Weighted average number of ordinary shares for the purposes of diluted earnings per share	494,664,332	497,955,878
Diluted earnings per ordinary share (sen)	24.43	16.49

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2007 consist of the following:

The Group 2007	Cost						
	At beginning of year RM	Additions RM	Arising from acquisition of subsidiary companies RM	Translation reserve RM	Disposals/ Write off RM	Transfer RM	At end of year RM
Freehold land	6,965,800	-	-	(250,500)	-	-	6,715,300
Buildings	159,785,904	2,702,251	89,928,834	(5,344,930)	-	6,685,378	253,757,437
Plant and machinery	1,367,530,207	77,105,627	507,836,453	(26,562,778)	(12,278,240)	57,225,646	1,970,856,915
Electrical installation	13,334,603	611,916	-	(25,840)	-	352,670	14,273,349
Office equipment	21,020,081	3,292,279	17,744,162	(920,742)	(428,403)	6,049,222	46,756,599
Air-conditioners	9,186,375	347,528	-	(50,305)	-	-	9,483,598
Motor vehicles	5,322,244	-	1,877,616	(78,755)	-	-	7,121,105
Furniture and fittings	5,223,727	610,533	8,435,466	(382,136)	(30,917)	15,829	13,872,502
Production support equipment	598,189	2,190	-	-	-	-	600,379
Capital work-in- progress	20,807,003	95,170,782	5,142,735	1,783,720	-	(70,328,745)	52,575,495
Total	1,609,774,133	179,843,106	630,965,266	(31,832,266)	(12,737,560)	-	2,376,012,679

Notes To The Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2007	← Accumulated Depreciation →						At end of year RM
	At beginning of year RM	Additions RM	Arising from acquisition of subsidiary companies RM	Translation reserve RM	Disposals/ Write off RM	Transfer RM	
Freehold land	-	-	-	-	-	-	-
Buildings	11,427,144	5,811,264	54,854,690	(2,490,586)	-	-	69,602,512
Plant and machinery	682,080,132	111,983,030	379,440,653	(20,242,724)	(8,639,168)	-	1,144,621,923
Electrical installation	7,736,306	968,980	-	824	-	-	8,706,110
Office equipment	10,174,022	2,827,444	14,938,092	(767,169)	(289,851)	-	26,882,538
Air-conditioners	2,633,666	878,121	-	1,443	-	-	3,513,230
Motor vehicles	3,291,636	330,555	1,584,239	(67,881)	-	-	5,138,549
Furniture and fittings	2,652,687	604,764	8,017,835	(359,326)	(30,919)	-	10,885,041
Production support equipment	52,183	59,983	-	-	-	-	112,166
Capital work-in- progress	-	-	-	-	-	-	-
Total	720,047,776	123,464,141	458,835,509	(23,925,419)	(8,959,938)	-	1,269,462,069

The Group 2006	← Cost →						At end of year RM
	At beginning of year RM	Additions RM	Translation reserve RM	Disposals/ Write off RM	Transfer RM		
Freehold land	6,573,300	-	392,500	-	-	6,965,800	
Buildings	88,690,072	1,819,712	785,000	-	68,491,120	159,785,904	
Plant and machinery	1,213,277,498	129,432,452	6,588,434	(2,358,392)	20,590,215	1,367,530,207	
Electrical installation	10,842,724	664,350	(2,619)	-	1,830,148	13,334,603	
Office equipment	18,175,433	1,664,260	180,603	(156,816)	1,156,601	21,020,081	
Air-conditioners	5,085,079	587,984	(832)	-	3,514,144	9,186,375	
Motor vehicles	4,257,655	1,775,915	(5,674)	(705,652)	-	5,322,244	
Furniture and fittings	4,091,747	776,927	23,510	(1,430)	332,973	5,223,727	
Production support equipment	273,366	324,823	-	-	-	598,189	
Capital work-in-progress	81,281,484	38,941,786	(3,501,066)	-	(95,915,201)	20,807,003	
Total	1,432,548,358	175,988,209	4,459,856	(3,222,290)	-	1,609,774,133	

Notes To The Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2006	← Accumulated Depreciation →					At end of year RM
	At beginning of year RM	Charge for the year RM	Translation reserve RM	Disposals/ Write off RM	Transfer RM	
Freehold land	-	-	-	-	-	-
Buildings	8,993,415	2,324,021	109,708	-	-	11,427,144
Plant and machinery	564,914,470	113,437,663	5,658,349	(1,930,350)	-	682,080,132
Electrical installation	6,836,896	900,806	(1,396)	-	-	7,736,306
Office equipment	8,409,279	1,745,592	169,157	(150,006)	-	10,174,022
Air-conditioners	1,957,808	678,695	(2,837)	-	-	2,633,666
Motor vehicles	3,534,048	376,103	(635)	(617,880)	-	3,291,636
Furniture and fittings	2,196,553	432,402	25,092	(1,360)	-	2,652,687
Production support equipment	1,704	50,479	-	-	-	52,183
Total	596,844,173	119,945,761	5,957,438	(2,699,596)	-	720,047,776

The Company 2007	← Cost →				At end of year RM
	At beginning of year RM	Additions RM	Disposals RM	Transfer RM	
Buildings	77,363,184	981,043	-	1,085,729	79,429,956
Plant and machinery	1,113,248,278	57,590,413	(4,099,066)	-	1,166,739,625
Electrical installation	11,297,498	602,785	-	126,598	12,026,881
Office equipment	15,452,510	1,943,223	(228,226)	-	17,167,507
Air-conditioners	5,624,664	347,528	-	-	5,972,192
Motor vehicles	4,707,153	-	-	-	4,707,153
Furniture and fittings	3,798,531	132,246	-	-	3,930,777
Capital work-in-progress	509,425	1,624,050	-	(1,212,327)	921,148
Total	1,232,001,243	63,221,288	(4,327,292)	-	1,290,895,239

Notes To The Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2007	Accumulated Depreciation			At end of year RM
	At beginning of year RM	Charge for the year RM	Disposals RM	
Buildings	8,681,523	1,555,857	-	10,237,380
Plant and machinery	570,518,142	79,330,756	(2,808,716)	647,040,182
Electrical installation	7,651,384	771,051	-	8,422,435
Office equipment	6,868,984	1,479,283	(92,580)	8,255,687
Air-conditioners	2,471,392	563,071	-	3,034,463
Motor vehicles	2,957,355	210,879	-	3,168,234
Furniture and fittings	2,083,442	301,362	-	2,384,804
Capital work-in-progress	-	-	-	-
Total	601,232,222	84,212,259	(2,901,296)	682,543,185

The Company 2006	Cost			At end of year RM
	At beginning of year RM	Additions RM	Disposals RM	
Buildings	75,543,472	1,819,712	-	77,363,184
Plant and machinery	1,062,163,794	52,945,326	(1,860,842)	1,113,248,278
Electrical installation	10,812,201	485,297	-	11,297,498
Office equipment	14,588,976	1,015,292	(151,758)	15,452,510
Air-conditioners	5,085,079	539,585	-	5,624,664
Motor vehicles	4,132,093	1,701,050	(1,125,990)	4,707,153
Furniture and fittings	3,499,713	300,248	(1,430)	3,798,531
Capital work-in-progress	-	509,425	-	509,425
Total	1,175,825,328	59,315,935	(3,140,020)	1,232,001,243

The Company 2006	Accumulated Depreciation			At end of year RM
	At beginning of year RM	Charge for the year RM	Disposals RM	
Buildings	7,159,464	1,522,059	-	8,681,523
Plant and machinery	473,244,629	98,621,745	(1,348,232)	570,518,142
Electrical installation	6,836,801	814,583	-	7,651,384
Office equipment	5,620,119	1,397,677	(148,812)	6,868,984
Air-conditioners	1,957,808	513,584	-	2,471,392
Motor vehicles	3,532,314	291,822	(866,781)	2,957,355
Furniture and fittings	1,772,928	311,874	(1,360)	2,083,442
Capital work-in-progress	-	-	-	-
Total	500,124,063	103,473,344	(2,365,185)	601,232,222

Notes To The Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	← Net Book Value →	
	2007 RM	2006 RM
The Group		
Freehold land	6,715,300	6,965,800
Buildings	184,154,925	148,358,760
Plant and machinery	826,234,992	685,450,075
Electrical installation	5,567,239	5,598,297
Office equipment	19,874,061	10,846,059
Air-conditioners	5,970,368	6,552,709
Motor vehicles	1,982,556	2,030,608
Furniture and fittings	2,987,461	2,571,040
Production support equipment	488,213	546,006
Capital work-in-progress	52,575,495	20,807,003
Total	1,106,550,610	889,726,357
The Company		
Buildings	69,192,576	68,681,661
Plant and machinery	519,699,443	542,730,136
Electrical installation	3,604,446	3,646,114
Office equipment	8,911,820	8,583,526
Air-conditioners	2,937,729	3,153,272
Motor vehicles	1,538,919	1,749,798
Furniture and fittings	1,545,973	1,715,089
Capital work-in-progress	921,148	509,425
Total	608,352,054	630,769,021

Property, plant and equipment of a foreign incorporated subsidiary company with total carrying amount of approximately RM69,522,000 (2006: RM71,345,000) is pledged by way of a fixed and floating debenture to a foreign bank for term loan facilities granted to the subsidiary company as disclosed in Note 23.

