



financial statements

- 048** directors' report
- 053** independent auditors' report
- 055** income statements
- 056** balance sheets
- 058** statements of changes in equity
- 061** cash flow statements
- 065** notes to the financial statements
- 118** statement by directors
- 119** declaration by the officer primarily responsible for the financial management of the company

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, 2009.

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'000	THE COMPANY RM'000
Profit before tax	58,377	35,029
Taxation	2,368	(1,565)
Profit for the year	60,745	33,464
Attributable to:		
Equity holders of the Company	61,821	33,464
Minority interests	(1,076)	-
	60,745	33,464

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 5%, tax-exempt, amounting to RM11,786,042 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 RM12,964,142 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

Approval has been obtained from the shareholders at the last Annual General Meeting convened on June 26, 2009 authorising the directors to issue new ordinary shares of the Company not exceeding 10% of the issued and paid-up share capital of the Company as at the date thereof.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM235,720,839 to RM259,292,839 by way of an issue of 47,144,000 new ordinary shares of RM0.50 each pursuant to a private placement exercise at an issue price of RM1.45 per share.

The resulting premium arising from the shares issued above of RM43,271,739 has been credited to the share premium account.

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

The new ordinary shares issued were listed and quoted on Bursa Malaysia Securities Berhad on October 21, 2009.

The Company has not issued any new 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

directors' report

- (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. Martin Giles Manen (appointed on July 28, 2009)
Mr. Chua Khing Chiew (alternate to Mr. Yen Woon @ Low Sau Chee)

In accordance with Article 124 of the Company's Articles of Association, Mr. Francis Chia Mong Tet, Y.Bhg. Tan Sri Dato' Samshuri bin Arshad and Mr. Yen Woon @ Low Sau Chee retire by rotation and, being eligible, offer themselves for re-election.

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

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

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 31.12.2009
	BALANCE AS OF 1.1.2009	BOUGHT/ TRANSFERRED*	SOLD/ TRANSFERRED*	
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	-	6,749,300	-	6,749,300
Mr. Ang Chye Hock	195,000	100,000	-	295,000
Mr. Francis Chia Mong Tet	474,600	-	-	474,600
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	300,000	220,000	-	520,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	27,000	-	-	27,000
Indirect interest by virtue of shares held by companies in which a director has interests				
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	5,271,000*	(227,000)/ (5,271,000)*	5,471,000

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 and Mr. Martin Giles Manen did not hold shares or have beneficial interest in the shares of the Company during the financial year.

directors' report

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

MARTIN GILES MANEN

Kuala Lumpur,
February 22, 2010

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, 2009 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 55 to 117.

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 Financial Reporting 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 auditors' 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 auditors consider 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 Financial Reporting 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, 2009 and of their financial performance and cash flows for the year then ended.

independent auditors' report

to the members of Unisem (M) Berhad (Incorporated in Malaysia)

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' reports 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 - 2421/05/11(J/PH)
Chartered Accountant

February 22, 2010

Unisem (M) Berhad and its subsidiaries
income statements
for the year ended December 31, 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue		1,036,309	1,233,381	522,967	649,776
Investment income	8	665	2,076	343	5,397
Other gains and (losses)	5	(12,440)	8,479	(11,481)	(8,027)
Other operating income	5	15,960	14,094	7,707	8,432
Gain on buy-back of guaranteed convertible bonds	25(b)	-	504	-	-
Changes in inventories of finished goods and work-in-progress		6,755	(6,945)	4,380	(6,469)
Raw materials and consumables used		(407,199)	(502,466)	(174,290)	(216,057)
Depreciation of property, plant and equipment	11	(160,541)	(154,769)	(88,895)	(88,929)
Employee benefits expenses	5	(214,349)	(236,929)	(103,648)	(113,420)
Directors' remuneration	6	(8,270)	(14,008)	(6,591)	(5,907)
Amortisation of prepaid interest in leased lands	12	(490)	(467)	(44)	(44)
Impairment loss on goodwill	15	-	(54,948)	-	-
Impairment loss on investment in subsidiary company	13	-	-	-	(89,871)
Finance costs	7	(23,659)	(34,875)	(17,407)	(26,864)
Other operating expenses	5	(174,364)	(229,135)	(98,012)	(138,004)
Profit/(Loss) before tax		58,377	23,992	35,029	(29,987)
Taxation	9(a)	2,368	(5,656)	(1,565)	(2,318)
Profit/(Loss) for the year		60,745	18,336	33,464	(32,305)
Attributable to:					
Equity holders of the Company		61,821	19,837	33,464	(32,305)
Minority interests		(1,076)	(1,501)	-	-
		60,745	18,336	33,464	(32,305)
Earnings per share					
Basic (sen)	10	11.92	4.21		

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

Unisem (M) Berhad and its subsidiaries

balance sheets

as of December 31, 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,118,215	1,148,754	516,632	569,831
Prepaid interest in leased lands	12	20,819	21,385	3,870	3,914
Investment in subsidiary companies	13	-	-	541,552	601,657
Goodwill	15	71,831	72,309	-	-
Intangible assets	16	21,428	25,028	-	-
Deferred tax asset	9(c)	9,056	8,991	616	616
Other receivable	18	-	1,318	-	1,318
Amount owing by a subsidiary company	19	-	-	10,819	8,376
Total non-current assets		1,241,349	1,277,785	1,073,489	1,185,712
Current assets					
Inventories	17	126,829	114,322	72,562	60,227
Trade receivables	18	172,780	125,104	79,381	60,170
Other receivables, deposits and prepaid expenses	18	12,178	20,329	3,653	4,281
Amount owing by subsidiary companies	19	-	-	10,686	9,992
Tax recoverable	9(b)	1,535	1,738	292	719
Cash and bank balances	20	65,147	102,220	28,351	8,503
Total current assets		378,469	363,713	194,925	143,892
Total assets		1,619,818	1,641,498	1,268,414	1,329,604

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	259,293	235,721	259,293	235,721
Reserves	22	690,735	600,513	626,874	561,925
Equity attributable to equity holders of the Company		950,028	836,234	886,167	797,646
Minority interest		11,532	12,608	-	-
Total equity		961,560	848,842	886,167	797,646
Non-current liabilities					
Amount owing to subsidiary companies	19	-	-	17,120	-
Borrowings - non-current portion	23	126,562	300,217	40,953	172,335
Obligations under finance leases	24	1,938	2,647	-	-
Deferred income	26	8,789	9,359	-	-
Deferred tax liabilities	9(c)	4,130	7,990	-	-
Retirement benefit obligations	27	15,723	11,833	-	-
Total non-current liabilities		157,142	332,046	58,073	172,335
Current liabilities					
Trade payables	28	97,796	70,076	37,631	41,933
Other payables and accrued expenses	28	132,697	121,754	60,673	61,550
Amount owing to a subsidiary company	19	-	-	3,864	2,564
Borrowings	23	269,947	268,085	222,006	253,576
Obligations under finance leases	24	659	654	-	-
Provision for taxation	9(b)	17	41	-	-
Total current liabilities		501,116	460,610	324,174	359,623
Total liabilities		658,258	792,656	382,247	531,958
Total equity and liabilities		1,619,818	1,641,498	1,268,414	1,329,604

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

Unisem (M) Berhad and its subsidiaries

statement of changes in equity

for the year ended December 31, 2009

THE GROUP	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							TOTAL RM'000
		NON-DISTRIBUTABLE RESERVES				DISTRIBUTABLE RESERVE			
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RM'000	RETAINED EARNINGS RM'000	SUBTOTAL RM'000	MINORITY INTEREST RM'000	
Balance as of January 1, 2008		235,721	162,178	2,141	(16,237)	431,316	815,119	7,804	822,923
Net income recognised directly in equity:									
Exchange differences arising on translation of foreign operations		-	-	-	26,792	-	26,792	-	26,792
Profit for the year		-	-	-	-	19,837	19,837	(1,501)	18,336
Total recognised income and expense		-	-	-	26,792	19,837	46,629	(1,501)	45,128
Dividends	29	-	-	-	-	(23,572)	(23,572)	-	(23,572)
Buy-back/redemption/ conversion of guaranteed convertible bonds	25(b)	-	-	(2,141)	1,797	(1,598)	(1,942)	-	(1,942)
Arising from accretion of equity interests in subsidiary		-	-	-	-	-	-	6,305	6,305

