Unisem (M) Berhad (183314-V)

ANNUAL REPORT

2012

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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 followings:

STAY COMPETITIVE

To achieve **operational excellence**:

Lean Manufacturing and **Quality Ownership**

STAY FOCUSED

To achieve **growth target**:

Strategic Customers and **Right Products & Technologies**

STAY COMMITTED

To achieve **organisation teamwork**:

Empowerment and **Learning Culture**

COMPANY PROFILE

Unisem (M) Berhad ("Unisem") is a leading semiconductor assembly and test services provider in Malaysia. With approximately 8100 employees worldwide, Unisem has 4 semiconductor packaging and testing facilities located in Ipoh, Perak, Malaysia, Chengdu, People's Republic of China, Batam, Indonesia, and Wales, United Kingdom; a test facility in Sunnyvale, United States of America and a wafer bumbing facility in Ipoh, Perak, Malaysia.

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) 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 (74.0%) and integrated device manufacturers (26.0%). About 59.1% of Unisem group's sales are to customers in North America, 21.3% to Europe and 19.6% to Asia.

UNISEM (M) BERHAD
(the "Company")
IPOH, MALAYSIA

Unisem (M) Berhad, the Group's integrated circuits (IC) assembly and test facility located in Ipoh, Perak, Malaysia, commenced its operations in 1992. Currently, the Company has a total staff strength of about 3700 mainly consists of 2200 operators, 830 technicians and supervisors, and 200 engineers. Our Ipoh facilities occupy a total built-up area of 570,000 square feet and a minimum class 5,000 cleanroom.

The Company provides full turnkey solutions to its customers in wafer probe, wafer grinding, IC packaging and test, tape and reel, dropship, process and manufacturing engineering research, package design and development, test software development.

The Company's packaging capability includes all types of leadframe based packages ranging from micro to high pin-count packages, leadless packages, thin packages, leadframe modules, laminated based modules, wafer level CSP and flip chip. Its test capability comprises of analog, linear, high end mixed signal and radio frequency.

The Company is certified with various Quality and Environmental Standards such as ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009.

UNISEM ADVANCED TECHNOLOGIES SDN BHD ("UAT")
IPOH, MALAYSIA

UAT, a joint venture between Unisem (M) Berhad, Advanpack Solutions Pte. Ltd. and FlipChip International LLC, located in Ipoh, Malaysia, is one of the first independent wafer bumping service providers in Malaysia.

UAT commenced its operations in year 2006. It now has about 210 employees. The total built-up area of the wafer bump facility is about 22,000 square feet.

UAT offers a wide range of bumping services for wafer sizes of 100, 150 and 200 mm diameter. The services include gold bumps, copper pillar bumps and solder bumps. In addition, UAT also offers pad redistribution and repassivation services.

UAT is certified with various Quality and Environmental Standards such as ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009.

COMPANY PROFILE (cont'd)

UNISEM CHENGDU CO., LTD. ("Unisem Chengdu")
CHENGDU, PR CHINA

Unisem Chengdu, the Group's integrated circuits (IC) assembly and test facility located in Chengdu, Sichuan, PR China, commenced its operations in July 2006. The current staff strength of about 2000 consists of 1200 operators, 540 technicians and supervisors, and engineers. Our Chengdu facility occupies a total built-up area of about 620,000 square feet with a minimum class 1,000 cleanroom.

Unisem Chengdu offers wafer bumping, wafer grinding, IC packaging for wafer up to 12-inch and test of IC with tape and reel or tray options. Unisem Chengdu has the capability of packaging a wide range of advanced leadframe and substrate packages leadless packages, modules, wafer level CSP and flip chip and testing of analog, mixed signal and radio frequency.

Unisem Chengdu is certified with various Quality and Environmental Standards such as ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009.

UNISEM (EUROPE) LIMITED ("Unisem Europe")
CRUMLIN, SOUTH WALES, UK

Unisem Europe, the Group's integrated circuits (IC) assembly and test facility located in Crumlin, South Wales, UK, commenced its operations in 1995. Unisem Europe currently has a total staff strength of 45 employees and operates from a custom built packaging and test facility measuring 130,000 square feet supporting a class 1,000 cleanroom, class 5,000 test floor and class 25,000 back end assembly.

Unisem Europe offers fast turn prototyping services and low to medium volume assembly in QFN, array packages and MEMs devices. Coupled with its strong experience in high-end radio frequency (RF), mixed signal, digital and linear testing, Unisem Europe provides new emerging technology and European fabless semiconductor companies the support which is vital to their product development. Services include wafer probe, final test, tape and reel, reliability services, prototype and engineering support, package R&D and test solution development. Unisem Europe specializes in the design and development of bespoke packaging solutions to suit specific customer applications and requirements.

Unisem Europe is certified with various Quality and Environmental Standards such as ISO 9001:2008 and ISO 14001:2004.

PT. UNISEM
BATAM, INDONESIA

PT. Unisem, the Group's integrated circuits (IC) assembly and test facility located in Batam, Indonesia, commenced its operations in 1991. PT. Unisem currently has a total staff strength of about 2100. Our Batam facility occupies a total built-up area of 345,000 square feet and a below class 10,000 clean rooms.

PT. Unisem offers wafer probe, wafer backgrinding, IC assembly and test, tape and reel, dropship, package design and test software development. PT. Unisem's packaging capability includes all types of leadframe based packages ranging from micro to high pin-count packages, leadless packages, thin packages, leadframe modules, and laminated based modules and MEMs packages. Its test capability comprises of analog, linear, high end mixed signal and radio frequency.

PT. Unisem is certified with various Quality and Environmental Standards such as ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009.

UNISEM TEST (SUNNYVALE), INC. ("Unisem Sunnyvale")
SUNNYVALE, CALIFORNIA, USA

Unisem Sunnyvale, the Group's test facility located in the Silicon Valley, Sunnyvale, California, USA, commenced its operations in 2003. Unisem Sunnyvale has about 47 employees and the test facility occupies a total built-up area of 22,000 square feet.

Unisem Sunnyvale offers full range of final test, wafer sort, test development, test engineering debug and characterization support, test back end, and other test related services. These include dry bake, lead scan and lead conditioning, tape and reel, dry pack and seal and bar code labeling, as well as drop shipment.

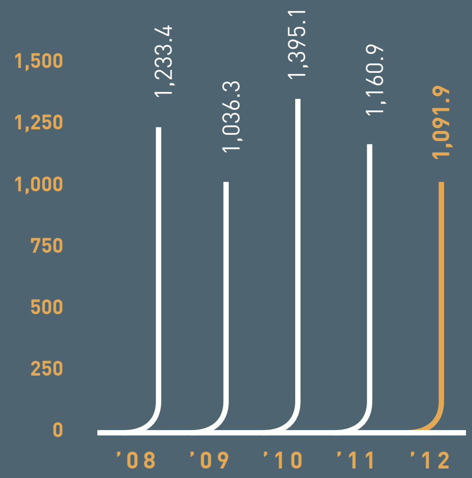
Unisem Sunnyvale has wide platform variety including automotive, high end mixed signal and digital platforms. Unisem Sunnyvale is certified with the ISO 9001:2008 Quality Standards.

FIVE-YEAR FINANCIAL HIGHLIGHTS

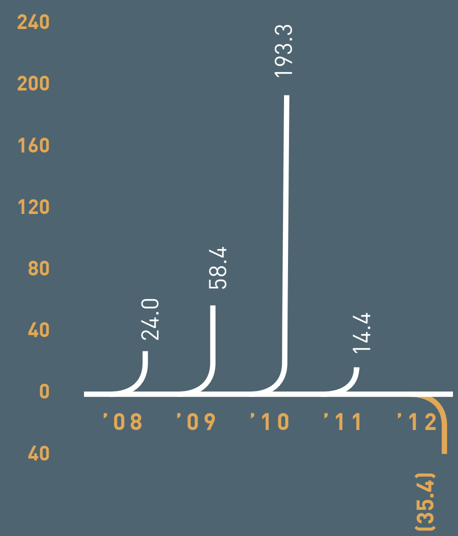
	2008 RM'000	2009 RM'000	2010 (Restated)# RM'000	2011 (Restated)# RM'000	2012 RM'000
Highlights from Consolidated Income Statements for the year ended 31 December					
Revenue	1,233,381	1,036,309	1,395,078	1,160,863	1,091,948
Profit /(Loss) before taxation	23,992	58,377	193,289	14,381	(35,432)
Profit /(Loss) after taxation	18,336	60,745	182,958	19,707	(33,292)
Highlights from Consolidated Statements of Financial Position As of 31 December					
Property, plant and equipment	1,148,754	1,118,215	1,244,727	1,331,997	1,272,707
Current Assets	363,713	378,469	478,733	407,348	393,991
Non-Current Assets	129,031	123,134	112,290	112,276	111,482
Total Assets	**1,641,498**	**1,619,818**	**1,835,750**	**1,851,621**	**1,778,180**
Current Liabilities	460,610	501,116	517,775	506,011	471,930
Deferred Tax Liabilities	7,990	4,130	5,115	0	0
Other Non-Current Liabilities	324,056	153,012	240,943	242,416	266,775
Total Liabilities	**792,656**	**658,258**	**763,833**	**748,427**	**738,705**
Share Capital	235,721	259,293	337,081	337,081	337,115
Reserves	600,513	690,735	722,215	753,609	690,832
Non-controlling interests	12,608	11,532	12,621	12,504	11,528
Shareholders' Equity	**848,842**	**961,560**	**1,071,917**	**1,103,194**	**1,039,475**
Key Financial Ratios					
Net earnings/(loss) per share - Basic (sen)	3.24*	9.17*	26.99	2.94	(4.79)
Net dividend per share (sen)	2.50	2.50	8.00	2.00	2.00
Debt / Equity ratio	0.68	0.42	0.42	0.48	0.50
Net assets per share (RM)	1.36*	1.41*	1.57	1.62	1.52

* *Adjusted for the bonus issue for the purposes of comparison.*
\# *Restated after adoption of Amendments to MFRS 119 which resulted in a change in accounting policy.*

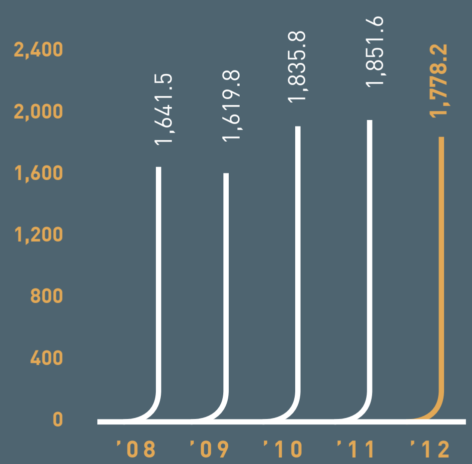
REVENUE
(RM'million)



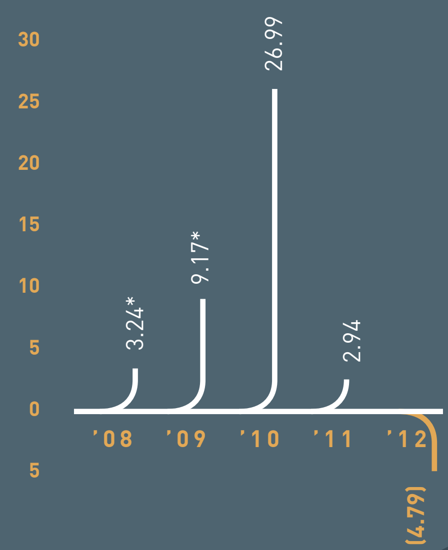
PROFIT/(LOSS) BEFORE TAXATION
(RM'million)



TOTAL ASSETS
(RM'million)



NET EARNINGS PER SHARE
(Sen)



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors I wish to present the 24th Annual Report and the Audited Consolidated Financial Statements of Unisem (M) Berhad and its subsidiaries for the financial year ended 31 December 2012.

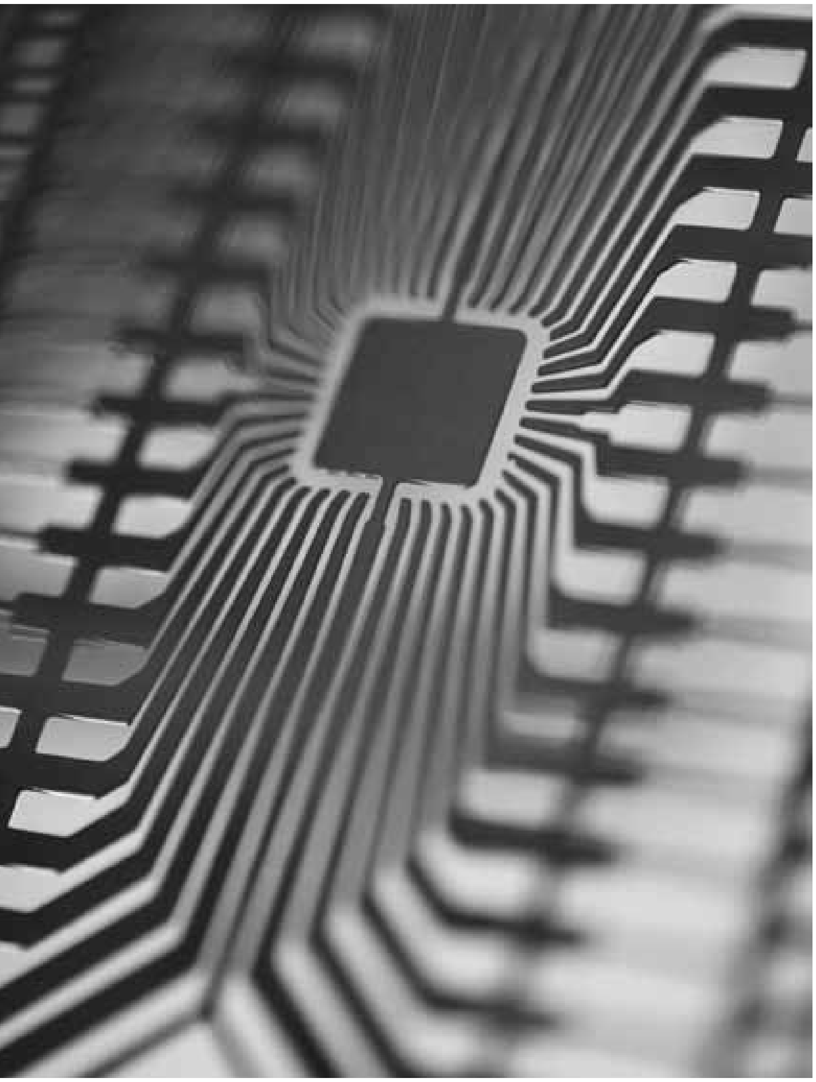
JOHN CHIA SIN TET
Chairman

The year 2012 was challenging for Unisem. The sluggish global economic environment caused by protracted weaknesses in Europe, Japan and U.S., and a slowdown in the Chinese economy seriously impacted the semiconductor industry as consumer sentiment deteriorated further from the year before.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2012, the Group recorded revenue of RM1.1 billion, a decrease of 5.9% from the revenue of RM1.16 billion in 2011. This resulted in a net loss of RM33.3 million in 2012, compared to net profit of RM19.7 million in 2011. The decline in revenue and profit was principally attributable to reduced overall group sales volume, impairment losses on assets, provision for write-off on inventory, retrenchment costs (as we right sized our operations), higher interest and depreciation charges as well as lower foreign exchange gains as compared to the preceding year.

CHAIRMAN'S STATEMENT (cont'd)



The Group attained EBITDA of RM149.53 million and EBITDA margin came in at about 14% for the financial year under review.

The financial position of the Group remains healthy. Net cash generated from the operations during the year amounted to RM171.1 million. Capital expenditure of approximately RM138.4 million was incurred for the Group during the year mainly for the purchase of assembly and final test equipment, wafer bumping equipment and development of new projects. The investment was mainly to enhance our bumping, packaging and test capabilities and processes.

OUTLOOK AND PROSPECTS

For 2013 the industry research firms and commentators have forecast growth rates ranges between negative 1.9 to positive 7.2%.

We believe the operating environment will remain challenging due to global economic uncertainties. Our efforts to contain costs and re-align our business model to focus on the newer technologies, packages and service portfolios will continue and we expect these to contribute and improve the performance of the Group in financial year 2013.

DIVIDENDS

I am pleased to report that the Board of Directors is recommending a final dividend of 4% or 2 sen per RM0.50 share tax-exempt of approximately RM13.48 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 2012 compared to Year ended 31 December 2011

Revenue

Revenue for 2012 at RM1.092 billion was 5.9% lower than RM1.161 billion in 2011. The decrease in revenue was primarily due to lower average selling prices as a result of change of product mix and the adverse effect of depreciation of the US Dollar against Ringgit Malaysia due to Group's revenue being entirely denominated in US Dollar.

(Loss)/Profit Before Taxation

The Group incurred loss before tax of RM35.4 million in 2012 as opposed to the profit before taxation in 2011 of RM14.4 million. Apart from the decrease in revenue, other factors resulting in loss before taxation for the current financial year are as follows:

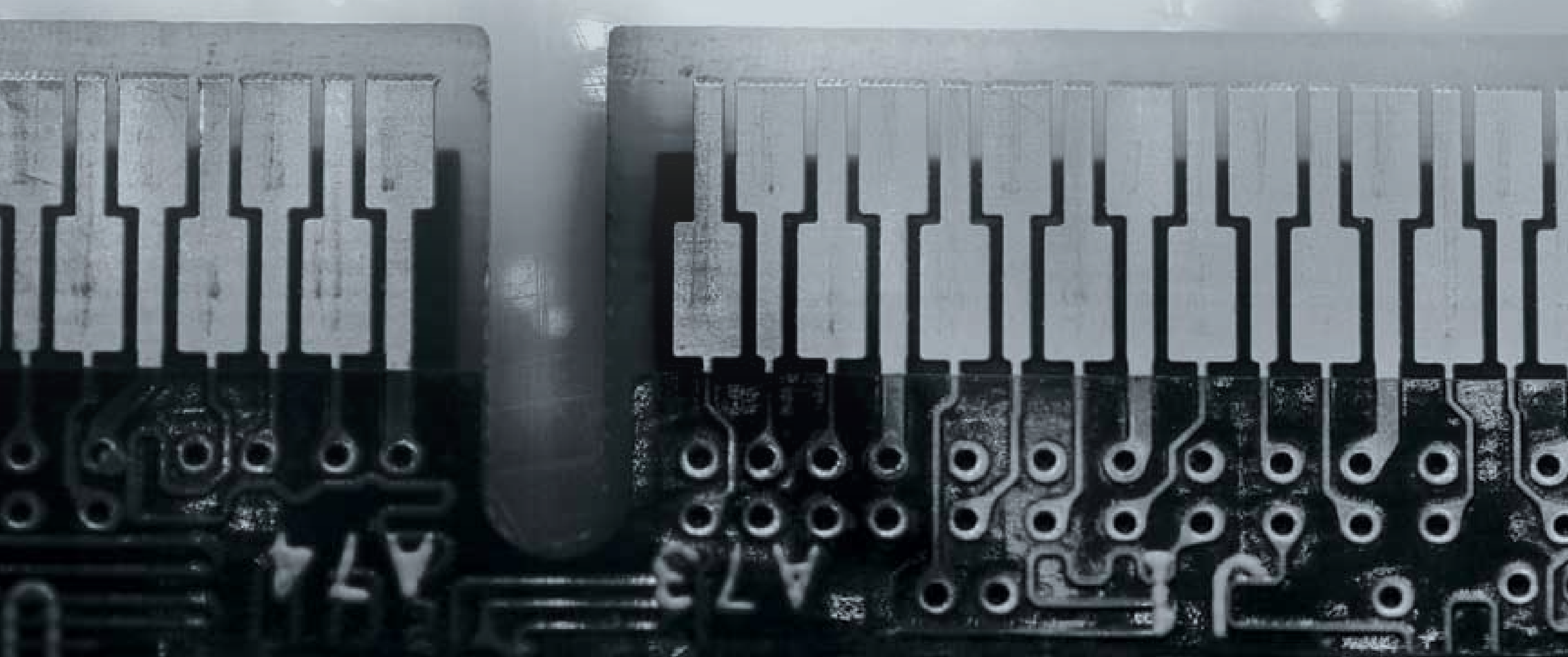
Other operating income
Other operating income decreased by 43% from RM28.8 million in 2011 to RM16.4 million in 2012 mainly attributable to the lower subsidy received by one of the foreign subsidiaries.

