Unisem (M) Berhad (183314-V)

ANNUAL REPORT 2014

AWARDS & RECOGNITION

unisem 2.0

To better compete in the ever changing operating environment, we must be lean and adaptable. We must be prepared to take on new challenges and do old things in new ways. It is timely that we are transitioning to Unisem 2.0 and charting a new direction for Unisem. To stay the same is not an option.

Under **UNISEM 2.0** our strategic objectives are to be a competitive leading semiconductor packaging and test services provider. To achieve these objectives our core strategies are to focus on the following:

STAY

COMPETITIVE

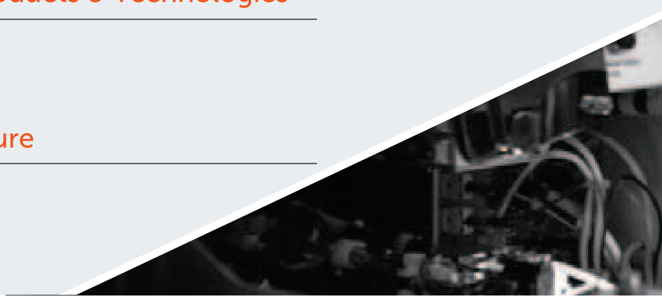
To achieve operational excellence:
> Lean Manufacturing and Quality Ownership

FOCUSED

To achieve growth target:
> Strategic Customers and Right Products & Technologies

COMMITTED

To achieve organisation teamwork:
> Empowerment and Learning Culture



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COMPANY PROFILE

Unisem (M) Berhad ("Unisem") is a leading semiconductor assembly and test services provider in Malaysia. With approximately 7,200 employees worldwide, Unisem has 3 semiconductor packaging and testing facilities located in Ipoh, Perak, Malaysia, Chengdu, People's Republic of China (China), and Batam, Indonesia and 2 wafer bumping facilities in Ipoh, Perak, Malaysia and Chengdu, China.

Unisem group offers an integrated suite of assembly and test services such as wafer bumping, wafer probing, wafer grinding, a wide range of leadframe and substrate integrated circuits packaging, wafer level CSP (chipscale packaging), flipchip and radio frequency, analog, digital and mixed-signal testing services. Our turnkey services include design, assembly, test, failure analysis, electrical and thermal characterization, warehousing and drop-ship services.

Unisem group has a customer base comprising primarily fabless companies (74%) and integrated device manufacturers (26%). About 62% of Unisem group's sales are to customers in North America, 19% to Europe and 19% to Asia.

UNISEM GROUP

UNISEM (M) BERHAD
IPOH, MALAYSIA

- commenced operations in 1992
- 3,400 employees
- Total built-up area 570,000 square feet
- Provide full turnkey solutions; packaging capability includes all types of leadframe based packages, leadless packages, modules, wafer level CSP, flip chip and MIS based packaging
- Fully certified with ISO 9001:2008, ISO 14001:2004, ISO/TS 16949:2009, and ANSI/ESD S20.20-2007

UNISEM ADVANCED TECHNOLOGIES SDN BHD
IPOH, MALAYSIA

- Commenced operations in year 2006
- 240 employees
- Total built-up area of 22,000 square feet
- Offers a wide range of bumping services for wafer sizes of 100, 150 and 200 mm diameter. Services include gold bumps, copper pillar bumps and solder bumps as well as pad redistribution and re-passivation
- Fully certified with various Quality and Environmental Standards such as ISO 9001:2008, ISO/TS 16949:2009, ISO 14001:2004 and ANSI/ESD S20.20-2007

PT. UNISEM
BATAM, INDONESIA

- commenced operations in 1991
- 1,610 employees
- total built-up area of 345,000 square feet
- Provide full turnkey solutions; IC packaging capability includes all types of leadframe and laminate based packages, leadless packages and modules
- Center of excellence for automotive IC's
- Fully certified with ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009

UNISEM CHENGDU CO., LTD.
CHENGDU, PR CHINA

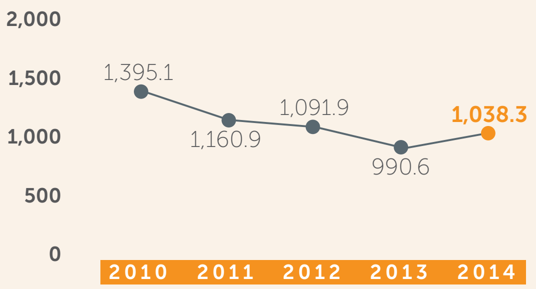
- commenced operations in 2006
- 1,950 employees
- total built-up area of about 620,000
- provides full turnkey solutions; packaging capability includes a wide range of advanced leadframe and substrate packages, leadless packages, modules, MEMs, wafer level CSP and flip chip
- offers a wide range of bumping services for wafer size of 200 mm diameter. Services include copper pillar bumps and solder bumps as well as pad redistribution and re-passivation
- fully certified with ISO 9001:2008, ISO 14001:2004, ISO/TS 16949:2009 and ANSI/ESD-S20.20-2007

FIVE-YEAR FINANCIAL HIGHLIGHTS

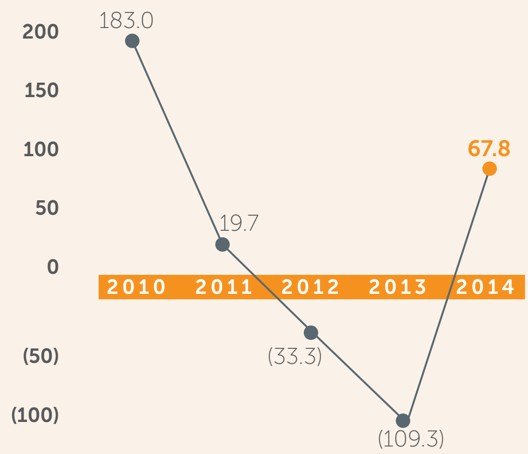
	2010 (Restated)# RM'000	2011 (Restated)# RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Highlights from Consolidated Income Statements for the year ended 31 December					
Revenue	1,395,078	1,160,863	1,091,948	990,554	1,038,279
EBITDA	361,020	191,957	149,530	169,964	258,509
Profit/(Loss) before taxation	193,289	14,381	(35,432)	(94,791)	84,519
Profit/(Loss) after taxation	182,958	19,707	(33,292)	(109,289)	67,750
Highlights from Consolidated Statements of Financial Position As of 31 December					
Property, plant and equipment	1,244,727	1,331,997	1,272,707	1,193,942	1,109,554
Current Assets	478,733	407,348	393,991	346,168	345,944
Non-Current Assets	112,290	112,276	111,482	32,705	28,504
Total Assets	**1,835,750**	**1,851,621**	**1,778,180**	**1,572,815**	**1,484,002**
Current Liabilities	517,775	506,011	471,930	419,687	370,971
Deferred Tax Liabilities	5,115	0	0	0	2,904
Other Non-Current Liabilities	240,943	242,416	266,775	184,990	77,958
Total Liabilities	**763,833**	**748,427**	**738,705**	**604,677**	**451,833**
Share Capital	337,081	337,081	337,115	337,115	337,115
Reserves	722,215	753,609	690,832	623,407	688,137
Non-controlling interests	12,621	12,504	11,528	7,616	6,917
Shareholders' Equity	**1,071,917**	**1,103,194**	**1,039,475**	**968,138**	**1,032,169**
Key Financial Ratios					
EBITDA margin	26%	17%	14%	17%	25%
Net earnings/(loss) per share - Basic (sen)	26.99	2.94	(4.79)	(15.63)	10.15
Net dividend per share (sen)	8.00	2.00	2.00	2.00	4.00
Debt/Equity ratio	0.42	0.48	0.50	0.45	0.25
Net assets per share (RM)	1.57	1.62	1.52	1.42	1.52

 # Restated after adoption of Amendments to MFRS 119 which resulted in a change in accounting policy.

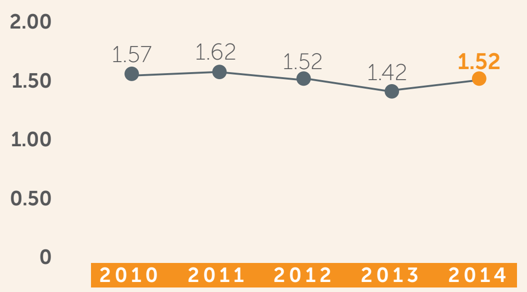
REVENUE
(RM'million)



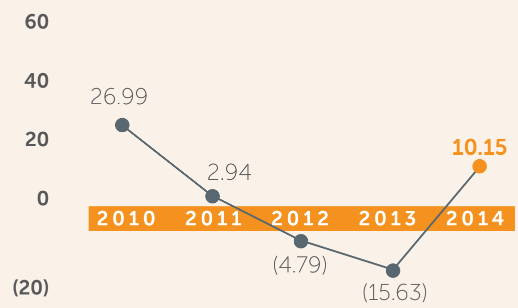
PROFIT/(LOSS) AFTER TAXATION
(RM'million)



NET ASSETS PER SHARE
(RM)



NET EARNINGS/(LOSS) PER SHARE
(Sen)

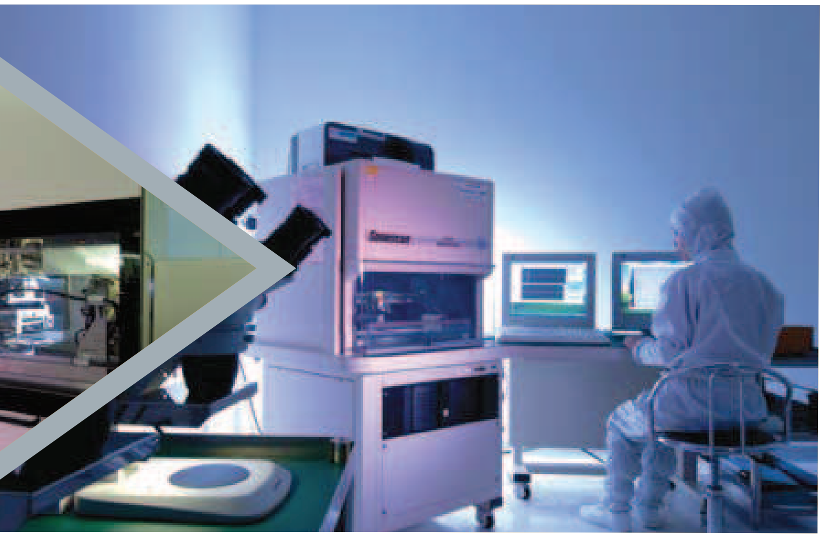


CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the 26th Annual Report and the Audited Consolidated Financial Statements of Unisem (M) Berhad and its subsidiaries for the financial year ended 31 December 2014.

JOHN CHIA SIN TET
Chairman



In 2014 the Group continued with the measures and efforts of the previous year and focused on shifting further into newer technologies and processes to achieve better margins and higher productivity. We also continued to enhance our portfolio of products packages and services to be more in line with the fastest growing segments of the semiconductor industry whilst de-emphasising the legacy or older packages and products.

We kept to a more restrained policy on capital expenditure ("capex") and reduced borrowings. These efforts have now put the Group on a sound footing to better manage market gyrations and to mitigate seasonality and cyclicality factors often associated with the business.

We look forward to the years ahead with better clarity and renewed confidence and optimism.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, the Group recorded revenue of RM1.038 billion, an increase of 4.8% from the revenue of RM990.6 million achieved in 2013. Net profit for the financial year was recorded at RM67.8 million, compared to net loss of RM109.3 million in 2013.

The increase in revenue was primarily attributable to higher sales volume arising from improved demand for the advanced products and services of the Group. The higher net profit in 2014 was mainly due to increased gross profit margin arising from change in product mix and improved capacity utilization rates and the cessation of our operations in Wales, UK and the right-sizing and rationalizing of our operations in Batam.

CHAIRMAN'S STATEMENT (cont'd)

The Group attained EBITDA of RM258.5 million, an increase of 52.1%, EBITDA margin improved to about 25% (from 17% a year ago) for the financial year under review.

The financial position of the Group remains strong. Group total borrowings were reduced by RM185.0 million to RM251.8 million as at 31 December 2014 from RM436.8 million as at 31 December 2013.

Capital expenditure of approximately RM59.7 million was incurred for the Group during the year mainly to enhance our bumping, packaging and test capabilities and processes.

OUTLOOK AND PROSPECTS

2014 was a record year for the semiconductor industry with sales of USD355 billion (source Semiconductor Industry Association) and industry Commentators generally predict a moderate growth for the year ahead.

In recent months there has been anxiety over the steep decline in oil and gas prices, unstable interest rates, continuing sluggishness in the Euro-zone and Japan and a slowing down of the Chinese economy. However the recovery of the US economy appears to be impressive and sustainable after several years of stagnation. This augurs well for Unisem Group as a substantial portion of our business is with US based customers and all of our revenue is denominated in US dollars.

The expected worldwide industry trends for 2015 include the continued strong adoption of 4G, demand for smartphones, increasing electronic content in automobiles and the emergence of the new category of wearable devices. Internet of Things and sensors of all kinds will further drive markets and new applications. The strength in these markets and continued innovation within these segments should lead to strengthening demand for semiconductors through the years ahead.

DIVIDENDS

I am pleased to report that the Board of Directors is recommending a final dividend of 8% or 4 sen per RM0.50 share tax exempt of approximately RM26.96 million. This is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENTS

I would like to thank all the governmental authorities, our contractors, vendors, bankers and customers for their assistance and support. To all our employees, our deep appreciation for their efforts, dedication and loyalty.

Last, but not least, I thank my fellow colleagues on the Board for their counsel and support throughout the year.

On behalf of the Board

JOHN CHIA SIN TET
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Year ended 31 December 2014 compared to Year ended 31 December 2013

Revenue

The Group achieved revenue of RM1.04 billion in the financial year ended 31 December 2014 (FY2014), an improvement of 4.8% against RM990.6 million recorded in the financial year ended 31 December 2013 (FY2013). This increase was primarily due to an increase in orders from customers in respect of both packaging and test and wafer bumping services as a consequence of the overall improvement in the semiconductor industry. Average selling prices for our packaging and testing services decreased by approximately 4% in FY2014 compared to FY2013, while sales volume increased by approximately 9% over the same period. Revenue from our wafer bumping services increased to RM45.3 million in FY2014 from RM30.6 million in FY2013, as a result of the implementation of the Group's strategy to offer full turnkey wafer lever packaging solutions to our customers.

Cost of sales and gross profit

Cost of sales decreased by 5.3% from RM942.5 million in FY2013 to RM892.9 million in FY2014 principally as a result of change in product mix and lower cost of raw materials consumed.

Depreciation included in cost of sales decreased by 3.8% from RM163.7 million in FY2013 to RM157.5 million in FY2014. This decrease was due to lower investment in capital expenditure in FY2013 and certain assets being fully depreciated.

The Group recorded gross profit of RM145.4 million in FY2014, an increase of 202.3% from RM48.1 million in FY2013, due to a greater increase in revenues compared to cost of sales.

Other operating income

Other operating income increased by 63% from RM15.4 million in FY2013 to RM25.1 million in FY2014 mainly attributable to grant income received by a foreign subsidiary amounting to RM10.2 million. Generally, other operating income comprises income received from the sale of scrap materials from the packaging process.

The Group recorded foreign currency exchange loss of RM865 thousand in FY2014 compared to RM6.0 million in FY2013.

Impairment loss on property, plant and equipment decreased from RM13.6 million in FY2013 to RM2.9 million in FY2014. The impairment losses on property, plant and equipment in FY2014 were in relation to the cessation of business operations in Unisem Test (Sunnyvale) Inc., while the impairment losses in FY2013 were in relation to the write-down of the residual value of the unused plant and machineries in Unisem Ipoh and PT Unisem coupled with the impairment loss in Unisem (Europe) Limited as a result of cessation of business operations.

The Group recorded impairment losses on goodwill of RM66.8 million in FY2013 allocated to PT Unisem operations. There were no impairment losses on goodwill for FY2014.

Finance costs

Finance costs decreased by 31.8% from RM22.3 million in FY2013 to RM15.2 million in FY2014. This was mainly due to early repayment of term loans and repayment of short term borrowings.

Taxation

The Group incurred tax liability of RM16.8 million in FY2014 as compared to the tax liability of RM14.5 million in FY2013. The tax liability for both current and previous financial year includes reversal of deferred tax assets arising from tax losses carried forward recognised in prior years amounting to RM6.1 million and RM6.6 million, respectively.

Net Profit/(Loss)

As a result of the foregoing, the Group recorded a net profit of RM67.8 million in FY2014 compared to a net loss of RM109.3 million in FY2013.

CASH FLOW ACTIVITIES

Year ended 31 December 2014 compared to Year ended 31 December 2013

Net cash from operating activities

Cash flows from operating activities increased by 5% from RM212.0 million in FY2013 to RM222.6 million in FY2014 primarily due to improved revenue.

Net cash used in investing activities

Cash flows used in investing activities decreased from RM57.9 million in FY2013 to RM32.8 million in FY2014 mainly attributable to lower payments for capital expenditure amounting to RM46.0 million in FY2014 as compared to RM62.8 million in FY2013.

Net cash used in financing activities

Cash flows used in financing activities increased by RM75.4 million from RM136.2 million in FY2013 to RM211.6 million in FY2014 due to repayment of revolving credit/foreign currency trust receipts of RM44.7 million as compared to the drawdown of revolving credit foreign currency trust receipts of RM17.6 million in FY2013. The payment of dividend for FY2014 increased to RM27.0 million against RM13.5 million in FY2013.

Operational and Financial Risks

The Group's operational and financial risks have been highlighted in Note 28 under the Notes to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY REPORT

CORPORATE PRODUCTS AND SERVICES PROFILE

Unisem offers a broad range of leaded, leadless and array packages with various pin counts, modules (SiP) and Wafer-Level Chip-Scale Package (WLCSP), a cost effective solution that enables direct connectivity to substrate or board level.

Unisem offers test services on a variety of test platforms including the testing of analog, mixed signal and radio frequency semiconductors. Unisem's test services comprise final test and wafer probe and test-related services such as dry pack and vacuum pack.

As an integral part of its packaging and test services, Unisem provides general and customized packing services and include tape and reel operations, and shipment and drop-shipment services to customers or to their end-customers.

Unisem is also a one-stop center for wafer bumping services with in-house photomask and stencil design capabilities. Bumping services include solder bumps, copper pillar bumps, bond pad redistribution and repassivation on wafer sizes from 150mm to 200mm diameter.

Overall, Unisem offers full turnkey solution from WAFER BUMPING, WAFER PROBING, PACKAGING, TEST, TAPE & REEL, DROPSHIP, QA ANALYSES and R&D.

Unisem seeks to be a good corporate citizen in all aspects of its operations and activities. We recognize that our operations may impact upon the communities and the environment in which we operate. We therefore are committed to our corporate social responsibilities across the Group to ensure we address and monitor aspects of CSR that are relevant to our business. These include good ethical behavior, concern for employee development, health and safety, care for the environment and community involvement.

Unisem is a part of the electronics industry supply chain. We support the objectives and affirm our policy of adhering to the Electronic Industry Citizenship Coalition (EICC) Code of Conduct. The EICC Code of Conduct is a set of standards on social, environmental and ethical issues in the electronics industry supply chain. The standards set out in the Code of Conduct reference international norms and standards including the Universal Declaration of Human Rights, ILO International Labor Standards, OECD Guidelines for Multinational Enterprises, ISO and SA standards, and many more.

It is our policy to:

a) Uphold human rights of workers, and treat them with dignity and respect as understood by the international community. This includes the following:

    1. Freely Chosen Employment
    2. Child Labor Avoidance
    3. Working Hours
    4. Compliance to applicable Wage laws & legally mandated benefits
    5. Humane treatment
    6. Non Discrimination
    7. Freedom of Association.

b) Minimize adverse effects on the community, environment and natural resources and safeguard the health and safety of the public in our manufacturing operations.

c) Meet our social responsibilities and uphold the highest standards of ethics including:

1. Business integrity
2. No Improper Advantage
3. Disclosure of Information
4. Intellectual Property
5. Fair Business, Advertising & Competition
6. Protection of Identity
7. Responsible Sourcing of Minerals
8. Privacy.

d) Ensure our employees are provided with a safe and healthy work environment and the appropriate on-going training to identify and solve health and safety issues in the workplace.

e) Ensure our systems are designed to comply with applicable laws, regulations, customer requirements, identification and mitigation of operational risks to facilitate continual improvement.

f) Support charity and community initiatives which are relevant to our business, employees, customers and stakeholders.

g) Engage with suppliers whose CSR's policies are in line with Unisem's CSR Policy as stated above.

The management will conduct periodic review of this policy and monitor our CSR programs and activities to ensure the compliance to this policy.

Our CSR Commitment

In line with Unisem CSR Policy, our CSR working committee comprises leaders from Quality, Human Resource, Finance, Procurement, and Facility (EHS) teams. The committee is responsible to ensure that a CSR system is established, implemented and maintained in accordance with Unisem CSR Policy, the EICC Code of Conduct, and other international standards and guidelines.

Unisem assesses its facilities through EICC-On Self-Assessment Questionnaire (SAQ) every year to identify new risks and implement improvement plans or to update responses. Via EICC-On, our customers are able to access our SAQ and understand Unisem's CSR practices. In November 2014, the company participated in the EICC Validated Audit Program (VAP). This Audit was completed by accredited third party auditors appointed by the EICC APM (Audit Program Manager) from the US.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

In line with the spirit of continuous improvement, Unisem also conducted the EICC Code of Conduct Awareness Training and carried out on-site audit on its major suppliers. Our direct material suppliers and service providers are expected to comply with the EICC Code of Conduct. To ensure commitment, Unisem requires all suppliers to sign a Letter of Conformance pledging their compliance to the Unisem's Code of Ethics as well as the EICC Code of Conduct. In addition to the letter of conformance, our major suppliers are required to conduct self-assessment annually via the EICC Self-Assessment Questionnaires.

Recruitment Practice

We are committed to uphold the human rights of workers and to treat them with dignity and respect as understood by the international community. The use of forced, bonded or indentured labour; involuntary prison labour; slavery or trafficking of persons; child labour are prohibited at all times.

Out of the 3400 employees in the Company as at December 2014, 70% are female employees and 30% are male; 63.5% are local and 36.5% are foreign. All local and foreign employees are hired directly by the Company. Currently the Company employes 4 employees with disabilities.

All foreign workers are not required to pay excessive fees in their home country to obtain employment in Unisem. All foreign workers are educated and provided with information on the minimum mandatory fees allowable as per EICC requirement. Any fees paid in excess of the worker's anticipated one month net wages is borne by the Company.

I. WORKPLACE

Unisem believes that the continuous driving force for growing Unisem lies in people who identify themselves with Unisem, its objectives and values. Our employees are diverse, they are generally reflective of our communities, customers, vendors and co-workers in the global market. We are always looking for committed people with leadership competency and passion for innovation and quality.

Employee Development

Every year, employees received trainings in order to have skills necessary to complete their work safely, ethically and efficiently. All new employees go through the New Employee Program to familiarize them with all aspects of the company, including operations, strategies and expectations. This program also includes quality, environmental, health and safety awareness as well as our expectations for ethical conduct.

The Company runs a comprehensive continual training program for all its employees who are given on average about 15 hours of training per employee in 2014. This training takes the form of on-the-job training and a series of development programs. Manufacturing operators are formally certified in-house and must be re-certified every 6 months. Other training such as firefighting, first aid, evacuation drill, and code of ethic are also provided to all employees.