As of December 31, 2007, one of the acquired foreign subsidiaries has machinery and equipment with a carrying value of approximately US\$3.9 million [equivalent to RM12,892,000] which was purchased from an existing customer. Although the subsidiary has the legal ownership to these machinery and equipment, the subsidiary has committed to provide guaranteed capacity allocation to the customer over a period of five (5) years commencing from September, 2006 as part of the purchase arrangement.

Notes To The Financial Statements (cont'd)

12. PREPAID INTEREST IN LEASED LANDS

	The Group		The Company	
	2007 RM	2006 RM (as restated)	2007 RM	2006 RM (as restated)
At cost:				
Transfer from property, plant and equipment (effect of FRS117)	14,983,537	15,003,859	4,354,009	4,354,009
Addition	4,084,519	99,802	-	-
Arising from acquisition of subsidiary companies	5,857,196	-	-	-
Translation reserve	(225,077)	(120,124)	-	-
At end of year	24,700,175	14,983,537	4,354,009	4,354,009
Less: Amortisation				
At beginning of year	687,889	559,245	352,336	308,314
Charge for the year	302,605	128,841	43,969	44,022
Arising from acquisition of subsidiary companies	2,940,678	-	-	-
Translation reserve	(127,259)	(197)	-	-
At end of year	3,803,913	687,889	396,305	352,336
Net	20,896,262	14,295,648	3,957,704	4,001,673

The prepaid interests in leased lands have been reclassified from property, plant and equipment on adoption of the revised FRS117.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007 RM	2006 RM
Unquoted shares, at cost	600,829,521	336,111,661

During the financial year, the unquoted shares with carrying amount of approximately RM246,283,000 has been pledged to a local financial institution for term loan facility granted to the Company by way of a share pledge agreement as disclosed in Note 23 to the financial statements.

Notes To The Financial Statements (cont'd)

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007 %	2006 %	
<i>Direct subsidiary companies</i>				
Unisem II Sdn. Bhd. # *	Malaysia	100.00	100.00	Pre-operating.
Unisem-Advanpack Technologies Sdn. Bhd. *	Malaysia	88.71	78.89	Wafer bumping and packaging and testing of semiconductor devices and other related services.
Unisem International (Labuan) Limited *	Malaysia	100.00	100.00	Issue of unsecured Guaranteed Convertible Bonds.
Unisem (Europe) Holdings Limited *	England and Wales	100.00	100.00	Investment holding.
Unisem Chengdu Co., Ltd. ^	People's Republic of China	100.00	100.00	Packaging and testing of semiconductor devices.
Unisem (Mauritius) Holdings Limited (formerly known as Advanced Interconnect Technologies Limited) *	Republic of Mauritius	99.98	-	Investment holding and the provision of management services.
<i>Indirect subsidiary companies</i>				
Unisem (Europe) Limited *	England and Wales	100.00	100.00	Sub-contract assembly and test solutions.
Atlantic (EBT) Trustees Limited (formerly known as Atlantic Technology EBT Limited) # *	England and Wales	100.00	100.00	To administer employee share option plan.
Unisem (USA) Inc. #*	United States of America	100.00	100.00	Sales and distribution.
Briowave Limited *	England and Wales	51.00	51.00	Test development.
PT. Unisem (formerly known as PT Advanced Interconnect Technologies) *	Indonesia	99.98	-	Provision of assembly and test services.
Unisem International (Hong Kong) Limited (formerly known as AIT International Limited) ^	Hong Kong	99.98	-	Contracting entity for the provision of assembly and test services.
Unisem GmbH (formerly known as Advanced Interconnect Technologies GmbH) @	Germany	99.98	-	Marketing and administrative services.

Notes To The Financial Statements (cont'd)

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007 %	2006 %	
<i>Indirect subsidiary companies</i>				
Unisem (S) Pte Ltd (formerly known as Advanced Interconnect Technologies (S) Pte Ltd) *	Singapore	99.98		- Marketing, administrative and other support services.
Unisem (Sunnyvale), Inc. (formerly known as Advanced Interconnect Technologies II, Inc) @	United States of America	99.98		- Marketing and other support services.
Unisem Test (Sunnyvale), Inc. (formerly known as Advanced Interconnect Technologies, Inc) @	United States of America	99.98		- Provision of test services.

* The financial statements of these companies were examined by member firms of Deloitte KassimChan.

Dormant during the financial year.

^ The financial statements of these companies were examined by auditors other than the auditors of the Company.

@ No statutory audit required.

Acquisition of subsidiary companies

As approved by shareholders at the Extraordinary General Meeting held on June 20, 2007, the Company obtained approval to acquire up to 100% of the issued and paid up share capital of Unisem (Mauritius) Holdings Limited ("UMHL") (formerly known as Advanced Interconnect Technologies Limited) and its group of subsidiary companies. As of December 31, 2007, the Company acquired up to 99.98% equity interest in UMHL with the purchase consideration satisfied by cash of RM246,283,399. The acquisitions were accounted for using the acquisition method of accounting.

Notes To The Financial Statements (cont'd)

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Acquisition of subsidiary companies (cont'd)

The above acquisitions had the following effects on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amount RM	Fair value adjustments RM	Recognised values on acquisition RM
Property, plant and equipment	172,129,757	-	172,129,757
Prepaid interest in leased lands	2,916,518	-	2,916,518
Goodwill	63,414,410	-	63,414,410
Intangible assets	1,670,526	-	1,670,526
Inventories	34,742,799	-	34,742,799
Trade receivables	59,403,767	-	59,403,767
Other receivables, deposits and prepaid expenses	8,276,696	-	8,276,696
Cash and bank balances	23,553,036	-	23,553,036
Trade payables	(34,370,037)	-	(34,370,037)
Other payables and accrued expenses	(66,382,700)	-	(66,382,700)
Deferred tax liabilities	(1,691,235)	-	(1,691,235)
Term loan	(2,895,809)	-	(2,895,809)
Retirement benefit obligation	(13,226,148)	-	(13,226,148)
Tax payables	(82,836)	-	(82,836)
Short-term borrowings	(9,001,512)	-	(9,001,512)
Net assets acquired	<u>238,457,232</u>	-	<u>238,457,232</u>
Goodwill on consolidation			<u>7,826,167</u>
Total purchase price satisfied by cash			<u>246,283,399</u>
Less: Cash and cash equivalent of subsidiary companies acquired			<u>(23,553,036)</u>
Cash flow on acquisition			<u>222,730,363</u>

In the post acquisition period to December 31, 2007, the subsidiary companies and its group of subsidiary companies contributed a net profit for the year of RM13,624,400 to the consolidated profit for the year. If the acquisition had occurred on January 1, 2007, the Group's revenue and profit for the year would have been approximately RM1,223,901,000 and RM118,133,000 respectively. These amounts would have incorporated the following:

- (a) Voluntary goodwill payment amounting to approximately RM12,247,000 paid to its employees following the acquisition of the UMHL Group by the Company; and
- (b) Initial Public Offering expenses of approximately RM2,795,000 charged out prior to the acquisition.