Impairment losses on property, plant and equipment
An amount of RM13.4 million of property, plant and equipment was impaired following the discontinuation of certain low margin or unprofitable product lines.

Finance costs
Finance costs for 2012 of RM23.0 million were 29% higher than 2011 of RM17.8 million as a result of increased loan drawdown by two of the foreign subsidiary companies.

Other operating expenses
The increase in other operating expenses by 8% in 2012 of RM220.0 million as compared to RM203.3 million in 2011 was mainly due to the following reasons:

(i) Retrenchment costs incurred in relation to the efficiency/redundancy exercises carried out in the Group amounting to RM7.8 million.
(ii) Additional allowance for slow moving inventories for 2012 of RM5.1 million against the amount written back in 2011 of RM0.4 million.
(iii) Impairment losses on capitalised development costs for products with no foreseeable commercial returns of RM1.3 million.



Taxation

The Group recognised a lower tax income of RM2.1 million as compared to RM5.3 million in 2011 mainly due to recognition of prior year overprovision of taxation in 2011 amounting to RM2.8 million as compared to a prior year underprovision of taxation in 2012 of RM0.5 million.

CASH FLOW ACTIVITIES

Year ended 31 December 2012 compared to Year ended 31 December 2011

Net cash from operating activities

Cash flows from operating activities decreased to RM171.1 million in 2012 from RM224.6 million in 2011 primarily due to reduction in revenue.

Net cash used in investing activities

Cash flows used in investing activities decreased from RM281.9 million in 2011 to RM117.8 million in 2012 mainly attributable to lower payments for capital expenditure amounting to RM121.8 million for current year purchases as well as outstanding amounts in relation to 2011 purchases. The payment for capital expenditure in 2011 was much higher at RM282.4 million.

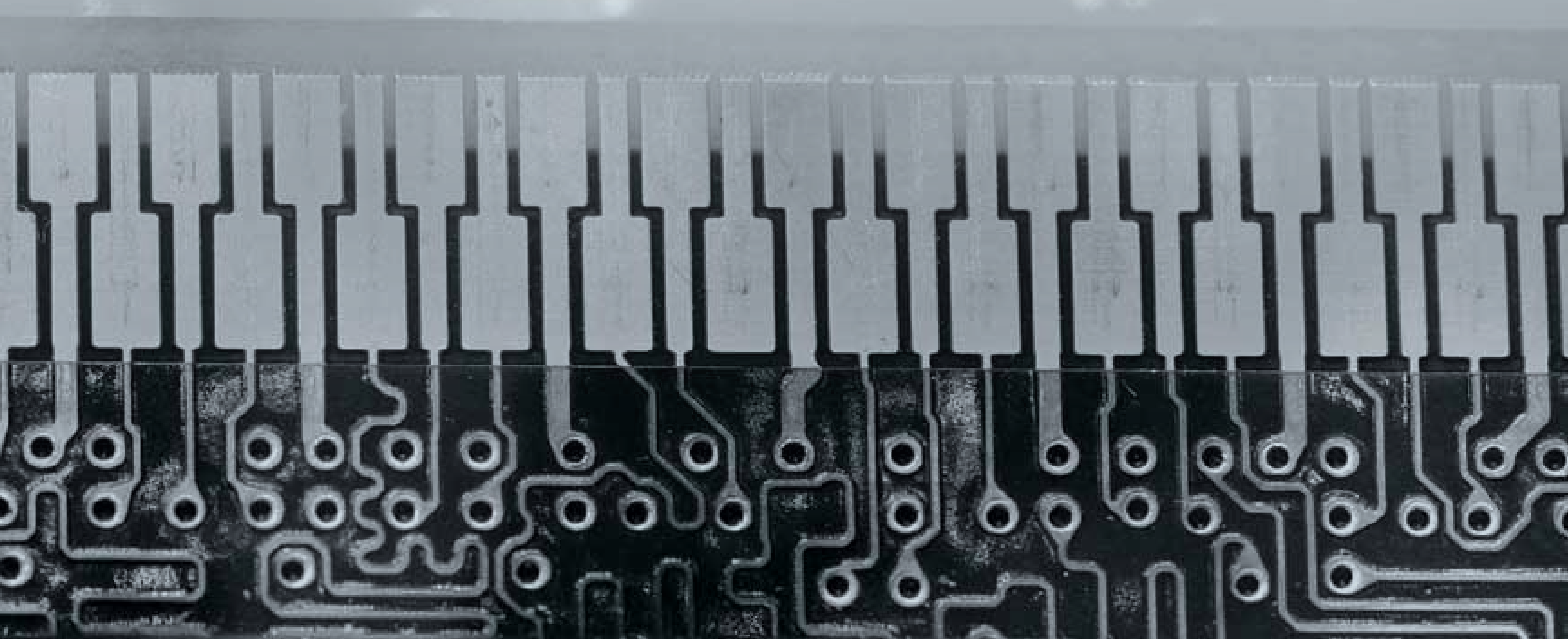
Net cash used in financing activities

Cash used in financing activities increased by RM25.5 million from RM17.9 million in 2011 mainly due to higher repayment of term loans amounting to RM150.9 million in 2012 against RM131.9 million in 2011. In addition to the increased term loans repayment, other cash outflows in 2012 include higher payment of interest and repayment of bankers' acceptances by RM4.7 million and RM2.5 million respectively.

On the other hand, the Group had a lower drawdown of term loan facilities in 2012 of RM111.2 million as compared to RM126.6 million in 2011. Payment of dividend has also decreased from RM33.7 million in 2011 to RM13.5 million in 2012.

OPERATIONAL AND FINANCIAL RISKS

The Group's operational and financial risks have been highlighted in Note 29 under the Notes to the financial statements.



AWARDS & RECOGNITION

Unisem Receives Appreciation Award on 1 Billion Units Support from iWatt

Unisem Receives the Good Support Award for Outstanding Support for Q2 FY2013 and the Continuing Support through Q3 FY2013 from Semtech Corporation

Unisem Receives 2011 Supplier of the Year Award for Responsiveness from TriQuint Semiconductor

Unisem Receives the Excellence Award 2012 from Skyworks

Unisem Receives Supplier Excellence Award from Mindspeed Technologies, Inc.

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 low cost 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 gold bumps, solder bumps, copper pillar bumps, bond pad redistribution and repassivation on wafer sizes from 100mm to 200mm diameter.

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

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.

Celebration Hari Raya

Eye Fundus Screening

OUR CORE VALUES

Our core values are:

Teamwork

- We value our differences and synergize to fulfill company goals and the stakeholder's requirements.
- We hold responsibility and accountability for all tasks assigned to us.
- We practise empathic communication between all parties.
- We think win-win.
- We recognise that the foundation of a great team is mutual trust of team members.

Commitment

- We involve ourselves in decision making.
- We have the courage to make promises and keep it.
- We take initiatives to seek knowledge and pursue our goals aggressively.
- We are passionate and focused in what we do.

Trust

- We show high consistency between words and deeds in our dealings with people.
- We are committed to conduct our business with a high standard of ethics and integrity.
- We trust our people and recognise their intrinsic desire to do a good job.
- We engage in open, constructive, ideological debate.
- We treat each other with respect and dignity.

Pro Active

- We encourage creativity and innovation in our work.
- We promote a learning culture so we can continuously upgrade our skills and process capabilities to adapt to new dynamic business environment.
- We plan ahead in anticipation of new challenges and opportunities.
- We do not react to changes, we initiate changes.
- We take calculated risks.
- We believe that it is far better to try and fail than not trying at all.

Caring

- We practise a culture of safe, clean and green.
- We recognise our social obligations to our stakeholders and the society and we contribute positively to our communities and environment.
- We recognise our human resources adds our greatest asset.
- We reward our people fairly.
- We practise 7 Habits daily.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

EMPLOYEE DEVELOPMENT

The Company runs a comprehensive continual training program for all its employees who are given on average more than 20 hours of training each year. 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 fire fighting, first aid and evacuation drill are also provided to all employees.

Unisem Chengdu's employees were given 43 hours per person of training in 2012. The training courses include orientation, job function, EHS, quality assurance, and other soft-skills programmes.

EMPLOYEE RECOGNITION

We recognize outstanding team and individual accomplishment and encourage employees to pursue continuous improvement, attain high levels of excellence and increase Unisem's overall competitiveness.

Kaizen Reward Scheme

The Company practises Kaizen, a culture of continual improvement, change for the better and standardisation to yield results in productivity improvement. This scheme is opened to the Company's non-executive employees from production, maintenance and quality assurance to invite improvement ideas on job functions and to ensure continuous improvement in these areas. Participants will be rewarded with certificate and cash voucher.

Annual Appreciation Award

We encourage our employees to participate in committee and functions above and beyond their normal role and duty. The Annual Appreciation Award acknowledges and appreciates employees who volunteered in the following areas:

- Canteen Committee
- Electrostatic Discharge (ESD) Auditors
- Internal Environmental Management System Auditors
- Environment Working Committee
- Internal Quality System Auditors
- Radiation Protection Supervisors
- Safety Committee
- Kaizen Evaluation Committee
- Sports & Recreation Club Committee

Long Service Award

We celebrate and award our employees who attain their career milestone every five years with the Long Service Award. We have postponed the Long Service Award banquet in 2012 to 2013.

Technical Excellence Competition

We encourage our engineers to participate in the annual Technical Excellence Competition for sharing of knowledge on process improvement. Participants will be awarded a trophy in recognition and appreciation of their outstanding study and invaluable insights, time and effort for process improvement.

Star Walk

Helping Hand

Poka-Yoke Contest

We encourage our employees from all levels to participate in the Poka-Yoke Contest which will be carried out every quarter. Poka-Yoke is introduced to the Company as one of the pillars under Zero Defect programme and its objective is to prevent and detect inadvertent errors. The charter of Unisem Poka-Yoke Committee is to support the plant wide Zero Defect programme of the Company and strive to eliminate mistakes in the processes by using Poka-Yoke methods.

In-House Suggestion-Implementation System Contests

PT. Unisem has an on-going Suggestion-Implementation System Programme since 1993. This is to encourage operators and technicians to contribute towards continuous improvement in their working place. The winners will receive a reward and certificate.

Best Performers Award

Every quarter the Company rewards the operators who perform well. This is to develop a workforce that is sensitive to quality and sense of quality ownership among the employees. The best performers will be rewarded with certificate and cash voucher.

Mentor Award

The Company has a programme to place newly certified operators under the guidance of an experienced operator for a period of two months. The experienced operators are rewarded for their support and guidance to the newly certified operators.

EMPLOYEE BENEFITS

The Company complies with the Malaysian statutory requirements to contribute to the Employees' Provident Fund, which was established under the Employees' Provident Fund Act 1991, by deducting 11% of its employees' salaries and matching this with contributions ranging from 12% to 13%. The Company also makes a monthly contribution of between 1.3% to 1.8% of total payroll or RM34.15 per employee, whichever is lower, to the Social Security Organisation (as established under the Employees' Social Security Act of 1969 of Malaysia) to which employees contribute part of their own salary for work related accidents resulting in injury or death. The rate of contribution to the Social Security Organisation by the Company and the employees is determined under the Employees' Social Security Act 1969.

The Company's premises are well-equipped with facilities for employees' convenience. The Company provides an in-house clinic with full-time industrial nurses, surau facility, a 24-hour canteen, a mini sundry shop operated by Koperasi Pekerja-Pekerja Unisem (M) Berhad, library and hostels with free utilities charges for operators who live outside of Ipoh.

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

In addition to this, the Company provides various benefits to its executive, non-executive employees and operators, including personal accident insurance for those taking company transport, child delivery subsidy, and medical benefits such as for outpatient and specialist treatment and for hospitalisation.

The employees own and operate a co-operative which among other things, runs a sundry shop and offers low interest loans to employees. The Company subsidises the shop by allowing it to use its premises rent-free. All profits of the co-operative are held for the benefit of the employees.

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.

Thaipusam Celebration

Health Talk on Colorectal Cancer

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

SPORTS AND RECREATION

The Company being a caring employer has organizes various sports and recreation activities with the aim to foster a positive teamwork amongst the employees, local community and NGO's in Simpang Pulai.

In 2012, the Sports & Recreation Club of the Company (the "Club") organized a total of 17 events and overall participation of more than 1200 employees from various section/department participated in Unisem's Telematch, Photography Competition, Starwalk, Futsal, Badminton, Bowling, Fishing Competition and Guess the Quantity Competition.

In 2012, the Human Resource Department of Unisem Chengdu organized various activities, such as:

- Spring outing to the outskirt of Chengdu
- Annual Dinner where all the entertainment programmes were performed by the employees
- Photography contest, recreational sports meets, networking events which were held together with Chengdu Hi-Tech Comprehensive Bonded Zone.

In 2012 The Basketball, Football, Badminton Associations of Unisem Chengdu organized a total of 50 events and more than 1600 employees from various departments participated in the games or competitions.

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.

Futsal Competition

Photography Competition

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.

Free health check-up

First -aid training

Blood donation campaign

This is achieved through periodic review of safety and health system by the management in connection with the operation, handling, storage and transportation procedures relating to all employees.

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 23 programs and total of 2545 employees participated on Safety and Health Talk during 2012.

Below are the highlights:

- Free health check-up and body analysis conducted by Shaklee Consultant and 500 employees participated & benefited from the program.
- Pantai Ribbon of Healthy Life Style Campaign was organized to promote healthy life style habit by Pantai Hospital Ipoh (298 participants).
- Annual First Aid Training conducted by St. John Ambulance for the purpose of preserving life and promoting recovery (142 participants).
- Antenatal Talk on 'Nutrition in Pregnancy & its Myth' by Miss Stephanie, Nutritionist from Mead Johnson Ipoh (55 participants).
- Health Talk on Colorectal Cancer by Dr MS Thas, Consultation General and Colorectal Surgeon from Pantai Hospital Ipoh (117 participants).
- Blood donation campaign in collaboration with Ipoh General Hospital (304 participants).
- Dental Awareness Campaign by Klinik Kesihatan Gunung Rapat (185 participants).
- Health Talk on 'Uterus, Ovary and Cervix' by Dr Moganaraju, Gynae Oncologist from Fatimah Hospital Ipoh (115 participants).
- Eye Fundus Screening and Eye Care talk by Mr Hii Wen Liang, Optometrist from Chew Eye Clinic Fairpark Ipoh (120 participants).
- Pap Smear Campaign conducted together with Klinik Kesihatan Simpang Pulai (85 participants).
- Health Talk on Breast Cancer by Dr Sumithra, General Surgeon of Pantai Hospital Ipoh (152 participants).
- Health Product Promotion Week by Hovid Pharmacy Ipoh (167 participants).
- Quit Smoking Exhibition by Klinik Kesihatan Batu Gajah to encourage smoker to quit smoking (52 participants).
- Health Talk on Stroke by National Stroke Association of Malaysia speaker Miss Irene Tang (122 participants).
- Road Safety and Safe Driving talk by Director of Jabatan Keselamatan Jalan Raya Malaysia (102 participants).
- Health talk on 'Common Heart Disease' by Dr Chong, Consultant Cardiologist from Pantai Hospital Ipoh. (135 participants).

In 2012 Unisem Chengdu organized the following activities on health and safety:

- Annual medical check for executives and above and 150 employees participated.
- 11 training sessions were held on safety and overall 204 employees from various departments participated in courses such as Chemical safety precaution, Electrical safety precaution, ERP Procedures, Lock out & tag out SOP.

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

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 to measure its environmental performance through periodic monitoring on the emission of pollutants. In addition, waste and chemical management system are put in place to ensure that the environment are being protected. 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.

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.

Product Ecology

Materials

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.

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 2012, the Company has taken in a total of 189 students from various local polytechnics and universities in Malaysia as trainees, of which 145 are pursuing engineering studies and 44 are from non-engineering.

In 2012, Unisem Chengdu has taken in 2 students as trainees, one is from local university and the other is from university in China.

PT Unisem, supports local vocational schools by sending our employees as assessor during final examination at these schools. PT Unisem also supports the internship program conducted by the vocational schools. In 2012, PT Unisem sends engineers to be assessor at vocational school. 70 students were assessed.

In 2012, PT Unisem accepted 100 students from 25 vocational schools, polytechnics and university located in Batam, Riau island province, as well as from Java and Sumatera. Those students are from various courses such as mechanical engineering, electronic, electrical, Information Technologies and administration. The program is for a period of 3 to 6 months, where students will be assigned to handle some activities under mentor's supervision.

Internship student is observing the data base outlook after he made modification on the system. (PT Unisem)

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. Some of the homes we visited in 2012 were

- Bao En Shi (Anning) Old Folks Home & Orphanage, Ampang Baru, Ipoh
- Anak-Anak Yatim Baitul Aini, Simpang Pulai, Ipoh
- Anak-Anak Yatim Rumah Nur Kasih Bestari, Bota Kanan

Our Sports & Recreation Club also organized charity drinks booth on Thaipusam celebration, Perak, and a United Nation Children Education Fund (UNICEF) Awareness Campaign at Unisem Ipoh.

We also work together with local enforcement such as Police Officers from Polis Diraja Malaysia ("PDRM") and local fire department from Jabatan Bomba Simpang Pulai. Such as providing Fire Drills and Police surveillance near the Company and hostel area.

In April 2012, Unisem Chengdu organized a tree-planting and 107 trees were planted, through the activities the employee realized the importance of environment conservation.

Unisem Chengdu Tree-planting

United Nation Children Education Fund (UNICEF)

Charity drinks booth on Thaipusam celebration

CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

In June 2012, PT Unisem in collaboration with the PT Unisem Moslem Brotherhood (MTA) initiated a program for free circumcision for its employee's son and surrounding community, about 70 boys together with their parents participated in this event. The processes of circumcision were performed by the doctors at our dormitory.

In August 2012 during the fasting month, PT Unisem in collaboration with the MTA broke fast with and presented gifts to about 100 orphans aged between 5 to 15 years old from 4 orphanages. More than 100 PT Unisem employees participated in this event.

In September 2012, moslem employees of PT Unisem getting together with management in a big family event what so called as Halal bi halal, a tradition of moslem in Indonesia after celebrating hari raya puasa (Iedul Fitri).

In October 2012, PT Unisem employees conducted social event in conjunction with the "Hari Raya Qurban" or hari raya haji in Pulau Akar, about 10 minutes by boat from Batam Island.

In December 2012, Christian employees of PT Unisem visited an orphanage at Tanjung Piayu Batam. Prior to this event, there was a family gathering to celebrate Christmas. Hundreds of families participated in this event.

Circumcision at dormitory PT Unisem.

PT Unisem visit to orphanage at Tanjung Piayu Batam.

PT Unisem team meet EPSON team in foot ball games of Batamindo Annual Games 2012.

Blood donation activity at PT Unisem.

Halal Bi Halal of moslem employees of PT Unisem.

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 March and July 2012, the Company organized a blood donation campaign in its premises. A total of 304 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.