Unisem Chengdu's employees were given 50 hours per person of training in 2014. The training courses included orientation, job function, EHS, quality assurance, and other soft-skills programmes.

PT Unisem provided trainings to its employees on required competency and skill. Several trainings were conducted in 2014 such as Lean Manufacturing, Safety Internal Audit, First Aid training, Refresher training on safety and 5S for more than 900 employees.

As part of our on-going effort to develop our employee, we have started to use e-Learning Management System in 2013. This system allows employees to access training material online, sit for tests and attend refresher training.

Employee Recognition

In Unisem, there are many avenues and channels available to cater to employees' need at different levels within the company to contribute, to self-actualize, to learn and grow intellectually, to improve their career vertically and laterally and to show case and be recognized for their innovation, creativity and continuous improvement in achieving Operational Excellence! It is Unisem's way of valuing employees as our greatest asset.

Under the Kaizen reward scheme, Poka-Yoke Contest, Technical Excellence Competition In-house Suggestion-Implementation System in PT Unisem, the employees are rewarded for their participation in contributing ideas and implementing continuous improvement on quality, safety, delivery, employee development, cost and waste reduction and etc. within their areas of work. These activities provide ample opportunities for employees to demonstrate their creativity, innovativeness and talent besides benefitting the Company's competitive position. The company also rewards operators who performed well with Best Performers Award every half-yearly with the objective to develop a workforce that is sensitive to quality. Certificates of recognition and cash vouchers are awarded to employees.

The Annual Appreciation Award is another platform to reward and recognize employee spirit of volunteerism and participation beyond their normal role and duty via the various committees in the company. These various committees set up are empowered and given authority to act and make decisions within their scope. The Annual Appreciation Award acknowledges and appreciates employees who volunteered in Canteen Committee, ESD Auditors, Internal Environmental Management System Auditors, Internal Quality System Auditors, Safety Committee, Kaizen Evaluation Committee, Sport Club Committee, and etc.

We celebrate and award our employees who attain their career milestone every five years with the Long Service Award. In March 2014, the Company rewarded a total of 446 employees who have completed 5, 10, 15 and 20 years of service with the Company.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

Employee Benefits and Welfare

The Company complies with the local statutory requirements on the wages and benefits such as minimum wages order, employees' provident fund, employees' social security, leaves provision and etc. Employees are also provided with personal accident insurance coverage, child delivery subsidy, and medical benefits for outpatient, specialist and hospitalization treatment. The Company's premises are also well equipped facilities for employees' convenience such as in-house clinic with full-time industrial nurses, surau facility, 24-hour canteen, mini sundry shop operated by Koperasi Pekerja-Pekerja Unisem (M) Berhad, library and hostel with free utilities charges for operators who live outside of Ipoh.

Unisem Chengdu provides a 24-hour canteen, a library, three months free dormitory for new employees if required.

Unisem Chengdu provides various benefits to its employees, including birthday gifts, marriage gifts, and employee's child birth gifts. On international women's day, all female employees will receive gifts and on mid-autumn festival all employees will get gifts. Supplementary commercial medical/accidental insurance is also provided to all employees.

Sports and Recreation Club

With the vision of being an Employer of Choice the Company has various sports and recreation activities to build a harmonious relationship amongst the employees, local community and NGO's in and around Simpang Pulai.

The Sports & Recreation Club of the Company (the "Club") organized a total of 11 events in the 2014 and with an increased number of overall participation of employees from previous year. These activities include Photography Technique Briefing & Competition, Carom Competition, Bowling Tournament, Flower Decoration, Karaoke Competition, Fishing Competition, Ipoh Starwalk, Weekly Badminton session, Futsal Tournament, Badminton Tournament and Majlis Yassin dan Doa Selamat.

In 2014, the Human Resource Department of Unisem Chengdu organized various activities, such as:

- Outward Bound training was provided to 239 employees who participated in the team building activities
- Spring outing to the outskirt of Chengdu
- Annual Dinner where all the entertainment programmes were performed by the employees
- Photography contest, tug-of-war, and various games organized by the basketball, football, badminton associations
- Participated in the recreational sports meets organized by Chengdu Hi-Tech Zone.

In 2014 the Basketball, Football, Badminton Associations of Unisem Chengdu organized a total of 136 events and employees from various departments participated in the games or competitions.

In October 2014, PT Unisem conducted internal sport tournaments such as futsal tournament and badminton tournament. Employees from all level participated in these tournaments.

PT Unisem also actively participated in various sport community events such as Batamindo Annual Games and internal sport activities.

Health & Safety

Unisem places great importance on the welfare, health and safety of its employees. We regard our employees as our most valued assets and it is our policy to promote high safety and health standards in order to provide a safe and healthy working environment for our employees and the public.

We conduct our work and maintain our workplace in a manner consistent with the principles and guidelines in the Safety and Health Policy.

It is our policy to:

- Promote a conducive environment for persons at work, which is adapted to their physiological and psychological needs.
- Promote continual improvement on the standards of the safety and health.
- Conform to statutory requirement, codes, guidelines and standard for occupational health and safety and liaise with all responsible authorities concerning future development.
- Inform, instruct and train all employees to help them develop an understanding of the workplace, its hazards, and the need to work within established practices.
- Consult with employees on health and safety hazard, and once identified, on their rectification.
- Advise visitors to the Company's premises of any safety precaution, which are necessary in the areas they are entering and inform them that they will have to comply with these requirements.
- Recognise the Company's obligation to consumers and the public by endeavoring at all times to provide products, which are safe, if properly used for the purpose for which they were made.
- Implement and maintain systems for the management of all major aspects of occupational health and safety, including accident reporting, recording and measurement against objectives.

The management is committed and supportive towards safety and health management system by periodic review on policy, operation, handling, storage and transportation procedures relating to all employees in order to comply of this policy.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

The Company has an in-house 24 hours Clinic with full-time industrial nurses and Panel of Doctors visitation to provide medical consultation and treatment for its employees. Talks on safety and health issue and health screening for employees and their family members are also conducted.

The Company's in-house clinic organized total of 18 programs and total of 2249 employees participated on Safety and Health Talk during 2014. Below are the highlights:

- Antenatal Talk on Nutrition in Pregnancy & its Myth by Miss Christine Ooi, Nutritionist from Annum (46 participants)
- Blood donation campaign in collaboration with Ipoh General Hospital (214 participants)
- Dental Awareness Campaign (95 participants)
- Exhibition on Hypertension, Diabetic mellitus (65 participants)
- Exhibition on TIBI (56 participants)
- Eye Care Programme by Optic Lily
- First Aid Training (130 participants)
- Free Eye Fundus Screening (154 participants)
- Health Talk on Kidney Disease by Consultant Urologist Dr Kalidasan (93 participants)
- Health Talk on Occupational medicine and Work related Medical Illness (76 participants)
- Health Talk on Occupational Related Overuse Syndrome by Dr Janarthan Nagalingam (50 participants)
- Health Week Promotion Health products (322 participants)
- Healthy Life Style Campaign by Ipoh Specialist Hospital (159 participants)
- Healthy Life Style Campaign and Blood Screening by Pantai Ribbon (328 participants)
- Hearing Test (31 participants)
- Pap Smear Campaign (86 participants)
- Road Safety and Safe driving Talk by Jabatan Keselamatan Jalanraya (70 participants)
- Social Security Scheme and Disability Scheme Talk by PERKESO (70 participants)

In 2014 Unisem Chengdu organized the following activities on health and safety:

- Annual medical check for executives and above and 340 employees participated.
- First Aid training conducted by the Red Cross Society of China and 30 participants received the certificates.
- 29 training sessions were held on safety and overall 336 employees from various departments participated in courses such as Chemical safety precaution, X-ray safety, and Electrical safety precaution, Fire Prevention, Forklift, etc.
- In November 2014, we worked with local fire department and held a fire drill, all employees took part in the fire drill.

In December 2014, the COO of PT Unisem officially inaugurated the Health and Safety Committee. This committee aimed to promote and drive safety and health at work.

Freedom of Association and Collective Bargaining

Unisem respects the rights of workers to associate freely, to join or not join labour unions, to seek representation and to join workers' council in accordance with Trade Union Act.

The Company has an in-house union - Kesatuan Pekerja-pekerja Unisem (KPU), established in 2011 and its current membership is about 800 members. The KPU membership is open to all who are eligible in accordance with local laws and is on voluntary basis. In July 2014, the Company signed the 2nd collective agreement with KPU.

There are three national unions namely, Serikat Pekerja Seluruh Indonesia (SPSI), Serikat Pekerja Metal Indonesia (SPMI), Serikat Pekerja Setia Kawan (SPSK) that are active at PT Unisem. Employees of PT Unisem have the rights and freedom to join any of the three national unions. Currently at PT Unisem, SPSI has 575 members, SPSK has 268 members and SPMI has 211 members. Management and unions are able to establish a harmonious communication through regular meetings.

To enhance the communication between unions and employees, PT Unisem joined the Lembaga Kerja Sama Bipartite (Bipartite Joint Committee). This is communication channel between employees/ unions and management. In September 2014, management and union representatives renewed the PT Unisem Collective Labor Agreement for the period of 2014-2016.

Whistleblower Protection and Anonymous Complaints

Unisem is committed to the highest standards of integrity to be upheld in all business interactions. We adopt a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). To prevent employees from committing unethical practises, Unisem has also established appropriate disciplinary procedures to deal with emloyees who have infringed or breached the Group's rules, regulations or policies.

We believe that all business dealings should be transparently performed and accurately reflected in accordance with the Group's Unisem Code of Ethics Policy and anti-bribery laws in the respective countries we conduct business, including the Malaysia anti-Corruption Act 1997. We have implemented monitoring and enforcement procedures to ensure compliance with anti-corruption laws.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

We live up to these ideals through a comprehensive ethics and compliance program that is built on ongoing educational communications, mandatory training requirements, and readily accessible tools through which all related parties are encouraged to raise questions, report concerns and get information about ethics, policies, procedures and applicable laws.

The Group has communicated and set up procedures and anonymous complaint mechanisms such as help line for employees, suppliers and customers to report inappropriate ethical behaviours and workplace grievances. In addition, there shall be no retaliation to all whistle blowers' in good faith and their identity shall not be disclosed to maintain confidentiality. Unisem Ethics Hotline Number is (+) 6012-5334890 (International) or email: ethicsqueries@unisemgroup.com

II. ENVIRONMENT

Unisem's packaging and test operations are subject to regulatory requirements and potential liabilities arising under laws and regulations of the country where its facilities may be, governing among other things: air quality; emissions; wastewater discharge; waste storage, treatment and disposal; and remediation of releases of hazardous materials.

Unisem has an environmental management system (EMS) which is a set of processes and practices that enable Unisem to reduce its environmental impacts and increase its operating efficiency. Emphasis is placed on monitoring on the emission of pollutants, waste and chemical management, energy saving and conservation of water use, reuse and recycling of natural resources.

We treat most of the pollutants on-site with our wastewater treatment plant and send other waste substances (such as waste oil, spent solvent and metal hydroxide sludge) to government-licensed waste disposal units or specialist contractors. Any hazardous materials stored on-site are stored in the chemical store (which includes a flame-proof room for flammable materials) separate from the manufacturing plant. The Company is also subject to regular review by the Department of Environment of its wastewater discharge and air emissions. The Company believes that it is in compliance with all applicable environmental laws and regulations.

In an effort to integrate our suppliers with our EMS, we perform audit on our major suppliers using the EICC Self-Assessment Questionnaires, communicate the findings and hold annual briefing with the suppliers.

Our Environmental Policy

In line with our corporate vision to be the leading Malaysian company providing total semiconductor packaging and test services globally and be recognized as a model corporation, it is our management policy to show exemplary environmental responsibilities by conducting our businesses in a manner consistent with sound environmental practices. To achieve this, we will ensure that our conduct and operations are in accordance with the principles and guidelines contained in this policy.

It is our policy to :

- Identify and carry out continual improvement on our machines, processes and surroundings in order to meet environmental management system requirements
- Practice good housekeeping and chemical storage methods to minimize potential impact on the environment
- Comply to legal requirement, EMS specification & other requirements
- Promote energy saving and the conservation of natural resources
- Identify and promote the re-use and recycling of our natural resources and reducing the use of hazardous substances
- Establish an emergency response plan to handle occurrences of potential emergency situations
- Encourage means to reduce pollutants to the air, water and land as well as preventing potential negative impact on the environment
- Promote environmental awareness to the employees with proper training and publicity
- Encourage supplier and contractor participation to meet our EMS requirement
- Provide environmental policy to the public upon formal request

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

The management is committed and supportive towards EMS by periodic review of this policy and monitor the progress of the environmental management programme to ensure the compliance of this policy.

All of Unisem sites are ISO 14001 certified. Annual environmental audits covering, among other things, noise levels, levels of employees' exposure to hazardous substances, air emissions, wastewater discharge quality and radiation are conducted.

Resource Conservation

We have systems in place to measure, benchmark, monitor and set targets for improvements in energy consumption, water consumption, waste production and other Greenhouse gases.

We have carried out the following programmes to reduce the impact to its surrounding environment:

- Energy savings programme to reduce electricity usage.
- Water recycling programme to reduce water usage by recycling the water used by production.
- Shipping tubes recycling programme to reduce usage of new shipping tubes.
- Paper recycling programme to reduce the amount of papers used.

The Company's electricity and water consumption for the past 3 years are set out below:

Year	Electricity Consumption	Water Consumption
2012	97.2 million kwh	1.8 million m^3
2013	90.6 million kwh	1.7 million m^3
2014	96.6 million kwh	1.6 million m^3

Product Ecology

Each of Unisem sites has achieved the third party certification to the Sony Green Partner certification. Unisem is compliant to the European Union Restriction of Hazardous Substances (RoHS) Directive, which sets limitations on the use of six materials (hazardous substances), including lead.

Responsible Sourcing of Minerals

In support of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Unisem exercise due diligence on its entire supply chain with respect to the sourcing of all tin, tantalum, tungsten, and gold contained in its products, to determine whether those metals are from the Democratic Republic of the Congo ("DRC") or any adjoining country and, if so, to determine whether those metals directly or indirectly financed or benefited armed groups that are perpetrators of serious human rights abuses in the DRC or an adjoining country.

III. COMMUNITY

Internship

Annually, the company trained industrial trainees from various universities and polytechnic institutions and provide them placement in various functions such as Assembly, Final Test, Quality Assurance, Engineering, Maintenance, Finance, Management Information Systems and Human Resources.

In 2014, the Company has taken in a total of 162 students from various local polytechnics and universities in Malaysia as trainees, of which 119 are pursuing Engineering Studies and 43 are from Non-Engineering.

In 2014, Unisem Chengdu has taken in 2 students as trainees, one was from local university and the other was from a university in China.

In September 2014, PT Unisem was involved in the Focus Group Discussion organized by Batam Polytechnic. This discussion was intended to provide feedback and input to the Batam Polytechnic for their curriculum update. We expressed our view on what students should learn about semiconductor manufacturing. Batam Polytechnic responded positively to our feedback and input.

In October 2014, PT Unisem signed a Memorandum of Understanding with Engineering Faculty of Ahmad Dahlan University Yogyakarta. The understanding was that PT Unisem will provide opportunity for their students to do internship program at our factory, while the University will support PT Unisem on recruitment.

In 2014, PT Unisem accepted 129 students from 27 vocational schools, polytechnics and university located in Batam, Riau island province, as well as from Java and Sumatera. Those students came from various disciplines such as mechanical engineering, electronic, electrical, Information Technologies and Administration. The program was for a period of 3 to 6 months, where students were assigned to handle some activities under mentor's supervision.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

Direct Employee Involvement

The Company's employees get involved in the local community. We organise visits to orphanages and homes for the elderly in conjunction of the local festive celebration. Typically, a half-day is spent at the homes and the Company's employees entertain, socialise and present gifts to the residents of the homes.

Our Sports & Recreation Club with the collaboration with various employees' sub-committees and the local NGOs also organized & participated on various Corporate and Social Responsibility activities, such as:

- Thaipusam Charity (Kuil Arulmiga Sri Siva Subramanian, Kg Kepayang)
- Chinese New Year Celebration and donation at Yayasan Latihan Ihsan Istimewa (Disabled Training Centre)
- Day Break Charity Carnival (Disabled Training Centre)
- Fasting Month Kurma Donation to orphanage home - Rumah Anak Yatim Baitui Aini & kindergarden - Tadika Kemas Simpang Pulai
- Hari Raya celebration & donation to orphanage home "Pertubuhan Baitul Mubaroqah".

At PT Unisem, a group of employees who often ride their bicycles to work organized an event by inviting people to ride along with them to tour the Bintan Island, which is about 100 km. This environmental friendly event has become a regular event amongst the employees.

In July 2014 during the fasting month, PT Unisem in collaboration with the Moslem Brotherhood (MTA) broke fast with and presented gifts to about 60 orphans aged between 4 to 15 years old from several orphanages. More than 100 PT Unisem employees participated in this event.

In August 2014, moslem employees of PT Unisem together with management had a big family event, "Halal bi halal", a tradition of moslem in Indonesia after celebrating hari raya puasa (Iedul Fitri).

In October 2014, the employees of PT Unisem wore their Batik to work in recognition of Batik as one of the many Indonesian Heritage.

In December 2014, Christian employees of PT Unisem gathered to celebrate Christmas. Hundreds of families participated in this event.

Donation Policy

To meet its social responsibilities to the community in a fair and consistent manner, the Company has certain donation programmes aimed at supporting organisations and institutions involved in health and welfare, education, culture, recreation and civic activities designed to enhance quality of life. These donation programmes will be reviewed annually to ensure that distribution of corporate contributions continues to effectively address the community's changing needs.

Our objectives are three-fold:-

1. Be recognised as a responsible corporate citizen that reinvests in the society and communities it operates in;

2. Promote recognition and awareness of the less fortunate in the community; and

3. Support programmes that promote the well being of the community in general and of our employees living in the community.

Requests for donations are considered from national organisations and institutions, and from those operating locally in Perak where the plant is situated. The corporate office in Kuala Lumpur will handle all donations, national and local.

Community organisations or activities in which our employees are involved will be given special consideration. In addition, projects that support our business objectives and/or enhance our visibility in the community are given particular attention.

In February, June and July 2014, the Company organized blood donation campaign at its premises. A total of 214 employees participated in the campaign. The objective of this campaign is to impart a sense of responsibility among employees by saving life through blood donation.

Blood donor campaign is a regular social activity of PT Unisem employees. More than 70 employees participated in this activity. The objective of this event is to support the Indonesian Red Cross (IRC) organization to meet the demand arising from road accidents and or the patients that require blood donation. This event was conducted at our dormitory.

In spring 2014, 84 employees and teams of Unisem Chengdu participated in tree planting activity, RMB 6900 was raised and 111 trees were planted.

In 2014, the Company made donation including cash, daily necessities and sponsorship to the following organizations:

- Yayasan Latihan Ihsan Istimewa Ipoh
- Pusat Harian Kanak Kanak Spastik
- Rumah Amal Cheshire
- Persatuan Day Break
- Pertubuhan Baitul Mubaroqah
- 3 Nations Charity Ride 2014 in Hatyai, Thailand
- Rotary Club of Pudu - 'Stop Hunger Now' Charity Drive
- Pusat Kebajikan Good Shepherd
- SMK Simpang Pulai, Ipoh

BOARD OF DIRECTORS

JOHN CHIA SIN TET	FRANCIS CHIA MONG TET	LEE HOONG LEONG	ANG CHYE HOCK	ALEXANDER CHIA JHET-WERN
Chairman/Group Managing Director	Executive Director, Group Finance	Executive Director, Group Chief Operating Officer	Non-Executive Director	Executive Director

TAN SRI DATO' WONG SEE WAH
Independent Director

YEN WOON @ LOW SAU CHEE
Non-Executive Director

MARTIN GILES MANEN
Independent Director

DATO' GREGORY WONG GUANG SENG
Independent Director

SUNDRA MOORTHI S/O V.M. KRISHNASAMY
Non-Executive Director

PROFILE OF DIRECTORS

JOHN CHIA SIN TET
Chairman/Group Managing Director,
Malaysian

Mr John Chia Sin Tet, aged 65, was appointed Chairman of the Company on 13 June 1991, Managing Director on 11 March 1998 and the Group Managing Director on 1 November 2007. He is also the Chairman of the Executive Committee and Remuneration Committee.

Mr John Chia Sin Tet is a Barrister at Law and a Member of the Lincoln's Inn, United Kingdom.

Mr John Chia Sin Tet is a brother to Mr Francis Chia Mong Tet.

Mr John Chia Sin Tet is the father of Mr Alexander Chia Jhet-Wern.

LEE HOONG LEONG
Executive Director,
Malaysian

Mr Lee Hoong Leong, aged 57, is the Executive Director - Group Chief Operating Officer of the Company. He was appointed to the Board of the Company on 9 August 2012 as an Executive Director. He graduated from University of Singapore in 1980 with a Bachelor of Mechanical Engineering. He is also a member of the Executive Committee and Remuneration Committee.

Mr Lee brings with him more than 30 years of experience in the semiconductor packaging and test business. Prior to joining Unisem, Mr Lee was the President of UTAC, responsible for advanced wafer level interconnects between 2011 to 2012. Between 2001 to 2011 he was the President of UTAC Singapore, President of UTAC Shanghai, Vice President of UTAC Operations and Vice President, Quality and Research & Development. From 1996 to 2001, Mr. Lee held management positions in quality, information technology, planning and facility in STATS Singapore before he was promoted as Vice President, Leadframe Products.

Mr Lee Hoong Leong began his career with Texas Instruments, Singapore in 1980 as a automation engineer. He held various managerial and engineering positions between 1980 to 1986. Mr Lee subsequently left Texas Instruments in 1986 and joined National Semiconductor Singapore ("NatSemi") where he held various managerial positions before he left as operations manager wide area networks in 1996.

FRANCIS CHIA MONG TET
Executive Director,
Malaysian

Mr Francis Chia Mong Tet, aged 63, is the Executive Director - Group Finance of the Company. He was appointed to the Board of the Company on 19 June 1989 as a Non-Executive Director and subsequently appointed as Executive Director on 1 February 2006. He is one of the founder members of Unisem (M) Berhad. He is also a member of the Executive Committee.

Mr Francis Chia Mong Tet is a Fellow of the Institute of Chartered Accountants (England and Wales) and is also a member of the Malaysian Institute of Accountants. He was with an international accounting firm from 1976 to 1979. In 1980, he started his own accounting practice in Seremban. He also sits on the board of several private limited companies.

Mr Francis Chia Mong Tet is a brother to Mr John Chia Sin Tet.

ALEXANDER CHIA JHET-WERN
Executive Director,
Malaysian

Mr Alexander Chia Jhet-Wern, aged 34, was appointed to the Board of the Company as Executive Director on 26 February 2014. He is a member of the Executive Committee.

Mr Chia joined the Company in 2004 and held the position of Vice President, Deputy COO, prior to his appointment to the board in 2014. He sits on the board of several private limited companies.

Mr Alexander Chia Jhet-Wern is a son of Mr John Chia Sin Tet.

MARTIN GILES MANEN

Independent Director,
Malaysian

Mr Martin Giles Manen, aged 60, was appointed to the Board of the Company on 28 July 2009 as an Independent Director. Mr Manen is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He is also the Chairman of the Audit Committee, Nomination Committee and a member of the Remuneration Committee.

Mr Manen served more than 21 years with Sime Darby Group, holding various senior positions including Group Tax Controller, Group Company Secretary, Group Finance Director and Divisional Director of the Allied Products & Services Division. He started his career at KPMG with whom he served 11 years in Malaysia and the United Kingdom undertaking audit, tax and business advisory assignments. He served as a Director of Promilia Berhad (formerly known as Hong Leong Investment Bank Berhad) from 2009 to 2012.