Notes To The Financial Statements (cont'd)

14. DEFERRED EXPENDITURE

	The Group and The Company	
	2007 RM	2006 RM
At beginning of year	11,151,193	10,857,768
Additions	1,075,896	6,339,661
Amortised during the year	(6,890,751)	(6,046,236)
At end of year	5,336,338	11,151,193

The deferred expenditure comprised mainly expenses in relation to the syndicated banking facilities as disclosed in Note 23 and the issue of the Guaranteed Convertible Bonds as disclosed in Note 24. The Guaranteed Convertible Bonds are raised by the Company through its wholly-owned subsidiary, Unisem International (Labuan) Limited. As such, the directors are of the opinion that the bond issue expenses should be borne by the Company.

15. GOODWILL

	The Group	
	2007 RM	2006 RM
Cost		
At beginning of year	54,947,600	59,402,810
Arising from acquisition of subsidiary companies	71,240,577	-
Translation reserve	(2,678,785)	-
Elimination of amortisation accumulated prior to the adoption of FRS 3	-	(4,455,210)
At end of year	123,509,392	54,947,600
Amortisation		
At beginning of year	-	4,455,210
Amortisation for the year	-	-
Elimination of amortisation accumulated prior to the adoption of FRS 3	-	(4,455,210)
At end of year	-	-
Carrying amount		
At end of year	123,509,392	54,947,600

Impairment tests for cash-generating units (CGU) containing goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on one-year financial budget approved by management and a financial forecast covering subsequent four year period.

Notes To The Financial Statements (cont'd)

15. GOODWILL (CONT'D)

Impairment tests for cash-generating units (CGU) containing goodwill (cont'd)

The assumptions applied for the budget and financial forecast were determined based on business past performance and management's expectations of market development.

The Group believes that any reasonably possible changes in the assumptions applied are not likely to materially cause recoverable amounts to be lower than its carrying amount.

16. INTANGIBLE ASSETS

	← The Group →			
	License fees RM	Tech-transfer support fees RM	Capitalised Development Expenses RM	Total RM
Cost				
As of January 1, 2006 and December 31, 2006	10,260,000	5,133,050	-	15,393,050
Additions	848,519	-	254,212	1,102,731
Acquisition of subsidiary companies	2,702,525	17,257,500	600,561	20,560,586
Translation reserve	(146,172)	(729,000)	(34,960)	(910,132)
As of December 31, 2007	13,664,872	21,661,550	819,813	36,146,235
Amortisation				
As of January 1, 2006 and December 31, 2006	-	-	-	-
Charge for the year	398,495	-	-	398,495
Acquisition of subsidiary companies	1,632,560	17,257,500	-	18,890,060
Translation reserve	(83,997)	(729,000)	-	(812,997)
As of December 31, 2007	1,947,058	16,528,500	-	18,475,558
Carrying amount				
As of December 31, 2006	10,260,000	5,133,050	-	15,393,050
As of December 31, 2007	11,717,814	5,133,050	819,813	17,670,677

The license fees pertaining to a subsidiary company has finite useful lives over which the assets will be amortised upon commencement of full-scale commercial business operations of the subsidiary company. The subsidiary company's operations has improved during the financial year but is still not in full scale commercial operations yet due to unexpected longer customer qualification period. It is expected that the subsidiary will achieve full scale commercial operations during the next financial year and that the amortisation of the intangible assets will only commence then.

Notes To The Financial Statements (cont'd)

17. INVENTORIES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost:				
Raw materials	86,841,861	44,795,862	40,187,705	39,748,180
Factory supplies	30,343,076	23,357,161	16,369,978	16,835,174
Work-in-progress	21,148,366	7,081,545	14,099,138	6,494,065
Finished goods	2,585,725	153,492	603,057	120,656
	140,919,028	75,388,060	71,259,878	63,198,075
Less: Allowance for slow-moving inventories:				
At beginning of year	(494,572)	(466,704)	-	-
Arising from acquisition of subsidiary companies	(220,896)	-	-	-
Translation reserve	27,117	(27,868)	-	-
At end of year	(688,351)	(494,572)	-	-
	140,230,677	74,893,488	71,259,878	63,198,075

The cost of inventories of the Group and of the Company recognised as an expense during the year were RM802,812,787 (2006: RM572,088,334) and RM495,860,826 (2006: RM477,632,686) respectively.

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for sales of goods and services rendered. The credit terms granted ranges from 30 to 60 days (2006: 30 to 60 days).

During the year, one of the acquired foreign subsidiaries has entered into a US\$9 million [equivalent to RM30 million] Non-Recourse Receivables Purchase facility with a foreign financial institution.

The facility enables the subsidiary to drawdown up to eighty five (85) per cent of the assigned trade receivables as advance and bears a Discount Charge rate of 1.25% per annum above SIBOR.

As of December 31, 2007, the total amount of trade receivables sold under the facility whereby the advances has yet to be received amounted to approximately US\$3.9 million [equivalent to RM12,892,000]. The subsidiary will only derecognise the carrying value of these receivables upon receipt of the advances.

Trade receivables are entirely denominated in US Dollar.

Notes To The Financial Statements (cont'd)

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	9,446,799	4,850,637	6,561,476	815,780
Refundable deposits	3,935,024	935,138	218,032	242,181
Prepaid expenses	2,730,781	817,535	188,423	218,955
	16,112,604	6,603,310	6,967,931	1,276,916
Other receivable - non-current portion	(3,168,880)	-	(3,168,880)	-
	12,943,724	6,603,310	3,799,051	1,276,916

The non-current portion is repayable as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Financial years ending December 31:				
2009	1,906,286	-	1,906,286	-
2010	1,262,594	-	1,262,594	-
	3,168,880	-	3,168,880	-

Other receivables comprise mainly of payment made on behalf and advances granted that are unsecured, interest-free and are repayable on demand except for outstanding advances of RM5,143,635 which are repayable over 36 months.

Transactions with related parties are disclosed in Note 19.

The currency profile of other receivables is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
US Dollar	6,204,329	2,055,548	5,032,047	2,127
Ringgit Malaysia	1,848,289	935,638	1,529,429	813,653
Chinese Renminbi	565,159	-	-	-
Singapore Dollar	485,938	1,280,771	-	-
Sterling Pound	167,883	557,124	-	-
Indonesian Rupiah	119,005	-	-	-
Others	56,196	21,556	-	-
	9,446,799	4,850,637	6,561,476	815,780

Notes To The Financial Statements (cont'd)

19. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies arose mainly from trade transactions, sale of plant and machinery and unsecured advances that are interest free and repayable on demand.

The amount owing to subsidiary companies are expected to be repaid as follows:

Amount owing to subsidiary companies

Amount due within 12 months (shown under current liabilities)

Amount due in year 2009

The Company	
2007	2006
RM	RM
155,917	318,814,716
49,107,585	61,460,659
49,263,502	380,275,375

The amount owing to a subsidiary company, Unisem International (Labuan) Limited, of RM49,107,585 (2006: RM358,815,698) in relation to the Guaranteed Convertible Bonds which bears interest rate at 5.75% (2006: 5.75%) per annum, is unsecured.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationship
Adnan Sundra & Low	- A firm of advocates and solicitors in which Mr. Sundra Moorthi s/o V.M. Krishnasamy, a director of the Company, is a partner.
Advanpack Solutions Pte. Ltd.	- A shareholder of Unisem-Advanpack Technologies Sdn. Bhd..

During the financial year, related company transactions are as follows:

Subsidiary companies

Advances granted to
Interest paid/payable
Interest received/receivable
Overprovision of interest on advances
Trade purchases
Sale of property, plant and equipment
Rental income
Management fees
Trade sales
Advances received from
Rental paid

The Company	
2007	2006
RM	RM
11,919,440	4,327,417
4,786,922	24,628,689
4,017,062	516,845
3,114,544	8,282,483
737,930	33,283
455,061	724,952
400,200	433,550
384,000	384,000
86,869	1,276,695
85,260	-
35,356	-

Notes To The Financial Statements (cont'd)

19. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, the Group entities entered into the following transactions with related parties that are not members of the Group:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Related parties				
Adnan Sundra & Low Legal fee paid	24,395	33,350	24,395	33,350
Advanpack Solutions Pte. Ltd. Trade sales	5,745	56,552	-	-

Sales of goods and services to related parties were made at the Group's usual list prices.