In 2012, Unisem made donations to the following organisations:

- Bao En Shi (Anning) Old Folks Home & Orphanage, Ampang Baru, Ipoh
- Anak-Anak Yatim Baitul Aini, Simpang Pulai, Ipoh
- Anak-Anak Yatim Rumah Nur Kasih Bestari, Bota Kanan
- Sek Keb Ayer Tawar (Special Children School), Ayer Tawar
- SMK Simpang Pulai, Ipoh
- National Stroke Association of Malaysia, Perak

Bao En Shi (Anning) Old Folks Home & Orphanage

Anak-Anak Yatim Rumah Nur Kasih Bestari

Hari Raya With Anak Yatim

BOARD OF DIRECTORS

JOHN CHIA SIN TET
Chairman/Group Managing Director

LEE HOONG LEONG
Executive Director, Group Chief Operation Officer

FRANCIS CHIA MONG TET
Executive Director, Group Finance

ANG CHYE HOCK
Executive Director, Business Development

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

TAN SRI DATO' WONG SEE WAH
Independent Director

YEN WOON @ LOW SAU CHEE
Non-Executive Director

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

MARTIN GILES MANEN
Independent Director

DIRECTORS' PROFILE

JOHN CHIA SIN TET
Chairman/Group Managing Director,
Malaysian

Mr John Chia Sin Tet, aged 63, 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.

LEE HOONG LEONG
Executive Director,
Malaysian

Mr Lee Hoong Leong, aged 55, 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 an 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 61, 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 in 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.

ANG CHYE HOCK
Executive Director,
Singaporean

Mr Ang Chye Hock, aged 63, is the Executive Director - Business Development of the Company. He was appointed to the Board of the Company on 28 November 2002 as an Executive Director. 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.

Mr Ang was the Group Chief Operating Officer from 2008 to 2012, Chief Operating Officer of the Company from 2001 to 2005 and President from 2001 to 2007.

Mr Ang began his career with Motorola Malaysia Sdn Bhd, Kuala Lumpur in 1973 as a process engineer. He subsequently held positions as chief engineer, engineering manager and product manager between 1975 to 1979. Mr Ang was promoted to General Manager of Motorola Semiconductor Sdn Bhd, Seremban at the age of 29 in 1979. He was responsible for starting up a new factory for Motorola in Seremban and was responsible for total factory operations with over 2,000 employees. He held the position for 5 years before leaving for Singapore in December 1984.

Mr Ang brings with him more than 25 years of experience in the electrical and electronic industry. Prior to joining Unisem (M) Berhad in 2001, he was in Singapore for 16 years. His experience in Singapore includes being the General Manager of Magnetic Data Technologies Singapore in 2000; Managing Director of Wizard Multimedia, a software retail company, between 1993 and 1999; 6 years with Applied Magnetics Singapore Pte Ltd, where he was the Managing Director before he left in 1993; and 2 years at managerial positions with Motorola Electronics Pte Ltd.

DIRECTORS' PROFILE (cont'd)

PROF. TAN SRI DATO' DR. MOHD. RASHDAN BIN HAJI BABA
Independent Director,
Malaysian

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan Bin Haji Baba, aged 77, was appointed to the Board of the Company on 26 March 1998 as an Independent Director.

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan holds a Bachelor of Science degree from the University of Reading, United Kingdom and a Doctorate (PhD) from the University of Leeds, United Kingdom. He also completed the 83rd Advanced Management Programme at Harvard University, USA. Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan also received an honourary Doctor of Science (DSc) from the University of Reading, United Kingdom and an honourary Doctor of Laws (LLD) from the University of Leeds, United Kingdom.

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan was the Executive Chairman of Telekom Malaysia Berhad from 1987 to 1995. Prior to this, he was the Executive Chairman of Kumpulan Guthrie Berhad and sat on the board of several subsidiary companies of Kumpulan Guthrie Group from 1982 to 1987. He was the founding Vice-Chancellor of Universiti Kebangsaan Malaysia from 1969 to 1971 and Universiti Pertanian Malaysia from 1971 to 1982. He was an independent non-executive director of Far East Holdings Berhad (1990 to 2002), AMFB Holdings Berhad (1996 to 2003), AMMB Holdings Berhad (1996 to 2005), AmInvestment Group Berhad (2005) and AmcorpGroup Berhad (2000 to 2007). He also sat on the board of AMBB Capital Berhad and AmMerchant Bank Berhad from 1996 to 2005. He was the Chairman of Computer Systems Advisers (M) Berhad from 1995 to 2008.

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan is currently a Director of Global Carriers Berhad since June 2007. 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 67, 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 Audit Committee and 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.

YEN WOON @ LOW SAU CHEE
Non-Executive Director,
Malaysian

Mr Yen Woon @ Low Sau Chee, aged 65, 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 69, 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, Nomination Committee and Remuneration Committee.

A lawyer by profession, Mr Sundra Moorthi is a senior partner of a legal firm in Kuala Lumpur. 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.

MARTIN GILES MANEN
Independent Director,
Malaysian

Mr Martin Giles Manen, aged 58, 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 and Nomination Committee, a member of the Remuneration Committee and the Senior Independent Director.

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.

Save as disclosed in Note 18 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.

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 2012.

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
- 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)
- Review and approve the annual budget and monitor the operating and financial performance of the Group
- Approve and monitor the capital expenditure strategy, including acquisitions of capital equipment
- Oversee the conduct of the Group's business, including its control and accountability systems
- Succession planning
- Identify principal risks and ensure the implementation of appropriate internal controls
- Review the adequacy and the integrity of the management information and internal controls system
- Ensure that the market and shareholders are fully informed of material developments

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 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

The Board has adopted a formal Charter which is available in Corporate Governance section of our website.

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 in Corporate Governance section of our website.

Board Composition

Presently, there are 9 Board members in Unisem (M) Berhad comprising 4 executive directors and 5 non-executive directors. Out of the 5 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 in pages 26 to 31 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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.

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. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba, who has served as independent director of the Company for 14 years and Y.Bhg. Tan Sri Dato' Wong See Wah who has served as independent director of the Company for 10 years, have met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. They have always acted independently and objectively in expressing their views and in participating in deliberations of the Board/ Board Committees. Both Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba and Y.Bhg. Tan Sri Dato' Wong See Wah are free from any interest and any business, family or other relationship which could, or could reasonably be perceived to, interfere with their ability to carry out their roles as independent directors.

Board Diversity

Unisem provides its services to customers around the world with operations in 5 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 the 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 four Board meetings were held during the financial year ended 31 December 2012. 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	4/4
Mr Lee Hoong Leong (appointed on 9 August 2012)	2/4
Mr Francis Chia Mong Tet	4/4
Mr Ang Chye Hock	4/4
Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	4/4
Y.Bhg. Tan Sri Dato' Wong See Wah	4/4
Mr Yen Woon @ Low Sau Chee	4/4
Mr Sundra Moorthi s/o V.M. Krishnasamy	4/4
Mr Martin Giles Manen	4/4

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

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.

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.

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 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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
17 April 2012	Recent Tax Developments organized by International Fiscal association, Malaysia Branch (IFA)	Mr Martin Giles Manen
19 April 2012	Talk by ACE Synergy Insurance Bhd and MP Insurance Brokers SB "D&O Liability - Are You Exposed? and Key Trends in D&O Liability" organized by IJM Corporation Bhd	Y.Bhg. Tan Sri Dato' Wong See Wah
22 May 2012	'Role of Audit Committee in Assuring Audit Quality' Organised by Bursa Malaysia	Y.Bhg. Tan Sri Dato' Wong See Wah
25 May 2012	Talk by KPMG "Optimising IFRS/ MFRS Convergence" organized by Hong Leong Financial Group (HLFG)	Mr Martin Giles Manen
12 June 2012	Financial Institutions Directors' Education (FIDE) Forum organized by FIDE	Mr Martin Giles Manen
12 June 2012	"Taxing Indirect Equity Transfers: Post-Vodafone" organized by IFA	Mr Martin Giles Manen
21 June 2012	Presentation on "Semiconductor Industry Outlook" by Mr Jim Walker of Gartner	Mr John Chia Sin Tet Mr Francis Chia Mong Tet Mr Ang Chye Hock
21 & 22 June 2012	Directors Continuing Education Programme organized by Guinness Anchor Berhad and Fraser & Neave Holdings Bhd on: • Consumer Trends • Responsible Investment • Economic Outlook • CG Code 2012 • Malaysian FRS • Data Protection Act 2010 and Competition Act 2010	Mr Martin Giles Manen
4 & 5 July 2012	GAB National Commercial Conference organized by Guinness Anchor Berhad • Marketing/ Branding & Sales Updates • 5 Star Service	Mr Martin Giles Manen
12 & 13 Sep 2012	MAP for Directors of Public Listed Companies	Mr Lee Hoong Leong
3 Oct 2012	Bursa Malaysia CG Programme 2012 – "Duties of the Audit Committee"	Mr Martin Giles Manen
7 Nov 2012	Unisem in-house training - "The Malaysian Code on Corporate Governance 2012 & Risk Management, Why the Push?" conducted together with RC Advisory Services Sdn Bhd	All Directors
20 Nov 2012	Bursa Malaysia Sustainability Training For Directors & Practitioners	Mr Martin Giles Manen
27 & 28 Nov 2012	MIA Conference 2012	Mr Francis Chia Mong Tet
29 Nov 2012	Internal Capital Adequacy Assessment Process organized by HLFG	Mr Martin Giles Manen
5 Dec 2012	Audit Committee Institute Roundtable organized by KPMG • The Audit Committee's Oversight Role on Financial Reporting	Mr Martin Giles Manen

Date of Training	Type of Training	Attended by
6 & 7 Dec 2012	Unisem in-house training –"Worldwide Sales Meeting"	Mr John Chia Sin Tet Mr Lee Hoong Leong Mr Francis Chia Mong Tet Mr Ang Chye Hock Mr Martin Giles Manen

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, attendance at Board and committee meetings and compliance with the Code, as well as 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, and periodically engages the assistance of external consultants to facilitate formal Board performance reviews, if necessary.

Directors' Remuneration

The Board as a whole determines the remuneration of each Director. The Executive Directors do not participate in decisions regarding their own remuneration packages. Directors' fees are disclosed in the annual report and approved by the shareholders at the Annual General Meeting.

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 with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. An Executive Director plays no part in decisions on his own remuneration.

Aggregate remuneration of the 4 executive directors and 5 non-executive directors during the financial year ended 31 December 2012 can be categorised into the following components:

Category	Director's Fees (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Others* (RM'000)	Total (RM'000)
Executive Director	466	5,313	-	1,349	**7,128**
Non-Executive Director	660	-	-	-	**660**

* Comprised mainly of defined contribution plans, equity-settled share based payments and benefits-in-kind.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Directors' remunerations are broadly categorized into the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM100,000 to RM150,000	-	4
RM150,001 to RM200,000	-	1
RM650,000 to RM700,000	1	-
RM1,600,000 to RM1,650,000	2	-
RM3,200,000 to RM3,250,000	1	-

2. BOARD COMMITTEES

Executive Committee

The Executive Committee comprises 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 Ang Chye Hock (Executive Director, Sales & Business Development)
5. 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 set out under the Audit Committee Report on pages 44 and 48 of this Annual Report.

During the financial year ended 31 December 2012, the Committee held four meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	Number of meetings attended
Mr Martin Giles Manen *(Chairman of the Committee)*	4/4
Y.Bhg. Tan Sri Dato' Wong See Wah	4/4
Mr Sundra Moorthi s/o V.M. Krishnasamy	4/4

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 as follows:

The Nomination Committee is empowered with the following specific tasks:-

- To consider and recommend candidates for appointment as Directors of Unisem (M) Berhad and its subsidiary companies;
- To consider and recommend to the Board, Directors to fill the seats on board committees of Unisem (M) Berhad;
- To consider, in making its recommendations, the candidates' skills, knowledge, expertise, experience, professionalism and integrity and evaluate the candidates' ability to discharge responsibilities/functions for the position of independent directors;
- To consider, in making recommendations, candidates proposed by the group managing director for directorships, nomination by any senior executive, Director or shareholder;
- To assess the effectiveness of the Board as a whole and the committees of the Board, considering the contribution of each individual Director, and the required mix of skills and experience, independence and other qualities including core competencies which non-executive directors should bring to the board;
- To consider and recommend to the Board the appropriate size of the Board, considering the possible representation of interest groups, the desirable number of independent directors, the desirable balance in board membership and to ensure that any term limits within the Articles of Association are adhered to;
- To consider and recommend a policy regarding the period of service of executive and non-executive Directors;
- To report periodically to the board on succession planning for the board chairman and managing director. The board should work with the nominating committee to evaluate potential successors.
- To consider and recommend solutions on issues of conflict of interest affecting Directors;
- To evaluate and determine the training needs of Directors; and
- such other functions as may be delegated by the Board from time to time.

There were two meetings held during the financial year ended 31 December 2012. The details of attendance of the committee members are as follows:-

Name of Committee Member	Number 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 and its subsidiary companies;
- 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 *(appointed to the committee on 22 January 2013)*
3. Mr Yen Woon @ Low Sau Chee
4. Mr Sundra Moorthi s/o V.M. Krishnasamy
5. Mr Martin Giles Manen *(appointed to the committee on 22 January 2013)*

There was one meeting held during the financial year ended 31 December 2012. The details of attendance of the Committee members are as follows:-

Name of Committee Member	Number of meetings attended
Mr John Chia Sin Tet *(Chairman of the Committee)*	1/1
Mr Ang Chye Hock *(ceased to be committee member on 22 January 2013)*	1/1
Mr Yen Woon @ Low Sau Chee	1/1
Mr Sundra Moorthi s/o V.M. Krishnasamy	1/1
Mr Tee Yee Loh *(retired on 22 May 2012)*	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

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 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.

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 financial position and prospects. This assessment is primarily provided in the Annual Report through the Chairman's Statement 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 system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines, to safeguard the shareholders' investment and the Company'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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The Company's operations involve the acceptance and management of a wide range of risks. The nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. The Company's systems of internal controls are designed to provide reasonable but not absolute assurance against the risks of material errors, fraud or losses occurring. 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 rationale of the system of internal controls is to enable the Company to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The Statement on Internal Control are set out on pages 49 to 50 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 role of the Audit Committee in connection with its relationship with the external auditors is demonstrated in the Audit Committee Report under "Specific Duties" and "Activities of the Audit Committee" stated on pages 44 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
There were no issues of new shares for the financial year except for the 68,250 new ordinary shares of RM0.50 each issued in May 2012 pursuant to exercise of Warrants.

(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 RM78,300.

(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.

Please refer to Note 18 under Notes to the Financial Statements for additional information.

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 2012 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. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba, who has served as independent director of the Company for 14 years and Y.Bhg. Tan Sri Dato' Wong See Wah who has served as independent director of the Company for 10 years, have met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. They have always acted independently and objectively in expressing their views and in participating in deliberations of the Board/Board Committees. Both Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba and Y.Bhg. Tan Sri Dato' Wong See Wah are free from any interest and any business, family or other relationship which could, or could reasonably be perceived to, interfere with their ability to carry out their roles as independent directors.

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. Tan Sri Dato' Wong See Wah	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 2012, the Committee held four meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	Number of meetings attended
Mr Martin Giles Manen	4/4
Y.Bhg. Tan Sri Dato' Wong See Wah	4/4
Mr Sundra Moorthi s/o V.M. Krishnasamy	4/4

TERMS OF REFERENCE

1. Composition

a. The Committee shall be appointed by the Board from amongst the Directors and shall consist of no fewer than three (3) members.

b. All Committee members shall be non-executive directors.

c. The majority of the members including the Chairman of the Committee shall be Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of the Bursa Securities.

d. The members of the Committee shall elect a Chairman from amongst their number.

e. The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or who must have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

f. No alternate Directors shall be appointed as a member of the Committee.

g. If a member of an Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

h. All members of the Committee shall be financially literate.

2. Authority

a. The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to co-operate as requested by members of the Committee.

b. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

3. Responsibilities

a. The Audit Committee shall serve as a focal point for communications between Non-Committee Directors, the external auditors, internal auditors and the management, as their duties relate to financial accounting, reporting and controls.

b. The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

c. The Audit Committee shall be the Board's principal agent in assuring the independence of the Company's external auditors, internal auditors, the integrity of management, and the adequacy of disclosures to stockholders. The opportunity for the external auditors to meet with the entire Board of Directors as needed is not to be restricted, however.

d. The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to keep informed of matters affecting the Company.

4. Meeting

a. The Audit Committee shall meet at least four (4) times per year.

b. The quorum for the Audit Committee shall be two (2) members, the majority of whom must be Independent Directors.

c. As necessary or desirable, the Chairman may request that members of management, the internal auditors and representatives of the external auditors be present at meetings of the Committee.

d. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year.

e. The Company Secretary of the Company shall be present at all meetings to record minutes.

f. Minutes of each meeting shall be prepared and sent to Committee members, and the Company's Directors who are not members of the Committee. A copy of the minutes shall be filed with the Company.

AUDIT COMMITTEE REPORT (cont'd)

5. Specific Duties

The Audit Committee shall be guided by Chapter 15 Part C of the Main Market Listing Requirements of the Bursa Securities and in particular shall:-

a. Inform the external auditors, the internal auditors and management that the external auditors, internal auditors and the Committee may communicate with each other at all times and the external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee; and the Committee Chairman may call a meeting whenever he deems it necessary or upon the request of the external auditors or internal auditors.

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

c. Have familiarity, through the individual efforts of its members, with the accounting and reporting principles and practices applied by the Company in preparing its financial statements. Further, the Committee shall make, or cause to be made, all necessary inquiries to management and the external auditors concerning established standards of corporate conduct and performance, and deviations therefrom.

d. Review, prior to the annual audit, the scope and general extent of the external auditors' audit examination, including their engagement letter. The auditors' fees are to be arranged with management, and annually summarised for Committee review. The Committee's review should entail an understanding from the external auditors of the factors considered by the auditors in determining their audit scope, including:

   - Industry and business risk and characteristics of the Company.
   - External reporting requirements.
   - Materiality of the various segments of the Company's consolidated and non-consolidated activities.
   - Quality of internal accounting controls.
   - Extent of involvement of internal audit in the audit examination.
   - Other areas to be covered during the audit engagement.

e. Review the extent of non-audit services provided by the external auditors in relation to the objectivity needed in the audit.

f. Review with management and the external auditors, the quarterly results and financial results for the year upon completion of their audit, prior to their submission to the Board and release to the public. This review shall encompass:-

   - The Company's annual report to shareholders including the financial statements, and supplemental disclosures required by the provision of the Companies Act, 1965 and in compliance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia.
   - Significant transactions not a normal part of the Company's operations.
   - Changes, if any, during the year in the Company's accounting principles or their applications.
   - Significant adjustments proposed by the external auditors.

g. Evaluate the co-operation received by the external auditors during the audit examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Inquire of the external auditors whether there have been any disagreements with management which if not satisfactorily resolved would have caused them to issue a non-standard report on the Company's financial statements.

h. Discuss with the external and internal auditors the quality of the Company's financial and accounting personnel, and any relevant recommendations which the external and internal auditors may have. Topics to be considered during this discussion include improving internal financial controls, the audit plan, the audit report, the selection of accounting principles, any related party transaction that may arise within the Company and management reporting system. Review written responses of management to "letter of comments and recommendations" from the external auditors.

i. Review all related party transactions and the Company's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to the interests of minority shareholders.

j. Discuss with management the scope and quality of internal accounting and financial reporting controls in effect.

k. Inform the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.

l. Recommend to the Board of Directors any appropriate extension or changes in the duties of the Committee.

m. Recommend to the Board of Directors the retention or non-retention of the external auditors, and provide a written summary of the basis for the recommendations.

n. Review and verify the allocation of options pursuant to the Company's Executives' Share Option Scheme in accordance with the provisions of the bye-laws and the criteria for allocations disclosed to the executives.

o. In relation to internal audit function:-

   (i) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

   (ii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

p. In compliance to the Malaysian Code on Corporate Governance, the Audit Committee shall also:-

   (i) review any appraisal or assessment of the performance of members of the internal audit function;

   (ii) approve any appointment or termination of senior staff members of the internal audit function;

   (iii) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

AUDIT COMMITTEE REPORT (cont'd)

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met five times during the financial year ended 31 December 2012. The activities of the Audit Committee for the financial year were summarised as follows:-

a. 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.

b. The Committee reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company prior to their submission to the Board for approval and release to the public.

c. 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 by the internal audit function.

d. The Committee reviewed, prior to the annual audit, the nature and scope of engagement of the external auditors, their fees as well as findings arising from their examination of the annual financial statements. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval.

e. 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.

