

# 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, 2008.

## 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.

## 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/(Loss) before tax	23,992,462	(29,987,155)
Taxation	(5,655,902)	(2,317,825)
Profit/(Loss) for the year	18,336,560	(32,304,980)
Attributable to:		
Equity holders of the Company	19,837,403	(32,304,980)
Minority interests	(1,500,843)	-
	18,336,560	(32,304,980)

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.

## 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.

The directors have proposed a final dividend of 5%, tax-exempt, for the current financial year. The proposed final dividend which amounts to approximately RM11,786,042 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

The Company has not issued any new shares or 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:

- (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. Ang Chye Hock  
 Mr. Francis Chia Mong Tet  
 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)  
 Mr. Bruno Guilmar (resigned on June 4, 2008)

In accordance with Article 124 of the Company's Articles of Association, Y.Bhg. Tan Sri Dato' Wong See Wah, Mr. Sundra Moorthi s/o V.M. Krishnasamy and Mr. Tee Yee Loh retire by rotation and, being eligible, offer themselves 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 31.12.2008
	BALANCE AS OF 1.1.2008	BOUGHT/ TRANSFERRED*	SOLD/ TRANSFERRED*	
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
Mr. Ang Chye Hock	295,000	-	(100,000)	195,000
Mr. Francis Chia Mong Tet	1,074,600	-	(600,000)	474,600
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	300,000	-	-	300,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	27,000	-	-	27,000
Mr. Tee Yee Loh	918,800	-	(918,800)	-
<b>Indirect interest by virtue of shares held by companies in which a director has interests</b>				
Mr. John Chia Sin Tet	155,436,800	10,666,800*	(10,666,800)*	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
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad	600,000	-	-	600,000
Mr. Yen Woon @ Low Sau Chee	137,420,000	-	-	137,420,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	6,000	-	-	6,000
Mr. Tee Yee Loh	5,698,000	1,100,000*	(1,100,000)*	5,698,000



## 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.

Y. Bhg. Tan Sri Dato' Wong See Wah does 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 26, 2009



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNISEM (M) BERHAD (INCORPORATED IN MALAYSIA)

## Report On The Financial Statements

We have audited the financial statements of Unisem (M) Berhad, which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 107.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's and the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, 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;



- (b) we have considered the financial statements and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 13 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;
- (c) 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) 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**  
Partner - 2421/05/09(J/PH)  
Chartered Accountant

February 26, 2009



# INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue		1,233,380,903	972,482,318	649,776,187	639,441,968
Investment income	8	2,076,224	3,071,265	5,780,978	2,156,814
Other gains and (losses)	5	8,479,219	14,676,808	(8,026,818)	8,111,325
Other operating income	5	14,093,644	17,821,070	8,047,786	10,760,397
Gain on buy-back of guaranteed convertible bonds	25(b)	504,342	13,038,113	-	-
Changes in inventories of finished goods and work-in-progress		(6,944,852)	4,429,549	(6,468,976)	8,087,475
Raw materials and consumables used		(502,466,055)	(379,459,374)	(216,057,409)	(215,446,040)
Depreciation of property, plant and equipment	11	(154,768,706)	(123,464,141)	(88,929,005)	(84,212,259)
Employee benefits expenses	5	(236,929,081)	(195,031,501)	(113,419,639)	(110,584,742)
Directors' remuneration	6	(14,008,129)	(11,386,028)	(5,906,894)	(7,009,060)
Amortisation of prepaid interest in leased lands	12	(467,235)	(302,605)	(43,969)	(43,969)
Impairment loss on goodwill	15	(54,947,600)	-	-	-
Impairment loss on investment in subsidiary company	13	-	-	(89,871,000)	-
Finance costs	7	(34,875,499)	(32,002,277)	(26,864,188)	(25,682,766)
Other operating expenses	5	(229,134,713)	(166,128,491)	(138,004,208)	(123,825,457)
Profit/(Loss) before tax		23,992,462	117,744,706	(29,987,155)	101,753,686
Taxation	9(a)	(5,655,902)	1,867,433	(2,317,825)	(1,102,714)
<b>Profit/(Loss) for the year</b>		<b>18,336,560</b>	<b>119,612,139</b>	<b>(32,304,980)</b>	<b>100,650,972</b>
Attributable to:					
Equity holders of the Company		19,837,403	119,093,499	(32,304,980)	100,650,972
Minority interests		(1,500,843)	518,640	-	-
		18,336,560	119,612,139	(32,304,980)	100,650,972
<b>Earnings per share</b>					
Basic (sen)	10	4.21	25.26		
Diluted (sen)	10	4.21	24.43		

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

# BALANCE SHEETS

AS OF DECEMBER 31, 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	1,148,754,023	1,106,550,610	569,831,485	608,352,054
Prepaid interest in leased lands	12	21,385,204	20,896,262	3,913,735	3,957,704
Investment in subsidiary companies	13	-	-	601,656,721	600,829,521
Deferred expenditure	14	-	205,926	-	205,926
Goodwill	15	72,308,562	123,509,392	-	-
Intangible assets	16	25,028,462	17,670,677	-	-
Deferred tax asset	9(c)	8,991,452	8,739,003	616,000	416,000
Other receivable	18	1,317,710	3,168,880	1,317,710	3,168,880
Amount owing by a subsidiary company	19	-	-	8,376,484	-
<b>Total non-current assets</b>		<b>1,277,785,413</b>	<b>1,280,740,750</b>	<b>1,185,712,135</b>	<b>1,216,930,085</b>
<b>Current assets</b>					
Inventories	17	114,321,727	140,230,677	60,226,620	71,259,878
Trade receivables	18	125,104,383	187,387,704	60,170,561	93,904,462
Other receivables, deposits and prepaid expenses	18	20,329,195	12,943,724	4,280,745	3,799,051
Amount owing by subsidiary companies	19	-	-	9,992,296	7,910,861
Tax recoverable	9(b)	1,737,481	-	719,731	-
Cash and bank balances	20	102,219,990	90,152,113	8,502,482	38,416,589
<b>Total current assets</b>		<b>363,712,776</b>	<b>430,714,218</b>	<b>143,892,435</b>	<b>215,290,841</b>
<b>Total assets</b>		<b>1,641,498,189</b>	<b>1,711,454,968</b>	<b>1,329,604,570</b>	<b>1,432,220,926</b>

BALANCE  
SHEETS

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share Capital	21	235,720,839	235,720,839	235,720,839	235,720,839
Reserves	22	600,513,681	579,397,967	561,925,056	617,802,120
Equity attributable to equity holders of the Company		836,234,520	815,118,806	797,645,895	853,522,959
Minority Interest		12,607,601	7,803,944	-	-
<b>Total equity</b>		<b>848,842,121</b>	<b>822,922,750</b>	<b>797,645,895</b>	<b>853,522,959</b>
<b>Non-current liabilities</b>					
Amount owing to subsidiary companies	19	-	-	-	49,107,585
Borrowings - non-current portion	23	300,217,010	451,015,570	172,335,493	331,185,031
Obligations under finance leases	24	2,646,951	-	-	-
Guaranteed convertible bonds	25(a)	-	42,498,066	-	-
Deferred income	26	9,358,823	5,226,883	-	-
Deferred tax liabilities	9(c)	7,990,200	4,518,892	-	-
Retirement benefit obligations	27	11,833,500	12,882,313	-	-
<b>Total non-current liabilities</b>		<b>332,046,484</b>	<b>516,141,724</b>	<b>172,335,493</b>	<b>380,292,616</b>
<b>Current liabilities</b>					
Trade payables	28	70,076,212	129,748,962	41,932,735	58,991,318
Other payables and accrued expenses	28	121,753,727	180,043,724	61,550,199	77,913,103
Amount owing to a subsidiary company	19	-	-	2,563,700	155,917
Borrowings	23	268,084,677	61,650,833	253,576,548	60,493,904
Obligations under finance leases	24	653,568	-	-	-
Provision for taxation	9(b)	41,400	946,975	-	851,109
<b>Total current liabilities</b>		<b>460,609,584</b>	<b>372,390,494</b>	<b>359,623,182</b>	<b>198,405,351</b>
<b>Total liabilities</b>		<b>792,656,068</b>	<b>888,532,218</b>	<b>531,958,675</b>	<b>578,697,967</b>
<b>Total equity and liabilities</b>		<b>1,641,498,189</b>	<b>1,711,454,968</b>	<b>1,329,604,570</b>	<b>1,432,220,926</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

THE GROUP	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							TOTAL RM
		SHARE CAPITAL RM	NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVE		MINORITY INTEREST RM	
			SHARE PREMIUM RM	OTHER RESERVES RM	FOREIGN CURRENCY TRANSLATION RM	RETAINED EARNINGS RM	SUBTOTAL RM		
<b>Balance as of January 1, 2007</b>									
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		-	-	-	-	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
<b>Net income recognised directly in equity:</b>									
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
<b>Total recognised income and expense</b>		-	-	-	(12,921,880)	119,093,499	106,171,619	518,640	106,690,259
Dividends	29	-	-	-	-	(47,144,168)	(47,144,168)	-	(47,144,168)
Buy-back/redemption/ conversion of guaranteed convertible bonds	25(b)	-	-	(16,197,959)	-	(7,739,343)	(23,937,302)	-	(23,937,302)
Issue of shares due to conversion of bonds	25 (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)

STATEMENT OF  
CHANGES IN EQUITY

THE GROUP	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							MINORITY INTEREST RM	TOTAL RM
		SHARE CAPITAL RM	SHARE PREMIUM RM	NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVE	SUBTOTAL RM		
				OTHER RESERVES RM	FOREIGN CURRENCY TRANSLATION RM	RETAINED EARNINGS RM				
Balance as of January 1, 2008		235,720,839	162,177,856	2,140,756	(16,237,409)	431,316,764	815,118,806	7,803,944	822,922,750	
Net income recognised directly in equity:										
Exchange differences arising on translation of foreign operations		-	-	-	26,792,099	-	26,792,099	-	26,792,099	
Profit for the year		-	-	-	-	19,837,403	19,837,403	(1,500,843)	18,336,560	
Total recognised income and expense		-	-	-	26,792,099	19,837,403	46,629,502	(1,500,843)	45,128,659	
Dividends	29	-	-	-	-	(23,572,084)	(23,572,084)	-	(23,572,084)	
Buy-back/redemption/conversion of guaranteed convertible bonds	25(b)	-	-	(2,140,756)	1,797,306	(1,598,254)	(1,941,704)	-	(1,941,704)	
Arising from accretion of equity interests in subsidiary		-	-	-	-	-	-	6,304,500	6,304,500	
Balance as of December 31, 2008		235,720,839	162,177,856	-	12,351,996	425,983,829	836,234,520	12,607,601	848,842,121	