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

THE GROUP	NOTE	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →							MINORITY INTEREST RM'000	TOTAL RM'000
		← NON-DISTRIBUTABLE RESERVES →				DISTRIBUTABLE RESERVE				
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RM'000	RETAINED EARNINGS RM'000	SUBTOTAL RM'000			
Balance as of January 1, 2009		235,721	162,178	-	12,352	425,983	836,234	12,608	848,842	
Net income recognised directly in equity:										
Exchange differences arising on translation of foreign operations		-	-	-	(3,084)	-	(3,084)	-	(3,084)	
Profit for the year		-	-	-	-	61,821	61,821	(1,076)	60,745	
Total recognised income and expense		-	-	-	(3,084)	61,821	58,737	(1,076)	57,661	
Transfer from retained earnings to capital reserves	22	-	-	6,592	-	(6,592)	-	-	-	
Dividends	29	-	-	-	-	(11,786)	(11,786)	-	(11,786)	
Issue of shares due to private placement	21	23,572	43,271	-	-	-	66,843	-	66,843	
Balance as of December 31, 2009		259,293	205,449	6,592	9,268	469,426	950,028	11,532	961,560	

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

Unisem (M) Berhad and its subsidiaries

statement of changes in equity

for the year ended December 31, 2009

THE COMPANY	NOTE	NON-DISTRIBUTABLE RESERVE		DISTRIBUTABLE RESERVE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED EARNINGS RM'000	
Balance as of January 1, 2008		235,721	162,178	455,624	853,523
Total recognised income and expense:					
Loss for the year		-	-	(32,305)	(32,305)
Dividends	29	-	-	(23,572)	(23,572)
Balance as of January 1, 2009		235,721	162,178	399,747	797,646
Total recognised income and expense:					
Profit for the year		-	-	33,464	33,464
Issue of shares		23,572	43,271	-	66,843
Dividends	29	-	-	(11,786)	(11,786)
Balance as of December 31, 2009		259,293	205,449	421,425	886,167

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

Unisem (M) Berhad and its subsidiaries
cash flow statement
 for the year ended December 31, 2009

	NOTE	THE GROUP	
		2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		60,745	18,336
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		160,541	154,769
Finance costs		23,659	34,875
Provision of retirement benefit	27	4,400	(250)
Amortisation of intangible assets		3,132	2,056
Allowance for inventories obsolescence		376	2,380
Amortisation of prepaid interest in leased lands		490	467
Bad debts written off		296	1,352
Property, plant and equipment written off		1	442
Taxation recognised in income statements		(2,368)	5,656
Unrealised gain on foreign exchange		(1,703)	(1,424)
(Gain)/Loss on disposal of property, plant and equipment		(798)	780
Interest income		(665)	(2,076)
Amortisation of deferred income		(519)	(570)
Reversal of impairment losses		(11)	(106)
Impairment of goodwill		-	54,948
Amortisation of deferred expenditure		-	223
Gain on buy-back of guaranteed convertible bonds		-	(504)
		247,576	271,354
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(13,244)	24,370
Trade receivables		(46,519)	63,119
Other receivables, deposits and prepaid expenses		8,792	(3,880)
Increase/(Decrease) in:			
Trade payables		28,166	(61,379)
Other payables and accrued expenses		12,528	(48,778)
Cash Generated From Operations		237,299	244,806
Income tax paid		(1,440)	(5,328)
Defined benefit obligations paid	27	(313)	(1,306)
Net Cash From Operating Activities		235,546	238,172

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

Unisem (M) Berhad and its subsidiaries

cash flow statement

for the year ended December 31, 2009

	NOTE	THE GROUP	
		2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		1,384	1,524
Proceeds from disposal of property, plant and equipment		1,183	936
Purchase of intangible assets	16	479	(9,275)
Additions to property, plant and equipment	31(a)	(133,889)	(177,112)
Net Cash Used In Investing Activities		(130,843)	(183,927)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issue of shares		66,844	-
Proceeds from revolving loan		19,000	54,500
Proceeds from bankers' acceptances		5,250	1,350
Repayment of term loans		(179,561)	(91,468)
Interest paid		(23,136)	(32,726)
Dividends paid	29	(11,786)	(23,572)
Repayment of finance lease		(733)	-
Debt issue expenses		(98)	(182)
Proceeds from term loans		-	49,499
Subscription of shares by minority interest		-	6,304
Proceeds from deferred income	26	-	4,442
Buy-back/redemption of the guaranteed convertible bonds	25(b)	-	(44,840)
Net Cash Used In Financing Activities		(124,220)	(76,693)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(19,517)	(22,448)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		72,920	88,850
Effect of exchange rate changes on the balance of cash held in foreign currencies		513	6,518
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	53,916	72,920

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

cash flow statement

for the year ended December 31, 2009

	NOTE	THE COMPANY	
		2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the year		33,464	(32,305)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		88,895	88,929
Finance costs		17,407	26,864
Taxation recognised in income statements		1,565	2,318
Amortisation of prepaid interest in leased lands		44	44
Bad debt written off		12	809
Property, plant and equipment written off		1	-
Unrealised gain on foreign exchange		(2,801)	8,132
Interest income		(310)	(138)
Loss on disposal of property, plant and equipment		(119)	529
Dividend income		(33)	(5,259)
Impairment loss on investment in subsidiary company		-	89,871
Amortisation of deferred expenditure		-	223
		138,125	180,017
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(12,335)	11,033
Trade receivables		(16,605)	33,476
Other receivables, deposits and prepaid expenses		1,940	1,429
Decrease in:			
Trade payables		(4,605)	(18,755)
Other payables and accrued expenses		(9,745)	(5,661)
Cash Generated From Operations		96,775	201,539
Income tax paid		(1,137)	(4,088)
Net Cash From Operating Activities		95,638	197,451

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

Unisem (M) Berhad

cash flow statement

for the year ended December 31, 2009

	NOTE	THE COMPANY	
		2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from capital reduction from a subsidiary company	13	70,800	-
Proceeds from disposal of property, plant and equipment		297	4,224
Dividend received		33	5,259
Interest received		9	138
Additions to property, plant and equipment	31(a)	(24,421)	(66,213)
Investment in a subsidiary company		(10,695)	(90,698)
Advances to subsidiary companies		(2,835)	(10,458)
Net Cash From/(Used In) Investing Activities		33,188	(157,748)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issue of shares		66,844	-
Proceeds from revolving loan		19,000	54,500
Advances from/(Repayment to) subsidiary companies		18,399	(3,145)
Proceeds from banker's acceptance		5,250	1,350
Repayment of term loans		(171,810)	(91,187)
Interest paid		(16,695)	(24,305)
Dividends paid	29	(11,786)	(23,572)
Debt issue expenses		(98)	(182)
Proceeds from term loan		-	32,355
Repayment of loan to a subsidiary company for buy-back and redemption of bonds		-	(43,985)
Net Cash Used In Financing Activities		(90,896)	(98,171)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		37,930	(58,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(20,797)	37,536
Effect of exchange rate changes on the balance of cash held in foreign currencies		(13)	135
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	17,120	(20,797)

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 22, 2010.

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 Financial Reporting Standards in Malaysia.

(a) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the Malaysian Accounting Standards Board that are relevant to their operations and effective for accounting periods beginning on or after July 1, 2007. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's and the Company's accounting policies.

(b) New and revised Standards and Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Interpretations ("Int.") and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRS AND IC INT.	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
FRS 1: First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 1: First-time Adoption of Financial Reporting Standards (Revised in 2010)	July 1, 2010
FRS 2: Share-based Payment (Amendments relating to vesting conditions and cancellations)	January 1, 2010

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

(b) New and revised Standards and Interpretations issued but not yet effective (Cont'd)

FRS AND IC INT.	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
FRS 2: Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)	July 1, 2010
FRS 3: Business Combinations (Revised in 2010)	July 1, 2010
FRS 4: Insurance Contracts	January 1, 2010
FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)	July 1, 2010
FRS 7: Financial Instruments: Disclosures	January 1, 2010
FRS 7: Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)	January 1, 2010
FRS 8: Operating Segments	July 1, 2009
FRS 101: Presentation of Financial Statements (Revised in 2009)	January 1, 2010
FRS 123: Borrowing Costs (Revised)	January 1, 2010
FRS 127: Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 127: Consolidated and Separate Financial Statements (Revised in 2010)	July 1, 2010
FRS 132: Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)	January 1, 2010
FRS 138: Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)	July 1, 2010
FRS 139: Financial Instruments: Recognition and Measurement	January 1, 2010
FRS 139: Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)	January 1, 2010
Improvements to FRSs (2009)	January 1, 2010
IC Int. 9: Reassessment of Embedded Derivatives	January 1, 2010
IC Int. 9: Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)	January 1, 2010
IC Int. 9: Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int. 9 and revised FRS 3)	July 1, 2010
IC Int. 10: Interim Financial Reporting and Impairment	January 1, 2010

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

(b) New and revised Standards and Interpretations issued but not yet effective (Cont'd)

FRS AND IC INT.	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IC Int. 11: FRS 2 - Group and Treasury Share Transactions	January 1, 2010
IC Int. 12: Service Concession Arrangements	July 1, 2010
IC Int. 13: Customer Loyalty Programmes	January 1, 2010
IC Int. 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	January 1, 2010
IC Int. 15: Agreements for the Construction of Real Estate	July 1, 2010
IC Int. 16: Hedges of a Net Investment in a Foreign Operation	July 1, 2010
IC Int. 17: Distributions of Non-cash Assets to Owners	July 1, 2010

Consequential amendments were also made to various FRSs as a result of these new/ revised FRSs.