Mr Manen is currently an Independent and Non-Executive Director of Guinness Anchor Berhad since August 2008. He is also a Director of Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) since 2012. He also sits on the board of several private limited companies.

TAN SRI DATO' WONG SEE WAH

Independent Director,
Malaysian

Y.Bhg. Tan Sri Dato' Wong See Wah, aged 69, was appointed to the Board of the Company on 28 November 2002 as an Independent Director. He holds a Certificate in Teaching from the Malayan Teachers College, Pulau Pinang. He is also a member of the Nomination Committee.

Y.Bhg. Tan Sri Dato' Wong began his political and ministerial careers in 1982. From 1982 to 1986, he was elected as the State Assemblyman for Kuala Klawang Constituency, Negeri Sembilan and the Negeri Sembilan State Government Executive Councilor (State EXCO) responsible for the Water and Electricity Supply Portfolios.

From 1986 to 1990, Y.Bhg. Tan Sri Dato' Wong was elected as the State Assemblyman for Peradong Constituency, Negeri Sembilan and remained as the State EXCO responsible for the Water and Electricity Supply Portfolios. From 1990 to 1995, he was a Member of Parliament, Rasah Constituency, Negeri Sembilan and Deputy Minister in the Prime Minister Department. From 1995 to 1999, he remained as a Member of Parliament, Rasah Constituency, Negeri Sembilan and was appointed as Deputy Minister of the Finance Ministry. Since October 2001, Y. Bhg. Tan Sri Dato' Wong has been the Chief Administrative Director of MCA Headquarters.

Y.Bhg. Tan Sri Dato' Wong is currently the Independent and Non-Executive Chairman of IJM Plantations Berhad. He has been an Independent and Non-Executive Director of IJM Plantations Berhad since August 2006. He is also a Director of Ewein Berhad since January 2008. He also sits on the board of several private limited companies.

DATO' GREGORY WONG GUANG SENG

Independent Director,
Malaysian

Y.Bhg. Dato' Gregory Wong Guang Seng, aged 63, was appointed to the Board of the Company on 26 February 2014 as an Independent Director. Y.Bhg. Dato' Gregory Wong is a Fellow of the Institute of Chartered Accountants (England & Wales) as well as a Chartered Management Accountant (UK). He is also a member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and an Associate Member of Tax Institute Malaysia (ATII). Y.Bhg. Dato' Gregory Wong holds a Masters Degree in Business Administration (MBA) from the Cranfield Institute of Technology (UK). He is also a member of Audit Committee.

PROFILE OF DIRECTORS (cont'd)

Y.Bhg. Dato' Gregory Wong has served Deloitte for over 40 years, where he held various positions including Senior Partner, Head of Clients and Markets as well as Exco Member of Deloitte Malaysia. He retired from Deloitte in 2013 and is currently an Executive Director of AG Legal Tax Services Sdn. Bhd.

Y.Bhg. Dato' Gregory Wong is currently an Independent and Non-Executive Director and Audit Committee Chairman of Oldtown Berhad since April 2014. He also sits on the board of several private companies.and

YEN WOON @ LOW SAU CHEE

Non-Executive Director,
Malaysian

Mr Yen Woon @ Low Sau Chee, aged 67, was appointed to the Board of the Company on 10 July 1991. He is also a member of the Remuneration Committee.

Mr Yen Woon has more than 15 years of experience in the timber and plantation business. He sits on the board of several private limited companies.

SUNDRA MOORTHI S/O V.M. KRISHNASAMY

Non-Executive Director,
Malaysian

Mr Sundra Moorthi s/o V.M. Krishnasamy, aged 71, was appointed to the Board of the Company on 13 June 1991. He graduated with a Bachelor of Arts degree from University Malaya. He is a Barrister at Law and a Member of the Grays Inn, United Kingdom. Mr Sundra Moorthi is also a member of the Audit Committee and Nomination Committee.

A lawyer by profession, Mr Sundra Moorthi was the founder and senior partner of a legal firm in Kuala Lumpur from 1975 to 2014. He was called to the Bar of England & Wales in 1970 and subsequently called to the Malaysian Bar in 1971. He has been a director of several public listed companies over the past 20 years. He also sits on the board of several private limited companies.

ANG CHYE HOCK

Non-Executive Director,
Singaporean

Mr Ang Chye Hock, aged 65, was appointed to the Board of the Company on 28 November 2002. He graduated from Salford University, England in 1972 with a Bachelor of Science in Electronics (Honours). He is also a member of the Executive Committee and Remuneration Committee.

Mr Ang brings with him more than 28 years of experience in the semiconductor industry. He began his career with Motorola Malaysia in 1973 and was responsible for starting up their new factory in Seremban. He left for Singapore in 1984 and during the 16 years period there, he held various senior managerial positions in the disk drive related industry as well as software retail industry.

He joined Unisem as Chief Operating Officer and President in 2001. He then held the positions of Group Chief Operating Officer from 2008 to 2012, Executive Director - Business Development for 2013. Mr Ang retired from his executive function in December 2013.

Save as disclosed in Note 19 under Notes to the Financial Statements none of the Directors has any conflict of interest with the Company. None of the Directors has been convicted of any offence other than a traffic offence within the last ten years.

PROFILE OF SECRETARIES

CHUA HENG FATT
Company Secretary,
Malaysian

Mr Chua Heng Fatt, aged 65, was appointed to the Board of the Company on 19 June 1989.

He is a member of the Malaysian Association of Company Secretaries (MACS). Mr Chua started his career with a secretarial firm in 1984. He has 30 years experience in company secretarial work.

CHIN HOCK YEE
Company Secretary,
Malaysian

Ms Chin Hock Yee, aged 49, was appointed to the Board of the Company on 25 July 2005. She is also the Senior Corporate Affairs Manager of the Company.

Ms Chin is a Licensed Company Secretary by the Suruhanjaya Syarikat Malaysia (or the Companies Commission of Malaysia). She holds a Masters of Business Administration (MBA) in accounting from Simon Fraser University, British Columbia, Canada and a Bachelor of Business Administration degree from Soochow University, Taipei, Taiwan.

Ms Chin joined the Company in 1999 as Corporate Affairs Manager and is responsible for company secretarial matters of the Group, investor relations and general corporate affairs of the Company. Prior to joining the Company in 1999, Ms Chin was with Malaysian International Merchant Bankers Berhad (MIMB) from 1997 to 1999 and prior to that, from 1994 to 1997, she was with the consulting arm of KPMG Malaysia.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors supports the objectives of the Malaysian Code on Corporate Governance ("the Code") and also acknowledges its role in protecting and enhancing shareholders' value. The Directors believe that good corporate governance results in quantifiable long-term success and creation of long-term shareholders' value as well as benefits for all other stakeholders. Hence, the Board affirms its policy of adhering to the spirit of the Code.

Set out below is a description of how the Company has applied the Principles of Corporate Governance as set out in the Code throughout the financial year ended 31 December 2014.

PRINCIPLES OF CORPORATE GOVERNANCE

1. THE BOARD OF DIRECTORS

Roles and responsibilities of the Board

The Board of Directors (the "Board") has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The principal roles and responsibilities of the Board include the followings:

- *Review and adopt strategic plans and objectives for the Group.* Through the worldwide sales meetings held every half-yearly, the directors review thoroughly and deliberate the Group's annual budget and operating plan and long-term perspectives and projection. The budget and operating plan, its execution and challenges are reported to the Board throughout the year, and a half year review of the plan is conducted to monitor the implementation of the approved plan by the management.

- *Promote ethical and responsible decision-making,* monitor compliance with all relevant laws, tax obligations, regulations, applicable accounting standards and significant corporate policies (including the Code of Conduct).

- *Oversee the conduct of the Group's business, including its control and accountability systems.* The Group's performance and key focus areas are reviewed on a monthly basis by the Group COO and the Executive Directors (EDs) at EXCO and management meetings together with COOs of the major plants.

- *Monitor succession planning.* The Nomination Committee reviews the performance of the Board and Board Committees. The Board together with the Nomination Committee evaluate the suitability and experience of potential candidates, to fill any gaps as and when the need arises. Succession plans for key management positions are in place and continue to be monitored by Corporate HR.

- *Identify principal risks and ensure the implementation of appropriate internal controls.* Through the Internal Auditors the Board monitors any risks that might be faced by the business and the Group as a whole, while the Audit Committee is updated on any risk issues after the Enterprise Risk Management reviews. The Board through the Audit Committee and Internal Auditors ensures appropriate management of risks, and constantly monitors the review and management of principal risks to ensure sustainability of the Company's business.

- *Review the adequacy and the integrity of the management information and internal controls system.* The Internal Audit function of the Company is managed by the Internal Auditor which is tasked with monitoring the internal control systems inherent throughout the Company and to report its findings directly to the Audit Committee. The Internal Auditor has jurisdiction to audit any business units as a whole or review projects and systems at any time and report their findings directly to the Audit Committee upon completion. The Audit Committee will review the adequacy and integrity of the internal control systems and ensure the implementation of appropriate internal control systems, supported by the external auditor's report. In addition, the external auditor's review of the controls is conducted annually and reported to the Audit Committee.

- *Ensure that the market and shareholders are fully informed of material developments.* Unisem is committed to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decisions by investors. The Company has established policy and guidelines to raise awareness amongst its management and employees on disclosure requirements and procedures, provide structured guidelines in disseminating corporate information to third party and thus help ensure compliance with legal and regulatory requirements on disclosure. See more detail on investor relations activities under Section 3 SHAREHOLDERS of this statement on page 43 of the Annual Report.

The roles and responsibilities of the Chairman/Group Managing Director and the Executive Directors are established and there is a clear and defined division of responsibilities between the Chairman/Group Managing Director, and the Executive Directors of the Company. The Chairman/Group Managing Director is primarily responsible for the effective functioning of the Board and related corporate affairs and for formulating general Company policies and making strategic business decisions sanctioned by the Board of Directors. He is supported by the 3 Executive Directors who are responsible for the execution of these decisions and policies and the day-to-day operations of the Group.

The role of the non-executive directors and the independent directors is to provide independent and objective views, constructively challenge and contribute to the development of the business objectives and strategies of the Group, ensure effective check and balance in the proceedings of the board and that no individual has unrestricted power or influence over any board decision.

At Unisem, the positions of Chairman and Group Managing Director are combined. The practice of a combined role of a Chairman and Chief Executive is common in the semiconductor industry and among multinational corporations. Whilst the Chairman of the Company is not an independent director, the independent directors and non-executive directors form the majority of the Board. We believe these majority board members have the ability to exercise their duties unfettered by any business or other relationship and are free to express their opinions at the Board table free of concern about their position or the position of any third party and act in the best interest of the Company.

Board Reserved Matters

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The role of Management, on the other hand, is to run the business operation and general activities and administration of financial matters of the Group in accordance with established delegated authority from the Board.

The Board delegates the day-to-day management of the Unisem Group business to the Executive Committee, but reserves for its consideration significant matters such as the following:

- Strategic plan and long term objectives
- Annual budgets and capital expenditure
- Corporate and capital structure
- Financial reporting and control
- Dividend policy, declaration of the dividends
- Internal control and risk management
- Shareholders / Investors communication
- Board membership and other appointments
- Corporate governance matters

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Board Charter

The Board Charter sets out the role, composition and responsibilities of the Board of Directors of the Company. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

The Board Charter is reviewed periodically incorporating updates and enhancements, and continues to be relevant to the existing rules and regulations as well as standards of corporate governance.

The Board Charter is accessible at the Company's website under the Corporate Governance section.

Directors' Code of Conduct

Unisem is deeply committed to following ethical business practices. Accordingly, above all else, we value:

- Integrity and honesty;
- Openness and respect for others;
- Execution and accountability;
- Passion for customers, partners, and technology;
- Commitment to personal excellence and self-improvement; and
- Protection of identity of whistle blower.

To put these values into practice on a daily basis, a Code of Ethics is established as a guide for ethical business conduct for the Directors, management and employees of the Group, which is available under the Corporate Governance section of our website.

Board Composition

Currently, there are 10 Board members in Unisem (M) Berhad comprising 4 executive directors and 6 non-executive directors. Out of the 6 non-executive directors, 3 are independent directors. The members of the Board possess a wealth of experience in the semiconductor and other industries. 4 members have been with the Company for more than 20 years. The profiles of the Directors are provided on pages 28 to 30 of the Annual Report. All these skills and experience enable the Board to effectively lead and control the Company.

Other than the 3 representatives of the major shareholder, the Board consists of a number of Directors which fairly reflects the investment in the Company by shareholders other than the major shareholder. Due to the active participation of all the Directors including the 3 independent directors, no individual or small group of individuals can dominate the Board's decision making process.

Independence of Directors

The Board conducts regular review of the independence of each of the Directors, based on information provided to it by the directors. Directors are expected to volunteer information as and when changes occurred.

In addition to the independence guidelines and criteria as set out in the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities Listing Requirements"), the fundamental premise of the assessment is that an independent director must be independent of management and free of any business, family or other relationship, that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of his independent and objective judgment.

For new appointments, the assessment on the independence of the proposed director, which is carried out prior to the appointment, is ascertained in accordance with the criteria set out in the Bursa Securities Listing Requirements.

At Unisem we do not consider length of tenure as a criterion affecting a director's independence. All Directors of Unisem are subject to the statutory duties and prohibitions regarding conflicts of interest. Directors are required to disclose family ties, or cross directorships, that may be relevant in considering continuing independence.

Recommendation 3.2 of the Code states that the tenure of an independent director should not exceed a cumulative term of 9 years. The Board after the annual assessment of the Directors' independence has determined that Y.Bhg. Tan Sri Dato' Wong See Wah who has served as independent director of the Company for 12 years, have met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. He has always acted independently and objectively in expressing his views and in participating in deliberations of the Board/ Board Committees. Y.Bhg. Tan Sri Dato' Wong See Wah is free from any interest and any business, family or other relationship which could, or could reasonably be perceived to, interfere with his ability to carry out his roles as independent directors.

Board Diversity

Unisem provides its services to customers around the world with operations in 3 countries and therefore diversity generally is an integral part of how we do business. We acknowledge its importance and recognise the benefits that it can bring.

It is our aim to have an appropriate level of diversity in the Boardroom to reflect the diverse nature of the Company's operations and support the achievement of its strategic objectives. The Nominations Committee considers diversity generally when making appointments to the Board, taking into account relevant skills, experience, knowledge, personality, ethnicity and gender.

Achieving gender diversity is more difficult in certain sectors and, as a technology company the demographic profile of the current talent pool presents significant challenges in this regard.

Notwithstanding this, we will work towards introducing female composition of our Board as vacancies arise and suitable candidates are identified. Our prime responsibility, however, is the strength of the Board and our overriding aim in any new appointments must always be to select the best candidate.

Board Meetings

A total of six Board meetings were held during the financial year ended 31 December 2014. The attendance of each Director to the Board meetings held during the year are summarised as follows:-

Director	Number of meetings attended
Mr John Chia Sin Tet	6/6
Mr Lee Hoong Leong	6/6
Mr Francis Chia Mong Tet	6/6
Mr Alexander Chia Jhet-Wern (appointed on 26 February 2014)	4/6
Mr Martin Giles Manen	6/6
Y.Bhg. Tan Sri Dato' Wong See Wah	6/6
Y.Bhg. Dato' Gregory Wong Guang Seng (appointed on 26 February 2014)	4/6
Mr Yen Woon @ Low Sau Chee	4/6
Mr Sundra Moorthi s/o V.M. Krishnasamy	6/6
Mr Ang Chye Hock	6/6

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Bursa Securities Listing Requirements.

The Board has committed to meet at least four times in a financial year, usually after the end of each financial quarter before the quarterly announcement to the Exchange. Board meetings are convened as and when the need arises. A board meeting schedule for the year is normally formulated in December and shared with the Directors before the year begins.

During the financial year, the Board also resolved and approved the Company's matters through circular resolutions. Board members are provided sufficient detailed information for approvals via circular resolutions and are given full access to senior management to clarify any matters arising. These circular resolutions related mainly to procedural or administrative matters previously deliberated at a Board meeting.

In maintaining and monitoring the limitation on directorship as required by the Bursa Malaysia Listing Requirements, the Directors upon appointment and following thereafter will notify the Company of their directorships in other companies for disclosure to the Board at Board Meetings.

Supply of Information

At least 7 days prior to Board meetings, all Directors are provided with the necessary information which often includes the monthly management accounts, manufacturing performance and marketing reports, annual budget and business plans, updates on statutory regulations and requirements and other administrative matters. This is to enable the Directors to participate actively in the overall management of the Company and to discharge their duties and responsibilities.

The Directors have access to the advice and services of the Company Secretaries and other professionals so as to ensure that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Board is regularly updated and apprised by the Company Secretaries who are qualified, competent and knowledgeable, on new statutes and directives issued by the regulatory authorities. The profiles of the Secretaries are provided on page 31 of the Annual Report.

The Memorandum and Articles of Association of the Company provide for the Chairman to have the casting vote in the event of an equality of votes arising over an issue in question.

Directors' Training

As an integral element of the process of appointing new Directors, the Nomination Committee ensures that new recruits to the Board are provided appropriate orientation and education programme. The training needs of the Directors are reviewed on a regular basis.

All Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") organised by Bursatra Sdn Bhd.

Set out below are the courses attended by the following directors during the financial year:-

Date of Training	Type of Training	Attended by
15 January 2014	Limited Liability Partnership - A New Taxation Entity organized by Chartered Tax Institute of Malaysia (CTIM)	Y.Bhg. Dato' Gregory Wong Guang Seng
4 March 2014	Bursa Malaysia Corporate Governance Statement Reporting Workshop	Y.Bhg. Tan Sri Dato' Wong See Wah
5 & 6 March 2014	Mandatory Accreditation Programme (MAP) For Directors Of Public Listed Companies organized by Bursatra Sdn Bhd	Mr Alexander Chia Jhet-Wern
20 Mar 2014	Audit Committee Conference organized by Malaysian Institute of Accountants (MIA) and Institute of Internal Auditors Malaysia (IIAM) "Stepping up for Better Governance" 1. Future of Auditor's Report 2. Statement on Risk Management and Internal Control 3. The Chief Executive's Role in enabling Good Governance 4. Stepping up for Better Governance	Mr Martin Giles Manen
20 May 2014	Nomination Committee Dialogue organized by Bank Negara Malaysia	Mr Martin Giles Manen
30 May 2014	Directors CEP - Goods and Services Tax organized by Hong Leong Finance Group	Mr Martin Giles Manen
4 & 5 June 2014	Mandatory Accreditation Programme (MAP) For Directors Of Public Listed Companies organized by Bursatra Sdn Bhd	Y.Bhg. Dato' Gregory Wong Guang Seng
23 June 2014	Bursa Malaysia Board Chairman Series: The Role of the Chairman	Y.Bhg. Tan Sri Dato' Wong See Wah
27 June 2014	Directors CEP organized by Guinness Anchor Berhad 1. Economic Outlook 2. Consumer Trends and Market Insight 3. Goods and Services Tax 4. Social Media Crisis Management	Mr Martin Giles Manen
17 July 2014	Audit Committee Workshops organized by MIA Series 1: The Functions of the Audit Committee Series 2 : Control Environment in Managing Risk	Y.Bhg. Dato' Gregory Wong Guang Seng
7 August 2014	Series 3 : Oversight of Financial Reports and Compliance Series 4 : Enhancing Audit Quality: Role of Audit Committee	Y.Bhg. Dato' Gregory Wong Guang Seng
12 & 13 August 2014	National Tax Conference 2014 (by CTIM)	Y.Bhg. Dato' Gregory Wong Guang Seng
13 August 2014	Breakfast At Bursa Malaysia with Audit Committee Members on ENHANCING INTERNAL AUDIT PRACTICE organized by Bursa Malaysia and IIAM	Mr Martin Giles Manen

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Date of Training	Type of Training	Attended by
18 August 2014	Iclif-Bursa Malaysia Nominating Committee 2 Programme entitled : Effective Board Evaluations	Mr Martin Giles Manen
21 August 2014	Workshop On Asean Corporate Governance Scorecard organized by Bursa Malaysia and the Minority Shareholder Watchdog Group (MSWG)	Mr Alexander Chia Jhet-Wern
27 August 2014	Workshop On Asean Corporate Governance Scorecard organized by Bursa Malaysia and MSWG	Mr Martin Giles Manen
5 September 2014	AIG Seminar on Enterprise Risk Management and Directors & Officers Insurance organized by Boardroom and AIG	Mr Martin Giles Manen
1 October 2014	Goods and Services Tax - Impact on Corporate Behaviour organized by IFA	Mr Martin Giles Manen
10 October 2014	Bursa Malaysia Directors Breakfast Series with Beverly Behan: "Great companies deserve great boards"	Mr Martin Giles Manen
15 October 2014	Seminar on Strata Title Management organized by Dewan Bandaraya Kuala Lumpur	Mr Martin Giles Manen
16 October 2014	CEO-Roundtable : Internet Of Things (IoT) Opportunities for Technology Providers organized by Gartner	Mr Lee Hoong Leong
21 October 2014	Roundtable on Financial Reporting organized by Malaysia Accounting Standards Board	Mr Martin Giles Manen
28 October 2014	National Tax Seminar 2014 organized by Lembaga Hasil Dalam Negeri Malaysia	Y.Bhg. Dato' Gregory Wong Guang Seng
28 October 2014	Tax Seminar - Preparing for Change organized by BDO 1. 2015 Budget Proposals 2. GST: Are you finally ready for the plunge? 3. Implications of GST and Transfer Pricing on Corporate Reconstructions and Acquisitions 4. Recent Tax Cases - Legal Interpretations and Implications on Businesses	Mr Martin Giles Manen
4 & 5 November 2014	MIA International Accountants Conference 2014	Y.Bhg. Dato' Gregory Wong Guang Seng Mr Francis Chia Mong Tet
6 November 2014	Bursa Malaysia Board Chairman Series: The Role of the Chairman	Mr John Chia Sin Tet
11 November 2014	Audit Committee Institute Roundtable organized by KPMG 1. The Impact of Cyber Security at Board Levels 2. Fraud Risk Management Survey	Mr Martin Giles Manen
4 & 5 December 2014	Unisem Group Worldwide Sales Meeting	Mr John Chia Sin Tet Mr Lee Hoong Leong Mr Francis Chia Mong Tet Mr Martin Giles Manen Mr Ang Chye Hock Mr Alexander Chia Jhet-Wern

Date of Training	Type of Training	Attended by
5 December 2014	Unisem in-house training on semiconductor industry update: - Packaging Portfolio, Roadmap & Application - Wafer Bumping Process Flows	Mr John Chia Sin Tet Mr Lee Hoong Leong Mr Francis Chia Mong Tet Mr Martin Giles Manen Mr Ang Chye Hock Mr Alexander Chia Jhet-Wern Y.Bhg. Dato' Gregory Wong Guang Seng Mr Yen Woon @ Low Sau Chee
11 December 2014	Industry Focused GST Workshops by MIA Workshop 1: GST for Property Developers & Construction Industry	Y.Bhg. Dato' Gregory Wong Guang Seng

The Directors will attend relevant training programmes as may be determined by the Board to keep themselves abreast with the latest developments in the securities industry, particularly in areas of corporate governance and regulatory changes. The Board will on a continuous basis, assess and determine the training needs of its Directors. This is to enable the directors to effectively discharge their duties as a director.

Appointment and Re-election of Directors

In accordance with the Memorandum and Articles of Association of the Company, one-third of the Directors retire from office every year at the Annual General Meeting and subsequently offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the Annual General Meeting held following their appointments.