The outstanding balances as at the end of the financial year were as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount owing by related parties				
Advanpack Solutions Pte. Ltd.	2,260	4,608,216	2,260	1,344,009

Compensation of key management personnel

The remuneration of directors are disclosed in Note 6. The remuneration of other members of key management during the year were as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term benefit	4,362,064	3,114,205	1,089,599	959,375

20. CASH AND BANK BALANCES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fixed and short-term deposits with licensed banks	61,036,466	94,728,011	37,481,406	69,941,301
Cash on hand and at banks	29,115,647	17,570,069	935,183	2,626,207
	90,152,113	112,298,080	38,416,589	72,567,508

Notes To The Financial Statements (cont'd)

20. CASH AND BANK BALANCES (CONT'D)

The currency profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
US Dollar	41,942,715	83,026,497	8,050,355	47,318,252
Ringgit Malaysia	31,344,183	25,310,302	30,366,234	25,249,256
Chinese Renminbi	15,714,831	3,961,281	-	-
Singapore Dollar	608,249	-	-	-
Euro Dollar	297,513	-	-	-
Others	244,622	-	-	-
	90,152,113	112,298,080	38,416,589	72,567,508

The average effective interest rates are as follows:

	The Group		The Company	
	2007 %	2006 %	2007 %	2006 %
Fixed deposits	3.06 - 3.90	3.55	3.45	3.55
Short-term deposits	1.62 - 4.42	3.73	2.90 - 3.90	2.90

The average maturities of deposits as at the end of the financial year are as follows:

	The Group		The Company	
	2007	2006	2007	2006
Fixed deposits (months)	12	2	1	2
Short-term deposits (days)	2 - 7	4	2 - 4	2

Notes To The Financial Statements (cont'd)

21. SHARE CAPITAL

	Par value RM	The Group and Company			
		2007 Number of ordinary shares	2006 Number of ordinary shares	2007 RM	2006 RM
Authorised:					
At beginning/end of year	0.50	1,000,000,000	1,000,000,000	500,000,000	500,000,000
Issued and fully paid:					
At beginning of year	0.50	446,925,555	446,925,555	223,462,777	223,462,777
Issued pursuant to conversion of convertible bonds	0.50	24,516,124	-	12,258,062	-
At end of year	0.50	471,441,679	446,925,555	235,720,839	223,462,777

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM223,462,777 to RM235,720,839 by way of an issue of 24,516,124 new ordinary shares of RM0.50 each pursuant to the Exchange of Guaranteed Convertible Bonds issued by a subsidiary company at the exercise price of RM1.86 per share.

The resulting premium arising from the shares issued above of RM35,530,015 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

22. RESERVES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable reserves:				
Share premium	162,177,856	126,647,841	162,177,856	126,647,841
Translation reserve	(16,237,409)	(3,315,529)	-	-
Equity component of Guaranteed Convertible Bonds	2,140,756	18,338,715	-	-
Distributable reserve:				
Retained earnings	431,316,764	367,106,776	455,624,264	402,117,460
	579,397,967	508,777,803	617,802,120	528,765,301

Notes To The Financial Statements (cont'd)

22. RESERVES (CONT'D)

Share premium

Share premium arose from the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Public issue in 1998, net of share issue expenses of RM3,407,692	152,392,308	152,392,308	152,392,308	152,392,308
Exercise of share options of 9,000 ordinary shares in 2001	54,000	54,000	54,000	54,000
Exercise of share options of 333,000 ordinary shares in 2002	2,233,200	2,233,200	2,233,200	2,233,200
Exercise of share options of 477,000 ordinary shares in 2003	3,137,250	3,137,250	3,137,250	3,137,250
Acquisition of subsidiary companies	37,008,576	37,008,576	37,008,576	37,008,576
Exercise of share options of 912,400 ordinary shares in 2004	6,281,600	6,281,600	6,281,600	6,281,600
Exercise of share options of 6,000 ordinary shares in 2005	28,499	28,499	28,499	28,499
Bonus issue	(74,487,592)	(74,487,592)	(74,487,592)	(74,487,592)
Conversion of 12,000,000 convertible bonds in 2007	35,530,015	-	35,530,015	-
	<u>162,177,856</u>	<u>126,647,841</u>	<u>162,177,856</u>	<u>126,647,841</u>

Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into currency units are brought to account by entries made directly to the foreign currency translation reserve.

All translation gains and losses are taken-up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expense in the income statement in the period in which the operations are disposed of.

Retained earnings

Distributable reserves are those available for distribution by way of dividends. Subject to agreement by Inland Revenue Board, the Company's tax credit under Section 108 of the Income Tax Act, 1967 and tax-exempt income as mentioned in Note 9 are only sufficient to frank approximately RM151,166,000 (2006: RM182,668,000) of dividends out of its retained profit as of December 31, 2007. The extent of the retained profit not covered at that date amounted to RM304,457,000 (2006: RM219,449,000).

Notes To The Financial Statements (cont'd)

22. RESERVES (CONT'D)

Retained earnings (cont'd)

The Malaysia Budget 2008 introduced a single tier company income tax system with effect from the Year of Assessment 2008. As such, the Section 108 tax credit as of December 31, 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on December 31, 2013, whichever is earlier.

23. BORROWINGS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Term Loan (unsecured)	230,645,000	-	230,645,000	-
Term loan (secured)	284,461,010	52,931,273	165,285,000	-
Promissory notes	1,388,394	-	-	-
Bank overdraft (secured)	1,302,411	849,827	879,347	-
	517,796,815	53,781,100	396,809,347	-
Less: Amount due within 12 months (shown under current liabilities)	(64,062,796)	(849,827)	(62,905,867)	-
Non-current portion	453,734,019	52,931,273	333,903,480	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Financial years ending December 31:				
2008	-	14,115,006	-	-
2009	148,452,187	21,172,509	134,555,880	-
2010	172,407,256	17,643,758	119,440,140	-
2011	113,011,907	-	79,907,460	-
2012	19,862,669	-	-	-
	453,734,019	52,931,273	333,903,480	-

Notes To The Financial Statements (cont'd)

23. BORROWINGS (CONT'D)

Analysis of borrowings by currency:

The Group 2007	Ringgit Malaysia RM	Sterling Pound RM	US Dollar RM	Total RM
Term loan	230,645,000	-	284,461,010	515,106,010
Promissory notes	-	-	1,388,394	1,388,394
Bank overdraft	879,347	423,064	-	1,302,411
	231,524,347	423,064	285,849,404	517,796,815

The Group 2006	Ringgit Malaysia RM	Sterling Pound RM	US Dollar RM	Total RM
Term loan	-	-	52,931,273	52,931,273
Bank overdraft	-	849,827	-	849,827
	-	849,827	52,931,273	53,781,100

The Company 2007	Ringgit Malaysia RM	Sterling Pound RM	US Dollar RM	Total RM
Term loan	230,645,000	-	165,285,000	395,930,000
Bank overdraft	879,347	-	-	879,347
	231,524,347	-	165,285,000	396,809,347

During the financial year, the Company obtained a US\$50 million [equivalent to RM165 million] secured term loan facility from a local financial institution. The term loan facility is secured by way of a share pledge agreement.

The Company has a RM400 million (2006: RM400 million) unsecured syndicated financing facilities with six local financial institutions ("Syndicated Financing Facilities"). The Syndicated Financing Facilities comprise a syndicated term loan facility of RM263 million (2006: RM263 million) and revolving credit and overdraft facilities of RM137 million (2006: RM137 million).

One of the direct foreign subsidiary companies has a secured term loan and revolving credit facilities to the extent of US\$50 million [equivalent to RM165,285,000] (2006: US\$50 million [equivalent to RM176,350,000]) with a foreign bank. The banking facilities are secured by a fixed charge over the subsidiary's factory building.

One of the indirect foreign subsidiary companies has bank overdraft and bankers' acceptances facilities with a foreign bank to the extent of £700,000 [equivalent to RM4,700,710] and £300,000 [equivalent to RM2,014,590] (2006: £700,000 [equivalent to RM4,876,000 and £300,000 [equivalent to RM2,089,000]) respectively. The bank facilities are secured by a fixed and floating debenture over the entire assets of the subsidiary company. Bank overdraft is repayable on demand.

Notes To The Financial Statements (cont'd)

23. BORROWINGS (CONT'D)

In April 2004, a subsidiary filed for bankruptcy protection. The filing resulted from the unsatisfactory negotiation with the landlord on early termination of the rental lease which runs through April 12, 2006 with no rights of early termination. During 2004, the subsidiary's plan of reorganisation was approved by the Court and the subsidiary settled the rental lease obligations of US\$1,113,000 [equivalent to RM3,679,000] through cash payment of US\$223,000 [equivalent to RM737,000] and the issue of a promissory note of US\$890,000 [equivalent to RM2,942,000]. The promissory note is repayable in monthly instalments from April 2006 to October 2009.