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 satisfactorily 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 2012 thirteen Internal Audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

The cost incurred for the Internal Audit function of the Company in respect of the financial year ended 31 December 2012 amounted to RM345,400.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Board of Directors ("the Board") of Unisem (M) Berhad is pleased to provide the following statement on the state of internal control of the Group comprising Unisem (M) Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2012, which has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD RESPONSIBILITY

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control, and for reviewing its effectiveness, adequacy and integrity. This includes the establishment of an appropriate control environment and framework, and review of the effectiveness, adequacy and integrity reliability of the risk management processes and internal control as well as compliance with risk policies and regulatory requirements.

The Board is responsible for reviewing the Group's system of control based on an ongoing process designed to identify principal risks to the achievement of strategic goals and business objectives, and to manage those risks efficiently, effectively and economically.

Due to the limitations that are inherent in any system of internal control, these systems are designed to manage, rather than totally eliminate, the risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

Risk management and internal controls are regarded as an integral part of the overall management processes. The Board has approved a formal group risk management policy which sets out the requirements for consistent reporting when identifying risk and management actions.

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 as well as clear reporting lines up to the Board and its Committees.

- **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 of Directors on significant changes in the business and the external environment in which the Group operates.

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

- **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 and subjected to review as and when necessary.

- **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 Directors have 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 period and full year results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year 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 advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The 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 of Directors its activities, significant results, findings and the necessary recommendations or changes.

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, 2012.

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
Loss for the year	(33,292)	(8,188)
Loss attributable to:		
Owners of the Company	(32,306)	(8,188)
Non-controlling interests	(986)	-
	(33,292)	(8,188)

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 15, 2012.

The directors have proposed a final dividend of 4% or 2 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, 2013.

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 increased its issued and paid-up ordinary share capital during the financial year by the issuance of 68,250 new ordinary shares of RM0.50 each pursuant to the exercise of Warrants of the Company at an exercise price of RM2.18 per ordinary share.

ISSUE OF SHARES AND DEBENTURES (CONT'D)

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

The resultant premium arising from the shares issued of RM114,660 has been credited to the share premium account.

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

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 28 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 1.1.2012 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2012 '000 UNITS
05.01.2011	2.25	18,050	-	(1,300)	**16,750**
18.01.2011	2.25	1,300	-	-	**1,300**
Total		19,350	-	(1,300)	**18,050**

The number of share options vested as of December 31, 2012 is 5,415,000 units. The share options granted to the directors and senior management represent 10.5% of the maximum options that can be granted under the ESOS as of December 31, 2012.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who have been granted options under the ESOS for less than 150,000 ordinary shares each.

The details of share options granted to eligible executives other than the Executive Directors are disclosed in Note 28 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.

DIRECTORS' REPORT

WARRANTS (CONT'D)

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

DATE OF GRANT	EXERCISE PRICE PER ORDINARY SHARE RM	NO. OF WARRANTS BALANCE AS OF 1.1.2012 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2012 '000 UNITS
30.08.2010	2.18	168,540	(68)	-	**168,472**

OTHER STATUTORY INFORMATION

Before the income statements 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 have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of 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 which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

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

DIRECTORS

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

Mr. John Chia Sin Tet
Mr. Ang Chye Hock
Mr. Francis Chia Mong Tet
Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
Y.Bhg. Tan Sri Dato' Wong See Wah
Mr. Yen Woon @ Low Sau Chee
Mr. Sundra Moorthi s/o V.M. Krishnasamy
Mr. Martin Giles Manen
Mr. Lee Hoong Leong (appointed on August 9, 2012)
Mr. Tee Yee Loh (retired on May 22, 2012)

In accordance with Article 124 of the Company's Articles of Association, Mr. Yen Woon @ Low Sau Chee and Mr. Martin Giles Manen retire by rotation.

Mr. Yen Woon @ Low Sau Chee and Mr. Martin Giles Manen being eligible, offer themselves for re-election.

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

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

DIRECTORS' INTERESTS

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

	NO. OF ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2012	BOUGHT	SOLD	BALANCE AS OF 31.12.2012
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	18,130,000	-	-	**18,130,000**
Mr. Ang Chye Hock	383,500	-	-	**383,500**
Mr. Francis Chia Mong Tet	12,090,000	-	-	**12,090,000**
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	676,000	-	-	**676,000**
Mr. Yen Woon @ Low Sau Chee	600,000	-	(100,000)	**500,000**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	35,100	-	-	**35,100**

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	NO. OF ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2012	BOUGHT	SOLD	BALANCE AS OF 31.12.2012
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	203,137,840	-	-	**203,137,840**
Mr. Francis Chia Mong Tet	616,980	-	-	**616,980**
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	149,370	-	-	**149,370**
Mr. Yen Woon @ Low Sau Chee	175,346,000	-	-	**175,346,000**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	7,800	-	-	**7,800**

	NO. OF WARRANTS			
	BALANCE AS OF 1.1.2012	BOUGHT	SOLD	BALANCE AS OF 31.12.2012
Warrants in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	5,370,600	-	-	**5,370,600**
Mr. Ang Chye Hock	95,900	-	-	**95,900**
Mr. Francis Chia Mong Tet	3,031,500	-	(3,031,500)	**-**
Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	169,000	-	-	**169,000**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	8,775	-	-	**8,775**
Indirect interest by virtue of Warrants held by companies in which a director has interests				
Mr. John Chia Sin Tet	49,880,228	-	-	**49,880,228**
Mr. Francis Chia Mong Tet	160,300	-	(160,300)	**-**
Mr. Yen Woon @ Low Sau Chee	44,317,100	-	-	**44,317,100**
Mr. Sundra Moorthi s/o V.M. Krishnasamy	1,950	-	-	**1,950**

DIRECTORS' INTERESTS (CONT'D)

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2012	GRANTED	EXERCISED	BALANCE AS OF 31.12.2012
ESOS in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	1,500,000	-	-	**1,500,000**
Mr. Ang Chye Hock	1,500,000	-	-	**1,500,000**
Mr. Francis Chia Mong Tet	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, 2012 is 1,350,000 units.

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 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 18 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 KassimChan, have indicated their willingness to continue in office.

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

JOHN CHIA SIN TET

MARTIN GILES MANEN

Kuala Lumpur,
March 15, 2013

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, 2012 and the income statements, statements of 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 60 to 127.

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, 2012 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;

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 33 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

1. As stated in Note 2(a) to the financial statements, the Company adopted Malaysian Financial Reporting Standards on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as of December 31, 2011 and January 1, 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended December 31, 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of January 1, 2012 do not contain misstatements that materially affect the financial position as of December 31, 2012 and financial performance and cash flows for the year then ended.

2. 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 KASSIMCHAN
AF 0080
Chartered Accountants

LIM KENG PEO
Partner - 2939/01/14(J)
Chartered Accountant

March 15, 2013

INCOME STATEMENTS
for the year ended December 31, 2012

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue		**1,091,948**	1,160,863	**498,004**	536,337
Investment income	8	**141**	174	**643**	820
Other gains/(losses)	5	**5,858**	7,963	**3,003**	(1,031)
Other operating income	5	**16,380**	28,754	**9,107**	10,955
Changes in inventories of finished goods and work-in-progress		**3,853**	(1,817)	**3,562**	(632)
Raw materials and consumables used		**(463,287)**	(511,563)	**(168,936)**	(183,955)
Depreciation of property, plant and equipment	11	**(161,838)**	(159,219)	**(71,845)**	(82,674)
Impairment losses on property, plant and equipment	11	**(13,381)**	-	**(9,959)**	-
Impairment loss on investment in subsidiary company	13	**-**	-	**(14,761)**	-
Employee benefits expenses	5	**(260,651)**	(276,264)	**(121,449)**	(132,564)
Directors' remuneration	6	**(10,967)**	(12,876)	**(7,581)**	(9,938)
Amortisation of prepaid interest in leased land	12	**(458)**	(450)	**(44)**	(44)
Finance costs	7	**(23,026)**	(17,842)	**(11,264)**	(10,798)
Other operating expenses	5	**(220,004)**	(203,342)	**(114,318)**	(122,154)
(Loss)/Profit before tax		**(35,432)**	14,381	**(5,838)**	4,322
Taxation	9(a)	**2,140**	5,326	**(2,350)**	2,520
(Loss)/Profit for the year		**(33,292)**	19,707	**(8,188)**	6,842
Attributable to:					
Owners of the Company		**(32,306)**	19,851	**(8,188)**	6,842
Non-controlling interests		**(986)**	(144)	**-**	-
		(33,292)	19,707	**(8,188)**	6,842
(Loss)/Earnings per share					
Basic and diluted (sen)	10	**(4.79)**	2.94		

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

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended December 31, 2012

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/Profit for the year	**(33,292)**	19,707	**(8,188)**	6,842
Other comprehensive (loss)/income				
Exchange differences on translating foreign operations arising during the year	**(17,554)**	38,474	**-**	-
Actuarial (loss)/gain on defined benefit plan	**(960)**	1,930	**-**	-
Total comprehensive (loss)/income for the year	**(51,806)**	60,111	**(8,188)**	6,842
Total comprehensive (loss)/income attributable to:				
Owners of the Company	**(50,820)**	60,255	**(8,188)**	6,842
Non-controlling interests	**(986)**	(144)	**-**	-
	(51,806)	60,111	**(8,188)**	6,842

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

STATEMENTS OF FINANCIAL POSITION

as of December 31, 2012

	NOTE	THE GROUP 31.12.2012 RM'000	THE GROUP 31.12.2011 RM'000	THE GROUP 1.1.2011 RM'000	THE COMPANY 31.12.2012 RM'000	THE COMPANY 31.12.2011 RM'000	THE COMPANY 1.1.2011 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	11	**1,272,707**	1,331,997	1,244,727	**507,341**	524,730	560,386
Prepaid interest in leased land	12	**19,029**	19,740	19,537	**3,738**	3,782	3,826
Investment in subsidiaries	13	**-**	-	-	**553,120**	567,477	565,526
Goodwill	14	**65,106**	67,219	65,229	**-**	-	-
Intangible assets	15	**12,765**	16,534	18,739	**-**	-	-
Deferred tax assets	9(c)	**14,582**	8,783	8,785	**616**	616	616
Total non-current assets		**1,384,189**	1,444,273	1,357,017	**1,064,815**	1,096,605	1,130,354
Current assets							
Inventories	16	**134,798**	160,998	160,592	**74,694**	86,036	86,157
Trade receivables	17	**166,337**	165,118	196,282	**87,820**	77,757	100,873
Other receivables, deposits and prepaid expenses	17	**12,591**	10,873	11,345	**2,239**	1,962	2,294
Amount owing by subsidiaries	18	**-**	-	-	**17,280**	16,644	15,907
Tax recoverable	9(b)	**7,260**	6,831	2,175	**-**	1,672	1,203
Cash and bank balances	19	**73,005**	63,528	108,339	**25,758**	17,497	22,891
Total current assets		**393,991**	407,348	478,733	**207,791**	201,568	229,325
Total assets		**1,778,180**	1,851,621	1,835,750	**1,272,606**	1,298,173	1,359,679

	NOTE	THE GROUP 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	THE COMPANY 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	20	**337,115**	337,081	337,081	**337,115**	337,081	337,081
Reserves	21	**690,832**	753,609	722,215	**587,222**	607,357	629,349
Equity attributable to owners of the Company		**1,027,947**	1,090,690	1,059,296	**924,337**	944,438	966,430
Non-controlling interests		**11,528**	12,504	12,621	**-**	-	-
Total equity		**1,039,475**	1,103,194	1,071,917	**924,337**	944,438	966,430
Non-current liabilities							
Amount owing to subsidiaries	18	**-**	-	-	**-**	15,864	-
Borrowings - non-current portion	22	**229,680**	215,693	215,490	**33,687**	54,827	72,071
Obligations under finance leases	23	**10,699**	1,327	1,133	**3,552**	-	-
Deferred income	24	**7,158**	7,771	7,636	**-**	-	-
Deferred tax liabilities	9(c)	**-**	-	5,115	**-**	-	-
Retirement benefit obligations	25	**19,238**	17,625	16,684	**-**	-	-
Total non-current liabilities		**266,775**	242,416	246,058	**37,239**	70,691	72,071
Current liabilities							
Trade payables	26	**97,557**	101,536	101,112	**28,074**	37,918	31,347
Other payables and accrued expenses	26	**97,948**	103,343	188,805	**49,031**	53,240	98,387
Amount owing to subsidiaries	18	**-**	-	-	**33,603**	15,740	25,633
Borrowings	22	**268,954**	299,738	227,264	**198,230**	176,146	165,811
Obligations under finance leases	23	**7,289**	1,375	579	**1,928**	-	-
Provision for taxation	9(b)	**182**	19	15	**164**	-	-
Total current liabilities		**471,930**	506,011	517,775	**311,030**	283,044	321,178
Total liabilities		**738,705**	748,427	763,833	**348,269**	353,735	393,249
Total equity and liabilities		**1,778,180**	1,851,621	1,835,750	**1,272,606**	1,298,173	1,359,679

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended December 31, 2012

THE GROUP	NOTE(S)	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
		← NON-DISTRIBUTABLE RESERVES →									
Balance as of January 1, 2011:											
As previously stated		337,081	127,661	12,674	-	16,011	(43,885)	610,394	1,059,936	12,621	1,072,557
Effect of adoption of MFRS 1		-	-	-	-	-	43,885	(43,885)	-	-	-
	32.1	337,081	127,661	12,674	-	16,011	-	566,509	1,059,936	12,621	1,072,557
Effect of early adoption of amendments to MFRS 119		-	-	-	-	-	51	(691)	(640)	-	(640)
As restated	2	337,081	127,661	12,674	-	16,011	51	565,818	1,059,296	12,621	1,071,917
Total comprehensive income for the year		-	-	-	-	-	38,474	21,781	60,255	(144)	60,111
Dividends	27	-	-	-	-	-	-	(33,708)	(33,708)	-	(33,708)
Transfer to statutory reserve fund	21	-	-	2,999	-	-	-	(2,999)	-	-	-
Recognition of share-based payments	21	-	-	(27)	4,874	-	-	-	4,847	27	4,874
Balance as of January 1, 2012:											
As previously stated		337,081	127,661	15,646	4,874	16,011	(5,411)	593,412	1,089,274	12,504	1,101,778
Effect of adoption of MFRS 1		-	-	-	-	-	43,885	(43,885)	-	-	-
	32.1	337,081	127,661	15,646	4,874	16,011	38,474	549,527	1,089,274	12,504	1,101,778
Effect of early adoption of amendments to MFRS 119		-	-	-	-	-	51	1,365	1,416	-	1,416
As restated	2	337,081	127,661	15,646	4,874	16,011	38,525	550,892	1,090,690	12,504	1,103,194
Total comprehensive loss for the year		-	-	-	-	-	(17,554)	(33,266)	(50,820)	(986)	(51,806)
Dividends	27	-	-	-	-	-	-	(13,485)	(13,485)	-	(13,485)
Exercise of Warrants	20/21	34	122	-	-	(7)	-	-	149	-	149
Transfer to statutory reserve fund	21	-	-	222	-	-	-	(222)	-	-	-
Recognition of share-based payments	21	-	-	-	1,196	-	-	217	1,413	10	1,423
Balance as of December 31, 2012		**337,115**	**127,783**	**15,868**	**6,070**	**16,004**	**20,971**	**504,136**	**1,027,947**	**11,528**	**1,039,475**

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

THE COMPANY	NOTE(S)		NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVE	
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE RM'000	WARRANTS RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as of January 1, 2011		337,081	127,661	-	16,011	485,677	966,430
Total comprehensive income for the year		-	-	-	-	6,842	6,842
Dividends	27	-	-	-	-	(33,708)	(33,708)
Recognition of share-based payments	21	-	-	4,874	-	-	4,874
Balance as of January 1, 2012		337,081	127,661	4,874	16,011	458,811	944,438
Total comprehensive loss for the year		-	-	-	-	(8,188)	(8,188)
Dividends	27	-	-	-	-	(13,485)	(13,485)
Exercise of Warrants	20/21	34	122	-	(7)	-	149
Recognition of share-based payments	21	-	-	1,206	-	217	1,423
Balance as of December 31, 2012		**337,115**	**127,783**	**6,080**	**16,004**	**437,355**	**924,337**

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

STATEMENTS OF CASH FLOWS

for the year ended December 31, 2012

		THE GROUP	
	NOTE	2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		**(33,292)**	19,707
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		**161,838**	159,219
Finance costs		**23,026**	17,842
Impairment losses on property, plant and equipment		**13,381**	-
Allowance for/(Write-back of) slow moving inventories		**5,121**	(390)
Amortisation of intangible assets		**2,406**	2,468
Provision for retirement benefit		**2,378**	2,585
Expense recognised in respect of equity-settled share-based payments		**1,423**	4,874
Impairment losses on intangible assets		**1,344**	-
Allowance for doubtful debts		**831**	-
Amortisation of prepaid interest in leased land		**458**	450
Bad debts written off		**113**	44
Property, plant and equipment written off		**10**	37
Unrealised gain on foreign exchange		**(7,691)**	(4,070)
Taxation		**(2,140)**	(5,326)
Gain on disposal of property, plant and equipment		**(464)**	(50)
Amortisation of deferred income		**(423)**	(462)
Interest income		**(141)**	(174)
		168,178	196,754
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		**19,058**	3,760
Trade receivables		**(5,255)**	37,894
Other receivables, deposits and prepaid expenses		**(2,142)**	1,350
Decrease in:			
Trade payables		**(630)**	(7,341)
Other payables and accrued expenses		**(3,732)**	(3,270)
Cash Generated From Operations		**175,477**	229,147
Income tax paid		**(4,170)**	(4,236)
Defined benefit obligations paid	25	**(213)**	(266)
Net Cash From Operating Activities		**171,094**	224,645

	NOTE	THE GROUP 2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**3,879**	565
Interest received		**137**	201
Additions to property, plant and equipment	30(a)	**(121,770)**	(282,446)
Additions to intangible assets	15	**(17)**	(206)
Net Cash Used In Investing Activities		**(117,771)**	(281,886)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		**111,188**	126,596
Proceeds from revolving credit/foreign currency trust receipts		**36,212**	39,271
Proceeds from issuance of shares		**149**	-
Repayment of term loans		**(150,909)**	(131,914)
Interest paid		**(22,191)**	(17,488)
Dividends paid	27	**(13,485)**	(33,708)
(Repayment of)/Proceeds from bankers' acceptances		**(2,505)**	182
Repayment of finance leases		**(1,829)**	(839)
Net Cash Used In Financing Activities		**(43,370)**	(17,900)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,953**	(75,141)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**36,926**	108,339
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(489)**	3,728
CASH AND CASH EQUIVALENTS AT END OF YEAR	30(b)	**46,390**	36,926

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

STATEMENTS OF CASH FLOWS
for the year ended December 31, 2012

		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		**(8,188)**	6,842
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		**71,845**	82,674
Impairment loss on investment in subsidiary company		**14,761**	-
Finance costs		**11,264**	10,798
Impairment losses on property, plant and equipment		**9,959**	-
Allowance for slow moving inventories		**3,290**	-
Taxation		**2,350**	(2,520)
Expense recognised in respect of equity-settled share-based payments		**1,020**	2,923
Allowance for doubtful debts		**200**	-
Amortisation of prepaid interest in leased land		**44**	44
Property, plant and equipment written off		**10**	37
Unrealised (gain)/loss on foreign exchange		**(5,312)**	1,523
Interest income		**(643)**	(820)
(Gain)/Loss on disposal of property, plant and equipment		**(260)**	16
		100,340	101,517
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		**8,052**	121
Trade receivables		**(11,094)**	25,540
Other receivables, deposits and prepaid expenses		**(277)**	332
(Decrease)/Increase in:			
Trade payables		**(8,514)**	3,399
Other payables and accrued expenses		**(10,897)**	587
Cash Generated From Operations		**77,610**	131,496
Income tax (paid)/refunded		**(515)**	2,051
Net Cash From Operating Activities		**77,095**	133,547

	NOTE	THE COMPANY 2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**1,340**	1,389
Additions to property, plant and equipment	30(a)	**(53,322)**	(94,060)
(Advances to)/Repayment from subsidiaries		**(842)**	4,994
Interest received		**-**	1
Net Cash Used In Investing Activities		**(52,824)**	(87,676)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from foreign currency trust receipts		**34,778**	-
Advances received from subsidiaries		**2,972**	-
Proceeds from issuance of shares		**149**	-
Repayment of term loans		**(19,379)**	(71,572)
Dividends paid	27	**(13,485)**	(33,708)
Interest paid		**(10,191)**	(10,521)
(Repayment of)/Proceeds from bankers' acceptances		**(2,505)**	182
(Repayment of)/Proceeds from revolving credit		**(1,000)**	40,000
Net Cash Used In Financing Activities		**(8,661)**	(75,619)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,610**	(29,748)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**(4,336)**	22,891
Effect of exchange rate changes on the balance of cash held in foreign currencies		**496**	2,521
CASH AND CASH EQUIVALENTS AT END OF YEAR	30(b)	**11,770**	(4,336)

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 March 15, 2013.