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

THE COMPANY	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE RESERVE SHARE PREMIUM RM	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY RM
<b>Balance as of January 1, 2007</b>					
As previously stated		223,462,777	126,647,841	321,266,460	671,377,078
Prior year adjustment		-	-	80,851,000	80,851,000
Restated balance		223,462,777	126,647,841	402,117,460	752,228,078
<b>Total recognised income and expense:</b>					
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	29	-	-	(47,144,168)	(47,144,168)
<b>Balance as of January 1, 2008</b>		<b>235,720,839</b>	<b>162,177,856</b>	<b>455,624,264</b>	<b>853,522,959</b>
<b>Total recognised income and expense:</b>					
Loss for the year		-	-	(32,304,980)	(32,304,980)
Dividends	29	-	-	(23,572,084)	(23,572,084)
<b>Balance as of December 31, 2008</b>		<b>235,720,839</b>	<b>162,177,856</b>	<b>399,747,200</b>	<b>797,645,895</b>

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	NOTE	THE GROUP	
		2008 RM	2007 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit for the year		18,336,560	119,612,139
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		154,768,706	123,464,359
Impairment of goodwill		54,947,600	-
Finance costs		34,875,499	32,002,277
Taxation recognised in income statements		5,655,902	(1,867,433)
Allowance for inventories obsolescence		2,379,877	-
Amortisation of intangible assets		2,055,874	398,495
Bad debts written off		1,352,165	-
Loss on disposal of property, plant and equipment		779,833	154,366
Amortisation of prepaid interest in leased lands		467,235	302,605
Property, plant and equipment written off		442,468	-
Amortisation of deferred expenditure		222,949	6,890,751
Interest income		(2,076,224)	(3,071,265)
Unrealised gain on foreign exchange		(1,423,925)	(14,848,937)
Amortisation of deferred income		(570,117)	(1,784,866)
Gain on buy-back of guaranteed convertible bonds		(504,342)	(13,038,113)
Provision of retirement benefit		(249,833)	2,325,698
Reversal of impairment losses		(106,595)	-
		<b>271,353,632</b>	<b>250,540,076</b>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		24,370,271	(32,731,631)
Trade receivables		63,118,751	(41,252,953)
Other receivables, deposits and prepaid expenses		(3,879,894)	1,567,654
Increase/(Decrease) in:			
Trade payables		(61,378,779)	57,845,769
Other payables and accrued expenses		(48,778,071)	13,653,870
Cash Generated From Operations		244,805,910	249,622,785
Income tax paid		(5,327,835)	(724,942)
Income tax refunded		-	17,019
Contribution to retirement benefit fund		(1,305,791)	(2,102,404)
Net Cash From Operating Activities		<b>238,172,284</b>	<b>246,812,458</b>

	NOTE	THE GROUP	
		2008 RM	2007 RM
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Interest received		1,524,328	2,966,425
Proceeds from disposal of property, plant and equipment		936,170	3,623,210
Additions to property, plant and equipment	31(a)	(180,491,729)	(153,523,673)
Purchase of intangible assets	16	(9,275,474)	(1,102,731)
Acquisition of subsidiary companies *		-	(222,730,363)
Acquisition of shares from minority interest		-	(4,629,332)
Additions of leased land		-	(4,084,519)
Net Cash Used In Investing Activities		(187,306,705)	(379,480,983)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from revolving loan		54,500,000	-
Proceeds from term loans		47,706,719	461,721,616
Subscription of shares by minority interest		6,304,500	-
Proceeds from deferred income	26	4,441,796	3,268,847
Proceeds from finance lease		3,380,408	-
Proceeds from bankers' acceptances		1,350,000	-
Repayment of term loans		(89,676,405)	(10,398,653)
Buy-back/redemption of the guaranteed convertible bonds		(44,840,097)	(316,661,299)
Interest paid		(32,725,825)	(27,018,520)
Dividends paid	29	(23,572,084)	(47,144,168)
Debt issue expenses		(181,942)	(1,075,896)
Proceeds from issue of shares		-	47,788,077
Net Cash (Used In)/From Financing Activities		(73,312,930)	110,480,004
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(22,447,351)	(22,188,521)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		88,849,702	111,448,253
Effect of exchange rate changes on the balance of cash held in foreign currencies		6,518,067	(410,030)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	31(b)	72,920,418	88,849,702

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	NOTE	THE COMPANY	
		2008 RM	2007 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
(Loss)/Profit for the year		(32,304,980)	100,650,972
Adjustments for non-cash items:			
Impairment loss on investment in subsidiary company		89,871,000	-
Depreciation of property, plant and equipment		88,929,005	84,212,259
Finance costs		26,864,188	25,682,766
Unrealised loss/(gain) on foreign exchange		8,131,389	(7,915,854)
Taxation recognised in income statements		2,317,825	1,102,714
Bad debt written off		809,196	-
Loss on disposal of property, plant and equipment		529,427	236,137
Amortisation of deferred expenditure		222,949	6,890,751
Amortisation of prepaid interest in leased lands		43,969	43,969
Interest income		(138,023)	(1,772,814)
Overprovision of interest on advances		-	(3,114,544)
		<b>185,275,945</b>	<b>206,016,356</b>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		11,033,258	(8,061,803)
Trade receivables		33,475,880	(10,909,193)
Other receivables, deposits and prepaid expenses		1,429,596	(4,934,380)
Increase/(Decrease) in:			
Trade payables		(18,755,281)	30,668,310
Other payables and accrued expenses		(5,661,266)	20,654,931
Cash Generated From Operations		<b>206,798,132</b>	<b>233,434,221</b>
Income tax paid		(4,088,665)	(649,364)
Net Cash From Operating Activities		<b>202,709,467</b>	<b>232,784,857</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		4,223,775	734,798
Interest received		138,023	1,834,939
Investment in a subsidiary company		(90,698,200)	(18,434,462)
Additions to property, plant and equipment	31(a)	(66,212,826)	(60,801,862)
Repayment from subsidiary companies		(10,457,919)	4,170,395
Acquisition of subsidiary companies *		-	(246,283,399)
Net Cash Used In Investing Activities		<b>(163,007,147)</b>	<b>(318,779,591)</b>



	NOTE	THE COMPANY	
		2008 RM	2007 RM
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from revolving loan		54,500,000	-
Proceeds from term loan		32,355,000	403,220,000
Proceeds from banker's acceptance		1,350,000	-
Repayment of term loans		(91,186,960)	-
Repayment to a subsidiary company for buy-back and redemption of bonds		(43,984,590)	(282,807,841)
Interest paid		(24,305,496)	(21,820,917)
Dividends paid	29	(23,572,084)	(47,144,168)
Repayment to subsidiary companies		(3,145,243)	-
Debt issue expenses		(181,942)	(1,075,896)
Net Cash (Used In)/From Financing Activities		(98,171,315)	50,371,178
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(58,468,995)	(35,623,556)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		37,537,242	72,567,508
Effect of exchange rate changes on the balance of cash held in foreign currencies		134,663	593,290
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	31(b)	(20,797,090)	37,537,242

**\* ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES**

In Year 2007, the Company acquired Unisem (Mauritius) Holdings 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company is a public 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 26, 2009.

## 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 July 1, 2007. 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.

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 4	Insurance Contracts	January 1, 2010
FRS 7	Financial Instruments: Disclosures	January 1, 2010
FRS 8	Operating Segment	July 1, 2009
FRS 139	Financial Instruments: Recognition and Measurement	January 1, 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	January 1, 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	January 1, 2010

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the standards (and its consequential amendments) and interpretations above is not expected to have any material impact on the financial statements of the Group and of the Company.



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

### FRS 8. Operating Segment

FRS 8 will become effective for the year ending December 31, 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its geographical and business segments (see Note 4). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements.

### FRS 139. Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company will apply this standard when it becomes effective.

## 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, 2008.

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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue Recognition

Sales of goods 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.

#### Finance Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

CURRENCY	2008	2007
US Dollar	0.2898	0.3025
Sterling Pound	0.1836	0.1489
Chinese Renminbi	1.9775	2.2065

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

Borrowing costs directly attributable to construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

#### 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Employee Benefits (Cont'd)

##### *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.

#### 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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.

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%

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for prospectively.

#### 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.

#### 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 issue of the Guaranteed Convertible Bonds and is amortised over the tenure of the bonds.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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.

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 ten 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.



### 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.

#### 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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

Estimates and judgements used in preparing the financial statements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are outlined below.

##### (a) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

##### (b) Impairment of Property, Plant and Equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. The assumptions used, results and conclusion of the impairment assessment are stated in Note 11 to these financial statements.

##### (c) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Cont'd)

(d) Income taxes

The Group is subject to income taxes of numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(e) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(f) Contingent Liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

(g) Allowance for Receivables

The allowance is established when there is objective evidence that the Group will not be able to collect all amount dues according to the original term of receivables. This is determined based on the ageing profile and collection patterns.