In considering whether to recommend Directors who are eligible to stand for reelection, the Nomination Committee considered a variety of factors, including:

- a Director's contributions to the Board and ability to continue to contribute productively,
- a Director's attendance at Board and committee meetings,
- Director's compliance with the Code,
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service,
- the independence of the Director, and
- the nature and extent of the Director's activities outside of the Company.

Review of Board Performance

The Board undertakes an annual review of its performance, and that of its Committees. The performance evaluation comprises of a Board Performance Evaluation, Board Committee Performance Evaluation and a Directors' Self and Peer Assessment. The evaluation is designed to improve the Board's effectiveness as well as draw the Board's attention to key areas that need to be addressed.

The main areas/performance indicators for the evaluation include the Board/Board Committee composition, administration and process, conduct, accountability, interaction and communication with management. Performance indicators for individual Directors include their active contributions, understanding of their roles and quality of input.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The findings were generated based on Directors' feedback and were tabled and discussed at the Nomination Committee meeting. Results revealed that the Board and the Board Committees had performed well, with overall rating above average, indicating that the Board and the Committees have performed effectively.

Directors' Remuneration

The Board ensures that the Group's remuneration policy remains competitive to attract and retain Directors of certain caliber and the necessary skills and experience as required for the effective management of the Group. The remuneration policy for the Directors are reviewed periodically against market practices by the Remuneration Committee and the Board.

The remuneration for Executive Directors is balanced between fixed and performance-linked elements. All Executive Directors are paid monthly salaries, allowances, bonuses and other emolument and benefits in line with Company policy.

The remuneration for the Non-Executive Directors is determined by the Board as a whole, based on a fixed fee. The fees for the Directors are considered annually and are determined in light of market best practice and with reference to the time commitment and responsibilities associated with the roles.

The Board recognized the increasing focus on risk management and corporate governance matters and the corresponding increase in the workload of the Audit Committee, had approved a supplement fee for the members of the Audit Committee.

Executive Directors will abstain from the deliberations and voting decisions in respect of his remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole.

Directors' fees are disclosed in the annual report and approved by the shareholders at the Annual General Meeting.

Aggregate remuneration of the Directors for the financial year ended 31 December 2014 can be categorised into the following components:

Category	Director's Fees (RM)	Salaries (RM)	Bonus (RM)	Others* (RM)	Total (RM)
Executive Director	560,000	5,796,954	653,065	867,861	7,877,880
Non-Executive Director	925,000	-	-	-	925,000

* Comprised of defined contribution plans, equity-settled share based payments and benefits-in-kind. Please refer to Note 6 of the Financial Statements on page 89 for further details.

The above Directors' remunerations are broadly categorized into the following bands:

	Number of Directors	
Range of remuneration	Executive	Non-Executive
RM100,000 to RM150,000	-	3
RM150,001 to RM200,000	-	2
RM200,001 to RM250,000	-	1
RM400,001 to RM450,000	1	-
RM1,750,000 to RM1,800,000	1	-
RM1,950,000 to RM2,000,000	1	-
RM3,650,000 to RM3,700,000	1	-

2. BOARD COMMITTEES

Executive Committee

The Executive Committee comprised the following:-

1. Mr John Chia Sin Tet (Group Managing Director) (Chairman of the Committee)
2. Mr Lee Hoong Leong (Executive Director, Group COO)
3. Mr Francis Chia Mong Tet (Executive Director, Group Finance)
4. Mr Alexander Chia Jhet-Wern (Executive Director)
5. Mr Ang Chye Hock (Non-Executive Director)
6. Mr Tan Kim Heng (Senior Vice President, Corporate Technology and Materials)

The Executive Committee is empowered and responsible for implementing the strategies approved by the Board and for managing the affairs of the Group.

The charter of the Executive Committee encompasses:-

- corporate strategy development;
- approving major plans of action and policies and procedures; and
- the monitoring of operational performance.

This includes identifying risks which impact on the Group's sustainability and monitoring risk management and internal controls, corporate governance, business plans, key performance indicators, including non-financial indicators and annual budgets. It monitors major capital expenditures, acquisitions and disposals and any other matters that are defined as material.

Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent Directors.

The terms of reference of the Audit Committee are available under the Corporate Governance section of our website.

During the financial year ended 31 December 2014, the Committee held five meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Meetings Attended
Mr Martin Giles Manen (Chairman of the Committee)	5/5
Y.Bhg. Tan Sri Dato' Wong See Wah (retired as committee member on 26 February 2014)	2/5
Y.Bhg. Dato' Gregory Wong Guang Seng (appointed on 26 February 2014)	3/5
Mr Sundra Moorthi s/o V.M. Krishnasamy	5/5

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Nomination Committee

The Nomination Committee consists wholly of Non-Executive Directors, the majority of whom are independent directors.

The terms of reference of the Nomination Committee are available under the Corporate Governance section of our website.

There were two meetings held during the financial year ended 31 December 2014. The details of attendance of the committee members are as follows:-

Name of Committee Member	No. of Meetings Attended
Mr Martin Giles Manen (Chairman of the Committee)	2/2
Y.Bhg. Tan Sri Dato' Wong See Wah	2/2
Mr Sundra Moorthi s/o V.M. Krishnasamy	2/2

The activities of the Nomination Committee for the financial year were summarised as follows:-

- considered, in making recommendations, candidate proposed by the group managing director for appointment as Director of Unisem (M) Berhad;
- evaluated and determined the training needs of Directors;
- reviewed annually the required Board of Directors mix of skills, experience, independence and other qualities;
- considered and recommended to the Board Directors who are eligible to stand for re-election / re-appointment at the coming annual general meeting; and
- undertaken an annual review of the Board's performance, and that of its Committees.

Remuneration Committee

The Remuneration Committee consists of mainly Non-Executive Directors

The Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Directors and top management.

The following Directors sit on the Remuneration Committee:

1. Mr John Chia Sin Tet (Chairman of the Committee)
2. Mr Lee Hoong Leong
3. Mr Martin Giles Manen
4. Mr Yen Woon @ Low Sau Chee
5. Mr Ang Chye Hock (appointed to the committee on 26 February 2014)

There was one meeting held during the financial year ended 31 December 2014. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Meetings Attended
Mr John Chia Sin Tet (Chairman of the Committee)	1/1
Mr Lee Hoong Leong	1/1
Mr Martin Giles Manen	1/1
Mr Yen Woon @ Low Sau Chee	1/1
Mr Sundra Moorthi s/o V.M. Krishnasamy (ceased to be committee member on 26 February 2014)	1/1

3. SHAREHOLDERS

The Company aims to keep its shareholders and interested public informed of the developments and performances of the Company and the industry, through the following channel of communications:

- timely quarterly results announcements and various disclosures and announcements made to the Exchange and posted on the Company's website at www.unisemgroup.com;
- quarterly analyst briefing after release of the quarterly financial results;
- plant visits, discussions or telephone conference with fund managers and analysts at their request;
- participate in investors conferences organised by local and international stockbroking houses;
- distribution of annual reports and circulars to shareholders;
- meeting with shareholders at general meetings;
- meeting with members of the press after general meetings.

We encourage all shareholders to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders are given the opportunity to ask questions on the business and financial performance of the Company. Notices of Annual and Extraordinary General Meetings of the Company and related papers are distributed to shareholders within a reasonable and sufficient time frame. Adequate time is given during the Annual and Extraordinary General Meetings to allow shareholders to seek clarifications or ask questions on pertinent and relevant matters.

The Company values dialogues with its shareholders, potential investors, institutional investors and analysts and is willing to explain or further clarify any information already disclosed in its annual report or Bursa Securities announcement. The Board has also identified the Chairman of the Audit Committee, Mr Martin Giles Manen, an independent director to answer any queries or clarify any matters concerning the Company. Mr Martin Giles Manen can be contacted at the following correspondence address:

Letter Box #95
9th Floor UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur

Tel : (603) 2072 3760
Fax: (603) 2072 4018

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Timely and Balanced Disclosure

Unisem is committed to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decisions by investors. The Company has established policy and guidelines on corporate disclosures to raise awareness amongst its management and employees on disclosure requirements and procedures, provide structured guidelines in disseminating corporate information to third party and thus help ensure compliance with legal and regulatory requirements on disclosure.

The Board oversees the Company's corporate disclosure practices and ensures implementation and adherence to this guide. The Company is also guided by the Corporate Disclosure Guidelines (2nd Edition) issued in October 2013 by Bursa Securities.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company's performance, financial position and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, Management Discussion and Analysis and the audited financial statements.

The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Company's performance, financial position and prospects.

Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal controls, which provides reasonable assurance of the adequacy and effectiveness of the Group operational processes and internal controls system and compliance with laws and regulations as well as with internal procedures and guidelines, to safeguard the shareholders' investment and the Group's 's assets.

Key elements of the Company's systems of internal control are:

- Operations Manuals and Guidelines issued and updated from time to time;
- Monitoring of monthly results against the comprehensive annual budgets and business plans prepared by the business units; and
- Regular internal audit on the business units by in-house internal audit department together with the external auditors' reports provide reasonable assurance to the Board that the internal control system of the Company and its subsidiaries are properly in place.

The Company's operations involve the assessment and management of a wide range of risks. The Group system of internal control can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.

It is possible that internal control may be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The risk management and internal control systems are designed to identify principal risks, assess and manage these risks within the overall risk tolerance of the Group and to manage these risks efficiently, effectively and economically rather than to eliminate these risks.

The Statement on Risk Management and Internal Control are set out on pages 49 to 51 of the Annual Report provides an overview of the state of internal control of the Company.

Relationship with the external auditors

The Company has through the Audit Committee established a transparent and appropriate relationship with the external auditors. The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditor in providing the auditors' reports to the shareholders. The external auditors held private discussions without the presence of the Management with the Audit Committee and are regularly invited to attend the Audit Committee Meetings at least twice yearly.

The external auditors' presence was also requested at the Company's annual general meeting to attend to issues raised by the shareholders.

The role of the Audit Committee in connection with its relationship with the external auditors is demonstrated inthe Audit Committee Report under "Specific Duties" and "Activities of the Audit Committee" stated on pages 47 to 48 of the Annual Report.

Directors' Responsibility Statement on Annual Audited Financial Statements

The Directors are responsible for preparing the annual audited financial statements and the Board ensures that the financial statements and other financial reports of the Company are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Bursa Securities Main Market Listing Requirements, the following additional information is provided:-

During the financial year under review,

(i) **Share buybacks**
The Company does not have a share buyback programme in place.

(ii) **Issue of shares**
The Company did not issue any new shares.

(iii) **Options, warrants or convertible securities**
The Company did not issue any options or convertible securities.

(iv) **Options offered and exercised by Non-Executive Directors**
There were no options offered to and exercised by the non-executive directors during the financial year.

(v) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**
The Company does not have an ADR or GDR programme in place.

(vi) **Imposition of sanctions/penalties**
There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

(vii) **Non-audit fees**
The amount of non-audit fees incurred for corporate tax compliance and other advisory services rendered to the Company and its subsidiaries for the financial year by the Company's auditors amounted to RM184,500.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(viii) Profit estimate, forecast or projection
There were no profit estimates, forecasts or projections or unaudited results released which differ by 10 per cent or more from the audited results.

(ix) Profit guarantee
There were no profit guarantees given in respect of the Company.

(x) Material contracts or loans involving Directors or Major Shareholders
There were no material contracts or loans between the Company and its subsidiaries that involve Directors' or major shareholders' interests.

(xi) Aggregate value of recurrent related party transactions conducted pursuant to shareholders' mandate
There were no recurrent related party transactions conducted pursuant to shareholders' mandate.

BEST PRACTICES OF CORPORATE GOVERNANCE

The Company has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended 31 December 2014 with the exception of the following:

- At Unisem, the roles of the Chairman and Group Managing Director are combined. The Chairman/Group Managing Director is primarily responsible for the effective functioning of the Board and related corporate affairs and for formulating general Company policies and making strategic business decisions sanctioned by the Board of Directors. He is supported by the 3 Executive Directors who are responsible for the execution of these decisions and policies and the day-to-day operations of the Group. Hence, there is a clear and defined division of responsibilities between the Chairman/Group Managing Director, and the Executive Directors of the Company. The presence of the non-executive directors and the independent directors on the Board, ensures that no individual has unrestricted power or influence over any board decision. The practice of a combined role of a Chairman and Chief Executive is common in the semiconductor industry and among multinational corporations.

- Whilst the Chairman of the Company is not an independent director, the independent directors and non-executive directors form the majority of the Board. We believe these majority board members have the ability to exercise their duties unfettered by any business or other relationship and are free to express their opinions at the Board table free of concern about their position or the position of any third party and act in the best interest of the Company.

- The Board after the annual assessment of the Directors' independence has determined that Y.Bhg. Tan Sri Dato' Wong See Wah who has served on the Board for 12 years, has met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. He has always acted independently and objectively in expressing his views and in participating in deliberations of the Board/Board Committees. Y.Bhg. Tan Sri Dato' Wong See Wah is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with his ability to carry out his roles as independent director.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:-

Name	Designation	Directorship
Mr Martin Giles Manen	Chairman	Independent Director
Y.Bhg. Dato' Gregory Wong Guang Seng	Member	Independent Director
Mr Sundra Moorthi s/o V.M. Krishnasamy	Member	Non-Executive Director

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, the Committee held five meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Meetings Attended
Mr Martin Giles Manen	5/5
Y.Bhg. Tan Sri Dato' Wong See Wah (retired as committee member on 26 February 2014)	2/5
Y.Bhg. Dato' Gregory Wong Guang Seng (appointed as committee member on 26 February 2014)	3/5
Mr Sundra Moorthi s/o V.M. Krishnasamy	5/5

TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the Audit Committee are disclosed and published on the Company's website (under About us, Corporate Governance, Board Committees).

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met five times during the financial year ended 31 December 2014. The activities of the Audit Committee for the financial year were summarised as follows:-

1. The Committee reviewed with management, the external auditors and internal auditors the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.

2. The Committee reviewed with management the Group annual budget together with the underlying business plans, marketing strategies, major assumptions and sensitivity analysis on the impact of foreign exchange rate to the revenue, EBITDA and profit attributable to shareholders.

3. The Committee reviewed, prior to the annual audit, the nature and scope of engagement of the external auditors and their fees. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval.

4. The Committee reviewed the unaudited quarterly financial results comparing against the budgeted and preceding year's corresponding quarter-to-date performance prior to their submission to the Board for approval and release to the public.

AUDIT COMMITTEE REPORT (cont'd)

5. The Committee reviewed the audited financial statements of the Company and its subsidiaries prior to its submission to the Board for approval.

6. The Committee reviewed and evaluated factors relating to the independence of the external auditors.

7. The Committee reviewed with internal auditors the overall scope of the internal audit plan, the findings and recommendations emanating from the quarterly risk-based audit work carried out and management's responses thereto and reviewing management's assurance that significant findings are adequately addressed.

8. The Committee reviewed the risk management development under the internal audit function.

9. The Committee reviewed with internal auditors the related party transactions to ensure that the related party transactions were not more favourable to the related parties than those generally available to the public.

10. The Committee reviewed the extent of the Company's readiness on the implementation of Goods and Services Tax, with emphasis in respect of communication with Royal Malaysian Customs Department, communication with customers and suppliers, and back-end systems and administration.

INTERNAL AUDIT FUNCTION

The primary responsibility of the in house internal audit department is to conduct periodic audits on internal control related matters to ensure their compliance with systems and standard operating procedures within each operation. The main objective of these audits is to provide reasonable assurance that these operations operated adequately and effectively.

The Internal Audit function focuses mainly on the key risk areas based on the approved internal audit plan by the Audit Committee and reports to the Audit Committee on a quarterly basis. The primary objectives of the Internal Audit function include reviewing the adequacy, integrity and effectiveness of the system of internal controls, compliance with the established policies and procedures, guidelines, laws and regulations and reliability and integrity of information.

The Internal Audit function adopts a risk-based approach in determining the audit areas and execution of its audits. In addition, special reviews were also made at the request of the Committee and senior management on specific areas of concern to follow-up on in relation to high-risk areas identified during the course of business. These reviews provided additional assurance and comfort on the integrity and robustness of the internal control systems.

In 2014 a total of eight planned audits were carried out and completed in areas such as credit control and order processing, expenditure review, and human capital management and payroll processes of the main business units. A total of nine Internal Audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

In addition, risk assessment review workshops were conducted with the management of main business units to discuss and update on the key risks that the Group is exposed to, adequacy of frameworks and processes to manage these risks and development of corrective actions to manage it.

The cost incurred for the Internal Audit function of the Company in respect of the financial year ended 31 December 2014 amounted to RM531,550.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements, the Board of Directors ("the Board") is committed to maintaining a sound internal control and risk management system for reviewing the adequacy and effectiveness of the system. The Board is .pleased to provide the following statement on the state of internal control of Unisem (M) Berhad and its subsidiaries (the "Group") for the financial year ended 31 December 2014, which has been prepared in accordance with the "Statement of Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia.

BOARD RESPONSIBILITY

The Board acknowledges its responsibilities for maintaining a sound system of internal control and risk management system to safeguard the shareholders' investments and the Group assets. The Board is responsible for determining the overall Group's level of risk tolerance and continually reviewing, assessing and monitoring the effectiveness and adequacy which has been embedded in all aspects of the Group activities.

This includes the establishment of an appropriate control environment and framework, and review of the effectiveness, adequacy and reliability of the risk management processes and internal control as well as compliance with risk policies and regulatory requirements.

The risk management and internal control systems are designed to continuously identify principal risks, assess and manage these risks which may have hinder the achievement of the Group's strategic goals and business objectives and to manage these risks efficiently, effectively and economically rather than to eliminate it.

Due to the limitations that are inherent in any system of internal control, these systems can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.

RISK MANAGEMENT

Risk management and internal controls are regarded as an integral part of the overall management processes. The Audit Committee supported by Internal Audit Department provides an independent assessment and evaluation of the effectiveness of Unisem's Enterprise Risk Management ("ERM") framework on quarterly basis. Unisem's ERM framework is consistent with the ERM framework adopts by the Committee of Sponsoring Organizations of Treadway Commission (COSO). The current ERM framework involves systematically identifying, analyzing, measuring, monitoring and reporting on the risks that may be affecting the achievement of the Group's objectives and goals within the acceptable risk appetite. The ERM framework adopted by the Group outlines the significant risks that the Group is exposed to which include strategic, organization structure, operational, processes, regulatory, people culture, technologies and reputation risks.

The ERM framework of Unisem comprise a risk and control matrix that had been populated and key risks to each Group business units objective, aligned with Group strategic objectives had been identified and assessed for likelihood of the risk occurrence and the magnitude of impact using a self-assessment approach. The enterprise risk assessment process involves representatives from all business units' department head as well as the Chief Operating Officer from each business unit. Each business unit's ERM assessment is led by the head of the department of each division together with the Internal Audit department. Results from the risk assessment will be reported to the Audit Committee. Quarterly, the implementation of corrective action plans on key risks will be updated to the Audit Committee accordingly.

The Group ERM framework is reviewed and updated as and when necessary on its adequacy in order to ensure controls are in place and continue to operate adequately and effectively. In addition, The Group consciously covers and transfers certain risks by securing adequate insurance coverage.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group's internal control structures which are conducive toward achieving a sound system of internal control are summarised as follows:

- Organisational structure with defined roles and responsibilities
  The Group has in place an organisation structure with key responsibilities clearly defined and adequately segregated reporting lines up to the Board and its Committees to ensure effectiveness and independent stewardship.

- Formalised strategic planning processes
  The Group has formulated the appropriate business plans within which the business objectives, strategies and targets are articulated. Business planning and budgeting is undertaken annually, to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

- Reporting and review
  The Group's management team carries out monthly monitoring and review of financial results including monitoring and reporting thereon, of performance against the operating plans. The Group's management team communicates regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern. There is regular reporting by senior management of the Group to the Board on significant changes in the business and the external environment in which the Group operates.

- Documented policies and procedures
  Internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group are maintained. It is to ensure compliance with internal controls, laws and regulations and subjected to review and enhancement as and when necessary, and communicated to all levels

- Code of business conduct
  The Code of Business conduct and ethics underlines Unisem's core value in conducting business fairly, impartially and ethically. All employees are required to declare that they are in compliance with the Code upon joining the Group, and a whistleblowing policy is in place to provide a communication channel which facilitates disclosure of improper conduct within Unisem Group in a transparent and confidential manner.

- Continuous employee education
  All employees are encouraged to improve themselves through adequate training and continuous education. The Group has put in place a continuous training programme to motivate and improve the leadership quality of employees in the Group in order to better conduct themselves at work and in relationship with external parties, such as customers and suppliers.

- Quality Control
  The Group emphasises continuous effort in maintaining the quality of products. The Board has ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.

- Financial performance
  The preparation of quarterly and full year results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The financial statements are also audited by the external auditors.

- Internal Audit
  The in-house Internal Audit Department is to continuously provide independent assessment on the adequacy, effectiveness and reliability of the Group's risk management processes and system of internal controls. The internal audit function also checks compliance with policies/ procedures and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The internal audit plan is approved by the Audit Committee on an annual basis. The internal audit report highlights significant findings and recommendations in respect of any non-compliance to the business unit Management in a timely manner. The audit reports are submitted to the Audit Committee and risk and control issues were discussed during the Audit Committee meetings. In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' interest and Group's assets. There have been no material control weaknesses or failures that would result in material misstatements, losses or fraud to the Group.

The Group Managing Director and Group Finance have provided assurance to the Board that the Group's risk management and internal control system is in place and operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board together with the management will continuously assess the adequacy and effectiveness of the Group's system of risk management and internal controls and will take corrective actions to enhance the system, as and when necessary.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, The external auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2014. Their review is performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, RPG 5 (revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **UNISEM (M) BERHAD** hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2014.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries 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 subsidiaries 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 for the year	67,750	57,054
Profit attributable to:		
Owners of the Company	68,422	57,054
Non-controlling interests	(672)	-
	67,750	57,054

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

Since the end of the previous financial year, a final dividend of 4% or 2 sen per share, tax-exempt, amounting to RM13,484,593 proposed in the previous financial year and dealt with in the previous year directors' report, was paid on June 20, 2014.

An interim dividend of 4% or 2 sen per share, tax-exempt, amounting to RM13,484,593 in respect of the current financial year was paid on December 3, 2014.

The directors have proposed a final dividend of 8% or 4 sen per share, tax-exempt, for the current financial year. The proposed final dividend 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. Upon approval by the shareholders, the dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2015.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS' REPORT (cont'd)

EXECUTIVES SHARE OPTION SCHEME

Under the Company's Executives' Share Option Scheme ("ESOS"), which has been approved at an Extraordinary General Meeting held on June 29, 2010, options to subscribe for new ordinary shares of RM0.50 each in the Company were granted to eligible executives of the Group and of the Company.

The salient features of the ESOS are disclosed in Note 27 to the financial statements.

Details of the share options exercised/lapsed during the financial year are as follows:

		NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
DATE OF GRANT	EXERCISE PRICE PER ORDINARY SHARE RM	BALANCE AS OF 1.1.2014 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2014 '000 UNITS
05.01.2011	2.25	15,700	-	(3,950)	**11,750**
18.01.2011	2.25	1,300	-	-	**1,300**
Total		17,000	-	(3,950)	**13,050**

The number of share options vested as of December 31, 2014 is 3,915,000 units. The share options granted to the directors and senior management represent 7.9% of the maximum options that can be granted under the ESOS as of December 31, 2014.

The details of share options granted to eligible executives other than the Executive Directors are disclosed in Note 27 to the financial statements.