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 ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

(a) Adoption of MFRSs

The Group's and the Company's financial statements for the financial year ended December 31, 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, with January 1, 2011 as the date of transition.The reconciliations of the effects of the transition to MFRSs of the Group are presented in Note 32 to the financial statements.

The transition to MFRSs does not have any impact on the reported financial position, financial performance and cash flows of the Company.

There are no significant changes in accounting policies of the Group and of the Company as a consequence of the transition to MFRSs.

(b) Standards and IC Int. 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 except for MFRS 119 (IAS 19 as amended by IASB in June 2011) which will be early adopted by the Group. 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 12 Disclosure of Interests in Other Entities

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

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

(b) Standards and IC Int. in issue but not yet effective (Cont'd)

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 *Financial Instruments: Disclosures* will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that MFRS 12 and MFRS 13 will be adopted in the Group's and the Company's financial statements for the annual period beginning January 1, 2013 and that the application of these new standards may result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statements of comprehensive income and income statements. Under the amendments to MFRS 101, the "statements of comprehensive income" are renamed "statements of profit or loss and other comprehensive income" and the "income statements" are renamed the "statements of profit or loss".

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The amendments to MFRS 119 require retrospective application.

NOTES TO THE 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 Int. in issue but not yet effective (Cont'd)

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011) (Cont'd)

The Group has elected to early adopt MFRS 119 for the financial year ended December 31, 2012 and the effects on the financial statements are as follows:

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF EARLY ADOPTION OF AMENDMENTS TO MFRS 119 RM'000	AS RESTATED RM'000
For the year ended/As of December 31, 2011			
Consolidated Income Statement			
Other gains/(losses)	7,911	52	7,963
Employee benefits expenses	(276,338)	74	(276,264)
Earnings per share:			
Basic and diluted (sen)	2.93	0.01	2.94
Consolidated Statement of Comprehensive Income			
Actuarial gain on defined benefit plan	-	1,930	1,930
Consolidated Statement of Cash Flows			
Provision for retirement benefit	2,659	(74)	2,585
Unrealised gain on foreign exchange	(4,018)	(52)	(4,070)
Consolidated Statement of Financial Position			
Retirement benefit obligations	19,041	(1,416)	17,625
Retained earnings *	549,527	1,365	550,892
Foreign currency translation reserve *	38,474	51	38,525
As of January 1, 2011			
Consolidated Statement of Financial Position			
Retirement benefit obligations	16,044	640	16,684
Retained earnings *	566,509	(691)	565,818
Foreign currency translation reserve *	-	51	51

* After incorporating the effect of adoption of MFRS 1 as shown under Note 32.1.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation

The consolidated financial statement incorporate the financial statements of the Company and of the subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Non-controlling interests represent the portion of total comprehensive income and net assets in subsidiaries that is not held by the Group.

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, plus any costs directly attributable to the business combination. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 income statements.

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 statement.

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 income statements 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.

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

For the purpose of presenting consolidated financial statement, the assets and liabilities of the Group's foreign operations (including comparative figures) are expressed in Ringgit Malaysia using exchange rates prevailing on 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 income statements 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 income statements 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 statements of financial position and transferred to the income statements on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue 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 the income statements in the period in which they become receivable.

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 retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

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

Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income and are accumulated in retained earnings. Such actuarial gains and losses are not reclassified to the income statements in subsequent periods.

Service cost and interest cost are recognised in the Group's income statements in the period in which they occur. Service cost includes current and past service cost as well as gains or losses on settlements while interest cost is calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

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.

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 based upon the taxable income 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.

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%
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 the income statements.

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.

Investment in Subsidiaries

Investment in subsidiaries is stated in the Company's financial statements at cost less accumulated impairment losses, if any.

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 the income statements 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.

NOTES TO THE FINANCIAL STATEMENTS

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 income statements 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 the income statements. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 "loan 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.

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 the income statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 into "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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(a) Impairment of Goodwill

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

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

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on one-year financial budget approved by the directors and a financial forecast covering the subsequent four years period. The terminal value is calculated based on the projected net assets of the CGUs at the end of the fifth year.

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 was 6.43% (2011: 9.20%) per annum.

(b) 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 net assets of the CGUs at the end of the fifth year.

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 was 6.43% (2011: 6.90%) per annum.

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

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

(d) Income Taxes

The Group is subject to income taxes of numerous jurisdictions. 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(e) Deferred Tax Assets

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

(f) Contingent Liabilities

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

(g) Allowance for Receivables

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

(h) 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 has been changed.

(i) 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 net assets of the CGUs at the end of the fifth year. The cash flow projections were discounted at a pre-tax discount rate of 6.43% (2011: Nil).

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, in the manufacture of semiconductor devices and other related services; as such, information by business segment on the Group's operations is not presented.

4. SEGMENT INFORMATION (CONT'D)

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 focused on the business operations of the Group by geographical regions in 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.

	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
THE GROUP	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Geographical segments by location of assets								
Income Statements								
Revenue								
External sales	**1,065,991**	1,131,062	**10,590**	17,540	**15,367**	12,261	**1,091,948**	1,160,863
Results								
Segment results	**(1,771)**	35,873	**(9,035)**	(1,943)	**(1,741)**	(1,881)	**(12,547)**	32,049
Finance costs	**(22,427)**	(17,474)	**(191)**	(152)	**(408)**	(216)	**(23,026)**	(17,842)
Investment income	**141**	174	**-**	-	**-**	-	**141**	174
(Loss)/Profit before tax	**(24,057)**	18,573	**(9,226)**	(2,095)	**(2,149)**	(2,097)	**(35,432)**	14,381
Taxation	**2,140**	5,326	**-**	-	**-**	-	**2,140**	5,326
(Loss)/Profit for the year	**(21,917)**	23,899	**(9,226)**	(2,095)	**(2,149)**	(2,097)	**(33,292)**	19,707
Statements of Financial Position								
Assets								
Segment assets	**1,724,196**	1,796,888	**29,261**	39,165	**24,723**	15,568	**1,778,180**	1,851,621
Liabilities								
Segment liabilities	**716,475**	738,493	**5,013**	5,771	**17,217**	4,163	**738,705**	748,427

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONT'D)

Geographical segment (Cont'd)

THE GROUP	ASIA 2012 RM'000	ASIA 2011 RM'000	EUROPE 2012 RM'000	EUROPE 2011 RM'000	UNITED STATES OF AMERICA 2012 RM'000	UNITED STATES OF AMERICA 2011 RM'000	CONSOLIDATED 2012 RM'000	CONSOLIDATED 2011 RM'000
Geographical segments by location of assets								
Other information								
Capital expenditure	**125,570**	189,844	**625**	1,212	**12,193**	7,723	**138,388**	198,779
Depreciation of property, plant and equipment	**155,772**	155,969	**2,703**	2,713	**3,363**	537	**161,838**	159,219
Impairment losses on property, plant and equipment	**12,299**	-	**1,082**	-	**-**	-	**13,381**	-
Retrenchment costs	**6,983**	-	**861**	-	**-**	-	**7,844**	-
Allowance for/(Write back of) slow moving inventories	**4,539**	(390)	**582**	-	**-**	-	**5,121**	(390)
Amortisation of intangible assets	**2,406**	2,468	**-**	-	**-**	-	**2,406**	2,468
Impairment losses on intangible assets	**1,344**	-	**-**	-	**-**	-	**1,344**	-
Amortisation of deferred income	**163**	158	**260**	304	**-**	-	**423**	462
Gain on disposal of property, plant and equipment	**464**	35	**-**	15	**-**	-	**464**	50
Amortisation of prepaid interest in leased land	**458**	450	**-**	-	**-**	-	**458**	450
Allowance for doubtful debts	**694**	-	**137**	-	**-**	-	**831**	-
Bad debts written off	**84**	44	**29**	-	**-**	-	**113**	44

Revenue from sales to external customers by location of customers:

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
United States of America	**644,933**	709,361
Europe	**233,164**	228,438
Asia	**212,498**	219,524
Others	**1,353**	3,540
	1,091,948	1,160,863

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:

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Foreign exchange:					
Unrealised gain/(loss)		**7,691**	4,070	**5,312**	(1,523)
Realised (loss)/gain		**(2,297)**	3,843	**(2,569)**	508
Rental income		**1,023**	825	**1,423**	1,225
Grant income received		**479**	11,177	**-**	-
Gain/(Loss) on disposal of property, plant and equipment		**464**	50	**260**	(16)
Amortisation of deferred income	24	**423**	462	**-**	-
Retrenchment costs		**(7,844)**	-	**-**	-
Research and development expenses		**(6,558)**	(6,781)	**(3,512)**	(3,844)
(Allowance for)/Write back of slow moving inventories		**(5,121)**	390	**(3,290)**	-
Amortisation of intangible assets	15	**(2,406)**	(2,468)	**-**	-
Rental of premises		**(2,069)**	(2,060)	**(563)**	(723)
Rental of equipment		**(1,501)**	(816)	**-**	-
Impairment losses on intangible assets	15	**(1,344)**	-	**-**	-
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		**(780)**	(785)	**(250)**	(250)
Others		**(7)**	(13)	**(7)**	(13)
Allowance for doubtful debts	17	**(831)**	-	**(200)**	-
Bad debts written off		**(113)**	(44)	**-**	-
Property, plant and equipment written off		**(10)**	(37)	**(10)**	(37)
Management fees	18	**-**	-	**576**	576

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Equity-settled share-based payments	**988**	3,452	**638**	1,790
Defined benefit plans	**2,378**	2,585	**-**	-
Defined contribution plans	**13,906**	13,772	**7,904**	8,614

NOTES TO THE FINANCIAL STATEMENTS

6. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Executive:				
Fees	**466**	420	**466**	420
Other emoluments	**5,423**	6,799	**5,423**	6,799
Equity-settled share-based payments	**382**	1,133	**382**	1,133
Defined contribution plans	**650**	816	**650**	816
	6,921	9,168	**6,921**	9,168
Non-executive fees	**660**	770	**660**	770
	7,581	9,938	**7,581**	9,938
Directors of subsidiaries				
Executive:				
Other emoluments	**3,162**	2,525	**-**	-
Equity-settled share-based payments	**53**	289	**-**	-
Defined contribution plans	**171**	124	**-**	-
	3,386	2,938	**-**	-
	10,967	12,876	**7,581**	9,938

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 RM207,000 (2011: RM128,000).

Directors' other emoluments of the Group include an amount of RM202,000 (2011: Nil) for termination payment to an ex-director.

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest on:				
Term loans	**11,613**	8,786	**1,257**	1,737
Revolving credit	**6,117**	5,295	**5,981**	5,295
Bank overdrafts	**2,261**	1,635	**1,891**	1,475
Finance leases	**566**	368	**7**	-
Foreign currency trust receipts	**175**	-	**175**	-
Bankers' acceptances	**92**	117	**92**	117
Advances from a subsidiary	**-**	-	**847**	842
Bank charges and commissions	**1,435**	618	**290**	352
Commitment fee	**448**	569	**448**	569
Loan and facility arrangement fee	**319**	454	**276**	411
	23,026	17,842	**11,264**	10,798

8. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income from:				
Short-term deposits	**141**	174	**1**	1
Advances to a subsidiary	**-**	-	**642**	819
	141	174	**643**	820

9. TAXATION

(a) Taxation recognised in the income statements

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax income/(expense) comprises:				
Current tax expense in respect of the current year:				
Malaysian	**(2,334)**	(560)	**(2,334)**	(560)
Foreign	**(858)**	(1,999)	**-**	-
Deferred tax income relating to origination and reversal of temporary differences	**5,859**	5,403	**-**	-
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	**(527)**	2,785	**(16)**	3,080
- deferred tax	**-**	(303)	**-**	-
Total tax income/(expense)	**2,140**	5,326	**(2,350)**	2,520

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

9. TAXATION (CONT'D)

(a) Taxation recognised in the income statements (Cont'd)

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/Profit before tax	**(35,432)**	14,381	**(5,838)**	4,322
Loss/(Tax expense) calculated using the Malaysian statutory income tax rate of 25% (2011: 25%)	**8,858**	(3,595)	**1,459**	(1,081)
Different tax rates of subsidiaries operating in other jurisdictions	**(259)**	1,040	**-**	-
Tax effects of:				
Income that is exempted from taxation	**5,536**	3,340	**1,679**	57
Recognition/(Reversal) of tax benefits	**1,256**	(6,565)	**2,151**	(7,229)
Reduction in income tax rate	**1,180**	6,102	**-**	-
Expenses that are not deductible in determining taxable profit	**(11,729)**	(9,143)	**(7,623)**	(4,614)
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	**(1,441)**	(716)	**-**	-
Temporary differences of property, plant and equipment	**(734)**	74	**-**	-
Tax incentive on investment in foreign subsidiaries	**-**	12,307	**-**	12,307
	2,667	2,844	**(2,334)**	(560)
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	**(527)**	2,785	**(16)**	3,080
- deferred tax	**-**	(303)	**-**	-
Taxation recognised in the income statements	**2,140**	5,326	**(2,350)**	2,520

(b) Tax Recoverable and Provision for Taxation

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

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	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets	**14,582**	8,783	8,785
Deferred tax liabilities	**-**	-	(5,115)
	14,582	8,783	3,670
THE COMPANY			
Deferred tax assets	**616**	616	616

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of year	**8,783**	3,670	**616**	616
Transfer from the income statements	**5,859**	5,100	**-**	-
Translation reserve	**(60)**	13	**-**	-
At end of year	**14,582**	8,783	**616**	616

Analysis of deferred tax balances presented in the statements of financial position after appropriate offsetting is as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effect of:			
Unutilised reinvestment allowances and investment tax allowances	**77,680**	81,399	90,302
Unabsorbed capital allowances and unutilised tax losses	**28,272**	23,865	14,854
Retirement benefits	**5,128**	5,028	4,248
Provisions	**433**	2,625	2,776
Prepaid expenses	**-**	-	58
	111,513	112,917	112,238
Offsetting	**(96,931)**	(104,134)	(103,453)
Deferred tax assets	**14,582**	8,783	8,785

NOTES TO THE FINANCIAL STATEMENTS

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (Cont'd)

THE COMPANY	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effect of:			
Unutilised reinvestment allowances and investment tax allowances	**73,679**	76,375	85,491
Unabsorbed capital allowances and unutilised tax losses	**-**	2,310	-
Provisions	**-**	-	231
	73,679	78,685	85,722
Offsetting	**(73,063)**	(78,069)	(85,106)
Deferred tax assets	**616**	616	616

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effect of:			
Temporary differences arising from property, plant and equipment	**(96,931)**	(104,134)	(108,568)
Offsetting	**96,931**	104,134	103,453
Deferred tax liabilities	**-**	-	(5,115)
THE COMPANY			
Tax effect of:			
Temporary differences arising from property, plant and equipment	**(73,063)**	(78,069)	(85,106)
Offsetting	**73,063**	78,069	85,106
Deferred tax liabilities	**-**	-	-

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	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets:			
Reinvestment allowances	**68,180**	61,277	53,400
Unabsorbed capital allowances and unutilised tax losses	**43,585**	44,556	42,958
Unutilised investment tax allowances	**22,535**	21,404	18,601
Others	**-**	78	164
	134,300	127,315	115,123

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (Cont'd)

THE COMPANY	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets:			
Reinvestment allowances	**68,180**	61,277	53,400

The unutilised tax losses 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	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax losses expiring:			
Within 2 years	**-**	781	653
Within 3 years	**-**	-	-
Within 4 years	**-**	-	2,774
Within 5 years	**-**	-	-
More than 5 years	**25,871**	25,384	18,154
	25,871	26,165	21,581

(d) Tax-exempt Income Accounts

As of December 31, 2012, the Group and the Company have tax-exempt income accounts arising from the following:

THE GROUP AND THE COMPANY	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967	**86,418**	83,925	93,704
Chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999	**5,871**	5,871	5,871
Tax-exempt income account under Schedule 6 and para 3 (b) of the Income Tax Act, 1967	**1,247**	1,247	1,247
Tax-exempt income account (Exemption No.22) Order 2007 of Income Tax Act, 1967	**5,292**	5,292	5,292
	98,828	96,335	106,114

These tax-exempt income accounts are available to frank the distribution of profits as tax-exempt dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

10. (LOSS)/EARNINGS PER SHARE

	THE GROUP 2012	THE GROUP 2011
Basic and Diluted		
(Loss)/Profit for the year attributable to owners of the Company (RM'000)	**(32,306)**	19,851
Number of ordinary shares in issue as of January 1	**674,161,383**	674,161,383
Issue of shares - exercise of Warrants	**39,813**	-
Weighted average number of ordinary shares in issue	**674,201,196**	674,161,383
Basic and diluted (loss)/earnings per ordinary share (sen)	**(4.79)**	2.94

The diluted earnings 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 (loss)/earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2012 consist of the following:

	COST						
THE GROUP 2012	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	**4,954**	**-**	**14**	**-**	**-**	**-**	**4,968**
Buildings	**270,522**	**2,469**	**(5,442)**	**(381)**	**-**	**45,613**	**312,781**
Plant and machinery	**2,570,924**	**81,436**	**(30,701)**	**(66,445)**	**(56)**	**45,297**	**2,600,455**
Electrical installation	**14,331**	**864**	**-**	**-**	**-**	**-**	**15,195**
Office equipment	**57,996**	**1,391**	**(855)**	**(222)**	**(319)**	**-**	**57,991**
Air-conditioners	**10,604**	**329**	**(97)**	**-**	**-**	**-**	**10,836**
Motor vehicles	**5,474**	**3**	**(48)**	**(41)**	**-**	**-**	**5,388**
Furniture and fittings	**13,803**	**556**	**(279)**	**(159)**	**(43)**	**-**	**13,878**
Production support equipment	**31,586**	**97**	**(735)**	**-**	**-**	**13,487**	**44,435**
Capital work-in-progress	**81,691**	**51,243**	**(1,501)**	**-**	**-**	**(104,397)**	**27,036**
Total	**3,061,885**	**138,388**	**(39,644)**	**(67,248)**	**(418)**	**-**	**3,092,963**

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

THE GROUP 2012	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	98,900	7,086	-	(2,794)	(381)	-	102,811
Plant and machinery	1,554,233	145,436	13,381	(16,705)	(63,064)	(56)	1,633,225
Electrical installation	12,204	633	-	-	-	-	12,837
Office equipment	38,412	3,527	-	(682)	(215)	(315)	40,727
Air-conditioners	7,152	759	-	(47)	-	-	7,864
Motor vehicles	3,296	227	-	(46)	(14)	-	3,463
Furniture and fittings	11,675	600	-	(257)	(159)	(37)	11,822
Production support equipment	4,016	3,570	-	(79)	-	-	7,507
Capital work-in-progress	-	-	-	-	-	-	-
Total	1,729,888	161,838	13,381	(20,610)	(63,833)	(408)	1,820,256

THE GROUP 2011	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	4,822	-	132	-	-	-	4,954
Buildings	259,249	989	10,086	(4)	-	202	270,522
Plant and machinery	2,393,995	60,602	54,871	(14,484)	(26)	75,966	2,570,924
Electrical installation	13,598	733	-	-	-	-	14,331
Office equipment	53,345	3,195	1,605	(93)	(56)	-	57,996
Air-conditioners	10,170	132	302	-	-	-	10,604
Motor vehicles	5,009	400	65	-	-	-	5,474
Furniture and fittings	13,142	403	260	(2)	-	-	13,803
Production support equipment	6,445	774	446	(31)	-	23,952	31,586
Capital work-in-progress	40,520	131,551	9,740	-	-	(100,120)	81,691
Total	2,800,295	198,779	77,507	(14,614)	(82)	-	3,061,885

NOTES TO THE FINANCIAL STATEMENTS

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

THE GROUP 2011	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES AT BEGINNING OF YEAR RM'000	CHARGE 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	88,039	7,695	3,170	(4)	-	98,900
Plant and machinery	1,401,036	143,984	23,201	(13,985)	(3)	1,554,233
Electrical installation	11,587	617	-	-	-	12,204
Office equipment	33,899	3,630	1,016	(91)	(42)	38,412
Air-conditioners	6,192	816	144	-	-	7,152
Motor vehicles	2,854	383	59	-	-	3,296
Furniture and fittings	10,810	593	274	(2)	-	11,675
Production support equipment	1,151	1,501	1,381	(17)	-	4,016
Capital work-in-progress	-	-	-	-	-	-
Total	1,555,568	159,219	29,245	(14,099)	(45)	1,729,888

THE COMPANY 2012	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	**82,534**	**1,599**	**-**	**-**	**8,651**	**92,784**
Plant and machinery	**1,341,121**	**58,620**	**(50,243)**	**(56)**	**-**	**1,349,442**
Electrical installation	**14,077**	**864**	**-**	**-**	**-**	**14,941**
Office equipment	**27,119**	**1,193**	**(13)**	**(319)**	**-**	**27,980**
Air-conditioners	**6,705**	**329**	**-**	**-**	**-**	**7,034**
Motor vehicles	**3,594**	**3**	**-**	**-**	**-**	**3,597**
Furniture and fittings	**4,562**	**113**	**-**	**(43)**	**-**	**4,632**
Capital work-in-progress	**21,095**	**2,784**	**-**	**-**	**(8,651)**	**15,228**
Total	**1,500,807**	**65,505**	**(50,256)**	**(418)**	**-**	**1,515,638**

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

THE COMPANY 2012	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	16,704	1,751	-	-	-	18,455
Plant and machinery	923,003	66,544	9,959	(49,166)	(56)	950,284
Electrical installation	11,197	608	-	-	-	11,805
Office equipment	15,002	2,083	-	(10)	(315)	16,760
Air-conditioners	5,216	418	-	-	-	5,634
Motor vehicles	1,414	199	-	-	-	1,613
Furniture and fittings	3,541	242	-	-	(37)	3,746
Capital work-in-progress	-	-	-	-	-	-
Total	976,077	71,845	9,959	(49,176)	(408)	1,008,297

THE COMPANY 2011	COST				
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Buildings	81,864	670	-	-	82,534
Plant and machinery	1,315,735	35,139	(9,727)	(26)	1,341,121
Electrical installation	13,373	704	-	-	14,077
Office equipment	24,604	2,571	-	(56)	27,119
Air-conditioners	6,573	132	-	-	6,705
Motor vehicles	3,194	400	-	-	3,594
Furniture and fittings	4,452	110	-	-	4,562
Capital work-in-progress	12,361	8,734	-	-	21,095
Total	1,462,156	48,460	(9,727)	(82)	1,500,807

THE COMPANY 2011	ACCUMULATED DEPRECIATION				
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Buildings	15,060	1,644	-	-	16,704
Plant and machinery	853,919	77,409	(8,322)	(3)	923,003
Electrical installation	10,604	593	-	-	11,197
Office equipment	13,035	2,009	-	(42)	15,002
Air-conditioners	4,730	486	-	-	5,216
Motor vehicles	1,125	289	-	-	1,414
Furniture and fittings	3,297	244	-	-	3,541
Capital work-in-progress	-	-	-	-	-
Total	901,770	82,674	(8,322)	(45)	976,077

NOTES TO THE FINANCIAL STATEMENTS

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

THE GROUP	NET BOOK VALUE 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Freehold land	**4,968**	4,954	4,822
Buildings	**209,970**	171,622	171,210
Plant and machinery	**967,230**	1,016,691	992,959
Electrical installation	**2,358**	2,127	2,011
Office equipment	**17,264**	19,584	19,446
Air-conditioners	**2,972**	3,452	3,978
Motor vehicles	**1,925**	2,178	2,155
Furniture and fittings	**2,056**	2,128	2,332
Production support equipment	**36,928**	27,570	5,294
Capital work-in-progress	**27,036**	81,691	40,520
Total	**1,272,707**	1,331,997	1,244,727
THE COMPANY			
Buildings	**74,329**	65,830	66,804
Plant and machinery	**399,158**	418,118	461,816
Electrical installation	**3,136**	2,880	2,769
Office equipment	**11,220**	12,117	11,569
Air-conditioners	**1,400**	1,489	1,843
Motor vehicles	**1,984**	2,180	2,069
Furniture and fittings	**886**	1,021	1,155
Capital work-in-progress	**15,228**	21,095	12,361
Total	**507,341**	524,730	560,386

Property, plant and equipment of a foreign incorporated subsidiary with total carrying amount of approximately RM471,601,000 (31.12.2011: RM453,364,000, 1.1.2011: RM383,930,000) 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 22.

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cost	**22,282**	5,328	3,077
Net book value	**18,036**	3,227	2,185
THE COMPANY			
Cost	**5,495**	-	-
Net book value	**5,495**	-	-

During the financial year, in view of the changing and competitive business environment, the Group and the Company have decided to discontinue certain product lines, resulting in impairment losses of RM13,381,000 and RM9,959,000 respectively being recognised for the plant and machinery associated with the product discontinuation.

12. PREPAID INTEREST IN LEASED LAND

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
At beginning of year	**25,300**	24,473	25,698
Translation reserve	**(401)**	827	(1,225)
At end of year	**24,899**	25,300	24,473
Less: Amortisation			
At beginning of year	**5,560**	4,936	4,879
Charge for the year	**458**	450	459
Translation reserve	**(148)**	174	(402)
At end of year	**5,870**	5,560	4,936
Net	**19,029**	19,740	19,537
THE COMPANY			
At cost:			
At beginning/end of year	**4,354**	4,354	4,354
Less: Amortisation			
At beginning of year	**572**	528	484
Charge for the year	**44**	44	44
At end of year	**616**	572	528
Net	**3,738**	3,782	3,826

13. INVESTMENT IN SUBSIDIARIES

THE COMPANY	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares, at cost			
At beginning of year	**657,348**	655,397	631,423
Additions	**404**	1,951	23,974
At end of year	**657,752**	657,348	655,397
Accumulated impairment losses			
At beginning of year	**89,871**	89,871	89,871
Charge for the year	**14,761**	-	-
At end of year	**104,632**	89,871	89,871
Net	**553,120**	567,477	565,526

During the current financial year, the additions relate to share options granted to the executive staff of subsidiaries.

During the financial year, the Company further impaired its investment in Unisem (Europe) Holdings Limited of RM14,761,000 (31.12.2011: Nil, 1.1.2011: Nil) due to a shortfall in the recoverable amount when compared to its carrying value.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

NAME OF COMPANIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2012 %	PROPORTION OF OWNERSHIP INTEREST 2011 %	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	Investment holding.
Unisem Chengdu Co., Ltd.	People's Republic of China	100.00	100.00	Packaging and testing of semiconductor devices.
Unisem (Mauritius) Holdings Limited	Republic of Mauritius	99.98	99.98	Investment holding and the provision of management services.
Unisem 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				
Unisem (Europe) Limited ^	England and Wales	100.00	100.00	Sub-contract assembly and test solutions.
PT. Unisem	Indonesia	99.98	99.98	Provision of assembly and test services.
Unisem International (Hong Kong) Limited ^	Hong Kong	99.98	99.98	Contracting entity for the provision of assembly and test services.
Unisem GmbH @	Germany	99.98	99.98	Marketing and administrative services.
Unisem (S) Pte Ltd.	Singapore	99.98	99.98	Marketing, administrative and other support services.
Unisem (Sunnyvale), Inc. @	United States of America	99.98	99.98	Marketing and other support services.
Unisem Test (Sunnyvale), Inc. @	United States of America	99.98	99.98	Provision of test services.

Dormant during the financial year.
^ The financial statements of these companies were examined by auditors other than the auditors of the Company.
@ No statutory audit required.

14. GOODWILL

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cost			
At beginning of year	**122,167**	120,177	126,779
Translation reserve	**(2,113)**	1,990	(6,602)
At end of year	**120,054**	122,167	120,177
Accumulated impairment losses			
At beginning/end of year	**(54,948)**	(54,948)	(54,948)
Net	**65,106**	67,219	65,229

The goodwill relates to the assembly and test operations and related sales and administrative functions of PT. Unisem.

15. 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, 2011	21,935	20,457	1,263	43,655
Additions	-	151	55	206
Translation reserve	165	541	48	754
As of December 31, 2011	22,100	21,149	1,366	44,615
Additions	-	-	17	17
Translation reserve	(179)	(575)	(50)	(804)
As of December 31, 2012	**21,921**	**20,574**	**1,333**	**43,828**
Accumulated amortisation and impairment losses				
As of January 1, 2011	8,309	16,607	-	24,916
Charge for the year	1,945	523	-	2,468
Translation reserve	157	540	-	697
As of December 31, 2011	10,411	17,670	-	28,081
Charge for the year	1,867	539	-	2,406
Impairment losses for the year	-	-	1,344	1,344
Translation reserve	(182)	(575)	(11)	(768)
As of December 31, 2012	**12,096**	**17,634**	**1,333**	**31,063**
Carrying amounts				
As of January 1, 2011	13,626	3,850	1,263	18,739
As of December 31, 2011	11,689	3,479	1,366	16,534
As of December 31, 2012	**9,825**	**2,940**	**-**	**12,765**

NOTES TO THE FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS (CONT'D)

The amortisation and impairment expense has been included in "other operating expenses" in the income statements.

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 6 years (31.12.2011: 7 years, 1.1.2011: 8 years).

Capitalised development expenses of the Group represent development expenditure on packages and have been fully impaired during the current financial year as the Group has decided to discontinue further development of these packages.

16. INVENTORIES

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Raw materials	**72,305**	96,668	99,968
Factory supplies	**48,534**	48,880	44,162
Work-in-progress	**17,927**	16,105	17,252
Finished goods	**3,651**	1,848	2,026
	142,417	163,501	163,408
Less: Allowance for slow-moving inventories:			
At beginning of year	**(2,503)**	(2,816)	(3,118)
Additions	**(5,213)**	(217)	(181)
Write back	**92**	607	119
Translation reserve	**5**	(77)	364
At end of year	**(7,619)**	(2,503)	(2,816)
	134,798	160,998	160,592
THE COMPANY			
At cost:			
Raw materials	**33,202**	43,477	46,393
Factory supplies	**31,354**	32,693	29,266
Work-in-progress	**12,354**	9,562	9,775
Finished goods	**1,074**	304	723
	77,984	86,036	86,157
Less: Allowance for slow-moving inventories:			
At beginning of year	**-**	-	-
Additions	**(3,290)**	-	-
At end of year	**(3,290)**	-	-
	74,694	86,036	86,157

The costs of inventories of the Group and of the Company recognised as an expense during the year were approximately RM1,042,769,000 (2011: RM1,086,214,000) and RM459,065,000 (2011: RM497,314,000) respectively.

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	**167,171**	165,118	196,282
Less: Allowance for doubtful debts			
At beginning of year	**-**	-	-
Additions	**(831)**	-	-
Translation reserve	**(3)**	-	-
At end of year	**(834)**	-	-
	166,337	165,118	196,282
THE COMPANY			
Trade receivables	**88,020**	77,757	100,873
Less: Allowance for doubtful debts			
At beginning of year	**-**	-	-
Additions	**(200)**	-	-
At end of year	**(200)**	-	-
	87,820	77,757	100,873

Trade receivables comprise amounts receivable for sales of goods and services rendered. The credit terms granted range from 30 to 60 days (31.12.2011: 30 to 60 days, 1.1.2011: 30 to 60 days).

One of the indirect foreign subsidiaries has an overdraft and revolving credit facilities with a foreign bank which is secured by a floating charge over the indirect subsidiary's trade receivables of RM32,559,000 (31.12.2011: RM31,521,000, 1.1.2011: RM43,973,000) as disclosed in Note 22.

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

Other receivables, deposits and prepaid expenses consist of:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Other receivables	**3,873**	2,013	2,724
Deposits	**3,303**	3,350	3,503
Prepaid expenses	**5,415**	5,510	5,118
	12,591	10,873	11,345
THE COMPANY			
Other receivables	**384**	55	337
Deposits	**369**	437	426
Prepaid expenses	**1,486**	1,470	1,531
	2,239	1,962	2,294

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Transactions with related parties are disclosed in Note 18.

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Chinese Yuan	**2,066**	963	496
US Dollar	**970**	526	618
Ringgit Malaysia	**562**	126	912
Singapore Dollar	**142**	79	153
British Pound	**104**	307	530
Others	**29**	12	15
	3,873	2,013	2,724

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

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

The amounts owing by/(to) subsidiaries are interest free except as follows:

a) An amount owing to a subsidiary amounting to approximately RM15,290,000 (31.12.2011: RM15,864,000, 1.1.2011: RM15,324,000) which bears interest at 5.50% (31.12.2011: 5.55%, 1.1.2011: 5.55%) per annum; and

b) An amount owing by a subsidiary amounting to approximately RM9,955,000 (31.12.2011: RM9,282,000, 1.1.2011: RM8,544,000) which bears interest at 6.70% (31.12.2011: 6.70%, 1.1.2011: 6.70%) per annum.

The amount owing by subsidiaries is expected to be repaid within 12 months and is entirely denominated in Ringgit Malaysia.

THE COMPANY	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount owing to subsidiaries			
Amount due within 12 months (shown under current liabilities)	**33,603**	15,740	25,633
Amount due in year 2013	**-**	15,864	-
	33,603	31,604	25,633

The amount owing to subsidiaries is entirely denominated in US Dollar.

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

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	
	2012 RM'000	2011 RM'000
Subsidiaries		
Marketing support fees paid/payable	**3,823**	4,524
Purchase of property, plant and equipment	**2,572**	1,057
Disposal of property, plant and equipment	**872**	949
Interest paid/payable	**847**	842
Interest received/receivable	**642**	819
Management fees received/receivable	**576**	576
Rental income	**400**	400
Marketing support fees received/receivable	**75**	328
Trade sales	**-**	47

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Legal fee	**-**	23	**-**	23
Royalty	**23**	18	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

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

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

	THE GROUP	
	2012 RM'000	2011 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Equity-settled share-based payments	**289**	869	**199**	592
Short-term benefit	**4,393**	3,682	**1,640**	1,252
Post employment benefit	**28**	-	**-**	-
	4,710	4,551	**1,839**	1,844

19. CASH AND BANK BALANCES

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Short-term deposits with licensed banks	**18,504**	9,512	17,867
Cash on hand and at banks	**54,501**	54,016	90,472
	73,005	63,528	108,339
THE COMPANY			
Cash on hand and at banks	**25,758**	17,497	22,891

19. CASH AND BANK BALANCES (CONT'D)

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
US Dollar	**68,989**	60,504	98,017
Chinese Yuan	**2,444**	671	6,744
Singapore Dollar	**710**	392	438
Ringgit Malaysia	**357**	782	1,209
British Pound	**290**	983	1,695
Indonesian Rupiah	**109**	153	145
Euro	**99**	42	81
Others	**7**	1	10
	73,005	63,528	108,339
THE COMPANY			
US Dollar	**25,587**	16,970	21,779
Ringgit Malaysia	**163**	519	1,103
Euro	**4**	4	4
British Pound	**2**	2	2
Singapore Dollar	**1**	1	1
Indonesian Rupiah	**-**	-	1
Others	**1**	1	1
	25,758	17,497	22,891

The average effective interest rates are as follows:

	31.12.2012 %	31.12.2011 %	1.1.2011 %
Short-term Deposits			
The Group	**0.40 - 2.40**	0.10 - 2.40	1.04 - 1.75
The Company	**2.40**	2.40	1.75

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

	31.12.2012	31.12.2011	1.1.2011
Short-term Deposits (Days)			
The Group	**1 - 11**	1 - 7	1 - 23
The Company	**1**	1	1

NOTES TO THE FINANCIAL STATEMENTS

20. SHARE CAPITAL

	PAR VALUE RM	THE GROUP AND THE COMPANY 31.12.2012 NUMBER OF ORDINARY SHARES '000 UNITS	31.12.2011 NUMBER OF ORDINARY SHARES '000 UNITS	1.1.2011 NUMBER OF ORDINARY SHARES '000 UNITS	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Authorised:							
At beginning/ end of year	0.50	**1,000,000,000**	1,000,000,000	1,000,000,000	**500,000**	500,000	500,000
Issued and fully paid:							
At beginning of year	0.50	**674,161**	674,161	674,161	**337,081**	337,081	337,081
Issuance of shares - exercise of Warrants	0.50	**68**	-	-	**34**	-	-
At end of year	0.50	**674,229**	674,161	674,161	**337,115**	337,081	337,081

The Company increased its issued and paid-up ordinary share capital during the financial year by the issuance of 68,250 new ordinary shares of RM0.50 each pursuant to the exercise of Warrants of the Company at an exercise price of RM2.18 per ordinary share.