### 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.



NOTES TO THE  
FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (CONT'D)

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
<i>Geographical segments by location of assets</i>								
<b>Revenue</b>								
External sales	1,168,766,327	912,304,990	53,618,615	53,370,625	10,995,961	6,806,703	1,233,380,903	972,482,318
<b>Results</b>								
Segment results	108,909,821	142,556,016	2,115,315	(7,558,719)	209,859	(1,359,692)	111,234,995	133,637,605
Impairment loss on goodwill	-	-	(54,947,600)	-	-	-	(54,947,600)	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-
Finance costs							56,287,395	133,637,605
Investment income							(34,875,499)	(32,002,277)
Gain on buy-back of guaranteed convertible bonds							2,076,224	3,071,265
Profit before tax							504,342	13,038,113
Taxation							23,992,462	117,744,706
Profit after tax							(5,655,902)	1,867,433
Minority interest							18,336,560	119,612,139
Profit for the year							1,500,843	(518,640)
<b>Consolidated Balance Sheet</b>								
<b>Assets</b>								
Segment assets	1,573,125,555	1,640,649,793	54,186,234	62,687,325	14,186,400	8,117,850	1,641,498,189	1,711,454,968
Unallocated corporate assets							-	-
Consolidated total assets							1,641,498,189	1,711,454,968

#### 4. SEGMENT INFORMATION (CONT'D)

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
<b>Liabilities</b>								
Segment liabilities	<b>779,929,156</b>	872,933,483	<b>12,009,312</b>	13,410,454	<b>717,600</b>	2,188,281	<b>792,656,068</b>	888,532,218
Unallocated corporate liabilities							-	-
Consolidated total liabilities							<b>792,656,068</b>	888,532,218
<b>Other information</b>								
Capital expenditure	<b>162,832,155</b>	176,938,041	<b>4,885,751</b>	2,506,570	<b>373,083</b>	398,495	<b>168,090,989</b>	179,843,106
Depreciation of property, plant and equipment	<b>146,749,117</b>	114,125,511	<b>6,996,941</b>	8,507,287	<b>1,022,648</b>	831,343	<b>154,768,706</b>	123,464,141
Amortisation of deferred income/ (expenditure)	<b>(33,846)</b>	(4,585,342)	<b>381,014</b>	1,705,000	-	-	<b>347,168</b>	(2,880,342)
Loss on disposal of property, plant and equipment	<b>(574)</b>	(154,366)	<b>(779,259)</b>	-	-	-	<b>(779,833)</b>	(154,366)
Amortisation of prepaid interest in leased lands	<b>(467,235)</b>	(302,605)	-	-	-	-	<b>(467,235)</b>	(302,605)

Revenue from sales to external customers by location of customers:

	THE GROUP	
	2008 RM	2007 RM
North America	<b>781,478,988</b>	523,745,907
Europe	<b>278,119,433</b>	309,544,249
Asia	<b>170,525,292</b>	137,684,583
Others	<b>3,257,190</b>	1,507,579
	<b>1,233,380,903</b>	972,482,318

## NOTES TO THE FINANCIAL STATEMENTS

### 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	
		2008 RM	2007 RM	2008 RM	2007 RM
Foreign exchange:					
Realised gain		7,835,128	(17,516)	633,998	431,855
Unrealised gain/(loss)		1,423,925	14,848,690	(8,131,389)	7,915,607
Grant income received		3,548,553	8,010,903	-	-
Rental income		822,337	696,336	1,162,577	1,096,536
Amortisation of deferred income	26	570,117	1,784,866	-	-
Allowance for doubtful debts no longer required		56,629	-	-	-
Overprovision of interest on advances	19	-	-	-	3,114,544
Research and development expenses		(8,414,527)	(3,852,129)	(3,945,453)	(3,816,170)
Rental of premises		(3,036,066)	(667,773)	(565,258)	(562,198)
Allowance for inventories obsolescence		(2,379,877)	-	-	-
Amortisation of intangible assets	16	(2,055,874)	(398,495)	-	-
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		(1,054,100)	(382,771)	(253,000)	(165,000)
Prior year		63,291	41,250	-	-
Others		(6,000)	(4,000)	(6,000)	(4,000)
Bad debts written off		(1,352,165)	-	(809,196)	-
Rental of equipment		(1,060,340)	(941,875)	-	-
Gain/(Loss) on disposal of property, plant and equipment to:					
Subsidiary company		-	-	-	1,866
Third parties		(779,833)	(154,366)	(529,427)	(238,003)
Property, plant and equipment written off		(442,468)	-	-	-
Amortisation of deferred expenditure		(222,949)	(4,665,208)	(222,949)	(4,665,208)
Reversal of impairment losses		(106,595)	-	-	-

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Contributions to defined benefit plans	2,490,064	3,304,758	-	-
Contributions to defined contribution plans	12,361,550	10,245,333	7,862,855	7,731,668

## 6. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Directors of the Company</b>				
Executive:				
Fees	365,000	596,333	365,000	596,333
Other emoluments	6,797,863	6,803,630	4,446,106	4,900,457
Contributions to defined contribution plans	533,832	583,632	533,832	583,632
Overprovision of fees in prior year	(58,351)	-	(58,351)	-
	<b>7,638,344</b>	<b>7,983,595</b>	<b>5,286,587</b>	<b>6,080,422</b>
Non-executive:				
Fees	620,000	922,500	620,000	922,500
Other emoluments	307	6,138	307	6,138
	<b>620,307</b>	<b>928,638</b>	<b>620,307</b>	<b>928,638</b>
	<b>8,258,651</b>	<b>8,912,233</b>	<b>5,906,894</b>	<b>7,009,060</b>
<b>Directors of subsidiaries</b>				
Executive:				
Other emoluments	4,900,048	2,327,726	-	-
Contributions to defined contribution plans	136,575	10,306	-	-
	<b>5,036,623</b>	<b>2,338,032</b>		
Non-executive:				
Other emoluments	712,855	135,763	-	-
	<b>14,008,129</b>	<b>11,386,028</b>	<b>5,906,894</b>	<b>7,009,060</b>

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 RM173,959 (2007: RM231,548) and RM173,959 (2007: RM155,971) respectively.

Directors' other emoluments of the Group include an amount of RM2,097,204 (2007: RMNil) for termination payment to an ex-director.

## 7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest on:				
Term loans	26,334,029	20,908,377	18,952,932	14,948,592
Bank overdraft	2,159,527	96,048	2,153,381	13,548
Guaranteed convertible bonds ( Note 25(a) )	1,127,144	4,724,551	-	-
Revolving credit	1,024,203	1,996,761	1,024,203	1,996,761
Banker's acceptance	427,675	-	4,626	-
Finance leases	18,436	-	-	-
Advances from a subsidiary company	-	-	1,089,827	4,786,922
Loan and facility arrangement fee	2,527,800	2,493,496	2,527,800	2,225,543
Bank charges and commissions	643,369	442,404	498,103	370,760
Commitment fee	613,316	1,340,640	613,316	1,340,640
	<b>34,875,499</b>	<b>32,002,277</b>	<b>26,864,188</b>	<b>25,682,766</b>

NOTES TO THE  
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## 8. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income from:				
Fixed and short-term deposits	2,076,224	3,071,265	138,023	1,772,814
Management fees	-	-	384,000	384,000
Dividend income	-	-	5,258,955	-
	<b>2,076,224</b>	<b>3,071,265</b>	<b>5,780,978</b>	<b>2,156,814</b>

## 9. TAXATION

## (a) Current Tax Income/(Expense)

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expense/(income) comprises:				
Current tax expense:				
Malaysian	(3,354,000)	(1,404,000)	(3,354,000)	(1,404,000)
Foreign	(236,508)	(48,094)	-	-
Deferred tax income/(expenses) relating to origination and reversal of temporary differences	(1,639,192)	3,478,900	(79,000)	416,000
Adjustments recognised in the current year in relation to the taxes of prior years:				
Current tax	872,816	(159,373)	836,175	(114,714)
Deferred tax	(1,299,018)	-	279,000	-
	<b>(426,202)</b>	<b>(159,373)</b>	<b>1,115,175</b>	<b>(114,714)</b>
	<b>(5,655,902)</b>	<b>1,867,433</b>	<b>(2,317,825)</b>	<b>(1,102,714)</b>

Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

## 9. TAXATION (CONT'D)

### (a) Current Tax Income/(Expense) (Cont'd)

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(Loss) before tax	23,992,462	117,744,706	(29,987,155)	101,753,686
Tax expense calculated at 26% (2007: 27%)	(6,238,000)	(31,791,000)	-	(27,474,000)
Accounting loss available for offset against future taxable profit at the applicable tax rate of 25% (2007: 27%)	-	-	7,496,000	-
Different tax rates of subsidiaries operating in other jurisdictions	(402,400)	(259,874)	-	-
Tax effects of:				
Tax incentive on investment in foreign subsidiary companies	13,690,000	13,692,000	13,690,000	13,692,000
Income exempt from tax	8,705,000	9,809,000	1,414,000	2,865,000
Recognition of previously unrecognised tax benefits	3,313,500	19,412,000	3,313,000	14,640,000
Withdrawal of industrial building allowances	528,000	-	-	-
Adjustment for deferred tax due to change in income tax rate from 26% to 25% (2007: 27% to 25%)	240,000	1,909,000	-	2,035,000
Grant income	96,000	460,000	-	-
Utilisation of deferred tax assets previously not recognised	31,000	1,017,900	-	-
Temporary differences of property, plant and equipment	2,000	(2,104,500)	-	-
Provisions	500	21,000	-	-
Non-deductible expenses	(22,870,300)	(9,706,720)	(29,346,000)	(6,746,000)
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	(2,325,000)	(432,000)	-	-
	(5,229,700)	2,026,806	(3,433,000)	(988,000)
Adjustments recognised in the current year in relation to the taxes of prior years	(426,202)	(159,373)	1,115,175	(114,714)
Taxation recognised in income statements	(5,655,902)	1,867,433	(2,317,825)	(1,102,714)

### (b) Tax Recoverable and Provision for Taxation

Tax recoverable relate to tax refund receivable and provision for taxation relate to income tax payable.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. TAXATION (CONT'D)

### (c) Deferred Tax Balances

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets	8,991,452	8,739,003	616,000	416,000
Deferred tax liabilities	(7,990,200)	(4,518,892)	-	-
	<b>1,001,252</b>	<b>4,220,111</b>	<b>616,000</b>	<b>416,000</b>

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At beginning of year	4,220,111	2,246,666	416,000	-
Transfer from/(to) the income statements	(2,938,210)	3,478,900	200,000	416,000
Arising from acquisition of subsidiary companies	-	(1,691,235)	-	-
Translation reserve	(280,649)	185,780	-	-
At end of year	<b>1,001,252</b>	<b>4,220,111</b>	<b>616,000</b>	<b>416,000</b>