The term loans, revolving credit and bank overdraft bear interests at floating rates.

The average effective interest rates are as follows:

Promissory notes	-	7.30% per annum.
Bank overdraft	-	1.75% per annum above a foreign bank's base rate.
Term loans	-	Ranging from 1.00% to 1.60% per annum plus LIBOR.
	-	1.30% per annum plus COF.
Revolving credit	-	1.00% per annum plus COF.

24. GUARANTEED CONVERTIBLE BONDS

	The Group	
	2007 RM	2006 RM
Guaranteed Convertible Bonds	42,498,066	356,173,788
Amount due within 12 months (shown under current liabilities)	-	(297,721,124)
Non-current portion	42,498,066	58,452,664

The US\$100 million Bonds and US\$50 million Bonds are direct senior unsecured obligations of the Company and are unconditionally and irrevocably guaranteed by the Company.

A. The salient features of the US\$100 million Bonds are as follows:

- (i) the bonds bear interest at a fixed rate of two percent (2%) per annum on the nominal amount of the bonds and the interest is payable semi-annually on February 12 and August 12 of each year during the five (5) years in which the bonds remain outstanding. The first interest payment was made on August 12, 2004. The last payment of interest shall be made on the maturity date of the bonds;
- (ii) each bond may be converted, at the option of the holder, into ordinary shares of the holding company. The Conversion Price will be subject to adjustment in certain events set out in the Trust Deed;

Notes To The Financial Statements (cont'd)

24. GUARANTEED CONVERTIBLE BONDS (CONT'D)

- (iii) the Conversion Price shall be adjusted on each reset date, which are February 12, 2005, February 12, 2006, February 12, 2007 and February 12, 2008 (each a "Reset Date") if (a) the product of (i) the Average Closing Price (the average of the closing prices of the holding company's shares on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the period of 30 consecutive trading days immediately prior to the Reset Date) converted into US Dollar at the prevailing rate; and (ii) the principal amount of one bond, divided by (b) the Conversion Price in effect on the Reset Date converted into US Dollar at the fixed exchange rate of RM3.80: US\$1.00 shall be less than the principal amount of one bond. Any adjustment to the Conversion Price shall be limited so that the adjusted Conversion Price shall not be less than 80% of the initial Conversion Price and any adjustments so made shall only be downward adjustments;
 - (iv) holders of the bonds have the right to require the Company to redeem all or some of the bonds at 107.12% of their principal amount plus interest accrued thereon on February 12, 2007;
 - (v) unless previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at 112.39% of their outstanding principal amount on February 12, 2009; and
 - (vi) the bonds are listed on the Luxembourg Stock Exchange.
- B. The salient features of the US\$50 million Bonds are as follows:
- (i) the bonds bear interest at a fixed rate of three percent (3%) per annum on the nominal amount of the bonds and the interest is payable semi-annually on February 12 and August 12 of each year during the four (4) years in which the bonds remain outstanding. The first interest payment was made on August 12, 2005. The last payment of interest shall be made on the maturity date of the bonds;
 - (ii) each bond may be converted, at the option of the holder, into ordinary shares of the holding company. The Conversion Price will be subject to adjustment in certain events set out in the Trust Deed;
 - (iii) the Conversion Price shall be adjusted on each reset dates, which are February 3, 2006, February 3, 2007 and February 3, 2008 (each a "Reset Date") so that the Conversion Price shall be reset to 94% of the Average Closing Price (the average of the closing prices of the holding company's shares on Bursa Malaysia for the period of 30 consecutive trading days immediately prior to the relevant Reset Date) converted into US Dollar at the prevailing rate and multiplied by the fixed exchange rate. Any adjustment to the Conversion Price shall be limited so that the adjusted Conversion Price shall not be less than 80% nor more than 115% of the initial Conversion Price;
 - (iv) holders of the bonds have the right to require the Company to redeem all or some of the bonds at 106.60% and 109.50% of their principal amount plus interest accrued thereon on August 3, 2007 and August 3, 2008 respectively; and
 - (v) unless previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at 111.09% of their outstanding principal amount on February 12, 2009.

Notes To The Financial Statements (cont'd)

24. GUARANTEED CONVERTIBLE BONDS (CONT'D)

- (a) The proceeds from the issue of the US\$100 million Bonds and the US\$50 million Bonds (collectively referred to as the "CBs") were split between the liability component and the equity component, representing the fair value of the conversion option. The CBs are accounted for in the balance sheet of the Group as follows:

	2007 RM	2006 RM
Liability component brought forward	358,815,698	508,075,338
Interest expense (Note 7)	4,724,551	24,616,619
Translation reserve	(22,691,965)	(34,217,479)
Interest paid	(3,727,320)	(11,088,710)
	337,120,964	487,385,768
Buy-back / Redemption / Conversion of Bonds (See (b) below)	(305,762,111)	(133,633,395)
Translation reserve	11,535,170	5,063,325
Liability component carried forward	42,894,023	358,815,698
Coupon interest accrued	(395,957)	(2,641,910)
Current portion of liability component	-	(297,721,124)
Non-current portion of liability component	42,498,066	58,452,664

Interest expense on bonds is calculated using the effective interest method by applying the effective interest rate of 5.75% (2006: 5.75%) per annum to the liability component.

- (b) During the year, the Company bought back, redeemed and converted a total of US\$67,412,000 [equivalent to RM222,843,848] (2006: US\$15,620,000 [equivalent to RM55,091,740]) of the principal amount of the US\$100 million Bonds and US\$18,000,000 [equivalent to RM59,502,600] (2006: US\$20,022,000 [equivalent to RM70,617,594]) of the principal amount of the US\$50 million Bonds. The carrying amount of CBs at the date of the transactions are as follows:

	2007 RM	2006 RM
Carrying amount:		
Equity component	16,197,959	4,505,347
Liability component (Note 24 (a))	305,762,111	133,633,395
	321,960,070	138,138,742
Consideration paid	(268,873,223)	(133,494,078)
Conversion of Bonds	(47,788,077)	-
Total gain on buy-back and redemption	5,298,770	4,644,664
- relating to the liability component	(13,038,113)	(9,643,671)
- relating to the equity component	(7,739,343)	(4,999,007)

- (c) Pursuant to the conversion of US\$12,000,000 [equivalent to RM39,668,400] principal amount of US\$50 million Bonds mentioned above, the holding company, Unisem (M) Berhad has issued 24,516,124 new ordinary shares of RM0.50 each during the financial year.

Notes To The Financial Statements (cont'd)

25. DEFERRED INCOME

	The Group	
	2007 RM	2006 RM
At beginning of year	3,831,190	7,559,295
Additions	3,268,847	-
Translation reserve	(88,288)	325,975
Amortisation	(1,784,866)	(4,054,080)
At end of year	5,226,883	3,831,190
Less: Amount due within 12 months (shown under current liabilities)	(402,918)	(1,901,663)
Non-current portion	4,823,965	1,929,527

The deferred income arose mainly from government grants received in respect of capital investments by an indirect and a direct foreign subsidiary company.

26. RETIREMENT BENEFIT OBLIGATIONS

In 2000, the Ministry of Manpower of Indonesia implemented certain legislations in relation to post-employment benefits for employees of Indonesian companies. This legislation resulted in a mandatory establishment of an unfunded post-employment defined benefit scheme for all employees.

One of the indirect subsidiaries company, has engaged the services of an independent actuary and established its liability under this legislation. The provision for retirement benefits to cover estimated obligations for payments to employees upon retirement or termination of employment is calculated based on the Labour Law No. 13/2003 issued by Ministry of Manpower of Indonesia and is related to the employees' remuneration and the length of service already performed by each employee at balance sheet date.