WARRANTS

On August 25, 2010, the Company allotted 168,540,090 new Warrants at an issue price of RM0.10 per Warrant. The Warrants were granted for listing and quotation on the Main Market of Bursa Malaysia on August 30, 2010.

Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after August 30, 2010 up to the date of expiry on August 24, 2015, at an exercise price of RM2.18 per share.

The Warrants are constituted by the Deed Poll dated July 30, 2010.

The ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants.

Details of the Warrants exercised/lapsed during the financial year are as follows:

		NO. OF WARRANTS			
DATE OF GRANT	EXERCISE PRICE PER ORDINARY SHARE RM	BALANCE AS OF 1.1.2014 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2014 '000 UNITS
30.08.2010	2.18	168,472	-	-	**168,472**

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and the statements of financial position 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 had satisfied themselves that all known bad debts had 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 had 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 as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and 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' REPORT (cont'd)

DIRECTORS

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

Mr. John Chia Sin Tet
Mr. Lee Hoong Leong
Mr. Francis Chia Mong Tet
Mr. Alexander Chia Jhet Wern
Mr. Martin Giles Manen
Y.Bhg. Tan Sri Dato' Wong See Wah
Y.Bhg. Dato' Wong Guang Seng
Mr. Yen Woon @ Low Sau Chee
Mr. Sundra Moorthi s/o V.M. Krishnasamy
Mr. Ang Chye Hock
Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba (retired on May 29, 2014)

In accordance with Article 124 of the Company's Articles of Association, Mr. Yen Woon @ Low Sau Chee, Y.Bhg. Tan Sri Dato' Wong See Wah and Mr. Martin Giles Manen retire by rotation.

Mr. Yen Woon @ Low Sau Chee, Y.Bhg. Tan Sri Dato' Wong See Wah and Mr. Martin Giles Manen being eligible, offer themselves for re-election.

Mr. Sundra Moorthi s/o V.M. Krishnasamy who is over the age of 70 years, retire in accordance with Section 129(6) of the Companies Act 1965. Mr. Sundra Moorthi s/o V.M. Krishnasamy, being eligible, 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 1.1.2014	BOUGHT	SOLD	BALANCE AS OF 31.12.2014
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	18,130,000	24,507,680	-	**42,637,680**
Mr. Francis Chia Mong Tet	7,090,000	-	-	**7,090,000**
Mr. Alexander Chia Jhet Wern	1,000,000	-	-	**1,000,000**
Mr. Yen Woon @ Low Sau Chee	500,000	32,088,420	-	**32,588,420**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	35,100	11,884,600	(2,500,000)	**9,419,700**
Mr. Ang Chye Hock	383,500	-	-	**383,500**

DIRECTORS' INTERESTS (CONT'D)

	NO. OF ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2014	BOUGHT	SOLD	BALANCE AS OF 31.12.2014
Shares in the Company (Cont'd)				
Indirect interest by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	204,137,840	49,658,400	(118,846,000)	**134,950,240**
Mr. Francis Chia Mong Tet	5,616,980	-	-	**5,616,980**
Mr. Yen Woon @ Low Sau Chee	175,346,000	200,000	(118,846,000)	**56,700,000**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	7,800	-	-	**7,800**

	NO. OF WARRANTS			
	BALANCE AS OF 1.1.2014	BOUGHT	SOLD	BALANCE AS OF 31.12.2014
Warrants in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	5,370,600	2,376,920	-	**7,747,520**
Mr. Yen Woon @ Low Sau Chee	-	8,022,105	-	**8,022,105**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	8,775	2,971,150	(694,925)	**2,285,000**
Mr. Ang Chye Hock	95,900	-	-	**95,900**
Indirect interest by virtue of Warrants held by companies in which a director has interests				
Mr. John Chia Sin Tet	49,880,228	11,884,600	(29,711,500)	**32,053,328**
Mr. Yen Woon @ Low Sau Chee	44,317,100	-	(29,711,500)	**14,605,600**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	1,950	-	-	**1,950**

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2014	GRANTED	LAPSED	BALANCE AS OF 31.12.2014
ESOS in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	1,500,000	-	-	**1,500,000**
Mr. Francis Chia Mong Tet	1,500,000	-	-	**1,500,000**
Mr. Alexander Chia Jhet Wern	350,000	-	-	**350,000**
Mr. Ang Chye Hock	1,500,000	-	(1,500,000)	**-**
Indirect interest by virtue of options registered in the name of persons connected to director				
Mr. John Chia Sin Tet	350,000	-	-	**350,000**

The number of share options in the name of directors vested as of December 31, 2014 is 1,005,000 units.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their interests in the shares of the Company, Mr. John Chia Sin Tet and Mr. 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, Mr. Martin Giles Manen, Y. Bhg. Dato' Wong Guang Seng and Mr. Lee Hoong Leong did not hold shares and Warrants or have beneficial interest in the shares and Warrants of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 17 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 except for the options granted to certain directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Deloitte, 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 27, 2015

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 statements of financial position of the Group and of the Company as of December 31, 2014 and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 125.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, which are indicated in Note 13 to the financial statements;

INDEPENDENT AUDITORS' REPORT (cont'd)

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

Report on Other Legal and Regulatory Requirements (CONT'D)

(c) we are satisfied that the accounts of the subsidiaries 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 those purposes; and

(d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, 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 to any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/15(J/PH)
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS

for the year ended December 31, 2014

	NOTE	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
Revenue		**1,038,279**	990,554	**481,290**	438,218
Interest income	8	**125**	296	**1,246**	914
Other gains/(losses)	5	**2,009**	7,953	**(11)**	(432)
Other operating income	5	**25,117**	15,420	**7,314**	7,659
Changes in inventories of finished goods and work-in-progress		**6,319**	(6,179)	**2,256**	(6,543)
Raw materials and consumables used		**(343,048)**	(372,569)	**(119,938)**	(116,818)
Depreciation of property, plant and equipment	11	**(157,031)**	(163,199)	**(61,826)**	(66,469)
Impairment losses on property, plant and equipment	11	**(2,880)**	(13,632)	**-**	(4,835)
Impairment losses on goodwill		**-**	(66,813)	**-**	-
Impairment losses on investments in subsidiaries	13	**-**	-	**-**	(59,590)
Employee benefits expenses	5	**(258,794)**	(265,296)	**(124,176)**	(118,425)
Directors' remuneration	6	**(11,001)**	(11,990)	**(8,608)**	(9,215)
Amortisation of prepaid interest in leased land	12	**(481)**	(467)	**(44)**	(44)
Finance costs	7	**(15,216)**	(22,255)	**(5,640)**	(9,159)
Other operating expenses	5	**(198,879)**	(186,614)	**(108,266)**	(101,979)
Profit/(Loss) before tax		**84,519**	(94,791)	**63,597**	(46,718)
Taxation	9(a)	**(16,769)**	(14,498)	**(6,543)**	(2,336)
Profit/(Loss) for the year		**67,750**	(109,289)	**57,054**	(49,054)
Attributable to:					
Owners of the Company		**68,422**	(105,368)	**57,054**	(49,054)
Non-controlling interests		**(672)**	(3,921)	**-**	-
		67,750	(109,289)	**57,054**	(49,054)
Profit/(Loss) per share					
Basic and diluted (sen)	10	**10.15**	(15.63)		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2014

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) for the year	**67,750**	(109,289)	**57,054**	(49,054)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**26,076**	51,278	**-**	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**(3,047)**	(1,106)	**-**	-
Total other comprehensive income for the year	**23,029**	50,172	**-**	-
Total comprehensive income/(loss) for the year	**90,779**	(59,117)	**57,054**	(49,054)
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	**91,451**	(55,196)	**57,054**	(49,054)
Non-controlling interests	**(672)**	(3,921)	**-**	-
	90,779	(59,117)	**57,054**	(49,054)

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as of December 31, 2014

		THE GROUP		THE COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**1,109,554**	1,193,942	**430,789**	451,439
Prepaid interest in leased land	12	**19,322**	19,408	**3,650**	3,694
Investments in subsidiaries	13	**-**	-	**493,858**	493,916
Intangible assets	14	**8,165**	10,436	**-**	-
Deferred tax assets	9(c)	**1,017**	2,861	**616**	616
Total non-current assets		**1,138,058**	1,226,647	**928,913**	949,665
Current assets					
Inventories	15	**122,599**	103,689	**62,282**	51,881
Trade receivables	16	**151,635**	131,164	**72,918**	53,513
Other receivables, deposits and prepaid expenses	16	**10,815**	9,537	**2,338**	1,646
Amount owing by subsidiaries	17	**-**	-	**32,480**	22,714
Tax recoverable	9(b)	**9,863**	5,894	**-**	-
Cash and bank balances	18	**51,032**	95,884	**4,116**	41,542
Total current assets		**345,944**	346,168	**174,134**	171,296
Total assets		**1,484,002**	1,572,815	**1,103,047**	1,120,961

STATEMENTS OF FINANCIAL POSITION (cont'd)

as of December 31, 2014

	NOTE	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	**337,115**	337,115	**337,115**	337,115
Reserves	20	**688,137**	623,407	**556,254**	525,948
Equity attributable to owners of the Company		**1,025,252**	960,522	**893,369**	863,063
Non-controlling interests		**6,917**	7,616	**-**	-
Total equity		**1,032,169**	968,138	**893,369**	863,063
Non-current liabilities					
Borrowings	21	**47,693**	156,150	**-**	15,537
Obligations under finance leases	22	**-**	4,775	**-**	1,850
Deferred income	23	**7,847**	7,720	**-**	-
Deferred tax liabilities	9(c)	**2,904**	-	**-**	-
Retirement benefit obligations	24	**22,418**	16,345	**-**	-
Total non-current liabilities		**80,862**	184,990	**-**	17,387
Current liabilities					
Trade payables	25	**61,393**	60,823	**23,035**	19,660
Other payables and accrued expenses	25	**101,357**	79,614	**60,737**	39,613
Amount owing to subsidiaries	17	**-**	-	**20,388**	12,256
Borrowings	21	**198,518**	268,325	**101,594**	166,306
Obligations under finance leases	22	**5,627**	7,521	**2,153**	2,127
Provision for taxation	9(b)	**4,076**	3,404	**1,771**	549
Total current liabilities		**370,971**	419,687	**209,678**	240,511
Total liabilities		**451,833**	604,677	**209,678**	257,898
Total equity and liabilities		**1,484,002**	1,572,815	**1,103,047**	1,120,961

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended December 31, 2014

		← NON-DISTRIBUTABLE RESERVES					→				
THE GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE RM'000	WARRANTS RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL RM'000
Balance as of January 1, 2013		337,115	127,783	15,868	6,070	16,004	20,971	504,136	1,027,947	11,528	1,039,475
Total comprehensive profit/(loss) for the year		-	-	-	-	-	51,278	(106,474)	(55,196)	(3,921)	(59,117)
Dividends	26	-	-	-	-	-	-	(13,485)	(13,485)	-	(13,485)
Transfer to statutory reserve fund	20	-	-	333	-	-	-	(333)	-	-	-
Recognition of share-based payments	20	-	-	-	1,081	-	-	175	1,256	9	1,265
Balance as of January 1, 2014		337,115	127,783	16,201	7,151	16,004	72,249	384,019	960,522	7,616	968,138
Total comprehensive profit for the year		-	-	-	-	-	26,076	65,375	91,451	(672)	90,779
Dividends	26	-	-	-	-	-	-	(26,969)	(26,969)	-	(26,969)
Transfer to statutory reserve fund	20	-	-	2,941	-	-	-	(2,941)	-	-	-
Recognition of share-based payments	20	-	-	-	(353)	-	-	601	248	(27)	221
Balance as of December 31, 2014		**337,115**	**127,783**	**19,142**	**6,798**	**16,004**	**98,325**	**420,085**	**1,025,252**	**6,917**	**1,032,169**

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the year ended December 31, 2014

THE COMPANY	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE RM'000	WARRANTS RESERVE RM'000	DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	TOTAL RM'000
		← NON-DISTRIBUTABLE RESERVES →					
Balance as of January 1, 2013		337,115	127,783	6,080	16,004	437,355	924,337
Total comprehensive loss for the year		-	-	-	-	(49,054)	(49,054)
Dividends	26	-	-	-	-	(13,485)	(13,485)
Recognition of share-based payments	20	-	-	1,090	-	175	1,265
Balance as of January 1, 2014		337,115	127,783	7,170	16,004	374,991	863,063
Total comprehensive profit for the year		-	-	-	-	57,054	57,054
Dividends	26	-	-	-	-	(26,969)	(26,969)
Recognition of share-based payments	20	-	-	(380)	-	601	221
Balance as of December 31, 2014		**337,115**	**127,783**	**6,790**	**16,004**	**405,677**	**893,369**

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the year ended December 31, 2014

	NOTE	THE GROUP 2014 RM'000	2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the year		**67,750**	(109,289)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		**157,031**	163,199
Taxation		**16,769**	14,498
Finance costs		**15,216**	22,255
Unrealised loss/(gain) on foreign exchange		**3,283**	(255)
Impairment losses on property, plant and equipment		**2,880**	13,632
Amortisation of intangible assets		**2,273**	2,347
Provision for/(Write back of) retirement benefit		**1,941**	(3,056)
Allowance for slow moving inventories		**1,279**	2,978
Amortisation of prepaid interest in leased land		**481**	467
Property, plant and equipment written off		**383**	195
Expense recognised in respect of equity-settled share-based payments		**221**	1,265
Allowance for/(Write back of) doubtful debts		**135**	(24)
Bad debts written off		**46**	22
Gain on disposal of property, plant and equipment		**(2,874)**	(1,916)
Amortisation of deferred income		**(177)**	(171)
Interest income		**(125)**	(296)
Impairment losses on goodwill		**-**	66,813
		266,512	172,664
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(17,386)**	32,231
Trade receivables		**(12,702)**	42,863
Other receivables, deposits and prepaid expenses		**(751)**	2,651
(Decrease)/Increase in:			
Trade payables		**(2,437)**	(42,857)
Other payables and accrued expenses		**4,655**	2,485
Cash Generated From Operations		**237,891**	210,037
Income tax (paid)/refunded		**(14,948)**	2,010
Defined benefit obligations paid	24	**(335)**	(46)
Net Cash From Operating Activities		**222,608**	212,001

STATEMENT OF CASH FLOWS (cont'd)

for the year ended December 31, 2014

	NOTE	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**13,065**	4,642
Interest received		**124**	301
Additions to property, plant and equipment	18(a)	**(46,012)**	(62,776)
Additions to intangible assets	14	**-**	(18)
Net Cash Used In Investing Activities		**(32,823)**	(57,851)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		**10,622**	10,248
Repayment of term loans		**(127,592)**	(122,314)
(Repayment of)/Proceeds from revolving credit/foreign currency trust receipts - net		**(44,679)**	17,632
Dividends paid	26	**(26,969)**	(13,485)
Finance costs paid		**(15,685)**	(21,766)
Repayment of finance leases		**(7,016)**	(6,256)
Repayment of bankers' acceptances		**(256)**	(243)
Net Cash Used In Financing Activities		**(211,575)**	(136,184)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(21,790)**	17,966
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**69,494**	46,390
Effect of exchange rate changes on the balance of cash held in foreign currencies		**3,328**	5,138
CASH AND CASH EQUIVALENTS AT END OF YEAR	18(b)	**51,032**	69,494

The accompanying Notes form an integral part of the financial statements.

	NOTE	THE COMPANY 2014 RM'000	2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the year		**57,054**	(49,054)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		**61,826**	66,469
Taxation		**6,543**	2,336
Finance costs		**5,640**	9,159
Unrealised loss on foreign exchange		**3,508**	5,961
Expense recognised in respect of equity-settled share-based payments		**279**	879
Property, plant and equipment written off		**274**	17
Amortisation of prepaid interest in leased land		**44**	44
Interest income		**(1,246)**	(914)
Gain on disposal of property, plant and equipment		**(224)**	(453)
Impairment losses on investments in subsidiaries		**-**	59,590
Impairment losses on property, plant and equipment		**-**	4,835
Allowance for slow moving inventories		**-**	1,593
Bad debts written-off		**-**	22
Write back of doubtful debts		**-**	(24)
		133,698	100,460
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(10,401)**	21,220
Trade receivables		**(15,520)**	35,698
Other receivables, deposits and prepaid expenses		**(692)**	593
Increase/(Decrease) in:			
Trade payables		**2,259**	(8,889)
Other payables and accrued expenses		**6,460**	10,883
Cash Generated From Operations		**115,804**	159,965
Income tax paid		**(5,321)**	(1,951)
Net Cash From Operating Activities		**110,483**	158,014

STATEMENT OF CASH FLOWS (cont'd)

for the year ended December 31, 2014

	NOTE	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**270**	3,181
Interest received		**32**	57
Additions to property, plant and equipment	18(a)	**(28,546)**	(38,980)
Advances to subsidiaries		**(8,292)**	(4,581)
Net Cash Used In Investing Activities		**(36,536)**	(40,323)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Advances received from/(Repayment to) subsidiaries		**7,105**	(25,527)
Repayment of revolving credit/foreign currency trust receipts - net		**(52,114)**	(33,213)
Dividends paid	26	**(26,969)**	(13,485)
Repayment of term loans		**(20,593)**	(19,466)
Finance costs paid		**(5,788)**	(8,551)
Repayment of finance leases		**(1,961)**	(1,786)
Repayment of bankers' acceptances		**(256)**	(243)
Net Cash Used In Financing Activities		**(100,576)**	(102,271)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(26,629)**	15,420
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**29,536**	11,770
Effect of exchange rate changes on the balance of cash held in foreign currencies		**1,209**	2,346
CASH AND CASH EQUIVALENTS AT END OF YEAR	18(b)	**4,116**	29,536

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 subsidiaries 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 subsidiaries 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 Pulai Jaya 9, Kawasan Perindustrian Pulai 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 27, 2015.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

(a) Application of new and revised MFRSs which have an impact on the amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of amendments to MFRSs and a new Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

The Group and the Company have applied the amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements which is applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

(b) Standards and IC Interpretations in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised MFRSs and IC Interpretations ("IC Int.") and amendments to MFRSs and IC Int. which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to MFRS 119 will have a significant impact on these financial statements.

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

(b) **Standards and IC Interpretations in issue but not yet effective (cont'd)**

Annual Improvements to MFRSs 2010-2012 Cycle

The *Annual Improvements to MFRSs 2010-2012 Cycle* include a number of amendments to various MFRSs, which are summarised below:

The amendments to MFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to MFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to MFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of MFRS 13 clarify that the issue of MFRS 13 and consequential amendments to MFRS 139 and MFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to MFRS 116 and MFRS 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to MFRS 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required of the reporting entity.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

(b) Standards and IC Interpretations in issue but not yet effective (cont'd)

Annual Improvements to MFRSs 2011-2013 Cycle

The *Annual Improvements to MFRSs 2011-2013 Cycle* include a number of amendments to various MFRSs, which are summarised below:

The amendments to MFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, MFRS 139 or MFRS 9, even if those contracts do not meet the definitions of financial assets and financial liabilities within MFRS 132.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the financial instruments and retirement benefit obligations. Certain financial instruments are carried at fair value in accordance to MFRS 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 *Employee Benefits (revised)*.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company and its subsidiaries:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

Revenue from semiconductor packaging and testing services is recognised when delivery has occurred or service has been rendered and is billable under terms of an arrangement. Invoicing at interim periods prior to shipment is considered as revenue when the customer acknowledges such billings as a service under the terms of an arrangement. Other criterias used to determine when to recognise revenue are that the fees are fixed and determinable and collectability is reasonably assured.

Interest income is recognised on an accrual basis that reflects the effective yield on the assets.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Marketing support and management services fees are recognised as and when the services are rendered.

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 are classified as operating leases.

Assets held under finance leases are initially 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 statements of financial position 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 the statements of profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. 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 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

Exchange differences are recognised in the statements of profit or loss in the period in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

Financial statements of foreign operations denominated in functional currencies other than Ringgit Malaysia

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 at the end of the reporting period. Income and expense items (including comparative figures) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation accumulated in a separate component of equity shall be reclassified from equity to the statements of profit or loss when the gain or loss on disposal is recognised.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component of equity.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statements of profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognised in profit or loss over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once these contributions have been paid.

Defined benefit plans

Contributions to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once the contributions have been paid.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs as "employee benefits expenses" in profit or loss. Curtailment gains and losses are accounted for as past service costs.

Share-based compensation benefits

The Group operates an equity-settled, share-based compensation plan, where shares and/or options are issued by the Company to eligible executives and directors of the Group. The fair value of the employee services received in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of options that are expected to become exercisable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

Share-based compensation benefits (cont'd)

The grant of options by the Company over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Taxation

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

Current tax

Current tax is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes determined based upon the taxable income of each entity and is measured using the tax rates which are applicable at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Property, Plant and Equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

Capital work-in-progress 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 of these assets commences when the assets are ready for their intended use.

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

The annual depreciation rates are as follows:

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

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.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid Interest in Leased Land

Leasehold land that normally has an indefinite 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.

Goodwill

Goodwill acquired in a business combination is initially recognised at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of the combination. Subsequent to the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment loss is recognised immediately in profit or loss and any impairment loss recognised for goodwill is not subsequently reversed. Gain and loss on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Assets

Intangible assets are measured 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 estimated useful lives and the amortisation method for intangible assets with finite useful lives are reviewed at each year end, with the effect of any changes in accounting estimate being recognised on a prospective basis.

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 statements of profit or loss in the year in which they are 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.

Impairment of Assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible and intangible assets (other than inventories, goodwill, deferred tax assets and 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 recoverable amount of the asset on the cash-generating unit ("CGU"), to which the asset belongs, is estimated.

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 profit or loss. 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, plus transaction costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instruments, or a shorter period, to the net carrying amount on initial recognition. Income or expense is recognised on an effective interest basis for debt instruments other than those financial instruments classified as at fair value through profit or loss.

(a) Financial Assets

Financial assets of the Group and of the Company are classified into "loans and receivables" category.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets of the Group and of the Company are short-term deposits, cash and bank balances, trade receivables, other receivables and deposits and inter-company indebtedness.

(ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

Effective interest method (cont'd)

(a) Financial Assets (cont'd)

(ii) Impairment of financial assets (cont'd)

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial Liabilities and Equity Instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities of the Group and of the Company are classified as "other financial liabilities" category.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities of the Group and of the Company are trade payables, other payables and accrued expenses, finance leases, bank borrowings and inter-company indebtedness.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

Effective interest method (cont'd)

(b) Financial Liabilities and Equity Instruments (cont'd)

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Statements of Cash Flows

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

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with 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 continuously evaluated by the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

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.

The Group performs an impairment indicator test annually for signs of impairment of its property, plant and equipment and intangible assets with finite useful lives. If there are signs of impairment, then a review of recoverable amounts is performed. The recoverable amount 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 years period. The terminal value is calculated based on the projected cash flow of the CGUs at the end of the fifth year with a constant growth rate.

The key assumptions for value-in-use include the management's expectation of revenue growth beyond the budget year and operating costs, drawing from past experience and current assessment of the market and industry growth as well as the maximum capacity available. The pre-tax discount rate used is 8.19% (2013: 6.69% to 8.19%) per annum.

(b) 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 carrying amount of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(c) Income Taxes

The Group is subject to income taxes of several jurisdictions. 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 tax provisions in the period in which such determination is made.

(d) Deferred Tax Assets

Deferred tax assets are 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 the use of judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(e) Contingent Liabilities

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

(f) 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.