The directors anticipate that abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

FRS 3 - Business Combinations (Revised in 2010)

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;
- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;
- requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

(b) New and revised Standards and Interpretations issued but not yet effective (Cont'd)

FRS 7 - Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

FRS 8 - Operating Segment

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting segments based on internal reports that are regularly reviewed by the Group'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). As a result, following the adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

FRS 101 - Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and of the Company's financial statements.

FRS 123 - Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This principal change in the Standard has no impact on the financial statements of the Group and of the Company in the period of initial application as it has always been the Group's and the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

FRS 127 - Consolidated and Separate Financial Statements (Revised in 2010)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

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

(b) New and revised Standards and Interpretations issued but not yet effective (Cont'd)

FRS 127 - Consolidated and Separate Financial Statements (Revised in 2010) (Cont'd)

Under FRS 127 (Revised in 2010), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, FRS 127 (Revised in 2010) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

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.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain amendments to 21 FRSs. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. These improvements are not expected to have an impact on the Group's and the Company's financial statements.

- FRS 117 *Leases* generally required leases of land with an indefinite useful life to be classified as operating leases. Following the amendments, leases of land are classified as either "finance" or "operating" using the general principles of FRS 117. These amendments are effective for annual periods beginning on or after January 1, 2010, and they are to be applied retrospectively to unexpired leases as of January 1, 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on January 1, 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognised in retained earnings. It is likely that the changes will affect the classification of some of the Group's leases of land.
- FRS 120 *Accounting for Government Grants and Disclosure for Government Assistance* has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments. The change will be applied prospectively and therefore will not impact government grants received prior to the effective date of this amendment.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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, 2009.

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

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

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

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

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

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

Revenue Recognition

Sales of goods 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.

Leases

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

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.

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

CURRENCY	2009	2008
US Dollar	0.2921	0.2898
Sterling Pound	0.1821	0.1836
Chinese Renminbi	1.9940	1.9775

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.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 expense 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 expense 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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.

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.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

The annual depreciation rates are as follows:

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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 been recognised for the asset in prior years. A reversal is recognised immediately in the income statement.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Net realisable value represents the estimated selling price in the ordinary course of business less costs of completion and costs necessary to make the sale.

Receivables

Receivables are carried at invoiced amount 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.

Trade receivables that are factored to finance institutions for a single non-returnable fixed sum with no recourse to the Group are treated as being fully settled. The corresponding payment from the finance institution is recorded as cash receipt from customer and no liability is recognised as an expense in the period in which the factoring takes place.

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.

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 that are readily convertible to a 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 the 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.

(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.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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 amounts due 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 an 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.

4. SEGMENT INFORMATION (CONT'D)

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Geographical segments by location of assets								
Revenue								
External sales	1,009,649	1,168,766	19,243	53,619	7,417	10,996	1,036,309	1,233,381
Results								
Segment results	89,319	108,910	(6,897)	2,115	(1,051)	210	81,371	111,235
Impairment loss on goodwill	-	-	-	(54,948)	-	-	-	(54,948)
Finance costs							(23,659)	(34,875)
Investment income							665	2,076
Gain on buy-back of guaranteed convertible bonds							-	504
Profit before tax							58,377	23,992
Taxation							2,368	(5,656)
Profit after tax							60,745	18,336
Consolidated Balance Sheet								
Assets								
Segment assets	1,560,905	1,573,126	45,337	54,186	13,576	14,186	1,619,818	1,641,498
Liabilities								
Segment liabilities	647,270	779,929	9,756	12,009	1,232	718	658,258	792,656

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

4. SEGMENT INFORMATION (CONT'D)

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other information								
Capital expenditure	133,572	162,832	992	4,886	483	373	135,047	168,091
Depreciation of property, plant and equipment	156,149	146,749	4,316	6,997	76	1,023	160,541	154,769
Amortisation of deferred income/ (expenditure)	172	(34)	347	381	-	-	519	347
Gain/(Loss) on disposal of property, plant and equipment	798	(1)	-	(779)	-	-	798	(780)
Amortisation of prepaid interest in leased lands	(490)	(467)	-	-	-	-	(490)	(467)

Revenue from sales to external customers by location of customers:

	THE GROUP	
	2009 RM'000	2008 RM'000
United States of America	643,350	781,479
Europe	197,578	278,120
Asia	169,791	170,525
Others	25,590	3,257
	1,036,309	1,233,381

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	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Grant income received		7,113	3,549	-	-
Rental income		823	822	1,223	1,163
Gain/(Loss) on disposal of property, plant and equipment to third parties		798	(780)	119	(529)
Amortisation of deferred income	26	519	570	-	-
Allowance for doubtful debts no longer required		32	57	-	-
Reversal of impairment losses		11	106	-	-
Management fee	19	-	-	384	384
Foreign exchange:					
Unrealised gain/(loss)		1,703	1,424	2,801	(8,132)
Realised (loss)/gain		(14,940)	7,835	(14,400)	634
Research and development expenses		(4,693)	(8,415)	(1,972)	(3,945)
Amortisation of intangible assets	16	(3,132)	(2,056)	-	-
Rental of premises		(2,372)	(3,036)	(554)	(565)
Allowance for inventories obsolescence		(376)	(2,380)	-	-
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		(889)	(1,054)	(253)	(253)
Prior year		(306)	63	-	-
Others		(17)	(6)	(17)	(6)
Bad debts written off		(296)	(1,352)	(12)	(809)
Rental of equipment		(285)	(1,060)	-	-
Property, plant and equipment written off		(1)	(442)	(1)	-
Amortisation of deferred expenditure		-	(223)	-	(223)

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Termination benefits	960	-	960	-
Defined Benefit plans	4,400	2,490	-	-
Defined Contribution plans	10,621	12,362	7,093	7,863

6. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
Executive:				
Fees	358	365	358	365
Other emoluments	4,951	6,797	4,951	4,446
Contributions to defined contribution plans	594	534	594	534
Overprovision of fees in prior year	-	(58)	-	(58)
	5,903	7,638	5,903	5,287
Non-executive fees	688	620	688	620
	6,591	8,258	6,591	5,907
Directors of subsidiaries				
Executive:				
Other emoluments	1,577	4,900	-	-
Contributions to defined contribution plans	102	137	-	-
	1,679	5,037	-	-
Non-executive:				
Other emoluments	-	713	-	-
	8,270	14,008	6,591	5,907

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group and the Company amounted to RM78,498 (2008: RM173,959).

In 2008, directors' other emoluments of the Group included an amount of RM2,097,204 for termination payment to an ex-director.

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest on:				
Term loans	14,722	26,334	8,318	18,953
Revolving credit	2,665	1,024	2,496	1,024
Bank overdraft	2,354	2,160	2,354	2,153
Banker's acceptance	347	428	161	5
Finance leases	171	18	-	-
Guaranteed convertible bonds (Note 25(a))	-	1,127	-	-
Advances from a subsidiary company	-	-	838	1,090
Loan and facility arrangement fee	2,460	2,528	2,461	2,528
Bank charges and commissions	539	643	379	498
Commitment fee	401	613	400	613
	23,659	34,875	17,407	26,864

8. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income from:				
Fixed and short-term deposits	665	2,076	9	138
Advances to subsidiary company	-	-	301	-
Dividend income	-	-	33	5,259
	665	2,076	343	5,397

notes to the financial statements

9. TAXATION

(a) Current Tax Income/(Expense)

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax income/(expenses) comprises:				
Current tax expense:				
Malaysian	(1,508)	(3,354)	(1,508)	(3,354)
Foreign	(39)	(237)	-	-
Deferred tax income/(expenses) relating to origination and reversal of temporary differences	3,972	(1,639)	-	(79)
Adjustments recognised in the current year in relation to the taxes of prior years:				
Current tax	(57)	873	(57)	836
Deferred tax	-	(1,299)	-	279
	(57)	(426)	(57)	1,115
	2,368	(5,656)	(1,565)	(2,318)

Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(Loss) before tax	58,377	23,992	35,029	(29,987)
Tax expense calculated at 25% (2008: 26%)	(14,594)	(6,238)	(8,757)	-
Accounting loss available for offset against future taxable profit at the applicable tax rate of 25% (2008: 25%)	-	-	-	7,496
Different tax rates of subsidiaries operating in other jurisdictions	482	(402)	-	-
Tax effects of:				
Income exempt from tax	16,812	8,705	1,004	1,414
Tax incentive on investment in foreign subsidiary companies	12,309	13,690	12,309	13,690
Grant income	88	96	-	-
Withdrawal of industrial building allowances	84	528	-	-
Non-deductible expenses	(6,979)	(22,870)	(3,176)	(29,346)
Recognition/(Reversal) of tax benefits	(2,819)	3,313	(2,888)	3,313
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	(1,984)	(2,325)	-	-
Temporary differences of property, plant and equipment	(974)	2	-	-
Adjustment for deferred tax due to change in income tax rate from 26% to 25%	-	240	-	-
Utilisation of deferred tax assets previously not recognised	-	31	-	-
	2,425	(5,230)	(1,508)	(3,433)
Adjustments recognised in the current year in relation to the taxes of prior years	(57)	(426)	(57)	1,115
Taxation recognised in income statements	2,368	(5,656)	(1,565)	(2,318)

(b) Tax Recoverable and Provision for Taxation

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

Unisem (M) Berhad and its subsidiaries

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets	9,056	8,991	616	616
Deferred tax liabilities	(4,130)	(7,990)	-	-
	4,926	1,001	616	616

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of year	1,001	4,220	616	416
Transfer from/(to) the income statements	3,972	(2,938)	-	200
Translation reserve	(47)	(281)	-	-
At end of year	4,926	1,001	616	616

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax effect of:				
Unabsorbed capital allowances and unutilised tax losses	15,515	14,245	-	-
Unutilised reinvestment allowances and investment tax allowances	87,824	94,336	85,104	90,689
Retirement benefits	3,931	4,499	-	-
Provisions	3,567	-	270	-
Prepaid expenses	327	300	-	-
	111,164	113,380	85,374	90,689
Offsetting	(102,108)	(104,389)	(84,758)	(90,073)
Deferred tax assets	9,056	8,991	616	616

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (Cont'd)

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax effect of:				
Temporary differences arising from property, plant and equipment	(106,238)	(112,379)	(84,758)	(90,073)
Offsetting	102,108	104,389	84,758	90,073
Deferred tax liabilities	(4,130)	(7,990)	-	-

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets:				
Property, plant and equipment	34,161	46,389	-	-
Unabsorbed capital allowances and unutilised tax losses	18,240	49,822	-	-
Reinvestment allowances	44,597	32,373	44,597	32,373
Investment tax allowances	12,718	11,002	-	-
Others	287	368	-	-
	110,003	139,954	44,597	32,373
Tax losses with expiry	(7,574)	(6,731)	-	-
	102,429	133,223	44,597	32,373

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

	THE GROUP	
	2009 RM'000	2008 RM'000
Tax losses expiring:		
Within 4 years	1,895	6,289
Within 5 years	8,169	3,874
More than 5 years	16,985	12,275
	27,049	22,438
Tax effect of 28% (2008: 30%)	7,574	6,731

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

9. TAXATION (CONT'D)

(d) Tax-exempt Income Accounts

As of December 31, 2009 subject to agreement by the tax authorities, the Group and the Company have tax-exempt income accounts arising from the following:

	2009 RM'000	2008 RM'000
Reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967	82,915	84,447
Chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999	17,657	17,657
Tax-exempt income account under Schedule 6 and para 3 (b) of the Income Tax Act, 1967	1,247	1,247
Tax-exempt income account (Exemption No. 22) Order 2007 of Malaysian Income Tax Act, 1967	5,259	-
	107,078	103,351

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

10. EARNINGS PER SHARE

	THE GROUP	
	2009	2008
Basic and Diluted		
Profit for the year attributable to equity holders of the Company (RM'000)	61,821	19,837
Weighted average number of ordinary shares in issue	518,585,679	471,441,679
Basic and diluted earnings per ordinary share (sen)	11.92	4.21

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2009 consist of the following:

THE GROUP 2009	COST						AT END OF YEAR RM'000
	← AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFER RM'000	
Freehold land	5,446	-	44	-	-	-	5,490
Buildings	269,007	1,679	(1,328)	(908)	-	1,901	270,351
Plant and machinery	2,170,296	41,492	(5,108)	(15,921)	(7)	54,113	2,244,865
Electrical installation	12,688	71	-	-	-	-	12,759
Office equipment	50,524	1,329	(153)	(2,105)	-	142	49,737
Air-conditioners	10,046	59	(32)	-	-	-	10,073
Motor vehicles	6,729	-	(12)	(1,357)	-	-	5,360
Furniture and fittings	13,555	476	(60)	(429)	-	-	13,542
Production support equipment	768	5	-	-	-	-	773
Capital work-in- progress	19,558	89,936	(2,530)	-	-	(56,156)	50,808
Total	2,558,617	135,047	(9,179)	(20,720)	(7)	-	2,663,758

notes to the financial statements

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

THE GROUP 2009	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	REVERSAL OF IMPAIRMENT LOSSES RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFER RM'000	
Freehold land	-	-	-	-	-	-	-	-
Buildings	80,379	8,906	-	(661)	(703)	-	-	87,921
Plant and machinery	1,267,869	144,535	(11)	(3,653)	(15,905)	(6)	-	1,392,829
Electrical installation	10,157	766	-	-	-	-	-	10,923
Office equipment	31,067	4,075	-	(112)	(2,093)	-	-	32,937
Air-conditioners	4,509	945	-	(17)	-	-	-	5,437
Motor vehicles	5,012	449	-	(13)	(1,214)	-	-	4,234
Furniture and fittings	10,690	788	-	(54)	(419)	-	-	11,005
Production support equipment	180	77	-	-	-	-	-	257
Capital work-in- progress	-	-	-	-	-	-	-	-
Total	1,409,863	160,541	(11)	(4,510)	(20,334)	(6)	-	1,545,543

THE GROUP 2008	COST							AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFER RM'000		
Freehold land	6,715	-	(1,269)	-	-	-	5,446	
Buildings	253,757	5,733	9,643	(343)	-	217	269,007	
Plant and machinery	1,970,857	140,612	15,159	(10,959)	(4,326)	58,953	2,170,296	
Electrical installation	14,273	617	254	-	-	(2,456)	12,688	
Office equipment	46,757	2,944	1,049	(395)	-	169	50,524	
Air-conditioners	9,483	156	407	-	-	-	10,046	
Motor vehicles	7,121	125	86	(603)	-	-	6,729	
Furniture and fittings	13,873	575	348	(1,241)	-	-	13,555	
Production support equipment	600	168	-	-	-	-	768	
Capital work-in- progress	52,576	17,161	6,704	-	-	(56,883)	19,558	
Total	2,376,012	168,091	32,381	(13,541)	(4,326)	-	2,558,617	

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

THE GROUP 2008	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	REVERSAL OF IMPAIRMENT LOSSES RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFER RM'000	
Freehold land	-	-	-	-	-	-	-	-
Buildings	69,602	8,719	-	2,401	(343)	-	-	80,379
Plant and machinery	1,144,622	138,531	(107)	(1,585)	(9,276)	(3,884)	(432)	1,267,869
Electrical installation	8,706	948	-	40	-	-	463	10,157
Office equipment	26,883	4,365	-	218	(368)	-	(31)	31,067
Air-conditioners	3,513	922	-	74	-	-	-	4,509
Motor vehicles	5,138	418	-	59	(603)	-	-	5,012
Furniture and fittings	10,885	798	-	242	(1,235)	-	-	10,690
Production support equipment	112	68	-	-	-	-	-	180
Capital work-in- progress	-	-	-	-	-	-	-	-
Total	1,269,461	154,769	(107)	1,449	(11,825)	(3,884)	-	1,409,863

THE COMPANY 2009	COST					AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFER RM'000	
Buildings	80,418	271	(31)	-	-	80,658
Plant and machinery	1,208,517	30,700	(2,340)	(7)	39	1,236,909
Electrical installation	12,541	71	-	-	-	12,612
Office equipment	19,226	886	(161)	-	88	20,039
Air-conditioners	6,128	59	-	-	-	6,187
Motor vehicles	4,707	-	(1,356)	-	-	3,351
Furniture and fittings	4,143	165	-	-	-	4,308
Capital work-in-progress	4,527	3,723	-	-	(127)	8,123
Total	1,340,207	35,875	(3,888)	(7)	-	1,372,187

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

THE COMPANY 2009	← ACCUMULATED DEPRECIATION →				AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	DISPOSALS RM'000	Write off RM'000	
Buildings	11,837	1,610	(5)	-	13,442
Plant and machinery	729,696	83,718	(2,339)	(6)	811,069
Electrical installation	9,207	751	-	-	9,958
Office equipment	9,922	1,655	(152)	-	11,425
Air-conditioners	3,622	585	-	-	4,207
Motor vehicles	3,409	261	(1,214)	-	2,456
Furniture and fittings	2,683	315	-	-	2,998
Capital work-in-progress	-	-	-	-	-
Total	770,376	88,895	(3,710)	(6)	855,555