The deferred tax assets/(liabilities) (after offsetting) provided in the financial statements are in respect of the following:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax effect of:				
Unabsorbed capital allowances and unutilised tax losses	14,245,150	10,360,793	-	-
Unutilised reinvestment allowances and investment tax allowances	94,336,000	98,846,000	90,689,000	93,895,000
Retirement benefits	4,498,800	2,872,653	-	-
Prepaid expenses	300,452	248,003	-	-
	<b>113,380,402</b>	<b>112,327,449</b>	<b>90,689,000</b>	<b>93,895,000</b>
Offsetting	(104,388,950)	(103,588,446)	(90,073,000)	(93,479,000)
Deferred tax assets	<b>8,991,452</b>	<b>8,739,003</b>	<b>616,000</b>	<b>416,000</b>

## 9. TAXATION (CONT'D)

### (c) Deferred Tax Balances (Cont'd)

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax effect of:				
Temporary differences arising from property, plant and equipment	112,379,150	108,107,338	90,073,000	93,479,000
Offsetting	(104,388,950)	(103,588,446)	(90,073,000)	(93,479,000)
Deferred tax liabilities	7,990,200	4,518,892	-	-

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	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax asset:				
Property, plant and equipment	46,389,000	42,975,000	-	-
Unabsorbed capital allowances and unutilised tax losses	49,822,000	35,364,000	-	-
Reinvestment allowances	32,373,000	31,166,500	32,373,000	31,166,500
Investment tax allowances	11,002,000	7,118,500	-	-
Others	368,000	636,000	-	-
	139,954,000	117,260,000	32,373,000	31,166,500
Tax losses with expiry	(6,731,000)	(14,896,500)	-	-
	133,223,000	102,363,500	32,373,000	31,166,500

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

	THE GROUP	
	2008 RM	2007 RM
Tax losses expiring in:		
Within 4 years	6,289,000	31,715,000
Within 5 years	3,874,000	5,474,000
More than 5 years	12,275,000	12,466,000
	22,438,000	49,655,000
Tax effect of 30%	6,731,000	14,896,500

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TAXATION (CONT'D)

#### (d) Tax-exempt Income Accounts

As of December 31, 2008 subject to agreement by the tax authorities, the Group and the Company have tax-exempt income accounts arising from the following:

	2008 RM	2007 RM
Reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967	84,447,000	69,730,000
Chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999	17,657,000	41,229,000
Tax-exempt income account under Schedule 6 of the Income Tax Act, 1967	1,247,000	1,247,000
	<b>103,351,000</b>	<b>112,206,000</b>

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

	THE GROUP	
	2008	2007
<b>Basic</b>		
Profit for the year attributable to equity holders of the Company	RM19,837,403	RM119,093,499
Number of ordinary shares in issue as of January 1	471,441,679	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	471,441,679
Basic earnings per ordinary share (sen)	4.21	25.26

#### Diluted

Diluted earnings per share in previous year 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 guaranteed convertible bonds were fully bought back in the financial year ended December 31, 2008.

## 10. EARNINGS PER SHARE (CONT'D)

### Diluted (Cont'd)

	THE GROUP	
	2008	2007
Profit for the year attributable to equity holders of the Company	RM19,837,403	RM119,093,499
Interest expense on convertible bonds (net of tax)	-	1,727,188
Profit used to determine diluted earnings per share	19,837,403	120,820,687
Weighted average number of ordinary shares for basic earnings per share	471,441,679	471,441,679
Adjustment for assumed convertible bonds	-	23,222,653
Weighted average number of ordinary shares for the purposes of diluted earnings per share	471,441,679	494,664,332
Diluted earnings per ordinary share (sen)	4.21	24.43

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2008 consist of the following:

THE GROUP 2008	← COST →						AT END OF YEAR RM
	AT BEGINNING OF YEAR RM	ADDITIONS RM	TRANSLATION RESERVE RM	DISPOSALS RM	WRITE OFF RM	TRANSFER RM	
Freehold land	6,715,300	-	(1,268,900)	-	-	-	5,446,400
Buildings	253,757,437	5,733,027	9,642,762	(343,103)	-	217,080	269,007,203
Plant and machinery	1,970,856,915	140,612,313	15,159,575	(10,959,597)	(4,326,361)	58,953,417	2,170,296,262
Electrical installation	14,273,349	616,592	253,759	-	-	(2,456,049)	12,687,651
Office equipment	46,756,599	2,944,183	1,049,050	(394,713)	-	168,792	50,523,911
Air-conditioners	9,483,598	155,990	406,772	-	-	-	10,046,360
Motor vehicles	7,121,105	124,890	86,345	(602,929)	-	-	6,729,411
Furniture and fittings	13,872,502	574,655	348,617	(1,240,952)	-	-	13,554,822
Production support equipment	600,379	167,816	-	-	-	-	768,195
Capital work-in- progress	52,575,495	17,161,523	6,703,792	-	-	(56,883,240)	19,557,570
Total	2,376,012,679	168,090,989	32,381,772	(13,541,294)	(4,326,361)	-	2,558,617,785

NOTES TO THE  
FINANCIAL STATEMENTS

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

THE GROUP 2008	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							AT END OF YEAR RM
	AT BEGINNING OF YEAR RM	ADDITIONS RM	REVERSAL OF IMPAIRMENT LOSSES RM	TRANSLATION RESERVE RM	DISPOSALS RM	WRITE OFF RM	TRANSFER RM	
Freehold land	-	-	-	-	-	-	-	-
Buildings	69,602,512	8,719,036	-	2,400,685	(343,103)	-	-	80,379,130
Plant and machinery	1,144,621,923	138,531,058	(106,595)	(1,585,184)	(9,276,440)	(3,883,893)	(432,224)	1,267,868,645
Electrical installation	8,706,110	947,630	-	39,729	-	-	463,631	10,157,100
Office equipment	26,882,538	4,365,386	-	218,313	(367,589)	-	(31,407)	31,067,241
Air-conditioners	3,513,230	922,336	-	73,522	-	-	-	4,509,088
Motor vehicles	5,138,549	417,474	-	59,501	(602,929)	-	-	5,012,595
Furniture and fittings	10,885,041	798,248	-	242,197	(1,235,227)	-	-	10,690,259
Production support equipment	112,166	67,538	-	-	-	-	-	179,704
Capital work-in- progress	-	-	-	-	-	-	-	-
Total	1,269,462,069	154,768,706	(106,595)	1,448,763	(11,825,288)	(3,883,893)	-	1,409,863,762

THE GROUP 2007	COST							AT END OF YEAR RM
	AT BEGINNING OF YEAR RM	ADDITIONS RM	ARISING FROM ACQUISITION OF SUBSIDIARY COMPANIES RM	TRANSLATION RESERVE RM	DISPOSALS RM	WRITE OFF RM	TRANSFER 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

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

THE GROUP 2007	← ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES →							
	AT BEGINNING OF YEAR RM	ADDITIONS RM	ARISING FROM ACQUISITION OF SUBSIDIARY COMPANIES RM	TRANSLATION RESERVE RM	DISPOSALS RM	WRITE OFF RM	TRANSFER RM	AT END OF YEAR 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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>720,047,776</b>	<b>123,464,141</b>	<b>458,835,509</b>	<b>(23,925,419)</b>	<b>(8,959,938)</b>	<b>-</b>	<b>-</b>	<b>1,269,462,069</b>

THE COMPANY 2008	← COST →				
	AT BEGINNING OF YEAR RM	ADDITIONS RM	DISPOSALS RM	TRANSFER RM	AT END OF YEAR RM
Buildings	79,429,956	770,612	-	217,080	<b>80,417,648</b>
Plant and machinery	1,166,739,625	47,601,748	(5,824,619)	-	<b>1,208,516,754</b>
Electrical installation	12,026,881	514,266	-	-	<b>12,541,147</b>
Office equipment	17,167,507	2,064,842	(6,395)	-	<b>19,225,954</b>
Air-conditioners	5,972,192	155,990	-	-	<b>6,128,182</b>
Motor vehicles	4,707,153	-	-	-	<b>4,707,153</b>
Furniture and fittings	3,930,777	230,762	(18,438)	-	<b>4,143,101</b>
Capital work-in-progress	921,148	3,823,418	-	(217,080)	<b>4,527,486</b>
<b>Total</b>	<b>1,290,895,239</b>	<b>55,161,638</b>	<b>(5,849,452)</b>	<b>-</b>	<b>1,340,207,425</b>

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

THE COMPANY 2008	← ACCUMULATED DEPRECIATION →			AT END OF YEAR RM
	AT BEGINNING OF YEAR RM	CHARGE FOR THE YEAR RM	DISPOSALS RM	
Buildings	10,237,380	1,599,273	-	11,836,653
Plant and machinery	647,040,182	83,735,461	(1,079,748)	729,695,895
Electrical installation	8,422,435	784,462	-	9,206,897
Office equipment	8,255,687	1,666,733	(458)	9,921,962
Air-conditioners	3,034,463	587,761	-	3,622,224
Motor vehicles	3,168,234	241,187	-	3,409,421
Furniture and fittings	2,384,804	314,128	(16,044)	2,682,888
Capital work-in-progress	-	-	-	-
Total	682,543,185	88,929,005	(1,096,250)	770,375,940

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

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

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

THE GROUP	NET BOOK VALUE	
	2008 RM	2007 RM
Freehold land	5,446,400	6,715,300
Buildings	188,628,073	184,154,925
Plant and machinery	902,427,617	826,234,992
Electrical installation	2,530,551	5,567,239
Office equipment	19,456,670	19,874,061
Air-conditioners	5,537,272	5,970,368
Motor vehicles	1,716,816	1,982,556
Furniture and fittings	2,864,563	2,987,461
Production support equipment	588,491	488,213
Capital work-in-progress	19,557,570	52,575,495
<b>Total</b>	<b>1,148,754,023</b>	<b>1,106,550,610</b>
<b>THE COMPANY</b>		
Buildings	68,580,995	69,192,576
Plant and machinery	478,820,859	519,699,443
Electrical installation	3,334,250	3,604,446
Office equipment	9,303,992	8,911,820
Air-conditioners	2,505,958	2,937,729
Motor vehicles	1,297,732	1,538,919
Furniture and fittings	1,460,213	1,545,973
Capital work-in-progress	4,527,486	921,148
<b>Total</b>	<b>569,831,485</b>	<b>608,352,054</b>

Property, plant and equipment of a foreign incorporated subsidiary company with total carrying amount of approximately RM75,876,000 (2007: RM69,522,000) 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.