The following table sets out the benefit obligations as at the balance sheet dates:

	The Group	
	2007 RM	2006 RM
Unrecognised actuarial loss	(1,302,446)	-
Unrecognised past service costs	29,752	-
Present value of defined benefits obligations	14,155,007	-
Liability for defined benefit obligations	12,882,313	-

Expense recognised in the income statements:

	The Group	
	2007 RM	2006 RM
Current service costs	2,325,698	-

Notes To The Financial Statements (cont'd)

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Movements in the net liability recognised in the balance sheets:

	The Group	
	2007 RM	2006 RM
Acquisition of subsidiaries companies	13,226,148	-
Benefits paid	(2,102,404)	-
Expense recognised during the year	1,549,320	-
Translation reserve	209,249	-
Balance as of December 31	12,882,313	-

Actuarial assumptions:

	The Group	
	2007 %	2006 %
Discount rate : US Dollar based salary	5.5	-
: Indonesian Rupiah ("IDR") based salary	10.0	-
Future salary increases : US Dollar based salary	3.0	-
: IDR based salary	8.0	-

27. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit term granted to the Group ranges from 30 to 60 days (2006: 30 to 60 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
US Dollar	117,064,269	33,511,173	56,193,755	27,446,519
Sterling Pound	3,796,596	4,270,035	96,466	-
Ringgit Malaysia	2,699,861	1,970,122	2,696,311	1,970,122
Singapore Dollar	2,665,874	2,176	4,786	2,176
Euro Dollar	1,994,444	146,282	-	-
Japanese Yen	1,474,342	-	-	-
Chinese Renminbi	30,436	-	-	-
Others	23,140	-	-	-
	129,748,962	39,899,788	58,991,318	29,418,817

Notes To The Financial Statements (cont'd)

27. TRADE AND OTHER PAYABLES (CONT'D)

Other payables and accrued expenses consist of:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	133,831,493	50,104,768	47,624,408	32,020,842
Accrued expenses	46,212,231	23,740,860	30,288,695	18,956,054
	180,043,724	73,845,628	77,913,103	50,976,896

Other payables comprise mainly outstanding balances for purchases of plant and machinery. The amounts owing are interest-free and the credit term granted to the Group ranges from 30 to 60 days (2006: 30 to 60 days).

Transactions with related parties are disclosed in Note 19.

The currency profile of other payables is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
US Dollar	86,499,362	26,777,356	19,364,730	14,745,249
Ringgit Malaysia	26,722,870	13,530,387	26,200,224	13,128,829
Singapore Dollar	10,332,191	1,797,425	2,059,089	1,782,344
Japanese Yen	5,584,787	515,311	-	-
Chinese Renminbi	2,147,726	3,455,042	-	-
Sterling Pound	1,631,818	1,664,827	-	-
Euro Dollar	79,702	2,364,420	-	-
Others	833,037	-	365	2,364,420
	133,831,493	50,104,768	47,624,408	32,020,842

28. DIVIDENDS

Interim dividend paid: 10% for 2007 (10% for 2006), tax-exempt

Final dividend paid: 10% for 2006 (10% for 2005), tax-exempt

The Group and The Company	
2007 RM	2006 RM
23,572,084	22,346,278
23,572,084	22,346,278
47,144,168	44,692,556

The directors have proposed a final dividend of 10%, tax-exempt, for the current financial year. The proposed final dividend which amounts to RM23,572,084 is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Notes To The Financial Statements (cont'd)

28. DIVIDENDS (CONT'D)

Dividends per share for the year is as follows:

Interim dividend paid - 10% (2006: 10%), tax-exempt
 Final dividend proposed - 10% (2006:10%), tax-exempt

The Group and The Company	
2007	2006
Sen	Sen
5	5
5	5
10	10

29. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(a) Financial risk management objectives and policies

The operations of the Group is subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments. The Group also utilises foreign currency forward contracts to hedge certain risk exposure; it does not utilise these foreign currency forward contracts for trading or other speculative purposes.

(i) Foreign currency risk

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on settlement of debts, sales and assets purchase transactions denominated in foreign currencies.

(ii) Interest rate risk

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The respective interest rate on borrowings are as disclosed in Note 23.

(iii) Credit risk

The Group are exposed to credit risk mainly from trade and other receivables, cash and bank balances and foreign currency forward contracts. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Notes To The Financial Statements (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(iii) Credit risk (cont'd)

Management believes that the Group's and the Company's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

The Group is exposed to credit with respect to foreign currency forward contracts and commodity contracts in the event of non-performance by the counterparties to these financial instruments which are major financial institutions. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

(iv) Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(b) Financial assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

(c) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Significant financial liabilities include trade and other payables, convertible bonds, term loans and overdrafts.

Convertible bonds, term loans and overdrafts are recorded at the proceeds received. Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis.

(d) Foreign currency forward contracts

In order to hedge its exposure to foreign exchange risks, the Group enters 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.

Notes To The Financial Statements (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(d) Foreign currency forward contracts (cont'd)

Where the instrument is used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

At the balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts:

	The Group		The Company		Average Exchange Rate per unit of Ringgit Malaysia	
	2007 RM	2006 RM	2007 RM	2006 RM	2007	2006
US Dollar	-	119,155,000	-	119,155,000	Nil	0.2835

All of these contracts mature within six months of the balance sheet date.

In 2006, the net deferred loss arising on such contracts of approximately RM2,764,000 were recognised in the underlying transactions in the first half of 2007.

(e) Fair values

The notional amounts and the estimated fair values of the Group's and the Company's financial instruments are as follows:

	The Group		The Company	
	Notional Amount RM	Fair Value RM	Notional Amount RM	Fair Value RM
As of December 31, 2006				
Foreign currency forward contracts	119,155,000	116,424,000	119,155,000	116,424,000

The carrying amounts of financial assets and liabilities reported in balance sheet with the exception of advances included in amount owing to subsidiary companies approximate their fair values because of the short maturity of these instruments.

The fair value of foreign currency forward contracts is calculated by reference to the current rate for contracts with similar maturity profiles.

Notes To The Financial Statements (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair values (cont'd)

The fair value of amounts owing to subsidiary companies and guaranteed convertible bonds are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount owing to subsidiary companies	-	-	46,324,972	372,906,000
Guaranteed convertible bonds	40,342,925	351,458,000	-	-

The fair values are calculated using cash flows discounted at the respective borrowings rates as follows:

	The Group		The Company	
	2007 %	2006 %	2007 %	2006 %
Amount owing to subsidiary companies	-	-	5.88	5.43
Guaranteed convertible bonds	6.71	5.79	-	-

30. CASH FLOW STATEMENTS

(a) Additions to property, plant and equipment

During the year, property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash payment	118,543,042	141,007,578	43,064,561	41,578,634
Balance outstanding:				
Included in other payables	61,300,064	34,980,631	20,156,728	17,737,301
	179,843,106	175,988,209	63,221,289	59,315,935

Notes To The Financial Statements (cont'd)

30. CASH FLOW STATEMENTS (CONT'D)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fixed and short-term deposits	61,036,466	94,728,011	37,481,406	69,941,301
Cash and bank balances	29,115,647	17,570,069	935,183	2,626,207
Bank overdrafts	(1,302,411)	(849,827)	(879,347)	-
	88,849,702	111,448,253	37,537,242	72,567,508

31. CAPITAL COMMITMENTS

As of December 31, 2007 the Group and the Company have the following capital expenditure in respect of property, plant and equipment:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Contracted but not provided for	51,307,506	28,919,750	13,250,782	5,622,553

32. CONTINGENT LIABILITY

On April 25, 2006, the Industrial Court had in Award No. 708 of 2006 ruled that the dismissal of Mr. Ku Hong Hai was without just cause and excuse. The Court awarded Mr. Ku Hong Hai the compensation in lieu of reinstatement of one month's salary for each year of service and backwages of 24 months. This amounted to a total of RM960,000, less statutory deductions. The Company has since filed an application to the Ipoh High Court for leave to commence Judicial Review proceedings to review the decisions of the Industrial Court.

In October 2006, the Company was granted leave to commence judicial review proceedings to quash the above-mentioned Award. The Company was also granted a stay of proceedings pending the final determination of the matter.

Notes To The Financial Statements (cont'd)

33. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

The prior year adjustments are in respect of the following:

The Group and The Company

- (a) The early adoption of revised FRS 112 has resulted in deferred tax assets being recognised 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 utilised; and
- (b) The adoption of the revised FRS117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land.