THE COMPANY 2008	← COST →				AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	TRANSFER RM'000	
Buildings	79,430	771	-	217	80,418
Plant and machinery	1,166,740	47,602	(5,825)	-	1,208,517
Electrical installation	12,027	514	-	-	12,541
Office equipment	17,167	2,065	(6)	-	19,226
Air-conditioners	5,972	156	-	-	6,128
Motor vehicles	4,707	-	-	-	4,707
Furniture and fittings	3,931	230	(18)	-	4,143
Capital work-in-progress	921	3,823	-	(217)	4,527
Total	1,290,895	55,161	(5,849)	-	1,340,207

THE COMPANY 2008	← ACCUMULATED DEPRECIATION →				AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	DISPOSALS RM'000		
Buildings	10,238	1,599	-		11,837
Plant and machinery	647,040	83,735	(1,079)		729,696
Electrical installation	8,422	785	-		9,207
Office equipment	8,256	1,667	(1)		9,922
Air-conditioners	3,034	588	-		3,622
Motor vehicles	3,168	241	-		3,409
Furniture and fittings	2,385	314	(16)		2,683
Capital work-in-progress	-	-	-		-
Total	682,543	88,929	(1,096)		770,376

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

THE GROUP	← NET BOOK VALUE →	
	2009 RM'000	2008 RM'000
Freehold land	5,490	5,446
Buildings	182,430	188,628
Plant and machinery	852,036	902,427
Electrical installation	1,836	2,531
Office equipment	16,800	19,457
Air-conditioners	4,636	5,537
Motor vehicles	1,126	1,717
Furniture and fittings	2,537	2,865
Production support equipment	516	588
Capital work-in-progress	50,808	19,558
Total	1,118,215	1,148,754
THE COMPANY		
Buildings	67,216	68,581
Plant and machinery	425,840	478,821
Electrical installation	2,654	3,334
Office equipment	8,614	9,304
Air-conditioners	1,980	2,506
Motor vehicles	895	1,298
Furniture and fittings	1,310	1,460
Capital work-in-progress	8,123	4,527
Total	516,632	569,831

Property, plant and equipment of a foreign incorporated subsidiary company with total carrying amount of approximately RM337,463,262 (2008: RM75,876,000) is charged 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 RM3,412,052 (2008: RM3,372,508) and RM2,728,539 (2008: RM3,372,508) respectively.

Impairment test for property, plant and equipment

During the year, the Company and its subsidiary companies undertook an 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 management's expectation of revenue growth over 5 years, operating costs and cost of funds, drawing from past experience and current assessment of the market and industry growth as well as the maximum capacity available.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

12. PREPAID INTEREST IN LEASED LANDS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost:				
At beginning of year/transfer from property, plant and equipment	25,811	24,700	4,354	4,354
Addition	-	-	-	-
Arising from acquisition of subsidiary companies	-	-	-	-
Translation reserve	(113)	1,111	-	-
At end of year	25,698	25,811	4,354	4,354
Less: Amortisation				
At beginning of year	4,426	3,804	440	396
Charge for the year	490	467	44	44
Translation reserve	(37)	155	-	-
At end of year	4,879	4,426	484	440
Net	20,819	21,385	3,870	3,914

13. INVESTMENT IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
At beginning of year	691,528	600,830
Additions	10,695	90,698
Capital reduction	(70,800)	-
At end of year	631,423	691,528
Accumulated impairment losses		
At beginning of year	89,871	-
Charged for the year	-	89,871
At end of year	89,871	89,871
Net	541,552	601,657

During the financial year, the Company received a total amount of USD20,000,000 [equivalent to RM70,800,004] pursuant to a capital reduction exercised by a subsidiary company.

In 2008, the Company impaired its investments in Unisem (Europe) Holdings Ltd of RM89,871,000 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 (2008: RM246,283,399) have been charged 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
		2009 %	2008 %	
<i>Direct subsidiary companies</i>				
Unisem II Sdn. Bhd. #	Malaysia	100.00	100.00	Pre-operating.
Unisem Advanced Technologies Sdn. Bhd.	Malaysia	81.98	81.98	Wafer bumping and packaging and testing of semiconductor devices and other related services.
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.
Unisem International (Chengdu) Ltd.^ #	People's Republic of China	100.00	-	Marketing of semiconductor devices and provision of related services.
Unisem International (Labuan) Limited (wound up on 13 December 2009)	Malaysia	-	100.00	Issue of unsecured Guaranteed Convertible Bonds.
<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.
Briowave 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.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

14. DEFERRED EXPENDITURE

	THE GROUP AND THE COMPANY	
	2009 RM'000	2008 RM'000
At beginning of year, at costs	-	206
Additions	-	17
Amortised during the year	-	(223)
At end of year	-	-

The deferred expenditure comprised mainly expenses in relation to the issue of the Guaranteed Convertible Bonds as disclosed in Note 25 that have been fully bought back in year 2008.

15. GOODWILL

	THE GROUP	
	2009 RM'000	2008 RM'000
Costs		
At beginning of year	127,257	123,509
Translation reserve	(478)	2,651
Adjustment for initial accounting on goodwill	-	1,097
At end of year	126,779	127,257
Accumulated impairment losses		
At beginning of year	54,948	-
Charged for the year	-	54,948
At end of year	54,948	54,948
Net	71,831	72,309

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 10.80% (2008: 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.

The review indicated that the Group suffered an impairment loss of RM54,947,600 in 2008 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'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
Cost				
As of January 1, 2008	13,665	21,662	820	36,147
Additions	9,029	-	246	9,275
Translation reserve	220	721	45	986
As of December 31, 2008	22,914	22,383	1,111	46,408
Additions/Transfers*	(686)*	-	207	(479)
Translation reserve	(25)	(130)	(14)	(169)
As of December 31, 2009	22,203	22,253	1,304	45,760
Amortisation				
As of January 1, 2008	1,947	16,528	-	18,475
Charge for the year	1,799	257	-	2,056
Translation reserve	127	722	-	849
As of December 31, 2008	3,873	17,507	-	21,380
Charge for the year	2,619	513	-	3,132
Translation reserve	(50)	(130)	-	(180)
As of December 31, 2009	6,442	17,890	-	24,332
Carrying amount				
As of December 31, 2008	19,041	4,876	1,111	25,028
As of December 31, 2009	15,761	4,363	1,304	21,428

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 expenses of the Group represents patent search expenditure on packages which are currently in the development stage.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

17. INVENTORIES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost:				
Raw materials	73,074	68,364	36,624	32,055
Factory supplies	35,488	33,901	23,308	19,922
Work-in-progress	19,959	11,239	12,196	7,982
Finished goods	1,426	3,550	434	268
	129,947	117,054	72,562	60,227
Less: Allowance for slow-moving inventories:				
At beginning of year	(2,732)	(688)	-	-
Additions	(1,777)	(3,752)	-	-
Write back	1,401	1,372	-	-
Translation reserve	(10)	336	-	-
At end of year	(3,118)	(2,732)	-	-
	126,829	114,322	72,562	60,227

The cost of inventories of the Group and of the Company recognised as an expense during the year were RM891,182,361 (2008: RM992,148,053) and RM445,268,003 (2008: RM520,752,717) 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 range from 30 to 60 days (2008: 30 to 60 days).

During the year, one of the indirect subsidiary companies of Unisem (Mauritius) Holdings Limited (UMH) has entered into a US\$5 million [equivalent to RM17 million] Recourse (2008: US\$9 million [equivalent to RM31 million] Non-recourse) Receivables Purchase facilities with a foreign financial institution. These facilities enable the subsidiary to drawdown up to eighty five (85) per cent of the assigned trade receivables as advance and bears a Discount Charge rate of 1.25% (2008: 1.60%) per annum above SIBOR.

The recourse receivables purchase facility has yet to be drawdown as at balance sheet date. The non-recourse receivables purchase facility has been terminated during the current financial year.

The above facilities are 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.

In 2008, the total amount of trade receivables sold under the non-recourse receivables purchase facility amounted to approximately US\$4.4 million [equivalent to RM15,124,800] have been received during the current financial year.

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	4,658	8,188	1,763	5,118
Refundable deposits	3,498	10,310	389	405
Prepaid expenses	4,022	3,149	1,501	76
	12,178	21,647	3,653	5,599
Other receivable - non-current portion	-	(1,318)	-	(1,318)
	12,178	20,329	3,653	4,281

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Financial years ending December 31, 2010	-	1,318	-	1,318

Other receivables comprise mainly of payments made on behalf and advances granted that are unsecured, interest-free and are repayable on demand except for outstanding advances of RM1,726,668 (2008: RM3,307,210) which are repayable over 12 (2008: 24) months.