Included under property, plant and equipment are plant and machinery acquired under finance lease obligations with cost and net book value amounting to RM3,372,508 (2007: RMNil).

### *Impairment test for property, plant and equipment*

During the year, the Company and one of its subsidiary companies undertook annual impairment test for property, plant and equipment. No additional impairment loss was required for the carrying amount of property, plant and equipment assessed based on certain assumptions applied for the test, which includes the company's expectation of revenue growth over 5 years, operating costs and cost of funds, drawing on from past experience and current assessment of the market and industry growth as well as the maximum capacity available.

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## 12. PREPAID INTEREST IN LEASED LANDS

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost:				
At beginning of year/transfer from property, plant and equipment	24,700,175	14,983,537	4,354,009	4,354,009
Addition	-	4,084,519	-	-
Arising from acquisition of subsidiary companies	-	5,857,196	-	-
Translation reserve	1,110,746	(225,077)	-	-
At end of year	25,810,921	24,700,175	4,354,009	4,354,009
Less: Amortisation				
At beginning of year	3,803,913	687,889	396,305	352,336
Charge for the year	467,235	302,605	43,969	43,969
Arising from acquisition of subsidiary companies	-	2,940,678	-	-
Translation reserve	154,569	(127,259)	-	-
At end of year	4,425,717	3,803,913	440,274	396,305
Net	21,385,204	20,896,262	3,913,735	3,957,704

## 13. INVESTMENT IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2008 RM	2007 RM
Unquoted shares, at cost		
At beginning of year	600,829,521	600,829,521
Additions	90,698,200	-
At end of year	691,527,721	600,829,521
Accumulated impairment losses		
At beginning of year	-	-
Charged for the year	89,871,000	-
At end of year	89,871,000	-
Net	601,656,721	600,829,521

During the financial year, the Company impaired its investments in Unisem (Europe) Holdings Ltd of RM89,871,000 (2007: RMNil) due to a shortfall in the carrying value when compared to its recoverable amount.

Unquoted shares with a carrying amount of approximately RM246,283,399 (2007: RM246,283,399) has been pledged to a local financial institution for term loan facility granted to the Company as disclosed in Note 23 to the financial statements.

### 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

NAME OF COMPANIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
		2008 %	2007 %	
<i>Direct subsidiary companies</i>				
Unisem II Sdn. Bhd. #	Malaysia	100.00	100.00	Pre-operating.
Unisem-Advanced Technologies Sdn. Bhd. (formerly known as Unisem-Advanpack Technologies Sdn. Bhd.)	Malaysia	81.98	88.71	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	Republic of Mauritius	99.98	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 #	England and Wales	100.00	100.00	To administer employee share option plan.
Unisem (USA) Inc. # (wound up on December 18, 2008)	United States of America	100.00	100.00	Sales and distribution.
Biowave Limited #	England and Wales	51.00	51.00	Test development.
PT. Unisem	Indonesia	99.98	99.98	Provision of assembly and test services.
Unisem International (Hong Kong) Limited ^	Hong Kong	99.98	99.98	Contracting entity for the provision of assembly and test services.
Unisem GmbH @	Germany	99.98	99.98	Marketing and administrative services.
Unisem (S) Pte Ltd	Singapore	99.98	99.98	Marketing, administrative and other support services.
Unisem (Sunnyvale), Inc. @	United States of America	99.98	99.98	Marketing and other support services.
Unisem Test (Sunnyvale), Inc. @	United States of America	99.98	99.98	Provision of test services.

# 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. DEFERRED EXPENDITURE

	THE GROUP AND THE COMPANY	
	2008 RM	2007 RM
At beginning of year, at costs	205,926	4,871,134
Additions	17,023	-
Amortised during the year	(222,949)	(4,665,208)
At end of year	-	205,926

The deferred expenditure comprised mainly expenses in relation to the issue of the Guaranteed Convertible Bonds as disclosed in Note 25. 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. The Guaranteed Convertible Bonds has been fully bought back during the financial year.

## 15. GOODWILL

	THE GROUP	
	2008 RM	2007 RM
<b>Costs</b>		
At beginning of year	123,509,392	54,947,600
Arising from acquisition of subsidiary companies	-	71,240,577
Translation reserve	2,651,225	(2,678,785)
Adjustment for initial accounting on goodwill	1,095,545	-
At end of year	127,256,162	123,509,392
<b>Accumulated impairment losses</b>		
At beginning of year	-	-
Charged for the year	54,947,600	-
At end of year	54,947,600	-
<b>Net book value</b>	<b>72,308,562</b>	<b>123,509,392</b>

### 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 the directors and a financial forecast covering subsequent four year period. The estimated growth rates which are based on past performance and their expectations of market developments are discounted at the weighted average cost of capital (WACC) of 5.60%.

The assumptions applied for the budget and financial forecast were determined based on business past performance and management's expectations of market development. The terminal value is calculated based on the projected net assets of the CGUs at the end of the five years.

## 15. GOODWILL (CONT'D)

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

The review indicated that the Group suffered an impairment loss of RM54,947,600 (2007:Nil) on goodwill arising on the acquisition of Unisem (Europe) Holdings Ltd. The impairment loss was mainly attributable to the restructuring and remodelling of Unisem (Europe) Holdings Ltd from assembly and testing services to only testing and prototyping.

## 16. INTANGIBLE ASSETS

	← THE GROUP →			
	LICENSE FEES RM	TECH-TRANSFER SUPPORT FEES RM	CAPITALISED DEVELOPMENT EXPENSES RM	TOTAL RM
<b>Cost</b>				
As of January 1, 2007 and December 31, 2007	13,664,872	21,661,550	819,813	36,146,235
Additions	9,028,973	-	246,501	9,275,474
Translation reserve	220,326	721,500	44,586	986,412
As of December 31, 2008	<b>22,914,171</b>	<b>22,383,050</b>	<b>1,110,900</b>	<b>46,408,121</b>
<b>Amortisation</b>				
As of January 1, 2007 and December 31, 2007	1,947,058	16,528,500	-	18,475,558
Charge for the year	1,799,221	256,653	-	2,055,874
Translation reserve	126,727	721,500	-	848,227
As of December 31, 2008	<b>3,873,006</b>	<b>17,506,653</b>	<b>-</b>	<b>21,379,659</b>
<b>Carrying amount</b>				
As of December 31, 2007	11,717,814	5,133,050	819,813	17,670,677
As of December 31, 2008	<b>19,041,165</b>	<b>4,876,397</b>	<b>1,110,900</b>	<b>25,028,462</b>

The intangible assets comprise mainly license fees and tech-transfer support fees incurred to acquire and bring to use specific technology capabilities relating to the bumping and packaging of semiconductor devices.

Capitalised development expenditure of the Group represents patent search expenditure on packages which are currently in development stage. Amortisation of capitalised development expenditure is expected to begin when mass production occurs.

# NOTES TO THE FINANCIAL STATEMENTS

## 17. INVENTORIES

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost:				
Raw materials	68,364,324	86,841,861	32,055,030	40,187,705
Factory supplies	33,900,638	30,343,076	19,921,517	16,369,978
Work-in-progress	11,238,758	21,148,366	7,981,948	14,099,138
Finished goods	3,549,617	2,585,725	268,125	603,057
	117,053,337	140,919,028	60,226,620	71,259,878
Less: Allowance for slow-moving inventories:				
At beginning of year	(688,351)	(494,572)	-	-
Additions	(3,752,290)	-	-	-
Arising from acquisition of subsidiary companies	-	(220,896)	-	-
Write back	1,372,413	-	-	-
Translation reserve	336,618	27,117	-	-
At end of year	(2,731,610)	(688,351)	-	-
	114,321,727	140,230,677	60,226,620	71,259,878

The cost of inventories of the Group and of the Company recognised as an expense during the year were RM992,148,053 (2007: RM802,812,787) and RM520,752,717 (2007: RM495,860,826) 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 (2007: 30 to 60 days).

In 2007, one of the indirect subsidiary companies of Unisem (Mauritius) Holdings Limited (UMH) 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 1.60% (2007: 1.25%) per annum above SIBOR.

The above facility is secured by a floating charge over all the indirect subsidiary's trade receivables, a deed of subordination and corporate guarantee executed by UMH and a subsidiary company.

The total amount of trade receivables sold under the facility whereby the advances has yet to be received amounted to approximately US\$4.4 million [equivalent to RM15,124,800] (2007: US\$3.9 million [equivalent to RM12,892,000]).

The indirect subsidiary will only derecognise the carrying value of these receivables upon receipt of the advances.

Trade receivables are entirely denominated in US Dollar.

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

Other receivables, deposits and prepaid expenses consist of:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	8,188,405	9,446,799	5,117,614	6,561,476
Refundable deposits	10,310,372	3,935,024	405,314	218,032
Prepaid expenses	3,148,128	2,730,781	75,527	188,423
	<b>21,646,905</b>	<b>16,112,604</b>	<b>5,598,455</b>	<b>6,967,931</b>
Other receivable - non-current portion	(1,317,710)	(3,168,880)	(1,317,710)	(3,168,880)
	<b>20,329,195</b>	<b>12,943,724</b>	<b>4,280,745</b>	<b>3,799,051</b>

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Financial years ending December 31:				
2009	-	1,906,286	-	1,906,286
2010	1,317,710	1,262,594	1,317,710	1,262,594
	<b>1,317,710</b>	<b>3,168,880</b>	<b>1,317,710</b>	<b>3,168,880</b>

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 RM3,307,210 (2007: RM5,143,635) which are repayable over 24 (2007: 36) months.

Refundable deposits comprise mainly advance payment for purchase of machineries and security deposits for construction of factory building and utilities services.

Transactions with related parties are disclosed in Note 19.