Accordingly, certain accounts in prior financial years have been restated to reflect the effects of the change in accounting policy as follows:

The Group	As previously reported RM	Adjustments RM	As restated RM
Financial year ended December 31, 2006			
Depreciation of property, plant and equipment	(120,074,602)	128,841	(119,945,761)
Amortisation of prepaid interest in leased lands	-	(128,841)	(128,841)
Taxation	(22,303,743)	6,581,000	(15,722,743)
Profit for the year	70,628,340	6,581,000	77,209,340
Attributable to:			
Equity holders of the Company	(71,878,501)	(6,389,310)	(78,267,811)
Minority interests	1,250,161	(191,690)	1,058,471
Earnings per share			
- Basic (sen)	16.08	1.43	17.51
- Diluted (sen)	15.21	1.28	16.49
As of December 31, 2006			
Property, plant and equipment	904,022,005	(14,295,648)	889,726,357
Prepaid interest in leased lands	-	14,295,648	14,295,648
Deferred tax asset	395,666	1,851,000	2,246,666
Reserves	(426,284,766)	(82,493,037)	(508,777,803)
Equity attributable to equity holders of the Company	(649,747,543)	(82,493,037)	(732,240,580)
Minority interests	11,705,674	208,963	11,914,637
Deferred tax liability	80,851,000	(80,851,000)	-
Retained earnings	284,613,739	82,493,037	367,106,776

Notes To The Financial Statements (cont'd)

33. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS (CONT'D)

The Group	As previously reported RM	Adjustments RM	As restated RM
As of December 31, 2005			
Retained earnings	262,426,801	76,103,727	338,530,528
Minority interests	12,955,835	17,273	12,973,108
The Company			
Financial year ended December 31, 2006			
Depreciation of property, plant and equipment	(103,517,366)	44,022	(103,473,344)
Amortisation of prepaid interest in leased lands	-	(44,022)	(44,022)
Taxation	(22,706,326)	4,883,000	(17,823,326)
Profit for the year	89,382,176	4,883,000	94,265,176
As of December 31, 2006			
Property, plant and equipment	634,770,694	(4,001,673)	630,769,021
Prepaid interest in leased lands	-	4,001,673	4,001,673
Deferred tax liability	80,851,000	(80,851,000)	-
Retained earnings	321,266,460	80,851,000	402,117,460
As of December 31, 2005			
Retained earnings	276,576,850	75,968,000	352,544,850

Unisem (M) Berhad Statement By Directors

The directors of **UNISEM (M) BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2007 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

PROF. TAN SRI DATO' DR. MOHD. RASHDAN BIN HAJI BABA

Kuala Lumpur,
February 20, 2008

Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

I, **LOH CHEE CHEONG**, the officer primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LOH CHEE CHEONG

Subscribed and solemnly declared by the abovenamed **LOH CHEE CHEONG** at **IPOH** this 20th day of February, 2008.

Before me,

MOHD YUSOF BIN HARON KPP, PNPBB, PJK (No. A112)
COMMISSIONER FOR OATHS

Shareholding Statistics as at 8 May 2008

1. **Authorised Share Capital** : RM500,000,000.00
Issued and paid-up Share Capital : RM235,720,839.50
Class of Shares : Ordinary shares of RM0.50 each
Voting Right : 1 vote per share

2. **Distribution of shareholders**

No. of holders	Holdings	Total holdings	%
47	Less than 100 shares	1,135	0.00
1,240	100 to 1,000 shares	1,146,979	0.24
5,611	1,001 to 10,000 shares	25,679,179	5.45
1,516	10,001 to 100,000 shares	46,733,239	9.91
268	100,001 to less than 5% of issued shares	239,183,447	50.74
2	5% and above of issued shares	158,697,700	33.66
8,684		471,441,679	100.00

3. **List of substantial shareholders (5% and above excluding bare trustees) and their direct and deemed interests as shown in the Register of Substantial Shareholders**

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
Bandar Rasah Sdn Bhd	130,600,000	27.70	-	-
Lembaga Tabung Haji	28,097,700	5.96	770,000	0.16 ^(a)
Jayvest Holdings Sdn Bhd	10,666,800	2.26	130,600,000	27.70 ^(b)
John Chia Sin Tet	-	-	155,436,800	32.97 ^(c)
The estate of Soo Yut Kuan	-	-	141,266,800	29.96 ^(d)
Yen Woon @ Low Sau Chee	-	-	137,420,000	29.15 ^(e)

Notes:

(a) *Shares managed by portfolio manager.*

(b) *Held indirectly through Bandar Rasah Sdn Bhd.*

(c) *Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.*

(d) *Held indirectly through Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.*

(e) *Held indirectly through his spouse, Bandar Rasah Sdn Bhd and Lancar Indah Sdn Bhd.*

Shareholding Statistics (cont'd)

as at 8 May 2008

4. List of Directors' shareholding as shown in the Register of Directors

Directors	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
John Chia Sin Tet	-	-	155,436,800	32.97 ^(a)
Bruno Guilmart	-	-	-	-
Ang Chye Hock	295,000	0.06	-	-
Francis Chia Mong Tet	1,074,600	0.23	9,300,000	1.97 ^(b)
Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	300,000	0.06	114,900	0.02 ^(c)
Tan Sri Dato' Samshuri bin Arshad	-	-	600,000	0.13 ^(b)
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	-	-	137,420,000	29.15 ^(d)
Sundra Moorthi s/o V.M. Krishnasamy	27,000	0.01	6,000	0.00 ^(e)
Tee Yee Loh	718,800	0.15	5,698,000	1.21 ^(f)
Chua Khing Chiew	-	-	-	-

Notes:

- (a) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.
- (b) Held indirectly through nominee companies under pledged securities accounts.
- (c) Held indirectly through nominee company for Paraysma Sdn Bhd.
- (d) Held indirectly through his spouse, Bandar Rasah Sdn Bhd and Lancar Indah Sdn Bhd.
- (e) Held indirectly through his spouse.
- (f) Held indirectly through his spouse and nominee companies under pledged securities accounts.

Shareholding Statistics (cont'd)

as at 8 May 2008

5. List of thirty largest shareholders according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person)

Shareholders	No. of shares held (direct interest)	% of issued shares
1. Bandar Rasah Sdn Bhd	130,600,000	27.70
2. Lembaga Tabung Haji	28,097,700	5.96
3. HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT Acct)	19,250,000	4.08
4. Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	12,278,700	2.60
5. Jayvest Holdings Sdn Bhd	10,666,800	2.26
6. Permodalan Nasional Berhad	9,624,900	2.04
7. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Chia Mong Tet	9,300,000	1.97
8. AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Ming Foh	9,094,200	1.93
9. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet	8,100,000	1.72
10. Koo Hong @ Ku Hong Hai	7,249,189	1.54
11. Lancar Indah Sdn Bhd	6,070,000	1.29
12. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	5,844,500	1.24
13. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	5,500,000	1.17
14. Tan Kah Hock	5,184,600	1.10
15. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	4,666,700	0.99
16. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	4,400,000	0.93
17. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera Permodalan Nasional Berhad	4,384,300	0.93

Shareholding Statistics (cont'd) as at 8 May 2008

Shareholders	No. of shares held (direct interest)	% of issued shares
18. Low Kim Bee @ Lau Kim Bee	4,043,000	0.86
19. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Prudential Fund Management Berhad	3,740,000	0.79
20. Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account for Mark A W Macdonald (50801082296B)	3,400,000	0.72
21. Chiam Joy Young	3,375,000	0.72
22. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,331,000	0.71
23. Cartaban Nominees (Tempatan) Sdn Bhd MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (JF404)	2,222,000	0.47
24. Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd (Account 1)	2,150,000	0.46
25. Jo-Ann Chiam Puay Hoon	2,010,000	0.43
26. HLG Nominee (Tempatan) Sdn Bhd HLG Asset Management Sdn Bhd for Hong Leong Assurance Bhd (Growth Fund)	2,000,000	0.42
27. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	2,000,000	0.42
28. Citigroup Nominees (Asing) Sdn Bhd CB LDN for Stichting Pensioenfonds Zorg En Welzijn	1,992,600	0.42
29. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)	1,944,600	0.41
30. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	1,841,000	0.39