(g) Allowance for Slow Moving Inventories

The Group makes allowance for slow moving inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternative uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of slow moving inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and slow moving inventories expenses in the period in which such estimate is changed.

(h) Impairment of Investments in Subsidiary Companies

The Company holds unquoted shares in subsidiary companies that are not traded in an active market. The Company used pre-tax cash flow projections based on one-year financial budget approved by the directors and a financial forecast covering the subsequent four years period. The terminal value is calculated based on the projected cash flow of the CGUs at the end of the fifth year with a constant growth rate. The cash flow projections were discounted at a pre-tax discount rate is 8.19% (2013: 6.69% to 8.19%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SEGMENT INFORMATION

The segment reporting is presented in a manner which is consistent with internal reporting provided to the senior management.

Business segment

The Group operates within one industry, i.e., in the manufacturing of semiconductor devices and other related 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, United Kingdom, People's Republic of China, Indonesia and United States of America.

Information reported to the senior management for the purposes of resource allocation and assessment of performance focuses on the business operations of the Group in three geographical areas comprising Asia, Europe and United States of America.

Segment revenue from external customers is based on the country in which the customer is located whereas the total carrying amount of assets, liabilities and capital expenditure is allocated based on the location of the 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.

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Geographical segments by location of assets								
Statement of Profit or Loss								
Revenue								
External sales	**1,013,078**	952,607	**199**	11,277	**25,002**	26,670	**1,038,279**	990,554
Results								
Segment results	**105,478**	(64,167)	**(1,356)**	(10,944)	**(4,512)**	2,279	**99,610**	(72,832)
Finance costs	**(14,846)**	(21,435)	**(16)**	(168)	**(354)**	(652)	**(15,216)**	(22,255)
Investment income	**125**	296	**-**	-	**-**	-	**125**	296
Profit/(Loss) before tax	**90,757**	(85,306)	**(1,372)**	(11,112)	**(4,866)**	1,627	**84,519**	(94,791)
Taxation	**(16,764)**	(14,443)	**-**	-	**(5)**	(55)	**(16,769)**	(14,498)
Profit/(Loss) for the year	**73,993**	(99,749)	**(1,372)**	(11,112)	**(4,871)**	1,572	**67,750**	(109,289)
Statement of Financial Position								
Assets								
Segment assets	**1,466,742**	1,531,422	**217**	18,264	**17,043**	23,129	**1,484,002**	1,572,815
Liabilities								
Segment liabilities	**445,510**	590,885	**98**	3,587	**6,225**	10,205	**451,833**	604,677

4. SEGMENT INFORMATION (CONT'D)

Geographical segment (Cont'd)

THE GROUP	ASIA 2014 RM'000	ASIA 2013 RM'000	EUROPE 2014 RM'000	EUROPE 2013 RM'000	UNITED STATES OF AMERICA 2014 RM'000	UNITED STATES OF AMERICA 2013 RM'000	CONSOLIDATED 2014 RM'000	CONSOLIDATED 2013 RM'000
Geographical segments by location of assets								
Other information								
Additions of property, plant and equipment	**58,394**	36,606	**-**	74	**1,301**	920	**59,695**	37,600
Depreciation of property, plant and equipment	**152,280**	156,560	**165**	2,112	**4,586**	4,527	**157,031**	163,199
Impairment losses on goodwill	**-**	66,813	**-**	-	**-**	-	**-**	66,813
Impairment losses on property, plant and equipment	**-**	7,192	**-**	6,440	**2,880**	-	**2,880**	13,632
Retrenchment costs/ (Write back)	**-**	13,542	**(92)**	2,372	**416**	-	**324**	15,914
Allowance for slow moving inventories	**189**	2,978	**-**	-	**1,090**	-	**1,279**	2,978
Amortisation of intangible assets	**2,273**	2,347	**-**	-	**-**	-	**2,273**	2,347
Amortisation of deferred income	**177**	171	**-**	-	**-**	-	**177**	171
Gain on disposal of property, plant and equipment	**2,402**	1,048	**243**	868	**229**	-	**2,874**	1,916
Amortisation of prepaid interest in leased land	**481**	467	**-**	-	**-**	-	**481**	467
Allowance for/(Write back of) doubtful debts	**-**	(24)	**135**	-	**-**	-	**135**	(24)
Bad debts written off	**-**	22	**-**	-	**46**	-	**46**	22

Revenue from sales to external customers by location of customers:

	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000
United States of America	**638,792**	630,153
Europe	**201,997**	183,846
Asia	**197,224**	176,419
Others	**266**	136
	1,038,279	990,554

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

	NOTE	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
Grant income received		**10,239**	123	**-**	-
Gain on disposal of property, plant and equipment		**2,874**	1,916	**224**	453
Foreign exchange:					
Realised gain		**2,418**	5,782	**3,273**	5,076
Unrealised (loss)/gain		**(3,283)**	255	**(3,508)**	(5,961)
Rental income		**1,425**	1,230	**1,825**	1,630
Amortisation of deferred income	23	**177**	171	**-**	-
(Allowance for)/Write back of doubtful debts	16	**(135)**	24	**-**	24
Research and development expenses		**(5,820)**	(7,025)	**(4,033)**	(3,527)
Amortisation of intangible assets	14	**(2,273)**	(2,347)	**-**	-
Allowance for slow moving inventories		**(1,279)**	(2,978)	**-**	(1,593)
Rental of premises		**(1,137)**	(1,976)	**(309)**	(336)
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		**(730)**	(766)	**(250)**	(250)
Previous years		**-**	17	**-**	-
Others		**(7)**	(7)	**(7)**	(7)
Rental of equipment		**(588)**	(961)	**-**	-
Property, plant and equipment written off		**(383)**	(195)	**(274)**	(17)
Bad debts written off		**(46)**	(22)	**-**	(22)

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

	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
Equity-settled share-based payments	**370**	867	**377**	497
Defined benefit plans	**2,127**	(3,056)	**-**	-
Defined contribution plans	**18,272**	15,133	**7,698**	7,639
Retrenchment costs	**324**	15,914	**-**	-

6. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
Executive:				
Fees	**560**	580	**560**	580
Other emoluments	**6,450**	6,680	**6,450**	6,680
Defined contribution plans	**771**	798	**771**	798
Equity-settled share-based payments	**(98)**	382	**(98)**	382
	7,683	8,440	**7,683**	8,440
Non-executive fees	**925**	775	**925**	775
	8,608	9,215	**8,608**	9,215
Directors of subsidiaries				
Executive:				
Other emoluments	**2,319**	2,738	**-**	-
Defined contribution plans	**125**	20	**-**	-
Equity-settled share-based payments	**(51)**	17	**-**	-
	2,393	2,775	**-**	-
	11,001	11,990	**8,608**	9,215

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 approximately RM194,000 (2013: RM99,000).

Directors' other emoluments of the Group include an amount of Nil (2013: RM148,000) for termination payment to an ex-director.

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest on:				
Revolving credit	**6,496**	6,542	**3,626**	5,836
Term loans	**3,744**	10,091	**452**	803
Foreign currency trust receipts	**491**	474	**491**	474
Bank overdrafts	**460**	549	**286**	112
Finance leases	**434**	929	**80**	139
Bankers' acceptances	**2**	24	**2**	24
Advances from a subsidiary	**-**	-	**-**	662
Bank charges and commissions	**3,204**	2,770	**361**	276
Commitment fees	**239**	615	**239**	615
Loan and facility arrangement fees	**146**	261	**103**	218
Total interest expense for financial liabilities not classified as at fair value through profit or loss	**15,216**	22,255	**5,640**	9,159

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INTEREST INCOME

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income from:				
Short-term deposits	**125**	296	**32**	57
Advances to a subsidiary	**-**	-	**1,214**	857
	125	296	**1,246**	914

9. TAXATION

(a) Taxation recognised in profit or loss

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Tax expense comprises:				
Current tax in respect of the financial year:				
Malaysian	**(6,546)**	(4,079)	**(6,546)**	(4,079)
Foreign	**(5,558)**	(764)	**-**	-
Deferred tax relating to origination and reversal of temporary differences	**(4,113)**	(11,997)	**-**	-
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	**(95)**	2,342	**3**	1,743
- deferred tax	**(457)**	-	**-**	-
Total tax expense	**(16,769)**	(14,498)	**(6,543)**	(2,336)

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Finance (No. 2) Act 2014 which was gazetted on December 30, 2014 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following this, the applicable tax rate to be used for the measurement of any applicable deferred tax will be the abovementioned expected rate.

9. TAXATION (CONT'D)

(a) Taxation recognised in profit or loss (cont'd)

The tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before tax	**84,519**	(94,791)	**63,597**	(46,718)
(Tax)/Loss calculated using the Malaysian statutory income tax rate of 25% (2013: 25%)	**(21,130)**	23,698	**(15,899)**	11,680
Different tax rates of subsidiaries operating in other jurisdictions	**671**	366	**-**	-
Tax effects of:				
Utilisation of unutilised tax losses and reinvestment allowances not recognised as deferred tax assets	**11,270**	4,570	**11,228**	4,570
Income that is exempted from taxation	**921**	1,102	**351**	633
Reversal of tax benefits previously not recognised as deferred tax assets	**(6,246)**	(14,155)	**-**	-
Expenses that are not deductible in determining taxable profit	**(4,430)**	(26,900)	**(2,226)**	(20,962)
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	**(863)**	(5,521)	**-**	-
Reduction in income tax rate	**3,590**	-	**-**	-
	(16,217)	(16,840)	**(6,546)**	(4,079)
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	**(95)**	2,342	**3**	1,743
- deferred tax	**(457)**	-	**-**	-
Taxation recognised in the statements of profit or loss	**(16,769)**	(14,498)	**(6,543)**	(2,336)

(b) Tax Recoverable and Provision for Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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. Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

THE GROUP 2014	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unutilised reinvestment allowances and investment tax allowances	65,659	(721)	-	**64,938**
Unabsorbed capital allowances and unutilised tax losses	21,001	(6,844)	268	**14,425**
Retirement benefits	4,426	(4,297)	-	**129**
Provisions	916	(181)	37	**772**
	92,002	(12,043)	305	**80,264**
Offsetting				**(79,247)**
Deferred tax assets (after offsetting)				**1,017**
Deferred tax liabilities				
Property, plant and equipment	(89,141)	7,473	(483)	**(82,151)**
Offsetting				**79,247**
Deferred tax liabilities (after offsetting)				**(2,904)**
THE GROUP 2013				
Deferred tax assets				
Unutilised reinvestment allowances and investment tax allowances	77,680	(12,021)	-	65,659
Unabsorbed capital allowances and unutilised tax losses	28,272	(8,007)	736	21,001
Retirement benefits	5,128	(1,030)	328	4,426
Provisions	433	426	57	916
	111,513	(20,632)	1,121	92,002
Offsetting				(89,141)
Deferred tax assets (after offsetting)				2,861
Deferred tax liabilities				
Property, plant and equipment	(96,931)	8,635	(845)	(89,141)
Offsetting				89,141
Deferred tax liabilities (after offsetting)				-

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

THE COMPANY 2014	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unutilised reinvestment allowances	65,659	(932)	-	**64,727**
Offsetting				**(64,111)**
Deferred tax assets (after offsetting)				**616**
Deferred tax liabilities				
Property, plant and equipment	(65,043)	932	-	**(64,111)**
Offsetting				**64,111**
Deferred tax liabilities (after offsetting)				**-**
THE COMPANY 2013				
Deferred tax assets				
Unutilised reinvestment allowances and investment tax allowances	73,679	(8,020)	-	65,659
Offsetting				(65,043)
Deferred tax assets (after offsetting)				616
Deferred tax liabilities				
Property, plant and equipment	(73,063)	8,020	-	(65,043)
Offsetting				65,043
Deferred tax liabilities (after offsetting)				-

Subject to agreement by the respective tax jurisdictions, the components of deferred tax assets of the Group and of the Company not recognised at the end of the reporting period are as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets:				
Unutilised investment tax allowances	**117,004**	116,644	**-**	-
Reinvestment allowances	**56,389**	63,527	**56,389**	63,527
Unabsorbed capital allowances and unutilised tax losses	**-**	47,580	**-**	-
	173,393	227,751	**56,389**	63,527

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (cont'd)

The unutilised tax losses, which are not recognised in the financial statements do not expire under the current tax legislations, except for one of the indirect foreign subsidiaries' tax losses, which will expire as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
Tax losses expiring:		
Within 5 years	-	72
More than 5 years	-	10,223
	-	10,295

10. PROFIT/(LOSS) PER SHARE

	THE GROUP	
	2014	2013
Basic and Diluted		
Profit/(Loss) for the year attributable to owners of the Company (RM'000)	**68,422**	(105,368)
Weighted average number of ordinary shares in issue ('000 units)	**674,229**	674,229
Basic and diluted earnings/(loss) per ordinary share (sen)	**10.15**	(15.63)

The diluted earnings/(loss) per share have not been presented as the average market price of the ordinary shares of the Company is lower than the exercise price for the conversion of the Warrants or ESOS to ordinary shares. The effect would be anti-dilutive to the earnings/(loss) per share.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2014 consist of the following:

THE GROUP 2014	COST						
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFERS RM'000	AT END OF YEAR RM'000
Freehold land	5,337	-	52	(5,389)	-	-	-
Buildings	333,011	154	11,939	(10,864)	-	30	334,270
Plant and machinery	2,629,916	38,622	58,437	(65,598)	(3,189)	15,686	2,673,874
Electrical installation	15,268	126	-	-	-	-	15,394
Office equipment	70,353	1,329	1,555	(489)	(1,066)	450	72,132
Air-conditioners	11,364	128	171	-	-	-	11,663
Motor vehicles	4,866	917	38	(386)	-	-	5,435
Furniture and fittings	14,109	347	516	(219)	-	-	14,753
Production support equipment	49,783	42	1,944	-	-	162	51,931
Capital work-in-progress	8,437	18,030	1,452	-	(222)	(16,328)	11,369
Total	3,142,444	59,695	76,104	(82,945)	(4,477)	-	3,190,821

THE GROUP 2014	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	IMPAIRMENT LOSS FOR THE YEAR RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Freehold land	-	-	-	-	-	-	-
Buildings	120,824	8,703	-	6,378	(7,539)	-	128,366
Plant and machinery	1,734,536	136,006	2,880	40,453	(64,204)	(3,075)	1,846,596
Electrical installation	13,468	541	-	-	-	-	14,009
Office equipment	42,286	4,670	-	1,407	(428)	(1,019)	46,916
Air-conditioners	8,791	656	-	139	-	-	9,586
Motor vehicles	3,074	794	-	29	(358)	-	3,539
Furniture and fittings	12,251	621	-	498	(226)	-	13,144
Production support equipment	13,272	5,040	-	799	-	-	19,111
Capital work-in-progress	-	-	-	-	-	-	-
Total	1,948,502	157,031	2,880	49,703	(72,755)	(4,094)	2,081,267

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Property, plant and equipment in 2013 consist of the following:

THE GROUP 2013	COST: AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFERS RM'000	AT END OF YEAR RM'000
Freehold land	4,968	-	369	-	-	-	5,337
Buildings	312,781	1,686	19,774	(1,230)	-	-	333,011
Plant and machinery	2,600,455	22,533	93,626	(104,290)	-	17,592	2,629,916
Electrical installation	15,195	73	-	-	-	-	15,268
Office equipment	57,991	1,051	2,200	(758)	(3,251)	13,120	70,353
Air-conditioners	10,836	133	395	-	-	-	11,364
Motor vehicles	5,388	263	87	(872)	-	-	4,866
Furniture and fittings	13,878	361	667	(363)	(434)	-	14,109
Production support equipment	44,435	57	4,394	-	-	897	49,783
Capital work-in-progress	27,036	11,443	1,567	-	-	(31,609)	8,437
Total	3,092,963	37,600	123,079	(107,513)	(3,685)	-	3,142,444

THE GROUP 2013	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES: AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	IMPAIRMENT LOSS FOR THE YEAR RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Freehold land	-	-	-	-	-	-	-
Buildings	102,811	8,640	3,595	7,008	(1,230)	-	120,824
Plant and machinery	1,633,225	143,770	10,037	49,068	(101,564)	-	1,734,536
Electrical installation	12,837	631	-	-	-	-	13,468
Office equipment	40,727	3,705	-	1,714	(769)	(3,091)	42,286
Air-conditioners	7,864	676	-	251	-	-	8,791
Motor vehicles	3,463	400	-	70	(859)	-	3,074
Furniture and fittings	11,822	578	-	615	(365)	(399)	12,251
Production support equipment	7,507	4,799	-	966	-	-	13,272
Capital work-in-progress	-	-	-	-	-	-	-
Total	1,820,256	163,199	13,632	59,692	(104,787)	(3,490)	1,948,502

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

THE COMPANY 2014	COST: AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFERS RM'000	AT END OF YEAR RM'000
Buildings	92,881	77	-	-	-	92,958
Plant and machinery	1,343,376	38,046	(53,777)	(685)	207	1,327,167
Electrical installation	15,014	126	-	-	-	15,140
Office equipment	41,438	938	-	(1,019)	438	41,795
Air-conditioners	7,167	128	-	-	-	7,295
Motor vehicles	3,597	917	(300)	-	-	4,214
Furniture and fittings	4,826	246	-	-	-	5,072
Capital work-in-progress	2,284	1,018	-	(222)	(645)	2,435
Total	1,510,583	41,496	(54,077)	(1,926)	-	1,496,076

THE COMPANY 2014	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES: AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	IMPAIRMENT LOSS FOR THE YEAR RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Buildings	20,312	1,858	-	-	-	22,170
Plant and machinery	995,825	54,864	-	(53,751)	(656)	996,282
Electrical installation	12,411	515	-	-	-	12,926
Office equipment	18,658	3,368	-	-	(996)	21,030
Air-conditioners	5,953	286	-	-	-	6,239
Motor vehicles	2,003	737	-	(280)	-	2,460
Furniture and fittings	3,982	198	-	-	-	4,180
Capital work-in-progress	-	-	-	-	-	-
Total	1,059,144	61,826	-	(54,031)	(1,652)	1,065,287

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

THE COMPANY 2013	COST AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFERS RM'000	AT END OF YEAR RM'000
Buildings	92,784	97	-	-	-	92,881
Plant and machinery	1,349,442	16,570	(22,636)	-	-	1,343,376
Electrical installation	14,941	73	-	-	-	15,014
Office equipment	27,980	896	(4)	(554)	13,120	41,438
Air-conditioners	7,034	133	-	-	-	7,167
Motor vehicles	3,597	-	-	-	-	3,597
Furniture and fittings	4,632	202	(8)	-	-	4,826
Capital work-in-progress	15,228	176	-	-	(13,120)	2,284
Total	1,515,638	18,147	(22,648)	(554)	-	1,510,583

THE COMPANY 2013	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	IMPAIRMENT LOSS FOR THE YEAR RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Buildings	18,455	1,857	-	-	-	20,312
Plant and machinery	950,284	60,617	4,835	(19,911)	-	995,825
Electrical installation	11,805	606	-	-	-	12,411
Office equipment	16,760	2,436	-	(1)	(537)	18,658
Air-conditioners	5,634	319	-	-	-	5,953
Motor vehicles	1,613	390	-	-	-	2,003
Furniture and fittings	3,746	244	-	(8)	-	3,982
Capital work-in-progress	-	-	-	-	-	-
Total	1,008,297	66,469	4,835	(19,920)	(537)	1,059,144

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

THE GROUP	NET BOOK VALUE 2014 RM'000	2013 RM'000
Freehold land	**-**	5,337
Buildings	**205,904**	212,187
Plant and machinery	**827,278**	895,380
Electrical installation	**1,385**	1,800
Office equipment	**25,216**	28,067
Air-conditioners	**2,077**	2,573
Motor vehicles	**1,896**	1,792
Furniture and fittings	**1,609**	1,858
Production support equipment	**32,820**	36,511
Capital work-in-progress	**11,369**	8,437
Total	**1,109,554**	1,193,942
THE COMPANY		
Buildings	**70,788**	72,569
Plant and machinery	**330,885**	347,551
Electrical installation	**2,214**	2,603
Office equipment	**20,765**	22,780
Air-conditioners	**1,056**	1,214
Motor vehicles	**1,754**	1,594
Furniture and fittings	**892**	844
Capital work-in-progress	**2,435**	2,284
Total	**430,789**	451,439

Property, plant and equipment of a foreign subsidiary with total carrying amount of approximately RM254,712,000 (2013: RM483,853,000) is charged by way of a fixed and floating debenture to two foreign banks for term loan facilities granted to the subsidiary as disclosed in Note 21.

Included under property, plant and equipment are plant and machinery acquired under finance lease obligations as follows:

	THE GROUP 2014 RM'000	2013 RM'000	THE COMPANY 2014 RM'000	2013 RM'000
Cost	**20,978**	20,198	**5,495**	5,495
Net book value	**12,582**	11,566	**4,506**	5,001

Impairment losses of RM2,880,000 have been recognised in respect of property, plant and equipment of the Group during the financial year which is attributable to cessation of business operations of a foreign subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. PREPAID INTEREST IN LEASED LAND

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
At beginning of year	**26,114**	24,899	**4,354**	4,354
Translation reserve	**738**	1,215	**-**	-
At end of year	**26,852**	26,114	**4,354**	4,354
Less: Amortisation				
At beginning of year	**6,706**	5,870	**660**	616
Charge for the year	**481**	467	**44**	44
Translation reserve	**343**	369	**-**	-
At end of year	**7,530**	6,706	**704**	660
Net	**19,322**	19,408	**3,650**	3,694

Leasehold land of a foreign subsidiary with total carrying amount of approximately RM3,502,000 (2013: RM7,720,000) is charged by way of a fixed and floating debenture to two foreign banks for term loan facilities granted to the subsidiary as disclosed in Note 21.

13. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost		
At beginning of year	**658,138**	657,752
(Reversal)/Additions	**(58)**	386
At end of year	**658,080**	658,138
Accumulated impairment losses		
At beginning of year	**164,222**	104,632
Charge for the year	**-**	59,590
At end of year	**164,222**	164,222
Net	**493,858**	493,916

The reversal during the financial year relate to share options reversed upon resignation of executive staff of subsidiaries while additions represent share options granted to the executive staff of subsidiaries.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries as at the end of the reporting period are as follows:

NAME OF COMPANIES	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	PRINCIPAL ACTIVITIES
Direct subsidiaries				
Unisem (Ipoh) 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	Under Members' Voluntary Liquidation.
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 Chengdu International Import & Export Co., Ltd. ^#	People's Republic of China	**100.00**	100.00	Marketing of semiconductor devices and provision of related services.
Indirect subsidiaries				
Subsidiary of Unisem (Europe) Holdings Limited:				
Unisem (Europe) Limited @#	England and Wales	**100.00**	100.00	Under Members' Voluntary Liquidation.
Subsidiary of Unisem (Mauritius) Holdings Limited:				
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	Under Members' Voluntary Liquidation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

NAME OF COMPANIES	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2014 %	2013 %	PRINCIPAL ACTIVITIES
Indirect subsidiaries (cont'd)				
Subsidiary of Unisem (Mauritius) Holdings Limited (cont'd):				
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.