Refundable deposits comprise mainly advance payment for purchase of machinery 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
US Dollar	2,949	4,660	1,715	3,367
Sterling Pound	670	299	-	-
Chinese Renminbi	571	1,536	-	-
Ringgit Malaysia	450	1,648	48	1,751
Singapore Dollar	14	24	-	-
Euro	-	21	-	-
Others	4	-	-	-
	4,658	8,188	1,763	5,118

Unisem (M) Berhad and its subsidiaries

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 except as follows:

- An amount owing to a subsidiary company amounting to RM17,120,000 (2008: RMNil) which bears interest at 5.55% (2008: Nil%) per annum; and
- An amount owing by a subsidiary company amounting to RM4,291,438 (2008: RMNil) which bears interest at 6.70% (2008: Nil%) per annum.

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

	THE COMPANY	
	2009 RM'000	2008 RM'000
<i>Amount owing by subsidiary companies</i>		
Amount due within 12 months (shown under current assets)	10,686	9,992
Amount due in year 2012	10,819	8,376
	21,505	18,368

The currency profile of amount owing by subsidiary companies is as follows:

	THE COMPANY	
	2009 RM'000	2008 RM'000
US Dollar	11,919	8,503
Ringgit Malaysia	9,586	9,865
	21,505	18,368
<i>Amount owing to subsidiary companies</i>		
Amount due within 12 months (shown under current liabilities)	3,864	2,564
Amount due in year 2011	17,120	-
	20,984	2,564

The amount owing to subsidiary companies is entirely denominated in US Dollar.

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.
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	
	2009 RM'000	2008 RM'000
Subsidiary companies		
Advances received	25,001	-
Advances granted to	2,443	12,311
Interest paid/payable	838	1,090
Rental income	400	400
Purchase of property, plant and equipment	399	1,142
Management fees	384	384
Interest received/receivable	301	1,090
Trade sales	202	690
Dividend received	32	5,259
Sale of property, plant and equipment	-	3,520
Trade purchases	-	1

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Related parties				
Adnan Sundra & Low				
Legal fee paid	178	298	178	248
FlipChip International, LLC				
Sales commission	77	13	17	-
Trade sales	53	51	-	-
Trade purchases	31	-	-	-

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

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Related parties				
FlipChip International, LLC				
Included in trade receivables	11	16	-	-
Included in trade payables	15	-	-	-
Included in other payables	91	14	17	-

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term benefit	4,031	4,659	849	969
Post employment benefit	138	96	-	33
	4,169	4,755	849	1,002

20. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed and short-term deposits with licensed banks	1,044	37,915	-	-
Cash on hand and at banks	64,103	64,305	28,351	8,503
	65,147	102,220	28,351	8,503

20. CASH AND BANK BALANCES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
US Dollar	59,635	30,329	27,766	8,295
Chinese Renminbi	3,340	65,187	-	-
Sterling Pound	966	5,817	-	-
Ringgit Malaysia	826	239	585	208
Singapore Dollar	178	476	-	-
Euro Dollar	99	107	-	-
Indonesian Rupiah	99	65	-	-
Others	4	-	-	-
	65,147	102,220	28,351	8,503

The average effective interest rates are as follows:

	THE GROUP		THE COMPANY	
	2009 %	2008 %	2009 %	2008 %
Fixed deposits	3.00 - 3.75	3.70 - 4.00	-	-
Short-term deposits	1.35	1.71 - 2.90	1.35	2.90

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

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
Fixed deposits (months)	12	3	-	-
Short-term deposits (days)	1 - 4	1 - 7	1 - 4	1 - 4

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

21. SHARE CAPITAL

	PAR VALUE RM	← THE GROUP AND COMPANY →			
		2009 NUMBER OF ORDINARY SHARES	2008 NUMBER OF ORDINARY SHARES	2009 RM'000	2008 RM'000
Authorised:					
At beginning/end of year	0.50	1,000,000,000	1,000,000,000	500,000	500,000
Issued and fully paid:					
At beginning of year	0.50	471,441,679	471,441,679	235,721	235,721
Issued pursuant private placement	0.50	47,144,000	-	23,572	-
At end of year	0.50	518,585,679	471,441,679	259,293	235,721

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM235,720,839 to RM259,292,839 by way of an issue of 47,144,000 new ordinary shares of RM0.50 each pursuant to a private placement exercise at an issue price of RM1.45 per share.

The resulting premium arising from the shares issued above of RM43,271,739 has been credited to the share premium account.

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

22. RESERVES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable reserves:				
Share premium	205,449	162,178	205,449	162,178
Translation reserve	9,268	12,352	-	-
Capital reserve	6,592	-	-	-
Distributable reserve:				
Retained earnings	469,426	425,983	421,425	399,747
	690,735	600,513	626,874	561,925

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.

22. RESERVES (CONT'D)

Retained earnings

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2009. 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, 2009, 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, tax credit under Section 108 of the Income Tax Act, 1967 and tax-exempt income as mentioned in Note 9 to frank approximately RM155,000,000 (2008: RM159,000,000) of dividends out of its retained earnings as of December 31, 2009. The extent of the retained earnings not covered at that date amounted to RM266,000,000 (2008: RM240,000,000).

Capital reserve

Capital reserve represents a transfer from the retained earnings to capital reserve by a subsidiary company as required by the relevant regulations of its country of incorporation.

23. BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Secured:				
Term loans	226,278	287,312	92,728	145,605
Bank overdraft	11,231	29,300	11,231	29,300
Unsecured:				
Term loans	78,900	195,156	78,900	195,156
Revolving credit	73,500	54,500	73,500	54,500
Banker's acceptance	6,600	1,350	6,600	1,350
Promissory notes	-	684	-	-
	396,509	568,302	262,959	425,911
Less: Amount due within 12 months (shown under current liabilities)	(269,947)	(268,085)	(222,006)	(253,576)
Non-current portion	126,562	300,217	40,953	172,335

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

23. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Financial years ending December 31:				
2010	-	186,370	-	131,070
2011	75,197	75,828	40,953	41,265
2012	51,365	38,019	-	-
	126,562	300,217	40,953	172,335

Analysis of borrowings by currency:

THE GROUP 2009	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	78,900	226,278	305,178
Banker's acceptance	6,600	-	6,600
Revolving credit	73,500	-	73,500
Bank overdraft	11,231	-	11,231
	170,231	226,278	396,509

THE GROUP 2008	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	195,157	287,312	482,469
Promissory notes	-	683	683
Banker's acceptance	1,350	-	1,350
Revolving credit	54,500	-	54,500
Bank overdraft	29,300	-	29,300
	280,307	287,995	568,302

THE COMPANY 2009	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	78,900	92,728	171,628
Banker's acceptance	6,600	-	6,600
Revolving credit	73,500	-	73,500
Bank overdraft	11,231	-	11,231
	170,231	92,728	262,959

23. BORROWINGS (CONT'D)

Analysis of borrowings by currency: (Cont'd)

THE COMPANY 2008	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	195,155	145,606	340,761
Banker's acceptance	1,350	-	1,350
Revolving credit	54,500	-	54,500
Bank overdraft	29,300	-	29,300
	280,305	145,606	425,911

The Company has a US\$50,000,000 [equivalent to RM171,200,000] (2008: US\$50,000,000 [equivalent to RM172,500,000]) secured term loan facility from a local financial institution. The term loan was raised on July 2007, repayments commenced on July 2008 and will continue until July 2011. 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 (2008: 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 (2008: RM19,500,000). The Syndicated Financing Facilities comprise a syndicated term loan facility of RM263,000,000 (2008: RM263,000,000) and revolving credit and overdraft facilities of RM137,000,000 (2008: RM137,000,000). The term loan was raised on February 2007 and is repayable over tenure of three (3) years from May 2008 to February 2010.

One of the direct foreign subsidiary companies has secured term loan and revolving credit facilities to the extent of US\$39,000,000 [equivalent to RM133,536,000] (2008: US\$41,000,000 [equivalent to RM141,450,000]) with a foreign bank. The six (6) year term loan was raised on September 2006, repayment commenced from March 2009 to September 2012. The banking facilities are secured by a fixed charge over the subsidiary's property, plant and equipment as mentioned in Note 11 to the financial statements.

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] respectively in 2008. 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. These bank facilities have been cancelled during the current financial year and the debenture discharged accordingly.

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] through cash payment of US\$223,000 [equivalent to RM769,000] and the issue of a promissory note of US\$890,000 [equivalent to RM3,070,000]. The promissory note has been fully repaid during the current financial year.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

23. BORROWINGS (CONT'D)

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

The average effective interest rates are as follows:

Promissory notes	-	7.30% per annum.
Bank overdraft	-	ranging from 1.00% to 1.25% per annum above based lending rate.
Term loans	-	1.60% per annum plus LIBOR.
	-	ranging from 1.00% to 1.15% per annum plus cost of funds.
Revolving credit	-	ranging from 1.00% to 2.50% per annum plus cost of funds.
Bank acceptance	-	1.25% per annum plus cost of funds.

24. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amounts payable under finance lease:				
Within one year	835	828	560	654
In the second to fifth years inclusive	2,410	3,295	2,037	2,647
	3,245	4,123	2,597	3,301
Less: Future finance charges	(648)	(822)	N/A	N/A
Present value of lease obligations	2,597	3,301	2,597	3,301
Less: Amount due for settlement within 12 months (shown under current liabilities)			(659)	(654)
Amount due for settlement after 12 months			1,938	2,647

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 2009, the average effective borrowing rate was 1.95% (2008: 1.95%) 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 leases are entirely denominated in US Dollar.

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

25. GUARANTEED CONVERTIBLE BONDS

The US\$50 million Convertible Bonds ("CBs") are direct senior unsecured obligations of the Group and are unconditionally and irrevocably guaranteed by the Company.

In 2008, the Group fully bought back the balance of US\$11,978,000 [equivalent to RM41,324,100] of the principal amount of the US\$50 million CBs.

- (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. A summary of the change in liability component of CBs is as follows:

	THE GROUP 2008 RM'000
Liability component at beginning of year	42,894
Interest expense (Note 7)	1,127
Translation reserve	1,913
Interest paid	(982)
	<hr/> 44,952
Buy-back of Bonds (See 25(b))	(43,402)
Translation reserve	(1,550)
Liability component at end of year	<hr/> - <hr/>

Interest expense on bonds is calculated using the effective interest method by applying the effective interest rate of 5.75% per annum in 2008 to the liability component.

- (b) In 2008, the results of the buy-back of CBs are as follows:

	THE GROUP 2008 RM'000
Carrying amount:	
Equity component	343
Liability component (Note 25 (a))	43,403
	<hr/> 43,746
Consideration paid	(44,840)
Conversion of Bonds	-
Total gain on buy-back and redemption	<hr/> (1,094)
- relating to the liability component	(504)
- relating to the equity component	<hr/> (1,598) <hr/>

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

26. DEFERRED INCOME

	THE GROUP	
	2009 RM'000	2008 RM'000
At beginning of year	9,359	5,227
Additions	-	4,442
Translation reserve	(51)	260
Amortisation	(519)	(570)
At end of year	8,789	9,359

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 legislation 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 the Ministry of Manpower of Indonesia and is related to the employees' remuneration and the length of service already performed by each employee at balance sheet date.

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

	THE GROUP	
	2009 RM'000	2008 RM'000
Unrecognised actuarial gain/(loss)	(715)	3,238
Unrecognised past service costs	(193)	(104)
Present value of defined benefits obligations	16,631	8,699
Liability for defined benefit obligations	15,723	11,833

Expense recognised in the income statements:

	THE GROUP	
	2009 RM'000	2008 RM'000
Current service costs	832	1,220

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

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

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other payables	101,974	84,016	42,364	35,222
Accrued expenses	30,723	37,738	18,309	26,328
	132,697	121,754	60,673	61,550

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 (2008: 30 to 60 days).

Transactions with related parties are disclosed in Note 19.

The currency profile of other payables is as follows:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
US Dollar	68,637	43,473	24,461	12,970
Ringgit Malaysia	16,897	21,097	16,456	20,255
Singapore Dollar	8,620	5,976	1,435	1,869
Indonesian Rupiah	3,106	724	-	-
Chinese Renminbi	2,684	10,848	-	-
Sterling Pound	1,065	632	-	-
Japanese Yen	879	861	-	-
Euro Dollar	83	291	12	128
Others	3	114	-	-
	101,974	84,016	42,364	35,222

29. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2009 RM'000	2008 RM'000
Final dividend paid: 5% for 2008 (10% for 2007), tax-exempt	11,786	23,572

29. DIVIDENDS (CONT'D)

Dividends per share for the year is as follows:

	THE GROUP AND THE COMPANY	
	2009 SEN	2008 SEN
Final dividend paid - 5% (2008: 10%), tax-exempt	2.5	5

The directors have proposed a final dividend of 5%, tax-exempt, for the current financial year. The proposed final dividend which amounts to approximately RM12,964,142 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 are 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 manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The respective interest rates on borrowings are as disclosed in Note 23.

(iii) Credit risk

The Group is 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.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

30. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Credit risk (Cont'd)

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

(iv) Liquidity risk

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

(v) Cash flow risk

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

(b) Financial assets

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

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

(c) Financial liabilities and equity instruments

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

Significant financial liabilities include trade and other payables, finance lease, term loans and overdrafts.

Finance lease, 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

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

At the balance sheet date, the Group and the Company had entered into forward foreign exchange contracts to sell in US Dollars 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	
	2009 RM'000	2008 RM'000	2009	2008
US Dollar	32,600	110,840	3.26	3.26

The net unrecognised losses arising on such contracts of approximately RM1,640,000 (2008: RM6,460,000) are deferred until the related sales transactions are transacted, at which time they are included in the measurement of such transactions.

(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'000	FAIR VALUE RM'000
As of December 31, 2009		
Foreign currency forward contracts	32,600	34,391
As of December 31, 2008		
Foreign currency forward contracts	110,840	122,777

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 the short-term financial assets and liabilities reported in balance sheet approximate their fair values because of the short maturity of these instruments.

Unisem (M) Berhad and its subsidiaries

notes to the financial statements

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair values (Cont'd)

The fair value of long-term financial assets and liabilities are determined by discounting relevant cash flows using the current interest rates for similar instruments at the balance sheet date. There is no material difference between the fair values and carrying values of these assets and liabilities as of the balance sheet date except for:

2009	THE COMPANY	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Amount owing by a subsidiary company - non-current portion	10,819	8,813
Amount owing to a subsidiary company - non-current portion	17,120	15,451
2008		
Amount owing by a subsidiary company - non-current portion	8,376	7,113

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Additions during the year	135,047	168,091	35,875	55,162
Finance lease	-	(3,380)	-	-
Balance outstanding included in other payables	(50,057)	(48,899)	(20,560)	(9,106)
Cash payment in respect of additions in:				
Current year	84,990	115,812	15,315	46,056
Prior year	48,899	61,300	9,106	20,157
	133,889	177,112	24,421	66,213

31. CASH FLOW STATEMENTS (CONT'D)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed and short-term deposits	1,043	37,915	-	-
Cash and bank balances	64,104	64,305	28,351	8,503
Bank overdrafts	(11,231)	(29,300)	(11,231)	(29,300)
	53,916	72,920	17,120	(20,797)

32. COMMITMENTS

(a) Operating leases

At the balance sheet date, the Group and the Company has outstanding non-cancellable operating lease rental, which fall due as follows:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Within one year	1,629	2,891	311	517
In the second to fifth years inclusive	1,319	969	100	341
	2,948	3,860	411	858

Operating lease payments represent rentals payable by the Group and the Company for certain of its office properties and hostel.

(b) Capital expenditure

As of December 31, 2009, the Group and the Company have the following capital commitments in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contracted but not provided for	22,126	55,622	13,335	21,953

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 Financial Reporting 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, 2009 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

MARTIN GILES MANEN

Kuala Lumpur,
February 22, 2010

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 22nd day of February, 2010.

Before me,

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

shareholding statistics

as at 3 May 2010

1. Authorised Share Capital : RM500,000,000.00
- Issued and paid-up Share Capital : RM259,292,839.50
- 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	%
49	Less than 100 shares	1,114	0.00
1,049	100 to 1,000 shares	947,576	0.18
4,338	1,001 to 10,000 shares	19,279,718	3.72
1,196	10,001 to 100,000 shares	38,288,022	7.39
305	100,001 to less than 5% of issued shares	329,469,249	63.53
1	5% and above of issued shares	130,600,000	25.18
6,938		518,585,679	100.00

3. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE EXCLUDING BARE TRUSTEES) AND THEIR DIRECT AND DEEMED INTERESTS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES HELD	% OF TOTAL ISSUED SHARES	NO. OF SHARES HELD	% OF TOTAL ISSUED SHARES
Bandar Rasah Sdn Bhd	130,600,000	25.18	-	-
Jayvest Holdings Sdn Bhd	10,666,800	2.06	130,600,000	25.18 ^(a)
John Chia Sin Tet	12,535,900	2.42	153,436,800	29.59 ^(b)
The estate of Soo Yut Kuan	-	-	141,266,800	27.24 ^(c)
Yen Woon @ Low Sau Chee	-	-	135,420,000	26.11 ^(d)

Notes:

- (a) Held indirectly through Bandar Rasah Sdn Bhd.
- (b) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.
- (c) Held indirectly through Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.
- (d) 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	12,535,900	2.42	153,436,800	29.59 ^(a)
Ang Chye Hock	295,000	0.06	-	-
Francis Chia Mong Tet	474,600	0.09	9,300,000	1.79 ^(b)
Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	520,000	0.10	114,900	0.02 ^(c)
Tan Sri Dato' Samshuri bin Arshad	-	-	600,000	0.12 ^(b)
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	-	-	135,420,000	26.11 ^(d)
Sundra Moorthi s/o V.M. Krishnasamy	27,000	0.01	6,000	0.00 ^(e)
Tee Yee Loh	-	-	5,371,000	1.04 ^(f)
Martin Giles Manen	-	-	-	-
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 3 May 2010

5. **LIST OF THIRTY LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS (WITHOUT AGGREGATING THE SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)**

SHAREHOLDERS	NO. OF SHARES HELD (DIRECT INTEREST)	% OF ISSUED SHARES
1. Bandar Rasah Sdn Bhd	130,600,000	25.18
2. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Anne Woon Lai Kheng	20,602,851	3.97
3. Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd For Employees Provident Fund	16,172,700	3.12
4. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For Prudential Fund Management Berhad	15,704,500	3.03
5. John Chia Sin Tet	12,535,900	2.42
6. Jayvest Holdings Sdn Bhd	10,666,800	2.06
7. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (Norges Bk Lend)	10,430,200	2.01
8. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Francis Chia Mong Tet (49475 HKIU)	9,300,000	1.79
9. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (Norges Bk Nlend)	9,190,300	1.77
10. Amsec Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	8,824,300	1.70
11. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet (01-00825-000)	8,100,000	1.56
12. HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	7,173,100	1.38
13. Amanahraya Trustees Berhad Public Smallcap Fund	6,753,800	1.30
14. Amanahraya Trustees Berhad Public Islamic Equity Fund	6,386,500	1.23

SHAREHOLDERS	NO. OF SHARES HELD (DIRECT INTEREST)	% OF ISSUED SHARES
15. Amanahraya Trustees Berhad Public Islamic Sector Select Fund	5,489,400	1.06
16. Koo Hong @ Ku Hong Hai	5,249,189	1.01
17. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for JF Asean Growth Open Mother Fund (JTSBMATB)	5,070,000	0.98
18. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	4,576,205	0.88
19. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	4,515,600	0.87
20. Kenanga Nominees (Tempatan) Sdn Bhd Kenanga Capital Sdn Bhd for Tee Yee Loh	4,171,000	0.80
21. Lancar Indah Sdn Bhd	4,070,000	0.78
22. Low Kim Bee @ Lau Kim Bee	4,013,000	0.77
23. Amanahraya Trustees Berhad Public Savings Fund	3,900,000	0.75
24. Citigroup Nominees (Asing) Sdn Bhd CBHK for Kuwait Investment Authority (Fund 202)	3,618,400	0.70
25. Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	3,243,800	0.63
26. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	3,180,700	0.61
27. SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	3,112,500	0.60
28. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,068,500	0.59
29. Amanahraya Trustees Berhad Public Index Fund	3,031,400	0.58
30. Tan Kah Hock	3,000,000	0.58

list of properties

held by the group as at 31 December 2009

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 2009 (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	-	2,563,732
	Factory building Phase I	Factory	-	130,000 ft ²	March 1992	18	7,476,083
	Factory building Phase II	Factory	-	110,000 ft ²	August 1996	14	10,717,207
	Factory building Phase III	Factory	-	330,000 ft ²	September 2000	9	46,466,033
	Factory building wafer bumping	Factory	-	22,000 ft ²	August 2005	4.25	2,556,332
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Vacant	99 years leasehold expiring 2100	115,500 m ²	October 2000	-	6,717,530
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential	Vacant	99 years leasehold expiring 2104	20,429 m ²	June 2005	-	1,306,033
Parkway, Pen-y-fan Industrial Estate, Croespenmaen, Crumlin, Gwent, United Kingdom NP11 3XT	Industrial land	Factory	Freehold	9.915 hectare	February 1994	-	5,490,100
	Factory building	Factory	-	130,000 ft ²	July 1995	14	8,504,165

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 2009 (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	-	3,496,345
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	4,321,192
	Factory building	Factory	-	320,000 ft ²	December 2005	4	75,345,663
Jalan S. Parman, Kav 201 Batamindo Industrial Park, Mukim Kuning, Batam, Indonesia	Industrial land	Factory	30 years leasehold expiring 2019	21,280 m ²	November 1994	-	1,151,032
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 m ²	May 1998	-	1,267,123
	Factory building Main building	Factory	-	14,640 m ²	November 1991	18	6,962,115
	Factory building East Wing	Factory	-	17,500 m ²	1998	11	18,417,624
	Factory building East Wing Extension	Factory	-	1,600 m ²	2007	2.5	2,788,862
Desa Lubuk Baja Utara - Bengkong, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2016	2,376 m ²	May 1994	15	277,404
Palm Spring Housing Complex, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2020	1,056 m ²	September 1993	16	122,559

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at Nirwana Ballroom 2, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 June 2010 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 2009 and the Reports of the Directors and the Auditors thereon. **RESOLUTION 1**
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 2009. **RESOLUTION 2**
3. To approve the payment of Directors' fees amounting to RM1,045,500 for the financial year ended 31 December 2009, representing an increase of RM60,500 from RM985,000 in 2008. **RESOLUTION 3**
4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-
 - (i) Mr Francis Chia Mong Tet **RESOLUTION 4**
 - (ii) Mr Yen Woon @ Low Sau Chee **RESOLUTION 5**
5. To re-elect Mr Martin Giles Manen as a Director who retires pursuant to Article 127 of the Company's Articles of Association. **RESOLUTION 6**
6. To re-appoint Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting. **RESOLUTION 7**
7. To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **RESOLUTION 8**
8. As Special Business:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-

Authority To Allot Shares **RESOLUTION 9**

"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."
9. 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 2010 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 2009. The dividend, if approved, will be paid on 30 July 2010.

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 2010 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

7 June 2010
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 Resolutions 4 and 5

In accordance with Article 124 of the Company's Articles of Association, Mr Francis Chia Mong Tet and Mr Yen Woon @ Low Sau Chee retire by rotation and offer themselves for re-election at this Annual General Meeting ("AGM").

In accordance with Article 124 of the Company's Articles of Association Y. Bhg. Tan Sri Dato' Samshuri bin Arshad also retires by rotation but at a meeting held on 5 May 2010, informed the Board of Directors of the Company that he will not be seeking re-election at the AGM. Y. Bhg. Tan Sri Dato' Samshuri bin Arshad therefore retires as a director of the Company at this AGM.

6. 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.

The Company had, at the 20th Annual General Meeting held on 26 June 2009, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act 1965 (the "Act"). On 15 October 2009, the Company issued and allotted 47,144,000 new ordinary shares of RM0.50 each, representing 10% of the issued and paid-up share capital of the Company, at an issue price of RM1.45 per share pursuant to a private placement exercise.

The proposed Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

statement accompanying notice of annual general meeting

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE 21ST ANNUAL GENERAL MEETING OF THE COMPANY

The details of the four (4) directors seeking re-election are set out in their respective profiles in pages 24 to 29 of this Annual Report. The details of their interest in the securities of the Company are set out in the Shareholding Statistics in page 121 of this Annual Report.



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

proxy
form

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 Twenty First Annual General Meeting of the Company to be held at Nirwana Ballroom 2, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 June 2010 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated with in respect of the following resolutions. (If you do not do so, the proxy will vote or abstain from voting at his discretion):-

		FOR	AGAINST
RESOLUTION 1	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' Report and the Auditors' Report.		
RESOLUTION 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 2009.		
RESOLUTION 3	To approve the payment of Directors' fees amounting to RM1,045,500 for the financial year ended 31 December 2009, representing an increase of RM60,500 from RM985,000 in 2008.		
RESOLUTION 4	To re-elect Mr Francis Chia Mong Tet as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
RESOLUTION 5	To re-elect Mr Yen Woon @ Low Sau Chee as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
RESOLUTION 6	To re-elect Mr Martin Giles Manen as a Director who retires pursuant to Article 127 of the Company's Articles of Association.		
RESOLUTION 7	To re-appoint Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba as a Director who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting.		
RESOLUTION 8	To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
RESOLUTION 9	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 _____ 2010.

CDS ACCOUNT NO.

NO. OF SHARES HELD

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,
Malaysia

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 Martin Giles Manen
(Independent Director)

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

AUDIT COMMITTEE

Mr Martin Giles Manen
(Chairman / Independent Director)

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

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

SHARE REGISTRARS

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat 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 Market

www.unisemgroup.com

- UNITED STATES OF AMERICA
- UNITED KINGDOM
- INDONESIA
- MALAYSIA
- CHINA