The currency profile of other receivables is as follows:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
US Dollar	4,660,443	6,204,329	3,367,297	5,032,047
Ringgit Malaysia	1,648,002	1,848,289	1,750,317	1,529,429
Chinese Renminbi	1,535,558	565,159	-	-
Sterling Pound	299,552	167,883	-	-
Singapore Dollar	24,150	485,938	-	-
Euro	20,700	-	-	-
Indonesian Rupiah	-	119,005	-	-
Others	-	56,196	-	-
	<b>8,188,405</b>	<b>9,446,799</b>	<b>5,117,614</b>	<b>6,561,476</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

The amount owing by/(to) subsidiary companies are expected to be repaid as follows:

	THE COMPANY	
	2008 RM	2007 RM
<i>Amount owing by subsidiary companies</i>		
Amount due within 12 months (shown under current assets)	9,992,296	7,910,861
Amount due in year 2012	8,376,484	-
	<b>18,368,780</b>	<b>7,910,861</b>
<i>Amount owing to subsidiary companies</i>		
Amount due within 12 months (shown under current liabilities)	2,563,700	155,917
Amount due in year 2009	-	49,107,585
	<b>2,563,700</b>	<b>49,263,502</b>

In 2007, the amount owing to a subsidiary company, Unisem International (Labuan) Limited, of RM49,107,585 in relation to the Guaranteed Convertible Bonds which bears interest rate at 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 Advanced Technologies Sdn. Bhd..
FlipChip International, LLC	- A shareholder of Unisem Advanced Technologies Sdn. Bhd..

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

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

	THE COMPANY	
	2008 RM	2007 RM
<b>Subsidiary companies</b>		
Advances granted to	12,311,256	11,919,440
Dividend received	5,258,955	-
Sale of property, plant and equipment	3,520,050	455,061
Purchase of property, plant and equipment	1,141,759	-
Interest received/receivable	1,089,827	4,017,062
Trade sales	690,127	86,869
Interest paid/payable	599,289	4,786,922
Rental income	400,200	400,200
Management fees	384,000	384,000
Trade purchases	1,124	737,930
Overprovision of interest on advances	-	3,114,544
Advances received from	-	85,260
Rental paid	-	35,356

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	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Related parties</b>				
Adnan Sundra & Low				
Legal fee paid	297,713	24,395	247,817	24,395
Advanpack Solutions Pte. Ltd.				
Trade sales	-	5,745	-	-
FlipChip International, LLC				
Trade sales	50,750	-	-	-
Sales commission	13,462	-	-	-

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	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Amount owing by related parties</b>				
Advanpack Solutions Pte. Ltd.	-	2,260	-	2,260
FlipChip International, LLC	1,738	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term benefit	4,659,291	4,362,064	968,684	1,089,599
Post employment benefit	96,297	-	33,600	-
	<b>4,755,588</b>	<b>4,362,064</b>	<b>1,002,284</b>	<b>1,089,599</b>

### 20. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed and short-term deposits with licensed banks	37,914,782	61,036,466	-	37,481,406
Cash on hand and at banks	64,305,208	29,115,647	8,502,482	935,183
	<b>102,219,990</b>	<b>90,152,113</b>	<b>8,502,482</b>	<b>38,416,589</b>

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Chinese Renminbi	65,186,639	15,714,831	-	-
US Dollar	30,329,413	41,942,715	8,295,076	8,050,355
Sterling Pound	5,816,755	-	-	-
Singapore Dollar	476,100	608,249	-	-
Ringgit Malaysia	238,583	31,344,183	207,406	30,366,234
Euro Dollar	106,950	297,513	-	-
Indonesian Rupiah	65,550	-	-	-
Others	-	244,622	-	-
	<b>102,219,990</b>	<b>90,152,113</b>	<b>8,502,482</b>	<b>38,416,589</b>

## 20. CASH AND BANK BALANCES (CONT'D)

The average effective interest rates are as follows:

	THE GROUP		THE COMPANY	
	2008 %	2007 %	2008 %	2007 %
Fixed deposits	3.70 - 4.00	3.06 - 3.90	-	3.45
Short-term deposits	1.71 - 2.90	1.62 - 4.42	2.90	2.90 - 3.90

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
Fixed deposits (months)	3	12	-	1
Short-term deposits (days)	1 - 7	2 - 7	1 - 4	2 - 4

## 21. SHARE CAPITAL

	PAR VALUE RM	← THE GROUP AND COMPANY →			
		2008 NUMBER OF ORDINARY SHARES	2007 NUMBER OF ORDINARY SHARES	2008 RM	2007 RM
<b>Authorised:</b>					
At beginning/end of year	0.50	1,000,000,000	1,000,000,000	500,000,000	500,000,000
<b>Issued and fully paid:</b>					
At beginning of year	0.50	471,441,679	446,925,555	235,720,839	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	471,441,679	235,720,839	235,720,839

## 22. RESERVES

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Non-distributable reserves:</b>				
Share premium	162,177,856	162,177,856	162,177,856	162,177,856
Translation reserve	12,351,996	(16,237,409)	-	-
Equity component of Guaranteed Convertible Bonds	-	2,140,756	-	-
<b>Distributable reserve:</b>				
Retained earnings	425,983,829	431,316,764	399,747,200	455,624,264
	<b>600,513,681</b>	<b>579,397,967</b>	<b>561,925,056</b>	<b>617,802,120</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22. RESERVES (CONT'D)

#### 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

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from 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.

As of December 31, 2008, the Company did not opt to disregard the Section 108 tax credit and the Company may utilise the Section 108 tax credit balance which has been frozen as of December 31, 2007 to frank dividend payments during the six-year transitional period. The Company has, subject to agreement by the 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 RM159,000,000 (2007: RM151,166,000) of dividends out of its retained earnings as of December 31, 2008. The extent of the retained earnings not covered at that date amounted to RM240,000,000 (2007: RM304,457,000).

### 23. BORROWINGS

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured:				
Term loans	287,312,368	283,585,875	145,605,822	164,409,865
Bank overdraft	29,299,572	1,302,411	29,299,572	879,347
Unsecured:				
Term loans	195,156,647	226,389,723	195,156,647	226,389,723
Revolving credit	54,500,000	-	54,500,000	-
Banker's acceptance	1,350,000	-	1,350,000	-
Promissory notes	683,100	1,388,394	-	-
	<b>568,301,687</b>	<b>512,666,403</b>	<b>425,912,041</b>	<b>391,678,935</b>
Less: Amount due within 12 months (shown under current liabilities)	<b>(268,084,677)</b>	<b>(61,650,833)</b>	<b>(253,576,548)</b>	<b>(60,493,904)</b>
Non-current portion	<b>300,217,010</b>	<b>451,015,570</b>	<b>172,335,493</b>	<b>331,185,031</b>

## 23. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Financial years ending December 31:				
2009	-	146,108,796	-	132,212,489
2010	186,370,445	172,157,217	131,070,329	119,190,101
2011	75,827,736	112,886,888	41,265,164	79,782,441
2012	38,018,829	19,862,669	-	-
	<b>300,217,010</b>	<b>451,015,570</b>	<b>172,335,493</b>	<b>331,185,031</b>

Analysis of borrowings by currency:

THE GROUP 2008	RINGGIT MALAYSIA RM	US DOLLAR RM	TOTAL RM
Term loans	195,156,647	287,312,368	482,469,015
Promissory notes	-	683,100	683,100
Banker's acceptance	1,350,000	-	1,350,000
Revolving credit	54,500,000	-	54,500,000
Bank overdraft	29,299,572	-	29,299,572
	<b>280,306,219</b>	<b>287,995,468</b>	<b>568,301,687</b>

THE GROUP 2007	RINGGIT MALAYSIA RM	STERLING POUND RM	US DOLLAR RM	TOTAL RM
Term loans	226,389,723	-	283,585,875	509,975,598
Promissory notes	-	-	1,388,394	1,388,394
Bank overdraft	879,347	423,064	-	1,302,411
	<b>227,269,070</b>	<b>423,064</b>	<b>284,974,269</b>	<b>512,666,403</b>

THE COMPANY 2008	RINGGIT MALAYSIA RM	US DOLLAR RM	TOTAL RM
Term loans	195,156,647	145,605,822	340,762,469
Banker's acceptance	1,350,000	-	1,350,000
Revolving credit	54,500,000	-	54,500,000
Bank overdraft	29,299,572	-	29,299,572
	<b>280,306,219</b>	<b>145,605,822</b>	<b>425,912,041</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 23. BORROWINGS (CONT'D)

THE COMPANY 2007	RINGGIT MALAYSIA RM	US DOLLAR RM	TOTAL RM
Term loans	226,389,723	164,409,865	390,799,588
Bank overdraft	879,347	-	879,347
	227,269,070	164,409,865	391,678,935

The Company has a US\$50,000,000 [equivalent to RM172,500,000] (2007: US\$50,000,000 [equivalent to RM165,285,000]) secured term loan facility from a local financial institution. The term loan facility is secured by unquoted shares of a subsidiary company as mentioned in Note 13 to the financial statements.

The Company also has RM400,000,000 (2007: RM400,000,000) unsecured syndicated financing facilities with six local financial institutions ("Syndicated Financing Facilities") and other credit facilities to the extent of RM19,500,000 (2007: RM13,500,000). The Syndicated Financing Facilities comprise a syndicated term loan facility of RM263,000,000 (2007: RM263,000,000) and revolving credit and overdraft facilities of RM137,000,000 (2007: RM137,000,000).

One of the direct foreign subsidiary companies has secured term loan and revolving credit facilities to the extent of US\$50,000,000 [equivalent to RM172,500,000] (2007: US\$50,000,000 [equivalent to RM165,285,000]) 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 RM3,812,000] and £300,000 [equivalent to RM1,634,000] (2007: £700,000 [equivalent to RM4,700,710] and £300,000 [equivalent to RM2,014,590]) 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.