14. INTANGIBLE ASSETS

THE GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHT RM'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
Cost				
As of January 1, 2013	21,880	20,574	1,333	43,787
Additions	18	-	-	18
Translation reserve	333	1,104	96	1,533
As of December 31, 2013	22,231	21,678	1,429	45,338
Additions	-	-	-	-
Translation reserve	333	1,101	96	1,530
As of December 31, 2014	**22,564**	**22,779**	**1,525**	**46,868**

14. INTANGIBLE ASSETS (CONT'D)

THE GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHT RM'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
Accumulated amortisation and impairment losses				
As of January 1, 2013	12,055	17,634	1,333	31,022
Charge for the year	1,812	535	-	2,347
Translation reserve	333	1,104	96	1,533
As of December 31, 2013	14,200	19,273	1,429	34,902
Charge for the year	1,738	535	-	2,273
Translation reserve	331	1,101	96	1,528
As of December 31, 2014	**16,269**	**20,909**	**1,525**	**38,703**
Carrying amounts				
As of December 31, 2013	8,031	2,405	-	10,436
As of December 31, 2014	**6,295**	**1,870**	**-**	**8,165**

The amortisation expenses have been included in "other operating expenses" in the statements of profit or loss.

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. The carrying amounts of these licence fees and tech-transfer support fees will be fully amortised in 4 years (2013: 5 years).

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
Raw materials	**61,423**	52,600	**24,974**	20,211
Factory supplies	**43,228**	39,714	**29,409**	26,935
Work-in-progress	**16,951**	12,123	**8,010**	5,667
Finished goods	**5,389**	3,368	**1,131**	1,218
Goods-in-transit	**7**	26	**-**	-
	126,998	107,831	**63,524**	54,031

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. INVENTORIES (CONT'D)

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Less: Allowance for slow-moving inventories:				
At beginning of year	**(4,142)**	(7,619)	**(2,150)**	(3,290)
Additions	**(1,279)**	(2,978)	**-**	(1,593)
Write off	**1,211**	6,568	**908**	2,733
Translation reserve	**(189)**	(113)	**-**	-
At end of year	**(4,399)**	(4,142)	**(1,242)**	(2,150)
	122,599	103,689	**62,282**	51,881

The costs of inventories of the Group and of the Company recognised as an expense during the year were approximately RM892,892,000 (2013: RM942,501,000) and RM388,023,000 (2013: RM391,029,000) respectively.

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	**151,771**	131,886	**72,918**	53,689
Less: Allowance for doubtful debts				
At beginning of year	**(722)**	(834)	**(176)**	(200)
Additions	**(135)**	-	**-**	-
No longer required	**-**	24	**-**	24
Write off	**712**	138	**176**	-
Translation reserve	**9**	(50)	**-**	-
At end of year	**(136)**	(722)	**-**	(176)
	151,635	131,164	**72,918**	53,513

Trade receivables comprise amounts receivable for sale of goods and services rendered. The credit terms granted range from 30 to 60 days (2013: 30 to 60 days).

One of the indirect foreign subsidiaries has overdraft and revolving credit facilities with a foreign bank which are secured by a floating charge over the indirect subsidiary's trade receivables of Nil (2013: RM81,000) as disclosed in Note 21.

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

The trade receivables of the Group and of the Company are denominated in US Dollar.

Other receivables, deposits and prepaid expenses consist of:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	**4,071**	3,029	**1,558**	894
Deposits	**3,317**	3,396	**375**	372
Prepaid expenses	**3,427**	3,112	**405**	380
	10,815	9,537	**2,338**	1,646

Other receivables comprise mainly payments made on behalf and advances granted that are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 17.

The currency profile of other receivables of the Group is as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
Chinese Renminbi	**1,637**	1,473
Ringgit Malaysia	**1,436**	1,345
US Dollar	**980**	174
British Pound	**11**	-
Singapore Dollar	**-**	30
Others	**7**	7
	4,071	3,029

The other receivables of the Company are entirely denominated in Ringgit Malaysia.

17. AMOUNT OWING BY/(TO) SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The amounts owing by/(to) subsidiaries are interest-free except for an amount owing by a subsidiary amounting to approximately RM20,664,000 (2013: RM15,364,000) which bears interest at 6.70% (2013: 6.70%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. AMOUNT OWING BY/(TO) SUBSIDIARIES AND RELATED PARTY TRANSACTIONS (CONT'D)

The amount owing by/(to) subsidiaries are expected to be repaid within 12 months.

The currency profile of amount owing by subsidiaries is as follows:

	THE COMPANY	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	**28,254**	22,713
US Dollar	**4,226**	1
	32,480	22,714

The currency profile of amount owning to subsidiaries is as follows:

	THE COMPANY	
	2014 RM'000	2013 RM'000
US Dollar	**20,328**	11,230
Euro	**60**	334
Singapore Dollar	**-**	692
	20,388	12,256

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

Names Of Related Parties	Relationship
Adnan Sundra & Low	- A firm of advocates and solicitors in which a director of the Company is a partner.
FlipChip International, LLC Advanpack Solutions Pte. Ltd.	- Shareholders of Unisem Advanced Technologies Sdn. Bhd.

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

	THE COMPANY	
	2014 RM'000	2013 RM'000
Subsidiaries		
Marketing support fees paid/payable	**3,065**	3,158
Interest received/receivable	**1,214**	857
Purchase of property, plant and equipment	**1,188**	1,370
Management fees received/receivable	**576**	576
Rental income	**400**	400
Other marketing support fees paid/payable	**299**	2,657
Marketing support fees received/receivable	**293**	97
Disposal of property, plant and equipment	**-**	711
Interest paid/payable	**-**	662

17. AMOUNT OWING BY/(TO) SUBSIDIARIES AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, transactions with related parties that are not members of the Group are as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Legal fee	**1**	1	**1**	1
Royalty	**35**	26	**-**	-

The outstanding balances as at the end of the reporting period are as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
Related parties		
Included in other payables	**322**	322

Compensation of key management personnel

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

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Equity-settled share-based payments	**90**	212	**196**	119
Short-term benefit	**4,464**	4,633	**1,995**	1,868
Post-employment benefit	**-**	35	**-**	-
	4,554	4,880	**2,191**	1,987

18. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term deposits with licensed banks	**20,696**	28,904	**-**	19,000
Cash on hand and at banks	**30,336**	66,980	**4,116**	22,542
	51,032	95,884	**4,116**	41,542

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. CASH AND BANK BALANCES (CONT'D)

The currency profile of short-term deposits and cash and bank balances is as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
US Dollar	**48,479**	72,766	**3,975**	21,477
Chinese Renminbi	**1,369**	1,527	**-**	-
Ringgit Malaysia	**674**	20,386	**136**	20,058
British Pound	**195**	407	**-**	2
Euro	**147**	63	**4**	4
Singapore Dollar	**91**	619	**-**	-
Indonesian Rupiah	**76**	115	**-**	-
Others	**1**	1	**1**	1
	51,032	95,884	**4,116**	41,542

The average effective interest rates per annum are as follows:

Short-term deposits	2014 %	2013 %
The Group	**0.44 - 2.65**	0.53 - 2.40
The Company	**2.40 - 2.65**	2.40

The average maturities of deposits as at the end of the reporting period are as follows:

Short-term deposits (days)	2014	2013
The Group	**1 - 19**	1 - 30
The Company	**1**	1

(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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Additions during the year	**59,695**	37,600	**41,496**	18,147
Outstanding balances	**(31,743)**	(18,060)	**(20,660)**	(7,710)
Cash payment in respect of additions in:				
Current year	**27,952**	19,540	**20,836**	10,437
Prior year	**18,060**	43,236	**7,710**	28,543
	46,012	62,776	**28,546**	38,980

18. CASH AND BANK BALANCES (CONT'D)

(b) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include short-term deposits, cash on hand and at banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term deposits	**20,696**	28,904	**-**	19,000
Cash on hand and at banks	**30,336**	66,980	**4,116**	22,542
Bank overdrafts	**-**	(26,390)	**-**	(12,006)
	51,032	69,494	**4,116**	29,536

19. SHARE CAPITAL

		THE GROUP AND THE COMPANY			
	PAR VALUE RM	2014 NUMBER OF ORDINARY SHARES '000 UNITS	2013 NUMBER OF ORDINARY SHARES '000 UNITS	2014 RM'000	2013 RM'000
Authorised:					
At beginning/ end of year	0.50	**1,000,000**	1,000,000	**500,000**	500,000
Issued and fully paid:					
At beginning/ end of year	0.50	**674,229**	674,229	**337,115**	337,115

20. RESERVES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable reserves:				
Share premium	**127,783**	127,783	**127,783**	127,783
Foreign currency translation reserve	**98,325**	72,249	**-**	-
Capital reserve	**19,142**	16,201	**-**	-
Equity-settled employee benefits reserve	**6,798**	7,151	**6,790**	7,170
Warrants reserve	**16,004**	16,004	**16,004**	16,004
Distributable reserve:				
Retained earnings	**420,085**	384,019	**405,677**	374,991
	688,137	623,407	**556,254**	525,948

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. RESERVES (CONT'D)

Share premium

The share premium arose from the issuance of ordinary shares.

Foreign currency translation reserve

Exchange rate differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Ringgit Malaysia are accounted for by entries made directly to the foreign currency translation reserve.

Capital reserve

Capital reserve is an account where a percentage of the retained earnings is transferred as required by the laws and regulations of the domicile country where a subsidiary is incorporated.

Equity-settled employee benefits reserve

The equity-settled employee benefits reserve relates to share options granted to employees under the ESOS as disclosed in Note 27. Equity-settled employee benefits reserve is transferred to the share premium account upon the exercise of ESOS. Equity-settled employee benefits reserve in relation to unexercised ESOS at the expiry of the ESOS period will be transferred to retained earnings.

Warrants reserve

Proceeds from the issuance of Warrants, net of issue costs, are credited to Warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of Warrants. Warrants reserve in relation to unexercised Warrants at the expiry of the Warrants period will be transferred to retained earnings.

21. BORROWINGS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Secured:				
Term loans	**52,232**	139,340	**-**	-
Revolving credit	**83,681**	72,600	**-**	-
Bank overdrafts	**-**	14,384	**-**	-
Unsecured:				
Revolving credit	**48,000**	111,500	**48,000**	111,500
Term loans	**25,287**	52,438	**16,583**	36,130
Foreign currency trust receipts	**37,011**	21,951	**37,011**	21,951
Bank overdrafts	**-**	12,006	**-**	12,006
Bankers' acceptances	**-**	256	**-**	256
	246,211	424,475	**101,594**	181,843
Less: Amount due within 12 months (shown under current liabilities)	**(198,518)**	(268,325)	**(101,594)**	(166,306)
Non-current portion	**47,693**	156,150	**-**	15,537

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial years ending December 31:				
2015	**-**	110,571	**-**	15,537
2016	**46,140**	44,123	**-**	-
2017	**1,553**	1,456	**-**	-
	47,693	156,150	**-**	15,537

Analysis of borrowings by currency:

THE GROUP 2014	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	**-**	**77,519**	**77,519**
Revolving credit	**48,000**	**83,681**	**131,681**
Foreign currency trust receipts	**-**	**37,011**	**37,011**
Bank overdrafts	**-**	**-**	**-**
Bankers' acceptances	**-**	**-**	**-**
	48,000	**198,211**	**246,211**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. BORROWINGS (CONT'D)

THE GROUP 2013	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	-	191,778	191,778
Revolving credit	111,500	72,600	184,100
Foreign currency trust receipts	-	21,951	21,951
Bank overdrafts	12,006	14,384	26,390
Bankers' acceptances	256	-	256
	123,762	300,713	424,475

The Company 2014	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Revolving credit	**48,000**	**-**	**48,000**
Term loans	**-**	**16,583**	**16,583**
Foreign currency trust receipts	**-**	**37,011**	**37,011**
Bank overdrafts	**-**	**-**	**-**
Bankers' acceptances	**-**	**-**	**-**
	48,000	**53,594**	**101,594**
The Company 2013			
Revolving credit	111,500	-	111,500
Term loans	-	36,130	36,130
Foreign currency trust receipts	-	21,951	21,951
Bank overdrafts	12,006	-	12,006
Bankers' acceptances	256	-	256
	123,762	58,081	181,843

The Company has the following banking facilities:

i) RM98,364,000 (2013: RM98,364,000) unsecured syndicated term loan facilities with two (2013: two) local banks which are repayable over five (2013: five) years commencing from date of drawdown; and

ii) RM181,000,000 (2013: RM226,000,000) unsecured revolving credit, overdrafts, trade financing and bank guarantee facilities with four (2013: six) local banks.

The subsidiaries have the following banking facilities:

i) RM349,900,000 (2013: RM327,880,000) term loan facilities with two (2013: two) foreign banks which are secured by fixed charges over certain assets held under property, plant and equipment and leasehold land as mentioned in Notes 11 and 12 respectively and guaranteed by the Company. The repayment periods range from three to six (2013: three to six) years commencing from the respective dates of drawdown;

ii) RM34,990,000 (2013: RM32,788,000) unsecured Islamic term loan facility with a local bank which is repayable over five (2013: five) years commencing from date of drawdown. This facility is guaranteed by the Company;

21. BORROWINGS (CONT'D)

The subsidiaries have the following banking facilities: (cont'd)

iii) RM10,497,000 (2013: RM9,836,000) term loan facility with a foreign bank which is repayable over five (2013: five) years commencing from date of drawdown. This facility is guaranteed by the Company; and

iv) RM26,193,000 (2013: RM24,652,000) revolving credit, overdrafts, supplier financing and bank guarantee facilities with two (2013: three) foreign and local banks. In 2013, certain of these banking facilities to the extent of RM16,394,000 are secured by a floating charge over trade receivables as mentioned in Note 16 and a deed of subordination. These facilities are also guaranteed by the Company and certain subsidiaries.

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

The details of interest rates charged are as follows:

Bank overdrafts	- 0%/1.00% per annum above bank prime rate/base lending rate
Term loans	- ranging from 1.50% to 5.40% per annum plus LIBOR
	- 4.25% per annum below bank lending term rate
Revolving credit	- ranging from 1.00% to 1.75% per annum plus cost of funds
	- 2.50% per annum plus LIBOR
	- 4.75% per annum below bank lending term rate
Supplier financing	- 5.60% per annum below bank best lending rate
Foreign currency trust receipts	- 0.50% per annum plus cost of funds
Bankers' acceptances	- 1.25% per annum plus cost of funds

22. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amounts payable under finance leases:				
Within one year	**5,749**	8,290	**5,627**	7,521
In the second to fifth year inclusive	**-**	4,799	**-**	4,775
	5,749	13,089	**5,627**	12,296
Less: Future finance charges	**(122)**	(793)	**-**	-
Present value of lease obligations	**5,627**	12,296	**5,627**	12,296
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(5,627)**	(7,521)
Amount due for settlement after 12 months			**-**	4,775

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. OBLIGATIONS UNDER FINANCE LEASES (CONT'D)

	THE COMPANY			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amounts payable under finance leases:				
Within one year	**2,183**	2,216	**2,153**	2,127
In the second to fifth year inclusive	**-**	1,875	**-**	1,850
	2,183	4,091	**2,153**	3,977
Less: Future finance charges	**(30)**	(114)	**-**	-
Present value of lease obligations	**2,153**	3,977	**2,153**	3,977
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,153)**	(2,127)
Amount due for settlement after 12 months			**-**	1,850

The average lease terms are 3 years (2013: 2 to 5 years). The effective borrowing rates range from 0.24% to 5.18% (2013: 0.24% to 5.18%) per annum. All leases are on a fixed repayment basis.

The finance leases of the Group and of the Company are denominated in US Dollar.

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

23. DEFERRED INCOME

	THE GROUP	
	2014 RM'000	2013 RM'000
At beginning of year	**7,720**	7,158
Amortisation	**(177)**	(171)
Translation reserve	**304**	733
At end of year	**7,847**	7,720

The deferred income relates to government grants, primarily in respect of capital investments, received by an indirect and a direct foreign subsidiary.

24. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plans for qualifying employees of its subsidiary in Indonesia. Under the plans, the employees are entitled to retirement benefits on attainment the retirement age of 55.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and salary risk.

No other post-retirement benefits are provided to these employees.

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out on December 31, 2014 by PT Towers Watson Purbajaga. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Amount recognised in the statement of profit or loss in respect of the retirement benefit obligations is as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
Current service income/(costs)	1,008	(4,190)
Interest on obligations	1,119	1,134
Other adjustments	(186)	-
	1,941	(3,056)

Movements in the present value of the retirement benefit obligations in the current year are as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
At beginning of year	16,345	19,238
Benefits paid	(335)	(46)
Remeasurement recognised in other comprehensive income	3,047	1,106
Expense/(Income) recognised in the statement of profit or loss	1,941	(3,056)
Translation reserve	1,420	(897)
At end of year	22,418	16,345

The currency profile of the defined benefit obligations is as follows:

	THE GROUP	
	2014 RM'000	2013 RM'000
Indonesian Rupiah	12,813	8,686
US Dollar	9,605	7,659
	22,418	16,345

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	THE GROUP	
	2014 %	2013 %
Actuarial Assumptions		
Discount rate		
US Dollar based salary	**3.50**	4.50
Indonesian Rupiah ("IDR") based salary	**8.25**	9.00
Future salary increases:		
US Dollar based salary	**4.00**	4.00
IDR based salary	**5.00**	5.00
Mortality rate:	**Indonesia Mortality Table 2011 ("TMI'2011")**	Indonesia Mortality Table 2011 ("TMI'2011")
Disability rate:	**10% of TMI'2011**	10% of TMI'2011
Early retirement rate:	**1% per annum for age ≥ 45 years**	1% per annum for age ≥ 45 years
Withdrawal rate:	**10% at age 25 reducing linearly to 1% at age 45 years**	10% at age 25 reducing linearly to 1% at age 45 years

Significant actuarial assumptions for the determination of the present value of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher/(lower), the defined benefit obligations would decrease by RM2,183,000 or (increase by RM2,495,000).
- If the expected future salary growth increases/(decreases) by 1%, the defined benefit obligations would increase by RM2,519,000 or (decrease by RM2,243,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations recognised in the statement of financial position.

The Group expects to make a contribution of RM210,000 (2013: RM151,000) during the next financial year.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and to the Company range from 30 to 60 days (2013: 30 to 60 days).

The currency profile of trade payables is as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
US Dollar	**57,576**	55,930	**20,907**	18,283
Ringgit Malaysia	**2,238**	1,461	**2,112**	1,377
Singapore Dollar	**883**	1,221	**16**	-
Japanese Yen	**428**	588	**-**	-
Indonesian Rupiah	**154**	31	**-**	-
Chinese Renminbi	**52**	30	**-**	-
British Pound	**-**	1,212	**-**	-
Euro	**-**	288	**-**	-
Others	**62**	62	**-**	-
	61,393	60,823	**23,035**	19,660

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other payables	**57,848**	42,960	**38,035**	22,162
Accrued expenses	**43,509**	36,654	**22,702**	17,451
	101,357	79,614	**60,737**	39,613

Other payables comprise mainly outstanding balances for purchases of plant and machinery as well as indirect materials and spare parts. The amounts owing are interest-free and the credit terms granted to the Group range from 30 to 60 days (2013: 30 to 60 days).

Transactions with related parties are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The currency profile of other payables and accrued expenses is as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
US Dollar	**44,521**	26,776	**29,154**	11,889
Ringgit Malaysia	**33,758**	28,218	**30,966**	27,044
Chinese Renminbi	**14,744**	14,467	**-**	-
Singapore Dollar	**4,200**	5,281	**617**	680
Indonesian Rupiah	**3,153**	3,402	**-**	-
Euro	**857**	77	**-**	-
British Pound	**98**	1,387	**-**	-
Japanese Yen	**26**	6	**-**	-
	101,357	79,614	**60,737**	39,613

26. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2014 RM'000	2013 RM'000
Interim dividend paid:		
2 sen per share, tax-exempt for 2014 (Nil for 2013)	**13,484**	-
Final dividend paid:		
2 sen per share, tax-exempt for 2013 (2 sen per share, tax-exempt for 2012)	**13,485**	13,485
	26,969	13,485

The directors have proposed a final dividend of 8% or 4 sen per share, tax-exempt, for the current financial year. The proposed final dividend 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.

27. SHARE-BASED PAYMENTS

Under the Company's Executives' Share Option Scheme ("ESOS"), which has been approved at an Extraordinary General Meeting held on June 29, 2010, options to subscribe for new ordinary shares of RM0.50 each in the Company were granted to eligible executives of the Group and of the Company.

The salient features of the ESOS are as follows:

a) The objective of the ESOS is to reward, retain, instill loyalty and motivate the executives whose services are vital to the growth and development of the Group;

b) The total number of new ordinary shares to be offered under the ESOS shall not exceed ten (10) per centum of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS;

27. SHARE-BASED PAYMENTS (CONT'D)

c) The ESOS shall be in force for a period of five (5) years commencing August 10, 2010 and will expire on August 9, 2015 but may be extended for a further period of five (5) years, at the sole and absolute discretion of the Board of Directors upon recommendation by the Option Committee, provided always that the period stipulated above and such extension of the Scheme shall not in aggregate exceed a duration of ten (10) years;

d) Eligible Executives are employees of the Group (including Executive Directors of the Company and its subsidiaries) and have fulfilled any criteria as may be determined by the Option Committee;

e) Not more than fifty (50) per centum of the shares available under the ESOS would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than ten (10) per centum of the shares available under the ESOS would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company;

f) The price at which the option holder is entitled to subscribe for each ordinary share under the ESOS shall be set at a discount of not more than ten (10) per centum from the weighted average of the market prices of the ordinary shares of the Company as quoted on Bursa Malaysia Securities Berhad for the five (5) Market Days immediately prior to date of offer, or the par value of such share of the Company, whichever is the higher;

g) The options granted may be exercised at any time from the date of vesting to date of their expiry ('Exercise Period'); and

h) The Option Committee was appointed by the Board of Directors of the Company to administer the Scheme.

Details of the share options exercised and lapsed during the financial year are as follows:

				NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
DATE OF GRANT	FAIR VALUE AT GRANT DATE RM	EXERCISE PRICE PER ORDINARY SHARE RM	EXPIRY DATE	BALANCE AS OF 1.1.2014 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2014 '000 UNITS
05.01.2011	0.56	2.25	09.08.2015	15,700	-	(3,950)	**11,750**
18.01.2011	0.56	2.25	09.08.2015	1,300	-	-	**1,300**
Total				17,000	-	(3,950)	**13,050**

The number of share options vested as of December 31, 2014 is 3,915,000 (2013: 5,100,000) units.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. SHARE-BASED PAYMENTS (CONT'D)

Other than the Executive Directors whose interests are disclosed separately in Directors' Interest, eligible executives who have been granted options under the ESOS are as follows:

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2014 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2014 '000 UNITS
Ho Choon Seng	1,000	-	-	**1,000**
Tan Kim Heng	1,000	-	-	**1,000**
Abdesselam Belmeguenai	600	-	(600)	**-**
Lau Siong Cho	600	-	(600)	**-**
Quek Suan Hong	500	-	-	**500**
Andrew Douglas Hawkins	350	-	-	**350**
Chai Chan Wah	350	-	-	**350**
Chow Seong Chai	350	-	(350)	**-**
Gilbert Lawrence Chiu	350	-	-	**350**
Gu KeQi	350	-	(350)	**-**
Khoo Chung Shin	350	-	-	**350**
Lim Siew Chin	350	-	-	**350**
Michael Hannan Mckerreghan	350	-	(350)	**-**
Allan Casildo Toriaga	300	-	-	**300**
Chin Hock Yee	300	-	-	**300**
Choo Wah Yeen	300	-	-	**300**
Choo Yin Chiang	300	-	-	**300**
Feng Liusheng	300	-	-	**300**
Lai Chee Chong	300	-	-	**300**
Lam Chee Fai	300	-	-	**300**
Lee Fook Fatt	300	-	-	**300**
Lee Thiam Siew	300	-	-	**300**
Lee Yee Kean	300	-	-	**300**
Liaw Teck Seong	300	-	-	**300**
Liew Kok Chuen	300	-	-	**300**
Tan Lian Siow	300	-	-	**300**
Tham Eng Huak	300	-	-	**300**
Wong Yoke Yen	300	-	-	**300**
Yip Wee Woo	300	-	-	**300**
Zhang Hong Bo	300	-	-	**300**
Marita Angela Erickson	200	-	-	**200**
Andrew Lee Perry	200	-	(200)	**-**
Tjing Le Sien	150	-	-	**150**

The fair value of the options was determined using the "Black-Scholes" model based on the closing market price at offer date, the exercise price, expected volatility based on its historical volatility, expected dividend yield, option life and risk-free rate.