List of Properties

held by the group as at 31 december 2007

Location	Description	Existing Use	Tenure	Land area/ Build-up area (approximate)	Date of acquisition/ completion	Approximate age of Building (in years)	Book Value as at 31 December 2007 (RM)
PT 2514 and PT 2515 Mukim Sungai Raya, Daerah Kinta, Perak	Industrial land	Factory	99 years leasehold expiring 2094	6.294 hectare	July 1991	-	2,624,175
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	16	7,582,532
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	12	11,088,353
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	7	47,854,278
	Factory building Wafer bumping	Factory	-	22,000 sq ft	August 2005	2.25	2,667,413
PT 4376 Mukim Sungai Raya, Daerah Kinta, Perak	Industrial land	Vacant	99 years leasehold expiring 2100	10.598 hectare	October 2000	-	6,864,234
Mukim Sungai Raia, Daerah Kinta, Perak	Residential	Vacant	99 years leasehold expiring 2104	217,800 sq ft	June 2005	-	1,333,529
Parkway, Pen-y-fan Industrial Estate, Croespenmaen, Crumlin, Gwent, United Kingdom NP11 3XT	Industrial land	Factory	Freehold	9.915 hectare	February 1994	-	6,715,300
	Factory building	Factory	-	130,000 sq ft	July 1995	12	10,979,515

List of Properties (cont'd) held by the group as at 31 december 2007

Location	Description	Existing Use	Tenure	Land area/ Build-up area (approximate)	Date of acquisition/ completion	Approximate age of Building (in years)	Book Value as at 31 December 2007 (RM)
Chengdu Hi-Tech Zone, West Zone, Chengdu, Sichuan, P.R. China 13-(02)-006	Industrial land	Factory	49 years leasehold expiring 2055	9.647 hectare	December 2005	-	3,297,232
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	4,069,724
	Factory building	Factory	-	320,000 sq ft	December 2005	2	66,225,127
Jalan S.Parman Kav 201 BIP Mukim Kuning, Batam	Industrial land	Factory	30 years leasehold expiring 2019	21,280 sq m ²	November 1994	-	1,320,600
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 sq m ²	May 1998	-	1,386,768
	Factory building Main building	Factory	-	14,640 sq m ²	November 1991	16	8,700,176
	Factory building East Wing	Factory	-	17,500 sq m ²	1998	9	19,734,391
	Factory building East Wing Extension	Factory	-	1,600 sq m ²	2007	0.5	4,992,529
Desa Lubuk Baja Utara- Bengkong, Batam	Residential	Quarters	30 years leasehold expiring 2016	2,376 sq m ²	May 1994	13	559,989
Palm Spring Housing Complex, Batam	Residential	Quarters	30 years leasehold expiring 2020	1,056 sq m ²	September 1993	14	224,576

Unisem (M) Berhad (183314-V) Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Nirwana Ballroom 2, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2008 at 10.00 a.m. to transact the following businesses:

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2007. **Resolution 2**
3. To approve the payment of Directors' fees amounting to RM1,518,833 for the financial year ended 31 December 2007, representing an increase of RM171,833 from RM1,347,000 in 2006. **Resolution 3**
4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-
 - (i) Mr John Chia Sin Tet **Resolution 4**
 - (ii) Mr Ang Chye Hock **Resolution 5**
 - (iii) Y.Bhg. Tan Sri Dato' Samshuri bin Arshad **Resolution 6**
5. To re-elect Mr Bruno Guilmart as a Director who retires pursuant to Article 127 of the Company's Articles of Association. **Resolution 7**
6. To re-appoint Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting. **Resolution 8**
7. To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 9**
8. As Special Business:
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-
Authority To Allot Shares **Resolution 10**
"That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby empowered to issue shares (other than bonus or rights shares) in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company (other than by way of bonus or rights issues) does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
9. To transact any other ordinary business for which due notice has been given.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the register of members will be closed on 1 July 2008 to determine shareholders' entitlement to the final dividend of 10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2007. The dividend, if approved, will be paid on 10 July 2008.

A Depositor shall qualify for entitlement to the above dividend payment only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 1 July 2008 in respect of transfers;
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretaries

4 June 2008
Kuala Lumpur

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *A member may appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.*
4. *The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Letter Box #95, 9th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting or any adjournment thereof.*
5. *Explanatory Note on Special Business (Resolution 10)*

The proposed Resolution 10, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue not more than 10% of the issued share capital of the Company. Such issuance of shares will still be subject to the approvals of the Securities Commission and the Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Further details of individuals who are standing for election as directors, namely the following:-

1. Mr John Chia Sin Tet
2. Mr Ang Chye Hock
3. Y.Bhg. Tan Sri Dato' Samshuri bin Arshad
4. Mr Bruno Guilmart

Director who attains the age of seventy years and standing for re-appointment is:-

1. Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba

The profiles of the above Directors are provided in pages 33 to 38 whilst their shareholdings in the Company are set out in page 111 of the Annual Report.

The above Directors do not have any interest in the securities of the Company's subsidiaries.



Proxy Form

UNISEM (M) BERHAD (183314-V)
(Incorporated in Malaysia)

I/We _____ NRIC/Passport No. _____
of _____
being a Member/Members of Unisem (M) Berhad hereby appoint _____
_____ NRIC/ Passport No. _____
of _____
or failing him/her, _____
NRIC/Passport No. _____ of _____
as my/our proxy to vote on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Nirwana Ballroom 2, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2008 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated with ✓ in respect of the following resolutions. (If you do not do so, the proxy will vote or abstain from voting at his discretion):-

		FOR	AGAINST
Resolution 1	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2007 together with the Directors' Report and the Auditors' Report.		
Resolution 2	To approve the declaration of a final dividend of 10% (or 5 sen per share) tax-exempt for the financial year ended 31 December 2007.		
Resolution 3	To approve the payment of Directors' fees amounting to RM1,518,833 for the financial year ended 31 December 2007, representing an increase of RM171,833 from RM1,347,000 in 2006.		
Resolution 4	To re-elect Mr John Chia Sin Tet as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 5	To re-elect Mr Ang Chye Hock as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 6	To re-elect Y.Bhg. Tan Sri Dato' Samshuri bin Arshad as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 7	To re-elect Mr Bruno Guilmart as a Director who retires pursuant to Article 127 of the Company's Articles of Association.		
Resolution 8	To re-appoint Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba as a Director who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting.		
Resolution 9	To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Resolution 10	To authorise the Directors under Section 132D of the Companies Act, 1965 to issue new shares not exceeding 10% of the issued capital of the Company.		

Dated this _____ day of _____ 2008.

NO. OF SHARES HELD

Signature/Common Seal

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member may appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
4. The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Letter Box #95, 9th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting or any adjournment thereof.

stamp

Unisem (M) Berhad (183314-V)
Letter Box #95,
9th Floor, UBN Tower,
10, Jalan P. Ramlee,
50250 Kuala Lumpur

Corporate Information

BOARD OF DIRECTORS

Mr John Chia Sin Tet
(Chairman / Group Managing Director)

Mr Bruno Guilmart
(Executive Director)

Mr Ang Chye Hock
(Executive Director)

Mr Francis Chia Mong Tet
(Executive Director)

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
(Independent Director)

Y.Bhg. Tan Sri Dato' Samshuri bin Arshad
(Independent Director)

Y.Bhg. Tan Sri Dato' Wong See Wah
(Independent Director)

Mr Yen Woon @ Low Sau Chee
(Non-Executive Director)

Mr Sundra Moorthi s/o V.M. Krishnasamy
(Non-Executive Director)

Mr Tee Yee Loh
(Non-Executive Director)

Mr Chua Khing Chiew
(Alternate to Yen Woon @ Low Sau Chee)

AUDIT COMMITTEE

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
(Chairman / Independent Director)

Y.Bhg. Tan Sri Dato' Samshuri bin Arshad
(Member / Independent Director)

Y.Bhg. Tan Sri Dato' Wong See Wah
(Member / Independent Director)

Mr Francis Chia Mong Tet
(Member / Executive Director)

Mr Sundra Moorthi s/o V.M. Krishnasamy
(Member / Non-Executive Director)

COMPANY SECRETARIES

Mr Chua Heng Fatt (MACS 00264)
Ms Chin Hock Yee (LS 8922)

REGISTERED OFFICE

Letter Box #95
9th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
Tel: (603) 2072 3760
Fax: (603) 2072 4018
Website: www.unisemgroup.com

SHARE REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7718 6000
Fax: (603) 7722 2311

AUDITORS

Deloitte KassimChan
Chartered Accountants
87, Jalan Sultan Abdul Jalil
30450 Ipoh
Perak Darul Ridzuan
Malaysia

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board