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 RM3,840,000] (2007: US\$1,113,000 [equivalent to RM3,679,000]) through cash payment of US\$223,000 [equivalent to RM769,000] (2007: US\$223,000 [equivalent to RM737,000]) and the issue of a promissory note of US\$890,000 [equivalent to RM3,070,000] (2007: 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.
Bank acceptance	-	1.25% per annum plus COF

## 24. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2008 RM	2007 RM	2008 RM	2007 RM
Amounts payable under finance lease:				
Within one year	827,853	-	827,853	-
In the second to fifth years inclusive	3,295,072	-	3,295,072	-
	4,122,925	-	4,122,925	-
Less: Future finance charges	(822,406)	-	(822,406)	-
Present value of lease obligations	3,300,519	-	3,300,519	-
Less: Amount due for settlement within 12 months (shown under current liabilities)			(653,568)	-
Amount due for settlement after 12 months			2,646,951	-

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 5 years. For the year ended 31 December 2008, the average effective borrowing rate was 1.95% (2007: Nil%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease is entirely in US Dollars.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

## 25. GUARANTEED CONVERTIBLE BONDS

The US\$100 million Bonds and US\$50 million Bonds (collectively referred to as the "CBs") are direct senior unsecured obligations of the Company and are unconditionally and irrevocably guaranteed by the Company.

In 2007, the US\$100 million Bonds has been fully bought back/redeemed and converted by the Group.

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;

## NOTES TO THE FINANCIAL STATEMENTS

### 25. GUARANTEED CONVERTIBLE BONDS (CONT'D)

- (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.
- (a) The proceeds from the issue of 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:

	2008 RM	2007 RM
Liability component brought forward	42,894,023	358,815,698
Interest expense (Note 7)	1,127,144	4,724,551
Translation reserve	1,912,636	(22,691,965)
Interest paid	(981,547)	(3,727,320)
	<b>44,952,256</b>	<b>337,120,964</b>
Buy-back / Redemption / Conversion of Bonds (See 25(b))	(43,402,735)	(305,762,111)
Translation reserve	(1,549,521)	11,535,170
Liability component carried forward	-	42,894,023
Coupon interest accrued	-	(395,957)
Current portion of liability component	-	-
Non-current portion of liability component	-	42,498,066

Interest expense on bonds is calculated using the effective interest method by applying the effective interest rate of 5.75% (2007: 5.75%) per annum to the liability component.

## 25. GUARANTEED CONVERTIBLE BONDS (CONT'D)

- (b) During the year, the Group fully bought back the balance of US\$11,978,000 [equivalent to RM41,324,100] (2007: US\$18,000,000 [equivalent to RM59,502,600]) of the principal amount of the US\$50 million Bonds. In 2007, the Group bought back a total of US\$67,412,000 [equivalent to RM222,843,848] of the principal amount of the US\$100 million Bonds. The carrying amount of CBs at the date of the transactions are as follows:

	2008 RM	2007 RM
Carrying amount:		
Equity component	343,450	16,197,959
Liability component ( Note 25 (a) )	43,402,735	305,762,111
	43,746,185	321,960,070
Consideration paid	(44,840,097)	(268,873,223)
Conversion of Bonds	-	(47,788,077)
	(1,093,912)	5,298,770
Total gain on buy-back and redemption	(1,093,912)	5,298,770
- relating to the liability component	(504,342)	(13,038,113)
- relating to the equity component	(1,598,254)	(7,739,343)

- (c) In 2007, pursuant to the conversion of US\$12,000,000 [equivalent to RM39,668,400] principal amount of US\$50 million Bonds mentioned above, the Company issued 24,516,124 new ordinary shares of RM0.50 each.

## 26. DEFERRED INCOME

	THE GROUP	
	2008 RM	2007 RM
At beginning of year	5,226,883	3,831,190
Additions	4,441,796	3,268,847
Translation reserve	260,261	(88,288)
Amortisation	(570,117)	(1,784,866)
At end of year	9,358,823	5,226,883

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

## 27. 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 subsidiary companies, 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.

NOTES TO THE  
FINANCIAL STATEMENTS

## 27. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP	
	2008 RM	2007 RM
Unrecognised actuarial gain/(loss)	3,237,994	(1,302,446)
Unrecognised past service costs	(103,873)	29,752
Present value of defined benefits obligations	8,699,379	14,155,007
Liability for defined benefit obligations	11,833,500	12,882,313

Expense recognised in the income statements:

	THE GROUP	
	2008 RM	2007 RM
Current service costs	1,219,812	2,325,698

Movements in the net liability recognised in the balance sheets:

	THE GROUP	
	2008 RM	2007 RM
Balance as of 1 January	12,882,313	-
Acquisition of subsidiary companies	-	13,226,148
Benefits paid	(1,305,791)	(2,102,404)
Expense recognised during the year	(249,833)	1,549,320
Translation reserve	506,811	209,249
Balance as of December 31	11,833,500	12,882,313

Actuarial assumptions:

	THE GROUP	
	2008 %	2007 %
Discount rate: US Dollar based salary	7.0	5.5
: Indonesian Rupiah ("IDR") based salary	12.0	10.0
Future salary increases: US Dollar based salary	4.0	3.0
: IDR based salary	9.0	8.0

## 28. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit term granted to the Group ranges from 30 to 60 days (2007: 30 to 60 days).

The currency profile of trade payables is as follows:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
US Dollar	60,735,186	117,064,269	39,006,507	56,193,755
Sterling Pound	4,291,763	3,796,596	-	96,466
Ringgit Malaysia	2,948,748	2,699,861	2,926,228	2,696,311
Singapore Dollar	1,197,150	2,665,874	-	4,786
Japanese Yen	721,050	1,474,342	-	-
Euro Dollar	87,143	1,994,444	-	-
Indonesian Rupiah	55,200	-	-	-
Chinese Renminbi	17,276	30,436	-	-
Others	22,696	23,140	-	-
	<b>70,076,212</b>	<b>129,748,962</b>	<b>41,932,735</b>	<b>58,991,318</b>

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	84,016,357	133,831,493	35,221,929	47,624,408
Accrued expenses	37,737,370	46,212,231	26,328,270	30,288,695
	<b>121,753,727</b>	<b>180,043,724</b>	<b>61,550,199</b>	<b>77,913,103</b>

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 (2007: 30 to 60 days).

Transactions with related parties are disclosed in Note 19.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

The currency profile of other payables is as follows:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
US Dollar	43,473,443	86,499,362	12,969,931	19,364,730
Ringgit Malaysia	21,097,475	26,722,870	20,254,794	26,200,224
Chinese Renminbi	10,847,907	2,147,726	-	-
Singapore Dollar	5,975,685	10,332,191	1,868,849	2,059,089
Japanese Yen	861,210	5,584,787	-	-
Indonesian Rupiah	724,500	-	-	-
Sterling Pound	631,782	1,631,818	-	-
Euro Dollar	290,505	79,702	128,355	-
Others	113,850	833,037	-	365
	<b>84,016,357</b>	<b>133,831,493</b>	<b>35,221,929</b>	<b>47,624,408</b>

### 29. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2008 RM	2007 RM
Interim dividend paid: Nil% 2008 (10% for 2007), tax-exempt	-	23,572,084
Final dividend paid: 10% for 2007 (10% for 2006), tax-exempt	23,572,084	23,572,084
	<b>23,572,084</b>	<b>47,144,168</b>

Dividends per share for the year is as follows:

	THE GROUP AND THE COMPANY	
	2008 SEN	2007 SEN
Interim dividend paid - Nil% (2007: 10%), tax-exempt	-	5
Final dividend paid - 10% (2007: 10%), tax-exempt	5	5
	<b>5</b>	<b>10</b>

The directors have proposed a final dividend of 5%, tax-exempt, for the current financial year. The proposed final dividend which amounts to approximately RM11,786,042 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.

## 30. 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's established policies on credit control which involve a comprehensive credit evaluation, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely. 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. The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

The Group is exposed to credit risk 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### (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 net of transaction costs. 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.

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 and the Company had entered into a forward foreign exchange contracts for a period of up to twenty-four (24) months as follows:

NOTIONAL AMOUNT	THE GROUP AND THE COMPANY		AVERAGE EXCHANGE RATE PER UNIT OF RINGGIT MALAYSIA	
	2008 RM	2007 RM	2008	2007
US Dollar	110,840,000	-	3.26	Nil

#### (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 AND THE COMPANY	
	NOTIONAL AMOUNT RM	FAIR VALUE RM
As of December 31, 2008		
Foreign currency forward contracts	110,840,000	122,777,400

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### (e) Fair values (Cont'd)

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

The carrying amounts of financial assets and liabilities reported in balance sheet approximate their fair values because of the short maturity of these instruments except for:

2008	THE GROUP		THE COMPANY	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Amount owing by a subsidiary company - non-current portion	-	-	8,376,484	7,113,282

2007	THE GROUP		THE COMPANY	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Amount owing to subsidiary companies - non-current portion	-	-	48,727,918	46,324,972
Guaranteed convertible bonds	42,498,066	40,342,925	-	-

The fair value of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

### 31. CASH FLOW STATEMENTS

#### (a) Additions to property, plant and equipment

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Additions during the year	168,090,989	179,843,106	55,161,638	63,221,289
Balance outstanding included in other payables	(48,899,324)	(61,300,064)	(9,105,540)	(20,156,728)
Cash payment in respect of additions in:				
Current year	119,191,665	118,543,042	46,056,098	43,064,561
Prior year	61,300,064	34,980,631	20,156,728	17,737,301
	180,491,729	153,523,673	66,212,826	60,801,862

## NOTES TO THE FINANCIAL STATEMENTS

### 31. CASH FLOW STATEMENTS (CONT'D)

#### (b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed and short-term deposits	37,914,782	61,036,466	-	37,481,406
Cash and bank balances	64,305,208	29,115,647	8,502,482	935,183
Bank overdrafts	(29,299,572)	(1,302,411)	(29,299,572)	(879,347)
	<b>72,920,418</b>	<b>88,849,702</b>	<b>(20,797,090)</b>	<b>37,537,242</b>

### 32. CAPITAL COMMITMENTS

As of December 31, 2008 the Group and the Company have the following capital expenditure in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Contracted but not provided for	<b>55,622,487</b>	51,307,506	<b>21,953,480</b>	13,250,782