The share options outstanding at the end of the year had an exercise price of RM2.25 (2013: RM2.25) and a weighted average remaining contractual life of 221 days (2013: 586 days).

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management objective is to optimise the value creation for shareholders. The main financial risks faced by the Group are as follows:

(a) Market risk

(i) Foreign currency risk management

The Group is exposed to foreign currency exchange risk when the Company or its subsidiaries enter into transactions that are not denominated in their functional currencies. Currently, the Group's revenue, cost of revenue, operating expenses, capital expenditure and bank borrowings are denominated primarily in US Dollars, Ringgit Malaysia, Chinese Renminbi and British Pound.

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

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group and of the Company at the end of the reporting period are disclosed in Notes 16, 17, 18, 21, 22, 24 and 25.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of US Dollar, Chinese Renminbi and British Pound.

For illustration purposes, the following sensitivity analysis includes the outstanding foreign currency denominated monetary items of the Group and of the Company. If the foreign currency denominated monetary items at the end of the reporting period were translated into Ringgit Malaysia with a 2.00% (2013: 5.00%) increase/decrease in the exchange rates against the following relevant foreign currencies, the effect on profit or loss (after tax) and equity will be higher/lower by approximately:

	PROFIT OR LOSS		EQUITY	
THE GROUP	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
US Dollar impact	**1,333**	6,089	**509**	1,809
Chinese Renminbi impact	**-**	-	**236**	575
British Pound impact	**-**	-	**2**	110
THE COMPANY				
US Dollar impact	**675**	1,061	**-**	-

The sensitivity rate of 2.00% represents management's assessment of the possible fluctuation in the exchange rates of the relevant foreign currencies in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to the use of floating rate borrowings. Management is positioned to utilise interest rate swap contracts or other hedging measures to reduce the impact of interest rate fluctuations.

Interest rate sensitivity analysis

For illustration purposes, if the annual effective interest rates increase/decrease by 0.50% (2013: 0.50%) with all other variables including tax rate being held constant, the effect on profit or loss (after tax) will be lower/higher as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit or loss	**923**	1,592	**381**	682

The assumed movement in the interest rates for the interest rate sensitivity analysis is based on the current observable market environment.

(b) Credit risk

The Group's exposure to credit risk arises mainly from trade receivables and other receivables as well as cash and bank balances.

Credit risk with respect to receivables is limited as the Group does not have any significant exposure to any individual customer. Credit limits are set and credit history is reviewed to minimise potential losses.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions and the risks arising therefrom are minimised in view of the financial strength of these financial institutions. The Group's policy also limits the concentration of financial exposure to any single financial institution.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position, except as follows:

	THE COMPANY	
	2014 RM'000	2013 RM'000
Corporate guarantee provided to banks for subsidiaries' facilities	**156,009**	250,403

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) *Credit risk (cont'd)*

The age analysis of trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**143,588**	122,294	**70,157**	50,023
Past due but not impaired:				
61 - 90 days	**7,104**	6,143	**2,492**	3,002
91 - 120 days	**548**	891	**154**	266
Above 120 days	**396**	1,836	**115**	222
	8,048	8,870	**2,761**	3,490
Past due and impaired				
Above 120 days	**135**	722	**-**	176
	151,771	131,886	**72,918**	53,689

Receivables that are neither past due nor impaired

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group did not impair the past due trade receivables which are unsecured in nature. The Group monitors these receivables closely and is confident of their eventual recovery.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Receivables that are past due and impaired

The allowance for doubtful debts account in respect of trade receivables is used to record impairment losses of trade receivables.

(c) *Liquidity risk*

The Group practices prudent liquidity risk management by maintaining rolling forecasts to monitor that it has sufficient funds to meet operational needs and to maintain sufficient credit facilities for contingent funding of working capital requirements.

The Group and the Company have unutilised banking facilities of approximately RM314,070,000 and RM65,059,000 (2013: RM81,066,000 and RM75,540,000) respectively at the end of the reporting period.

The Group expects that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's financial obligations, capital expenditure and working capital needs for at least the next 12 months. The Group may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures and may seek to raise additional funds through public or private debt or equity financing or from other sources.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. All financial assets of the Group and of the Company are either on demand or mature within 1 year.

THE GROUP	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
As of December 31, 2014			
Trade payables, other payables and accrued expenses	**162,750**	**-**	**-**
Bank borrowings	**204,095**	**49,477**	**-**
Obligations under finance leases	**5,749**	**-**	**-**
As of December 31, 2013			
Trade payables, other payables and accrued expenses	140,437	-	-
Bank borrowings	293,620	144,574	-
Obligations under finance leases	8,290	4,799	-
THE COMPANY			
As of December 31, 2014			
Trade payables, other payables and accrued expenses	**83,772**	**-**	**-**
Amount owing to subsidiaries	**20,388**	**-**	**-**
Bank borrowings	**101,692**	**-**	**-**
Obligations under finance leases	**2,183**	**-**	**-**
As of December 31, 2013			
Trade payables, other payables and accrued expenses	59,273	-	-
Amount owing to subsidiaries	12,256	-	-
Bank borrowings	166,743	15,628	-
Obligations under finance leases	2,216	1,857	-

(d) Capital risk

The Group's objective when managing capital is to ensure that the Group continues as a going concern in order to provide returns for shareholders.

The Group monitors capital by maintaining a gearing ratio of less than 1.5 times. The gearing ratio is calculated as total borrowings divided by total capital. Total borrowings and total capital are defined as 'current and non-current borrowings and obligations under finance leases' and 'equity attributable to owners of the Company' respectively as shown in the statements of financial position.

28. FINANCIAL INSTRUMENTS (CONT'D)

(d) Capital risk (cont'd)

	THE GROUP	
	2014 RM'000	2013 RM'000
Total borrowings	**251,838**	436,771
Total equity attributable to owners of the Company	**1,025,252**	960,522
Gearing ratio	**0.25**	0.45

Fair values of financial instruments carried at amortised cost

The carrying amounts of the short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The fair values of long-term financial liabilities have been determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these financial liabilities as of the end of the reporting period.

29. COMMITMENTS

(a) Operating lease arrangements

At the end of the reporting period, the Group and the Company have outstanding operating lease rentals, which fall due as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Within one year	**1,374**	1,699	**298**	133
In the second to fifth year inclusive	**2,105**	2,319	**90**	4
	3,479	4,018	**388**	137

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

(b) Capital expenditure

As of December 31, 2014, the Group and the Company have the following commitments in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Approved and contracted for	**22,035**	8,698	**2,071**	4,105

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2014 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	**270,182**	227,115	**408,569**	380,336
Unrealised	**(5,169)**	2,747	**(2,892)**	(5,345)
	265,013	229,862	**405,677**	374,991
Add: Consolidation adjustments	**155,072**	154,157	**-**	-
Total retained earnings as per statements of financial position	**420,085**	384,019	**405,677**	374,991

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **UNISEM (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of 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, 2014 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 30, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

MARTIN GILES MANEN

Kuala Lumpur,
February 27, 2015

DECLARATION
BY THE DIRECTOR
primarily responsible for the financial management of the company

I, **FRANCIS CHIA MONG TET**, the director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

FRANCIS CHIA MONG TET

Subscribed and solemnly declared by the abovenamed
FRANCIS CHIA MONG TET at **KUALA LUMPUR** this 27th
day of February, 2015

Before me,

No. W530
Tan Seok Kett
COMMISSIONER FOR OATHS

SHAREHOLDERS' STATISTICS

As at 6 March 2015

1. **Authorised Share Capital** : RM500,000,000.00
   Issued and paid-up Share Capital : RM337,114,816.50
   Class of Shares : Ordinary shares of RM0.50 each ("Shares")
   Voting Right : 1 vote per share

2. **Analysis of Shareholdings**

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	% of total issued Shares
181	Less than 100	5,691	0.00
593	100 to 1,000	448,532	0.07
4,231	1,001 to 10,000	19,493,412	2.89
1,555	10,001 to 100,000	45,688,937	6.78
364	100,001 to less than 5% of issued Shares	496,253,821	73.60
2	5% and above of issued Shares	112,339,240	16.66
6,926		**674,229,633**	**100.00**

3. **Substantial Shareholders (as per the Register of Substantial Shareholders)**

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD DIRECT INTEREST	%	DEEMED INTEREST	%
Jayvest Holdings Sdn Bhd	61,405,240	9.11	52,854,000	7.84 [a]
Bandar Rasah Sdn Bhd	50,934,000	7.55	-	-
John Chia Sin Tet	42,637,680	6.32	134,950,240	20.01 [b]
Yen Woon @ Low Sau Chee	29,588,420	4.39	59,700,000	8.85 [c]
The estate of Soo Yut Kuan	-	-	114,259,240	16.95 [d]

Notes:

(a) Held indirectly through Bandar Rasah Sdn Bhd and SCQ Industries Bhd.
(b) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Berhad, his son and nominee company under pledged securities account.
(c) Held indirectly through his spouse, Bandar Rasah Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.
(d) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd and SCQ Industries Bhd.

SHAREHOLDERS' STATISTICS (cont'd)

As at 6 March 2015

4. Thirty Largest Shareholders (as per the Record of Depositors)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1.	Jayvest Holdings Sdn Bhd	61,405,240	9.11
2.	Bandar Rasah Sdn Bhd	50,934,000	7.55
3.	John Chia Sin Tet	33,130,000	4.91
4.	Yen Woon @ Low Sau Chee	29,588,420	4.39
5.	Lembaga Tabung Haji	19,494,860	2.89
6.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	18,793,300	2.79
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (NORGES BANK 14)	15,858,500	2.35
8.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet (01-00825-000)	15,000,000	2.22
9.	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International Plc (FIRM A/C)	10,851,500	1.61
10.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	10,302,300	1.53
11.	John Chia Sin Tet	9,507,680	1.41
12.	Sundra Moorthi s/o V.M. Krishnasamy	9,419,700	1.40
13.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	9,241,180	1.37
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	9,014,700	1.34
15.	Tan Kok Heng	8,905,000	1.32
16.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Amb Value Trust Fund (4249)	8,400,000	1.25
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance(Malaysia) Berhad (LGF)	7,781,800	1.15
18.	Chiam Joy Young	7,655,200	1.14
19.	Koo Hong @ Ku Hong Hai	6,823,945	1.01
20.	Amanahraya Trustees Berhad Public Smallcap Fund	5,957,040	0.88
21.	Chua Khing Chiew	5,730,000	0.85
22.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Chia Mong Tet (CEB)	5,616,980	0.83

4. Thirty Largest Shareholders (as per the Record of Depositors) (Cont'd)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
23.	Jo-Ann Chiam Puay Hoon	5,550,700	0.82
24.	CIMB Group Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Theme Fund	5,473,600	0.81
25.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon (MELLON ACCT)	5,118,300	0.76
26.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (NORGES BANK 1)	4,994,500	0.74
27.	Lancar Indah Sdn. Bhd.	4,691,000	0.70
28.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,669,690	0.69
29.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (NORGES BANK 12)	4,537,200	0.67
30.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	4,229,400	0.63
		398,675,735	**59.12**

5. Analysis of Warrant-holdings

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF WARRANTS	% of total Warrants issued
95	Less than 100	3,271	0.00
732	100 to 1,000	497,425	0.30
1,075	1,001 to 10,000	5,045,118	2.99
868	10,001 to 100,000	35,637,120	21.15
207	100,001 to less than 5% of issued warrants	99,198,806	58.88
2	5% and above of issued warrants	28,090,100	16.67
2,979		**168,471,840**	**100.00**

SHAREHOLDERS' STATISTICS (cont'd)

As at 6 March 2015

6. Thirty Largest Warrant holders (as per the Record of Depositors)

	NAME OF WARRANT HOLDERS	NO. OF WARRANTS HELD	% OF TOTAL WARRANTS ISSUED
1.	Jayvest Holdings Sdn Bhd	15,356,600	9.12
2.	Bandar Rasah Sdn Bhd	12,733,500	7.56
3.	Yen Woon @ Low Sau Chee	8,022,105	4.76
4.	John Chia Sin Tet	5,370,600	3.19
5.	Chin Siew Har	3,240,000	1.92
6.	Cheong Chen Yue	2,700,000	1.60
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Huat (CEB)	2,693,700	1.60
8.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet (01-00825-000)	2,636,428	1.56
9.	John Chia Sin Tet	2,376,920	1.41
10.	Sundra Moorthi s/o V.M. Krishnasamy	2,285,000	1.36
11.	Chng Kim Chye	2,187,800	1.30
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chi Kain Sang (LBU)	2,009,300	1.19
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Soon Long	1,832,000	1.09
14.	Wong Kam Sing	1,662,500	0.99
15.	Fang Tze Ming @ Fung Chee Ming	1,550,000	0.92
16.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Ban Leng (CEB)	1,361,100	0.81
17.	Lancar Indah Sdn. Bhd.	1,326,800	0.79
18.	Liew Wai Kong	1,311,000	0.78
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Baskaran A/L Arunasalam Pillay	1,300,000	0.77
20.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Leng	1,147,000	0.68
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Fee Chong (REM157-MARGIN)	1,136,100	0.67
22.	Kristin Choo Mei Lee	1,000,000	0.59
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Seeng Huat (E-SJA)	1,000,000	0.59

6. Thirty Largest Warrant holders (as per the Record of Depositors) (Cont'd)

	NAME OF WARRANT HOLDERS	NO. OF WARRANTS HELD	% OF TOTAL WARRANTS ISSUED
24.	See Hock Chuan	1,000,000	0.59
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ha Ching	972,300	0.58
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Liew Wai Kong (MY2123)	950,000	0.56
27.	Siew Yuen Wai	950,000	0.56
28.	Tan Kok Hwa	810,000	0.48
29.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Hock Tiam	700,000	0.42
30.	Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	700,000	0.42
		82,320,753	**48.86**

STATEMENT OF DIRECTORS' INTEREST

As at 6 March 2015

1. Directors' Shareholdings (as per the Register of Directors Shareholdings):-

	NO. OF SHARES HELD			
NAME OF DIRECTORS	DIRECT INTEREST	%	DEEMED INTEREST	%
John Chia Sin Tet	42,637,680	6.32	134,950,240	20.01 [(a)]
Lee Hoong Leong	-	-	-	-
Francis Chia Mong Tet	3,890,000	0.58	9,280,480	1.38 [(b)]
Alexander Chia Jhet-Wern	1,000,000	0.15	-	-
Martin Giles Manen	-	-	-	-
Tan Sri Dato' Wong See Wah	-	-	-	-
Dato' Gregory Wong Guang Seng	-	-	-	-
Yen Woon @ Low Sau Chee	29,588,420	4.39	59,700,000	8.85 [(c)]
Sundra Moorthi s/o V.M. Krishnasamy	9,419,700	1.40	7,800	0.00 [(d)]
Ang Chye Hock	383,500	0.06	-	-

Notes:

(a) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd, Lancar Indah Sdn Bhd, SCQ Industries Bhd, his son and nominee company under pledged securities account.
(b) Held indirectly through nominee company under pledged securities account, his sons and daughter.
(c) Held indirectly through his spouse, Bandar Rasah Sdn Bhd, Lancar Indah Sdn Bhd and nominee company under pledged securities account.
(d) Held indirectly through his spouse.

2. Directors' Warrant-holdings (as per the Register of Directors Shareholdings):-

	NO. OF WARRANTS HELD			
NAME OF DIRECTORS	DIRECT INTEREST	%	DEEMED INTEREST	%
John Chia Sin Tet	7,747,520	4.60	32,053,328	19.03 [(a)]
Lee Hoong Leong	-	-	-	-
Francis Chia Mong Tet	-	-	-	-
Alexander Chia Jhet-Wern	-	-	-	-
Martin Giles Manen	-	-	-	-
Tan Sri Dato' Wong See Wah	-	-	-	-
Dato' Gregory Wong Guang Seng	-	-	-	-
Yen Woon @ Low Sau Chee	8,022,105	4.76	14,605,600	8.67 [(b)]
Sundra Moorthi s/o V.M. Krishnasamy	2,285,000	1.36	1,950	0.00 [(c)]
Ang Chye Hock	95,900	0.06	-	-

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

LIST OF PROPERTIES

held by the group as at 31 December 2014

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 2014 (RM'000)
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	-	**2,413**
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	23	**6,910**
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	19	**10,245**
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	14	**43,416**
	Factory building wafer bumping	Factory	-	22,000 sq ft	August 2005	9	**2,279**
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Vacant	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	**6,351**
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	**1,237**
	Residential	Hostel	-	232,000 sq ft	June 2012	3	**7,937**
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	-	**3,502**
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	**4,345**
	Factory building	Factory	-	366,000 sq ft	December 2005	9	**73,330**
	Factory building	Factory	-	254,000 sq ft	December 2012	2	**47,379**

LIST OF PROPERTIES (cont'd)

held by the group as at 31 December 2014

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 2014 (RM'000)
3801/3802 Tian Fu Square Chengdu, Sichuan, P.R. China	Residential	Apartments	70 years leasehold expiring 2075	296 sq m	December 2006	8	**1,876**
Jalan S.Parman, Kav 201 Batamindo Industrial Park, Mukim Kuning, Batam, Indonesia	Industrial land	Factory	30 years leasehold expiring 2019	21,280 sq m	November 1994	-	**621**
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 sq m	May 1998	-	**861**
	Factory Building Main Building	Factory	-	14,640 sq m	November 1991	23	**1,604**
	Factory Building East Wing	Factory	-	17,500 sq m	1998	16	**9,442**
	Factory Building East Wing Extension	Factory	-	1,600 sq m	2007	7.5	**1,412**
Desa Lubuk Baja Utara-Bengkong , Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2016	2,376 sq m	May 1994	20	**-**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of the Company will be held at the Concorde Ballroom, Lobby Level, Concord Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 6 May 2015, Wednesday at 10.30 a.m. to transact the following businesses:

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the declaration of a final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2014. **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM1,485,000 for the financial year ended 31 December 2014, an increase of RM130,000 from RM1,355,000 in 2013. **Resolution 3**

4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-
   (i) Mr Yen Woon @ Low Sau Chee **Resolution 4**
   (ii) Y. Bhg Tan Sri Dato' Wong See Wah **Resolution 5**
   (iii) Mr Martin Giles Manen **Resolution 6**

5. To re-appoint Mr Sundra Moorthi s/o V.M. Krishnasamy who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting. **Resolution 7**

6. To appoint Deloitte as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 8**

   As Special Business:

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

7. **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 and allot 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 does not exceed 10% of the issued capital of the Company for the time being."

8. **To retain director as independent director** **Resolution 10**

   To approve the retention of Y.Bhg. Tan Sri Dato' Wong See Wah to continue to act as independent director in accordance with the Malaysian Code on Corporate Governance 2012.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the record of depositors will be closed on 12 May 2015 to determine shareholders' entitlement to the final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2014. The dividend, if approved, will be paid on 28 May 2015.

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 12 May 2015 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

13 April 2015
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. *Only members whose names appear in the Record of Depositors as at 27 April 2015 are entitled to attend, speak and vote at the AGM of the Company to be held on 6 May 2015.*

3. *A member may appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *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.*

5. *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.*

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 25th Annual General Meeting held on 29 May 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the "Act"). No new shares of the Company were issued or allotted during the year pursuant to this mandate.

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.

Resolution 10

The proposed Resolution 10, if passed, will allow the named director to continue to act as independent director notwithstanding that he has served a cumulative term of over nine years as independent director.

The Board after the annual assessment of the Directors' independence has determined that Y.Bhg. Tan Sri Dato' Wong See Wah who has served as an independent director of the Company for 12 years, has met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. He has always acted independently and objectively in expressing his view and in participating in deliberations of the Board/Board Committees. Y.Bhg. Tan Sri Dato' Wong See Wah is free from any interest and any business, family or other relationship which could, or could reasonably be perceived to, interfere with his ability to carry out his role as independent director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS WHO ARE SEEKING RE-ELECTION AND RE-APPOINTMENT AT THE 26th ANNUAL GENERAL MEETING OF THE COMPANY

The details of the directors seeking re-election and re-appointment are set out in their respective profiles on pages 28 to 30 of the Annual Report. The details of their interest in the securities of the Company are set out in the Statement of Directors' Interest on page 134 of the Annual Report.

PROXY FORM

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

I/We ________________________________ NRIC/Passport No. ________________________________

of ____

being a Member/Members of Unisem (M) Berhad hereby appoint ________________________________

________________________________ NRIC/ Passport No. ________________________________

of ____

or failing him/her, ____

NRIC/Passport No. ____

of ____

as my/our proxy to vote on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held at the Concorde Ballroom, Lobby Level, Concord Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 6 May 2015, Wednesday at 10.30 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 2014 and the Reports of the Directors and the Auditors thereon.		
Resolution 2	To approve the declaration of a final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2014.		
Resolution 3	To approve the payment of Directors' fees amounting to RM1,485,000 for the financial year ended 31 December 2014, an increase of RM130,000 from RM1,355,000 in 2013.		
Resolution 4	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 5	To re-elect Y. Bhg Tan Sri Dato' Wong See Wah as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 6	To re-elect Mr Martin Giles Manen as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 7	To re-appoint Mr Sundra Moorthi s/o V.M. Krishnasamy 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 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.		
Resolution 10	To approve the retention of Y.Bhg. Tan Sri Dato' Wong See Wah to continue to act as independent director in accordance with the Malaysian Code on Corporate Governance 2012.		

Dated this __________ day of ____________________ , 2015.

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. *Only members whose names appear in the Record of Depositors as at 27 April 2015 are entitled to attend, speak and vote at the AGM of the Company to be held on 6 May 2015.*
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5. *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.*

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STAMP

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr John Chia Sin Tet
Chairman/Group Managing Director

Mr Lee Hoong Leong
Executive Director

Mr Francis Chia Mong Tet
Executive Director

Mr Alexander Chia Jhet-Wern
Executive Director

Mr Martin Giles Manen
Independent Director

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

Y. Bhg. Dato' Gregory Wong Guang Seng
Independent Director

Mr Yen Woon @ Low Sau Chee
Non-Executive Director

Mr Sundra Moorthi S/O V.M. Krishnasamy
Non-Executive Director

Mr Ang Chye Hock
Non-Executive Director

AUDIT COMMITTEE

Mr Martin Giles Manen
Chairman/Independent Director

Y. Bhg. Dato' Gregory Wong Guang Seng
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

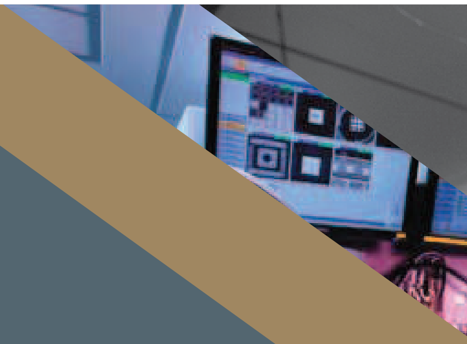
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel: (603) 2264 3883
Fax: (603) 2282 1886

AUDITORS

Deloitte
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