### 33. 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.

### 34. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

	THE GROUP		THE COMPANY	
	AS PREVIOUSLY REPORTED RM	AS RESTATED RM	AS PREVIOUSLY REPORTED RM	AS RESTATED RM
<b>Balance Sheet</b>				
Non-current assets:				
Deferred expenditure	5,336,338	205,926	5,336,338	205,926
Current liabilities:				
Deferred income	402,918	-	-	-
Borrowings	64,062,796	61,650,833	62,905,867	60,493,904
Non-current liabilities:				
Deferred income	4,823,965	5,226,883	-	-
Borrowings	453,734,019	451,015,570	333,903,480	331,185,031
<b>Cash Flow Statement</b>				
Movement in working capital:				
Other payables and accrued expenses	(21,326,761)	13,653,870	2,917,630	20,654,931
Cash Flows From/(Used In) Investing Activities:				
Additions to property, plant and equipment	(118,543,042)	(153,523,673)	(43,064,561)	(60,801,862)



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, 2008 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 26, 2009



# 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 26th day of February, 2009.

Before me,

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

# SHAREHOLDING STATISTICS

AS AT 30 APRIL 2009

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	1,124	0.00
1,147	100 to 1,000 shares	1,054,031	0.22
5,709	1,001 to 10,000 shares	27,278,397	5.79
1,752	10,001 to 100,000 shares	53,206,666	11.29
227	100,001 to less than 5% of issued shares	229,513,861	48.68
2	5% and above of issued shares	160,387,600	34.02
<b>8,884</b>		<b>471,441,679</b>	<b>100.00</b>

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	29,787,600	6.32	770,000	0.16 <sup>(a)</sup>
Jayvest Holdings Sdn Bhd	-	-	141,266,800	29.96 <sup>(b)</sup>
John Chia Sin Tet	-	-	155,436,800	32.97 <sup>(c)</sup>
The estate of Soo Yut Kuan	-	-	141,266,800	29.96 <sup>(d)</sup>
Yen Woon @ Low Sau Chee	-	-	137,420,000	29.15 <sup>(e)</sup>

**Notes:**

(a) Shares managed by portfolio manager.

(b) Held indirectly through Bandar Rasah Sdn Bhd and nominee company under pledged securities account.

(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.

#### 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 <sup>(a)</sup>
Ang Chye Hock	295,000	0.06	-	-
Francis Chia Mong Tet	474,600	0.10	9,300,000	1.97 <sup>(b)</sup>
Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	300,000	0.06	114,900	0.02 <sup>(c)</sup>
Tan Sri Dato' Samshuri bin Arshad	-	-	600,000	0.13 <sup>(b)</sup>
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	-	-	137,420,000	29.15 <sup>(d)</sup>
Sundra Moorthi s/o V.M. Krishnasamy	27,000	0.01	6,000	0.00 <sup>(e)</sup>
Tee Yee Loh	-	-	5,471,000	1.16 <sup>(f)</sup>
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 company under pledged securities account.
- (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  
AS AT 30 APRIL 2009

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	29,787,600	6.32
3. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Anne Woon Lai Kheng	21,198,051	4.50
4. Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd For Employees Provident Fund	15,278,700	3.24
5. HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Hongkong And Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	13,000,000	2.76
6. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jayvest Holdings Sdn Bhd	10,666,800	2.26
7. Ho Ming Foh	9,788,000	2.08
8. Permodalan Nasional Berhad	9,624,900	2.04
9. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Francis Chia Mong Tet (49475 HKIU)	9,300,000	1.97
10. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For John Chia Sin Tet (01-00825-000)	8,100,000	1.72
11. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (Norges Bank)	7,434,100	1.58
12. Koo Hong @ Ku Hong Hai	7,249,189	1.54
13. Lancar Indah Sdn.Bhd.	6,070,000	1.29
14. Tan Kah Hock	6,043,300	1.28
15. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	4,635,100	0.98
16. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera Permodalan Nasional Berhad	4,384,300	0.93
17. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	4,210,700	0.89

SHAREHOLDERS	NO. OF SHARES HELD (DIRECT INTEREST)	% OF ISSUED SHARES
18. Low Kim Bee @ Lau Kim Bee	4,043,000	0.86
19. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	4,000,000	0.85
20. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,857,000	0.82
21. Priscilla A MacDonald	3,402,027	0.72
22. Chiam Joy Young	2,937,000	0.62
23. Employees Provident Fund Board	2,847,900	0.60
24. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For Prudential Fund Management Berhad	2,564,000	0.54
25. Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For Kumpulan Wang Persaraan (Diperbadankan) (FD 2 - 280306)	2,150,000	0.46
26. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (SG BR-TST-ASING)	2,100,000	0.45
27. Mark A W MacDonald	1,898,020	0.40
28. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Yee Loh (49842 HKIU)	1,650,000	0.35
29. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Yee Loh (DUA)	1,400,000	0.30
30. AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teh Siew Wah	1,235,600	0.26

# LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2008

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 2008 (RM)
PT 2514 and PT 2515 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Factory	99 years leasehold expiring 2094	6.294 hectare	July 1991	-	2,593,953
	Factory building Phase I	Factory	-	130,000 ft <sup>2</sup>	March 1992	17	7,649,128
	Factory building Phase II	Factory	-	110,000 ft <sup>2</sup>	August 1996	13	11,018,384
	Factory building Phase III	Factory	-	330,000 ft <sup>2</sup>	September 2000	8	47,301,608
	Factory building Wafer bumping	Factory	-	22,000 ft <sup>2</sup>	August 2005	3.25	2,611,872
PT 4376 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Vacant	99 years leasehold expiring 2100	10.598 hectare	October 2000	-	6,790,822
Mukim Sungai Raia, Daerah Kinta, Perak, Malaysia	Residential	Vacant	99 years leasehold expiring 2104	217,800 ft <sup>2</sup>	June 2005	-	1,319,781
Parkway, Pen-y-fan Industrial Estate, Croespenmaen, Crumlin, Gwent, United Kingdom NP11 3XT	Industrial land	Factory	Freehold	9.915 hectare	February 1994	-	5,446,400
	Factory building	Factory	-	130,000 ft <sup>2</sup>	July 1995	13	8,670,669



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 2008 (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	-	3,602,410
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	4,449,277
	Factory building	Factory	-	320,000 ft <sup>2</sup>	December 2005	3	75,875,909
Jalan S. Parman, Kav 201 Batamindo Industrial Park, Mukim Kuning, Batam, Indonesia	Industrial land	Factory	30 years leasehold expiring 2019	21,280 m <sup>2</sup>	November 1994	-	1,269,298
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 m <sup>2</sup>	May 1998	-	1,362,329
	Factory building Main building	Factory	-	14,640 m <sup>2</sup>	November 1991	17	8,101,690
	Factory building East Wing	Factory	-	17,500 m <sup>2</sup>	1998	10	20,562,835
	Factory building East Wing Extension	Factory	-	1,600 m <sup>2</sup>	2007	1.5	2,969,850
Desa Lubuk Baja Utara - Bengkong, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2016	2,376 m <sup>2</sup>	May 1994	14	431,972
Palm Spring Housing Complex, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2020	1,056 m <sup>2</sup>	September 1993	15	184,921



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 26 June 2009 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 2008 and the Reports of the Directors and the Auditors thereon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>RESOLUTION 1</b> |
| 2. To approve the declaration of a final dividend of 5% (or 2.5 sen per share) tax-exempt for the financial year ended 31 December 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>RESOLUTION 2</b> |
| 3. To approve the payment of Directors' fees amounting to RM985,000 for the financial year ended 31 December 2008, representing a decrease of RM533,833 from RM1,518,833 in 2007.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>RESOLUTION 3</b> |
| 4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                     |
| (i) Y.Bhg. Tan Sri Dato' Wong See Wah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>RESOLUTION 4</b> |
| (ii) Mr Sundra Moorthi s/o V.M. Krishnasamy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>RESOLUTION 5</b> |
| (iii) Mr Tee Yee Loh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>RESOLUTION 6</b> |
| 5. 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>RESOLUTION 7</b> |
| 6. To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>RESOLUTION 8</b> |
| 7. As Special Business:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |
| To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |
| <b>Authority To Allot Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>RESOLUTION 9</b> |
| "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 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." |                     |
| 8. To transact any other ordinary business for which due notice has been given.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     |



## NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the record of depositors will be closed on 20 July 2009 to determine shareholders' entitlement to the final dividend of 5% (or 2.5 sen per share) tax-exempt for the financial year ended 31 December 2008. The dividend, if approved, will be paid on 30 July 2009.

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 20 July 2009 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 2009  
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 9)*

*The proposed Resolution 9, 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. Y.Bhg. Tan Sri Dato' Wong See Wah
2. Mr Sundra Moorthi s/o V.M. Krishnasamy
3. Mr Tee Yee Loh

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 38 to 42 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 Twentieth Annual General Meeting of the Company to be held at Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 26 June 2009 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
<b>RESOLUTION 1</b>	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' Report and the Auditors' Report.		
<b>RESOLUTION 2</b>	To approve the declaration of a final dividend of 5% (or 2.5 sen per share) tax-exempt for the financial year ended 31 December 2008.		
<b>RESOLUTION 3</b>	To approve the payment of Directors' fees amounting to RM985,000 for the financial year ended 31 December 2008, representing a decrease of RM533,833 from RM1,518,833 in 2007.		
<b>RESOLUTION 4</b>	To re-elect Y.Bhg. Tan Sri Dato' Wong See Wah as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
<b>RESOLUTION 5</b>	To re-elect Mr Sundra Moorthi s/o V.M. Krishnasamy as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
<b>RESOLUTION 6</b>	To re-elect Mr Tee Yee Loh as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
<b>RESOLUTION 7</b>	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.		
<b>RESOLUTION 8</b>	To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
<b>RESOLUTION 9</b>	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 \_\_\_\_\_ 2009.

<b>CDS ACCOUNT NO.</b>	
<b>NO. OF SHARES HELD</b>	

\_\_\_\_\_  
Signature/Common Seal

Tel No. \_\_\_\_\_

**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 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](http://www.unisemgroup.com)

## SHARE REGISTRARS

PFA Registration Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia  
Tel : (603) 2264 3883  
Fax: (603) 2282 1886

## 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



[www.unisemgroup.com](http://www.unisemgroup.com)