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

21. RESERVES

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-distributable reserves:			
Share premium	**127,783**	127,661	127,661
Foreign currency translation reserve	**20,971**	38,525	51
Capital reserve	**15,868**	15,646	12,674
Equity-settled employee benefits reserve	**6,070**	4,874	-
Warrants reserve	**16,004**	16,011	16,011
Distributable reserve:			
Retained earnings	**504,136**	550,892	565,818
	690,832	753,609	722,215
THE COMPANY			
Non-distributable reserves:			
Share premium	**127,783**	127,661	127,661
Equity-settled employee benefits reserve	**6,080**	4,874	-
Warrants reserve	**16,004**	16,011	16,011
Distributable reserve:			
Retained earnings	**437,355**	458,811	485,677
	587,222	607,357	629,349

21. 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 company 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 28.

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.

Retained earnings

As of the end of the reporting period, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits in accordance with the Finance Act, 2007. Accordingly, subject to the agreement of the Inland Revenue Board, the Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax-exempt account balances as mentioned in Note 9 to frank approximately RM142,000,000 (31.12.2011: RM140,000,000, 1.1.2011: RM162,000,000) of dividends out of its retained earnings as of December 31, 2012. If the balance of the retained earnings of approximately RM295,000,000 (31.12.2011: RM319,000,000, 1.1.2011: RM324,000,000) were to be distributed as dividend, the Company would switch to a single tier tax system and the balance of the dividends would be single tier dividends.

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Secured:			
Term loans	**213,416**	232,279	201,021
Revolving credit	**17,868**	15,853	15,338
Bank overdrafts	**12,627**	4,769	-
Unsecured:			
Revolving credit	**130,500**	131,500	91,500
Term loans	**75,635**	106,193	132,073
Foreign currency trust receipts	**34,101**	-	-
Bank overdrafts	**13,988**	21,833	-
Bankers' acceptances	**499**	3,004	2,822
	498,634	515,431	442,754
Less: Amount due within 12 months (shown under current liabilities)	**(268,954)**	(299,738)	(227,264)
Non-current portion	**229,680**	215,693	215,490
THE COMPANY			
Secured:			
Term loans	**-**	-	36,641
Unsecured:			
Revolving credit	**130,500**	131,500	91,500
Term loans	**52,829**	74,636	106,919
Foreign currency trust receipts	**34,101**	-	-
Bank overdrafts	**13,988**	21,833	-
Bankers' acceptances	**499**	3,004	2,822
	231,917	230,973	237,882
Less: Amount due within 12 months (shown under current liabilities)	**(198,230)**	(176,146)	(165,811)
Non-current portion	**33,687**	54,827	72,071

22. BORROWINGS (CON'TD)

The non-current portion is repayable as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Financial years ending December 31:			
2012	**-**	-	88,152
2013	**-**	59,586	42,172
2014	**124,714**	102,845	57,616
2015	**87,384**	48,950	27,550
2016	**16,227**	4,312	-
2017	**1,355**	-	-
	229,680	215,693	215,490
THE COMPANY			
Financial years ending December 31:			
2012	**-**	-	19,126
2013	**-**	19,867	19,184
2014	**19,200**	19,926	19,242
2015	**14,487**	15,034	14,519
	33,687	54,827	72,071

Analysis of borrowings by currency:

THE GROUP 31.12.2012	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Term loans	**-**	**289,051**	**289,051**
Revolving credit	**130,500**	**17,868**	**148,368**
Foreign currency trust receipts	**-**	**34,101**	**34,101**
Bank overdrafts	**13,988**	**12,627**	**26,615**
Bankers' acceptances	**499**	**-**	**499**
	144,987	**353,647**	**498,634**
THE GROUP 31.12.2011			
Term loans	-	338,472	338,472
Revolving credit	131,500	15,853	147,353
Bank overdrafts	21,833	4,769	26,602
Bankers' acceptances	3,004	-	3,004
	156,337	359,094	515,431
THE GROUP 1.1.2011			
Term loans	15,780	317,314	333,094
Revolving credit	91,500	15,338	106,838
Bankers' acceptances	2,822	-	2,822
	110,102	332,652	442,754

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS (CONT'D)

THE COMPANY 31.12.2012	RINGGIT MALAYSIA RM'000	US DOLLAR RM'000	TOTAL RM'000
Revolving credit	**130,500**	**-**	**130,500**
Term loans	**-**	**52,829**	**52,829**
Foreign currency trust receipts	**-**	**34,101**	**34,101**
Bank overdrafts	**13,988**	**-**	**13,988**
Bankers' acceptances	**499**	**-**	**499**
	144,987	**86,930**	**231,917**
THE COMPANY 31.12.2011			
Revolving credit	131,500	-	131,500
Term loans	-	74,636	74,636
Bank overdrafts	21,833	-	21,833
Bankers' acceptances	3,004	-	3,004
	156,337	74,636	230,973
THE COMPANY 1.1.2011			
Revolving credit	91,500	-	91,500
Term loans	15,780	127,780	143,560
Bankers' acceptances	2,822	-	2,822
	110,102	127,780	237,882

The Company has the following banking facilities of approximately:

i) RM91,740,000 (31.12.2011: RM95,190,000, 1.1.2011: RM354,941,000) unsecured syndicated term loan facilities with two (31.12.2011: two, 1.1.2011: seven) local banks which are repayable over five (31.12.2011: five, 1.1.2011: four to five) years commencing from date of drawdown; and

ii) RM286,500,000 (31.12.2011: RM216,500,000, 1.1.2011: RM216,500,000) unsecured revolving credit, overdrafts, trade financing and bank guarantee facilities with six (31.12.2011: six, 1.1.2011: seven) local banks.

The subsidiaries have the following banking facilities of approximately:

i) RM289,440,000 (31.12.2011: RM331,578,000, 1.1.2011: RM211,464,000) term loan facilities with two (31.12.2011: two, 1.1.2011: two) foreign banks which are secured by fixed charges over the property, plant and equipment as mentioned in Note 11. The repayment periods range from three to six (31.12.2011: three to six, 1.1.2011: five to six) years commencing from the respective dates of drawdown;

ii) RM30,580,000 (31.12.2011: RM31,730,000, 1.1.2011: RM30,647,000) unsecured Islamic term loan facility with a local bank which is repayable over five (31.12.2011: five, 1.1.2011: five) years commencing from date of drawdown;

22. BORROWINGS (CONT'D)

iii) RM9,174,000 (31.12.2011: Nil, 1.1.2011: Nil) term loan facility with a foreign bank which is repayable over five (31.12.2011: Nil, 1.1.2011: Nil) years commencing from date of drawdown. This facility is guaranteed by the Company; and

iv) RM38,396,000 (31.12.2011: RM33,430,000, 1.1.2011: RM32,346,000) revolving credit, overdrafts, supplier financing and bank guarantee facilities with four (31.12.2011: three, 1.1.2011: three) foreign and local banks. Certain of these banking facilities to the extent of RM30,580,000 (31.12.2011: RM31,730,000, 1.1.2011: RM30,648,000) are secured by fixed charges over the property, plant and equipment, a floating charge over trade receivables and a deed of subordination as mentioned in Notes 11 and 17 respectively.

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

The average effective interest rates 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
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	- 5.00% per annum below bank best lending rate
Foreign currency trust receipts	- ranging from 0.50% to 1.00% per annum plus cost of funds
Bankers' acceptances	- 1.25% per annum plus cost of funds

23. OBLIGATIONS UNDER FINANCE LEASES

THE GROUP	MINIMUM LEASE PAYMENTS 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amounts payable under finance leases:			
Within one year	**7,971**	1,680	733
In the second to fifth year inclusive	**10,803**	1,505	1,399
	18,774	3,185	2,132
Less: Future finance charges	**(786)**	(483)	(420)
Present value of lease obligations	**17,988**	2,702	1,712

THE GROUP	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amounts payable under finance leases:			
Within one year	**7,289**	1,375	579
In the second to fifth year inclusive	**10,699**	1,327	1,133
Present value of lease obligations	**17,988**	2,702	1,712
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(7,289)**	(1,375)	(579)
Amount due for settlement after 12 months	**10,699**	1,327	1,133

NOTES TO THE FINANCIAL STATEMENTS

23. OBLIGATIONS UNDER FINANCE LEASES (CONT'D)

THE COMPANY	MINIMUM LEASE PAYMENTS 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amounts payable under finance leases:			
Within one year	**2,068**	-	-
In the second to fifth year inclusive	**3,657**	-	-
	5,725	-	-
Less: Future finance charges	**(245)**	-	-
Present value of lease obligations	**5,480**	-	-

THE COMPANY	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amounts payable under finance leases:			
Within one year	**1,928**	-	-
In the second to fifth year inclusive	**3,552**	-	-
Present value of lease obligations	**5,480**	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,928)**	-	-
Amount due for settlement after 12 months	**3,552**	-	-

The average lease term ranges from 3 to 5 years (31.12.2011: 3 to 5 years, 1.1.2011: 5 years). The effective borrowing rates range from 0.24% to 11.47% (31.12.2011: 1.95% to 11.78%, 1.1.2011: 1.95%) per annum. All leases are on a fixed repayment basis.

The finance leases of the Group and of the Company are entirely 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 as disclosed in Note 11.

24. DEFERRED INCOME

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At beginning of year	**7,771**	7,636	8,789
Amortisation	**(423)**	(462)	(467)
Translation reserve	**(190)**	597	(686)
At end of year	**7,158**	7,771	7,636

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

25. RETIREMENT BENEFIT OBLIGATIONS

The amount included in the statements of financial position arising from the Group's obligation in respect of its retirement benefit obligations is as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Present value of defined benefit obligations	**19,238**	17,625	16,684

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Indonesian Rupiah	**12,288**	12,914	10,273
US Dollar	**6,950**	4,711	6,411
	19,238	17,625	16,684

Amount recognised in the income statements in respect of the retirement benefit obligations is as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000
Current service costs	**1,192**	1,248
Interest on obligations	**1,186**	1,337
Other adjustments	**(852)**	(52)
	1,526	2,533

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000
At beginning of year	**17,625**	16,684
Benefits paid	**(213)**	(266)
Remeasurement recognised in other comprehensive income	**960**	(1,930)
Expenses recognised in income statements	**1,526**	2,533
Translation reserve	**(660)**	604
At end of year	**19,238**	17,625

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

THE GROUP	31.12.2012 %	31.12.2011 %	1.1.2011 %
Discount rate : US Dollar based salary	**3.50**	5.00	5.80
: Indonesian Rupiah ("IDR") based salary	**7.00**	8.00	9.50
Future salary increases : US Dollar based salary	**4.00**	4.00	4.00
: IDR based salary	**5.00**	5.00	5.00

NOTES TO THE FINANCIAL STATEMENTS

26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit term granted to the Group ranges from 30 to 90 days (31.12.2011: 30 to 60 days, 1.1.2011: 30 to 60 days).

The currency profile of trade payables is as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
US Dollar	**90,188**	94,009	92,444
British Pound	**2,762**	2,195	2,792
Ringgit Malaysia	**2,097**	2,532	2,521
Singapore Dollar	**1,374**	1,481	1,441
Japanese Yen	**801**	735	1,079
Indonesian Rupiah	**64**	77	77
Euro	**45**	342	641
Chinese Yuan	**43**	116	105
Others	**183**	49	12
	97,557	101,536	101,112
THE COMPANY			
US Dollar	**25,973**	35,383	28,822
Ringgit Malaysia	**2,090**	2,532	2,521
Singapore Dollar	**11**	3	4
	28,074	37,918	31,347

Other payables and accrued expenses consist of:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Other payables	**61,604**	72,580	157,529
Accrued expenses	**36,344**	30,763	31,276
	97,948	103,343	188,805
THE COMPANY			
Other payables	**33,678**	37,841	81,094
Accrued expenses	**15,353**	15,399	17,293
	49,031	53,240	98,387

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 term granted to the Group ranges from 30 to 60 days (31.12.2011: 30 to 60 days, 1.1.2011: 30 to 60 days).

Transactions with related parties are disclosed in Note 18.

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

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

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
US Dollar	**42,061**	43,089	129,628
Ringgit Malaysia	**29,083**	31,583	37,278
Chinese Yuan	**14,771**	18,304	9,810
Singapore Dollar	**5,849**	3,407	3,671
Indonesian Rupiah	**4,817**	6,096	7,016
Japanese Yen	**892**	47	336
British Pound	**402**	738	882
Euro	**73**	79	184
	97,948	103,343	188,805
THE COMPANY			
Ringgit Malaysia	**27,811**	30,183	35,583
US Dollar	**20,444**	21,696	61,500
Singapore Dollar	**776**	1,341	1,211
Indonesian Rupiah	**-**	20	19
Euro	**-**	-	74
	49,031	53,240	98,387

27. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2012 RM'000	2011 RM'000
Final dividend paid:		
2 sen per share, tax-exempt for 2011 (5 sen per share, tax-exempt for 2010)	**13,485**	33,708

The directors have proposed a final dividend of 4% or 2 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.

28. 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.

NOTES TO THE FINANCIAL STATEMENTS

28. SHARE-BASED PAYMENTS (CONT'D)

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;

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 subsidiary companies) 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 granted and exercised 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 1.1.2012 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2012 '000 UNITS
05.01.2011	2.25	18,050	-	(1,300)	**16,750**
18.01.2011	2.25	1,300	-	-	**1,300**
Total		19,350	-	(1,300)	**18,050**

The number of share options vested as of December 31, 2012 is 5,415,000 (2011: 5,805,000) units.

28. 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 for and in excess of 150,000 ordinary shares each are as follows:

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	BALANCE AS OF 1.1.2012 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2012 '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**
Michael Martin Griffin	600	-	(600)	**-**
Quek Suan Hong	500	-	-	**500**
Alexander Chia Jhet-Wern	350	-	-	**350**
Andrew Douglas Hawkins	350	-	-	**350**
Chai Chan Wah	350	-	-	**350**
Cheng Kee Leang	350	-	(350)	**-**
Chow Seong Chai	350	-	-	**350**
Gilbert Lawrence Chiu	350	-	-	**350**
Goo Swee Eng @ Goh Swee Eng	350	-	-	**350**
Gu KeQi	350	-	-	**350**
Hoong Cheong Wai	350	-	-	**350**
Khoo Chung Shin	350	-	-	**350**
Lim Siew Chin	350	-	-	**350**
Michael Hannan Mckerreghan	350	-	-	**350**
Ngiam Tee Yip	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**
Mok Chee Choy	200	-	-	**200**
Marita Angela Erickson	200	-	-	**200**
Andrew Lee Perry	200	-	-	**200**
Tine Sopaheluwakan	150	-	-	**150**
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.

NOTES TO THE FINANCIAL STATEMENTS

29. 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, all of the Group's revenues are denominated in US Dollars. The cost of revenue, operating expenses, capital expenditure and bank borrowings are denominated primarily in US Dollars, Ringgit Malaysia, Chinese Yuan 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.

Foreign currency sensitivity analysis

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

For illustration purposes, the following sensitivity analysis includes the outstanding foreign currency denominated monetary items. If the foreign currency denominated monetary items at the end of the reporting period were translated into Ringgit Malaysia with a 5.00% (2011: 5.00%) increase/decrease in the exchange rates against the following relevant foreign currencies, the effect on the income statements and equity will be higher/lower by approximately:

	INCOME STATEMENTS		EQUITY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
US Dollar impact	**11,181**	12,864	**2,546**	1,009
Chinese Yuan impact	**-**	-	**515**	839
British Pound impact	**-**	-	**139**	82

The sensitivity rate of 5.00% represents management's assessment of the possible fluctuation in the exchange rates of the relevant foreign currencies in the next 12 months.

(ii) Interest rate risk management

The Group's exposure to interest rate risks 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% (2011: 0.50%) with all other variables including tax rate being held constant, the effect on the income statements will be lower/higher by approximately RM2,493,000 (2011: RM2,444,000). The assumed movement in the interest rates for the interest rate sensitivity analysis is based on the current observable market environment.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(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	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Corporate guarantee provided to banks for subsidiaries' facilities	**273,443**	284,818	241,305

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

The age analysis of trade receivables is as follows:

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Neither past due nor impaired	**144,183**	145,935	176,490
Past due but not impaired:			
61 - 90 days	**14,310**	13,500	15,576
91 - 120 days	**4,863**	2,716	3,191
Above 120 days	**2,981**	2,967	1,025
	22,154	19,183	19,792
Past due and impaired			
Above 120 days	**834**	-	-
	167,171	165,118	196,282
Average age days	**39**	34	36
THE COMPANY			
Neither past due nor impaired	**71,586**	70,587	88,750
Past due but not impaired:			
61 - 90 days	**10,309**	5,360	9,787
91 - 120 days	**4,113**	747	2,057
Above 120 days	**1,812**	1,063	279
	16,234	7,170	12,123
Past due and impaired			
Above 120 days	**200**	-	-
	88,020	77,757	100,873
Average age days	**37**	31	34

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(b) Credit risk (Cont'd)

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 RM109,864,000 and RM101,847,000 (2011: RM106,193,000 and RM54,571,000) 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.

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.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

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, 2012			
Trade payables, other payables and accrued expenses	**195,505**	**-**	**-**
Bank borrowings	**279,857**	**240,539**	**-**
Obligations under finance leases	**7,971**	**10,803**	**-**
As of December 31, 2011			
Trade payables, other payables and accrued expenses	204,879	-	-
Bank borrowings	309,256	224,550	4,495
Obligations under finance leases	1,375	1,327	-
As of January 1, 2011			
Trade payables, other payables and accrued expenses	289,917	-	-
Bank borrowings	227,264	187,940	27,550
Obligations under finance leases	579	1,133	-
THE COMPANY			
As of December 31, 2012			
Trade payables, other payables and accrued expenses	**77,105**	**-**	**-**
Amount owing to subsidiaries	**33,603**	**-**	**-**
Bank borrowings	**198,996**	**34,194**	**-**
Obligations under finance leases	**2,068**	**3,657**	**-**
As of December 31, 2011			
Trade payables, other payables and accrued expenses	91,158	-	-
Amount owing to subsidiaries	15,740	15,864	-
Bank borrowings	177,619	56,568	-
As of January 1, 2011			
Trade payables, other payables and accrued expenses	129,734	-	-
Amount owing to subsidiaries	25,633	-	-
Bank borrowings	165,811	57,552	14,519

(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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(d) Capital risk (Cont'd)

THE GROUP	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total borrowings	**516,622**	518,133	444,466
Total equity attributable to owners of the Company	**1,027,947**	1,090,690	1,059,296
Gearing ratio	**0.50**	0.48	0.42

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 are 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.

30. STATEMENTS OF CASH FLOWS

(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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Additions during the year	**138,388**	198,779	**65,505**	48,460
Finance lease obligations	**(17,207)**	(1,947)	**(5,502)**	-
Outstanding balances	**(34,699)**	(35,288)	**(27,557)**	(20,876)
Cash payment in respect of additions in:				
Current year	**86,482**	161,544	**32,446**	27,584
Prior year	**35,288**	120,902	**20,876**	66,476
	121,770	282,446	**53,322**	94,060

30. STATEMENTS OF CASH FLOWS (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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term deposits	**18,504**	9,512	**-**	-
Cash on hand and at banks	**54,501**	54,016	**25,758**	17,497
Bank overdrafts	**(26,615)**	(26,602)	**(13,988)**	(21,833)
	46,390	36,926	**11,770**	(4,336)

(c) Non-cash transactions

During the current financial year, the Group and the Company entered into the following non-cash investing and financing activities which have not been reflected in the statements of cash flows:

(i) The Group and the Company acquired property, plant and equipment under finance leases of approximately RM17,207,000 (2011: RM1,947,000) and RM5,502,000 (2011: Nil) respectively; and

(ii) Additional capital injections to subsidiaries of approximately RM404,000 (2011: RM1,951,000) as described in Note 13.

31. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Within one year	**1,724**	1,378	**320**	277
In the second to fifth year inclusive	**3,133**	334	**88**	14
	4,857	1,712	**408**	291

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

NOTES TO THE FINANCIAL STATEMENTS

31. COMMITMENTS (CONT'D)

(b) Capital expenditure

As of December 31, 2012, the Group and the Company have the following commitments in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contracted but not provided for	**10,491**	16,424	**5,242**	13,684

32. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and the Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended December 31, 2011 and the date of transition to MFRSs was therefore, January 1, 2011.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3 to the financial statements. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2 to the financial statements.

The disclosures set out below explain how the transition from FRSs to MFRSs have affected the financial position of the Group. The transition to MFRSs has not resulted in material differences between the income statements, statements of comprehensive income and statements of cash flows presented under MFRSs and the statements presented in accordance with FRSs for the Group.

32.1 Effect of MFRSs adoption for the statements of financial position

	1.1.2011 (DATE OF TRANSITION)			31.12.2011 (END OF LAST PERIOD PRESENTED UNDER FRSs)		
THE GROUP	FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	OPENING MFRSs STATEMENTS OF FINANCIAL POSITION RM'000	FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	MFRSs RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	1,244,727	-	1,244,727	1,331,997	-	1,331,997
Prepaid interest in leased land	19,537	-	19,537	19,740	-	19,740
Goodwill	65,229	-	65,229	67,219	-	67,219
Intangible assets	18,739	-	18,739	16,534	-	16,534
Deferred tax assets	8,785	-	8,785	8,783	-	8,783
Total non-current assets	1,357,017	-	1,357,017	1,444,273	-	1,444,273

32. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

32.1 Effect of MFRSs adoption for the statements of financial position (Cont'd)

THE GROUP	1.1.2011 (DATE OF TRANSITION) FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	OPENING MFRSs STATEMENTS OF FINANCIAL POSITION RM'000	31.12.2011 (END OF LAST PERIOD PRESENTED UNDER FRSs) FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	MFRSs RM'000
ASSETS (CONT'D)						
Current assets						
Inventories	160,592	-	160,592	160,998	-	160,998
Trade receivables	196,282	-	196,282	165,118	-	165,118
Other receivables, deposits and prepaid expenses	11,345	-	11,345	10,873	-	10,873
Tax recoverable	2,175	-	2,175	6,831	-	6,831
Cash and bank balances	108,339	-	108,339	63,528	-	63,528
Total current assets	478,733	-	478,733	407,348	-	407,348
Total assets	1,835,750	-	1,835,750	1,851,621	-	1,851,621
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	337,081	-	337,081	337,081	-	337,081
Reserves:						
Share premium	127,661	-	127,661	127,661	-	127,661
Foreign currency translation reserve	(43,885)	43,885	-	(5,411)	43,885	38,474
Capital reserve	12,674	-	12,674	15,646	-	15,646
Equity-settled employee benefits reserve	-	-	-	4,874	-	4,874
Warrants reserve	16,011	-	16,011	16,011	-	16,011
Retained earnings	610,394	(43,885)	566,509	593,412	(43,885)	549,527
Equity attributable to owners of the Company	1,059,936	-	1,059,936	1,089,274	-	1,089,274
Non-controlling interests	12,621	-	12,621	12,504	-	12,504
Total equity	1,072,557	-	1,072,557	1,101,778	-	1,101,778

NOTES TO THE FINANCIAL STATEMENTS

32. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

32.1 Effect of MFRSs adoption for the statements of financial position (Cont'd)

	1.1.2011 (DATE OF TRANSITION)			31.12.2011 (END OF LAST PERIOD PRESENTED UNDER FRSs)		
THE GROUP	FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	OPENING MFRSs STATEMENTS OF FINANCIAL POSITION RM'000	FRSs RM'000	EFFECT OF TRANSITION TO MFRSs RM'000	MFRSs RM'000
EQUITY AND LIABILITIES (CONT'D)						
Non-current liabilities						
Borrowings - non-current portion	215,490	-	215,490	215,693	-	215,693
Obligations under finance leases	1,133	-	1,133	1,327	-	1,327
Deferred income	7,636	-	7,636	7,771	-	7,771
Deferred tax liabilities	5,115	-	5,115	-	-	-
Retirement benefit obligations	16,044	-	16,044	19,041	-	19,041
Total non-current liabilities	245,418	-	245,418	243,832	-	243,832
Current liabilities						
Trade payables	101,112	-	101,112	101,536	-	101,536
Other payables and accrued expenses	188,805	-	188,805	103,343	-	103,343
Borrowings	227,264	-	227,264	299,738	-	299,738
Obligations under finance leases	579	-	579	1,375	-	1,375
Provision for taxation	15	-	15	19	-	19
Total current liabilities	517,775	-	517,775	506,011	-	506,011
Total liabilities	763,193	-	763,193	749,843	-	749,843
Total equity and liabilities	1,835,750	-	1,835,750	1,851,621	-	1,851,621

32. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

32.2 Reconciliation of retained earnings

THE GROUP	AS OF 1.1.2011 (DATE OF TRANSITION) RM'000	AS OF 31.12.2011 (END OF LAST PERIOD PRESENTED UNDER FRSs) RM'000
Total retained earnings under FRSs	610,394	593,412
Effect of transition to MFRSs	(43,885)	(43,885)
Total retained earnings under MFRSs	566,509	549,527

32.3 Notes to the reconciliation

Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be Nil at the date of transition. The foreign currency translation losses of RM43,885,000 as of January 1, 2011 were transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

33. 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, 2012 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiary companies				
Realised	**426,326**	497,052	**431,427**	459,718
Unrealised	**22,272**	14,167	**5,928**	(907)
	448,598	511,219	**437,355**	458,811
Add: Consolidation adjustments	**55,538**	39,673	**-**	-
Total retained earnings as per statements of financial position	**504,136**	550,892	**437,355**	458,811

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, 2012 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 33, 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,
March 15, 2013

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

I, **GOO SWEE ENG @ GOH SWEE ENG**, the officer 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.

GOO SWEE ENG @ GOH SWEE ENG

Subscribed and solemnly declared by the abovenamed
GOO SWEE ENG @ GOH SWEE ENG at **IPOH**
this 15th day of March, 2013

Before me,

No. A149
SINCARAVELAN A/L MINOR

COMMISSIONER FOR OATHS

ANALYSIS OF SHARE/WARRANT HOLDINGS

as at 21 March, 2013

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
	Voting Right	:	1 vote per share

2. Analysis of Shareholdings

NO. OF HOLDERS	HOLDINGS	TOTAL HOLDINGS	%
130	Less than 100 shares	4,787	0.00
635	100 to 1,000 shares	510,021	0.08
7,258	1,001 to 10,000 shares	36,471,645	5.41
3,174	10,001 to 100,000 shares	91,611,258	13.59
373	100,001 to less than 5% of issued shares	375,851,922	55.75
1	5% and above of issued shares	169,780,000	25.18
11,571		**674,229,633**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%	DEEMED INTEREST	%
Bandar Rasah Sdn Bhd	169,780,000	25.18	-	-
Jayvest Holdings Sdn Bhd	13,866,840	2.06	169,780,000	25.18 [a]
John Chia Sin Tet	18,130,000	2.69	203,137,840	30.13 [b]
The estate of Soo Yut Kuan	-	-	183,646,840	27.24 [c]
Yen Woon @ Low Sau Chee	500,000	-	175,346,000	26.01 [d]

Notes:

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

ANALYSIS OF SHARE/WARRANT HOLDINGS
as at 21 March, 2013

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

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD (DIRECT INTEREST)	%
1.	Bandar Rasah Sdn Bhd	169,780,000	25.18
2.	Lembaga Tabung Haji	29,111,760	4.32
3.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	19,755,700	2.93
4.	John Chia Sin Tet	18,130,000	2.69
5.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	17,938,500	2.66
6.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet (01-00825-000)	15,000,000	2.22
7.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	14,783,000	2.19
8.	Jayvest Holdings Sdn Bhd	13,866,840	2.06
9.	Francis Chia Mong Tet	12,090,000	1.79
10.	Chiam Joy Young	11,504,000	1.71
11.	Amanahraya Trustees Berhad Public Smallcap Fund	11,357,040	1.68
12.	Jo-Ann Chiam Puay Hoon	11,207,300	1.66
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	9,917,100	1.47
14.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	9,241,180	1.37
15.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	8,256,000	1.22
16.	Koo Hong @ Ku Hong Hai	6,823,945	1.01
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (HDBS)	6,406,400	0.95
18.	Amanahraya Trustees Berhad Public Savings Fund	5,636,000	0.84
19.	Low Kim Bee @ Lau Kim Bee	5,216,900	0.77
20.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	4,933,100	0.73

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

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD (DIRECT INTEREST)	%
21.	Lancar Indah Sdn.Bhd.	4,491,000	0.67
22.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,843,600	0.57
23.	Amanahraya Trustees Berhad Public Islamic Equity Fund	3,622,550	0.54
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,339,090	0.50
25.	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	3,154,830	0.47
26.	Tan Kah Hock	3,000,000	0.44
27.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (USA)	2,996,716	0.44
28.	HSBC Nominees (Asing) Sdn Bhd TNTC for LSV Emerging Markets Equity Fund L.P.	2,678,900	0.40
29.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koek Tiang Kung (8038626)	2,400,000	0.36
30.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	2,366,620	0.35
		432,848,071	**64.20**

ANALYSIS OF SHARE/WARRANT HOLDINGS
as at 21 March, 2013

5. Analysis of warrants holdings

NO. OF HOLDERS	HOLDINGS	TOTAL HOLDINGS	%
66	Less than 100 shares	2,360	0.00
934	100 to 1,000 shares	650,547	0.39
1,600	1,001 to 10,000 shares	7,519,879	4.46
1,160	10,001 to 100,000 shares	41,914,404	24.88
191	100,001 to less than 5% of issued shares	65,160,650	38.68
2	5% and above of issued shares	53,224,000	31.59
3,953		**168,471,840**	**100.00**

6. List of thirty largest warrants holders (without aggregating the securities from different securities accounts belonging to the same person)

	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
1.	Bandar Rasah Sdn Bhd	42,445,000	25.19
2.	Amanahraya Trustees Berhad Public Smallcap Fund	10,779,000	6.40
3.	John Chia Sin Tet	5,370,600	3.19
4.	Chong Cheng Sing	3,982,600	2.36
5.	Jayvest Holdings Sdn Bhd	3,472,000	2.06
6.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for John Chia Sin Tet (01-00825-000)	2,636,428	1.56
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tang Sze Chen (8096102)	1,450,000	0.86
8.	Lancar Indah Sdn Bhd	1,326,800	0.79
9.	Wong Wai Lee	1,102,000	0.65
10.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koek Tiang Kung (8038626)	1,000,000	0.59
11.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for CIMB-Principal Strategic Bond Fund (290077)	1,000,000	0.59
12.	Cheong Chen Yue	945,000	0.56
13.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Poh Kim (TTDI-CL)	900,000	0.53

6. List of thirty largest warrants holders (without aggregating the securities from different securities accounts belonging to the same person) (Cont'd)

	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
14.	EE Hock Lim @ Chong Hock Lim	800,000	0.47
15.	Rajendran A/L Karuppiah	639,000	0.38
16.	Lim Seng Hin	606,000	0.36
17.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chi Kain Sang (LBU)	585,300	0.35
18.	Wong Suet Ping	583,000	0.35
19.	Tan Yan Hoe	550,000	0.33
20.	Shi Geok Wah	545,300	0.32
21.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	530,200	0.31
22.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Kit Leong	519,300	0.31
23.	Liew Tien Choy	513,200	0.30
24.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Tik Guan (B Sunway-CL)	512,100	0.30
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Success Secrets Sdn. Bhd. (MG0179-192)	500,000	0.30
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Nyen Yin	500,000	0.30
27.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng (Margin)	500,000	0.30
28.	Yeoh Thiam Peng	500,000	0.30
29.	Yusof Bin Rahmat	500,000	0.30
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Fee Chong (REM 157-Margin)	495,600	0.29
		85,788,428	**50.92**

STATEMENT OF DIRECTORS' INTERESTS
as at 21 March, 2013

1. No. of shares held:-

DIRECTORS	DIRECT INTEREST	%	DEEMED INTEREST	%
John Chia Sin Tet	18,130,000	2.69	203,137,840	30.13 [a]
Lee Hoong Leong	-	-	-	-
Francis Chia Mong Tet	12,090,000	1.79	616,980	0.09 [b]
Ang Chye Hock	383,500	0.06	-	-
Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	676,000	0.10	149,370	0.02 [c]
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	500,000	0.07	175,346,000	26.01 [d]
Sundra Moorthi s/o V.M. Krishnasamy	35,100	0.01	7,800	0.00 [e]
Martin Giles Manen	-	-	-	-

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

2. No. of Warrants held:-

DIRECTORS	DIRECT INTEREST	%	DEEMED INTEREST	%
John Chia Sin Tet	5,370,600	3.19	49,880,228	29.60 [a]
Lee Hoong Leong	-	-	-	-
Francis Chia Mong Tet	-	-	-	-
Ang Chye Hock	95,900	0.06	-	-
Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	169,000	0.10	-	-
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	-	-	44,317,100	26.29 [b]
Sundra Moorthi s/o V.M. Krishnasamy	8,775	0.01	1,950	0.00 [c]
Martin Giles Manen	-	-	-	-

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 2012

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 2012 (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	-	**2,473**
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	21	**7,315**
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	17	**10,814**
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	12	**45,539**
	Factory building wafer bumping	Factory	-	22,000 sq ft	August 2005	7	**2,390**
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Vacant	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	**6,497**
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	**1,265**
	Residential	Hostel	-	232,000 sq ft	June 2012	1	**8,271**
Parkway, Pen-y-fan Industrial Estate, Croespenmaen, Crumlin, Gwent, United Kingdom NP11 3XT	Industrial land	Factory	Freehold	9.915 hectare	February 1994	-	**4,968**
	Factory building	Factory	-	130,000 sq ft	July 1995	17	**7,070**

LIST OF PROPERTIES
held by the group as at 31 December 2012

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 2012 (RM'000)
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	-	**3,197**
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	**3,961**
	Factory building	Factory	-	366,000 sq ft	December 2005	7	**67,364**
	Factory building	Factory	-	254,000 sq ft	December 2012	-	**41,812**
3801/3802 Tian Fu Square Chengdu, Sichuan, P.R. China	Residential	Apartments	70 years leasehold expiring 2075	296 sq m	December 2006	6	**1,717**
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	-	**737**
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 sq m	May 1998	-	**904**
	Factory Building Main Building	Factory	-	14,640 sq m	November 1991	21	**3,328**
	Factory Building East Wing	Factory	-	17,500 sq m	1998	14	**11,932**
	Factory Building East Wing Extension	Factory	-	1,600 sq m	2007	5.5	**2,066**
Desa Lubuk Baja Utara-Bengkong, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2016	2,376 sq m	May 1994	18	**-**
Palm Spring Housing Complex, Batam, Indonesia	Residential	Quarters	30 years leasehold expiring 2020	1,056 sq m	September 1993	19	**-**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at the Grand Prince Ballroom, Level 3, Prince Hotel & Residence Kuala Lumpur, No. 4, Jalan Conlay, 50450 Kuala Lumpur on 29 May 2013, 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 2012 and the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 4% or 2 sen per share tax-exempt for the financial year ended 31 December 2012. **Resolution 2**
3. To approve the payment of Directors' fees amounting to RM1,126,000 for the financial year ended 31 December 2012. **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) Mr Martin Giles Manen **Resolution 5**
5. To re-elect the following Director who retires pursuant to Article 127 of the Company's Articles of Association:-

   (i) Mr Lee Hoong Leong **Resolution 6**
6. To re-appoint Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting **Resolution 7**
7. To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 8**

   As Special Business:

   To consider and, if thought fit, to pass the following resolution:-
8. **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 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 does not exceed 10% of the issued capital of the Company for the time being."
9. **To retain directors as independent directors**

   To approve the retention of the following directors to continue to act as independent directors in accordance with the Malaysian Code on Corporate Governance 2012:

   (i) Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba **Resolution 10**

   (ii) Y. Bhg. Tan Sri Dato' Wong See Wah **Resolution 11**

NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Grant of Share Options to Mr Lee Hoong Leong** **Resolution 12**

"THAT the Directors be and are hereby authorised at any time, and from time to time, to offer and to grant option or options to Mr Lee Hoong Leong, an Executive Director of the Company, to subscribe for or purchase such number of ordinary shares of RM0.50 each in the Company (Unisem Shares) under the Unisem Group Executives' Share Option Scheme (ESOS) as they shall deem fit, subject always to such terms and conditions of the ESOS By-Laws provided that:

(i) not more than 50% of the Unisem Shares to be issued under the Scheme are to be allocated in aggregate to Executive Directors and senior management of the Unisem Group; and

(ii) not more than 10% of the Unisem Shares to be issued under the Scheme are to be allocated to any individual eligible executive who, either singly or collectively through persons connected with that eligible executive, holds 20% or more in the issued and paid-up capital of the Company and the term "person connected with" shall have the same meaning as that assigned under Paragraph 1.01 of the Main Market Listing Requirements.

11. To transact any other ordinary business for which due notice has been given.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the record of depositors will be closed on 5 June 2013 to determine shareholders' entitlement to the final dividend of 4% or 2 sen per share tax-exempt for the financial year ended 31 December 2012. The dividend, if approved, will be paid on 19 June 2013.

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 5 June 2013 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

29 April 2013
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 21 May 2013 are entitled to attend, speak and vote at the AGM of the Company to be held on 29 May 2013.*

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 23rd Annual General Meeting held on 22 May 2012, 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 & 11

   The proposed Resolutions 10 & 11, if passed, will allow the named directors to continue to act as independent directors notwithstanding that they have served a cumulative term of over nine years as independent directors.

   The Board after the annual assessment of the Directors' independence has determined that Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba, who has served as independent director of the Company for 14 years and Y.Bhg. Tan Sri Dato' Wong See Wah who has served as independent director of the Company for 10 years, have met the independence guidelines and criteria as set out in the Bursa Securities Listing Requirements. They have always acted independently and objectively in expressing their views and in participating in deliberations of the Board/Board Committees. Both Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba and Y.Bhg. Tan Sri Dato' Wong See Wah are free from any interest and any business, family or other relationship which could, or could reasonably be perceived to, interfere with their ability to carry out their roles as independent directors.

   Resolution 12

   The Company had established an Executives' Share Option Scheme (ESOS) in 2010. The salient features of the ESOS are set out under Note 28 to the Financial Statements on pages 115 to 117 in this annual report.

   The proposed Resolution 12, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to grant option or options to Mr Lee Hoong Leong, an Executive Director of the Company, to subscribe for or purchase such number of ordinary shares of RM0.50 each in the Company under the ESOS as they shall deem fit, subject always to such terms and conditions of the ESOS By-Laws and that the Directors of the Company will be given the authority to allot and issue new Unisem Shares to Mr Lee Hoong Leong from time to time pursuant to the exercise of such options.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE 24th ANNUAL GENERAL MEETING OF THE COMPANY

The details of the directors seeking re-election and re-appointment are set out in their respective profiles in pages 28 to 31 of this Annual Report. The details of their interest in the securities of the Company are set out in the Shareholding Statistics in page 136 of this Annual Report.

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

PROXY FORM

I/We ______________________________ NRIC/Passport No. ______________________________

of ____

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

______________________________ NRIC/ Passport No. ______________________________

of ____

or failing him/her, ______________________________ NRIC/Passport No. ______________________________

of ____

as my/our proxy to vote on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held at the Grand Prince Ballroom, Level 3, Prince Hotel & Residence Kuala Lumpur, No. 4, Jalan Conlay, 50450 Kuala Lumpur on 29 May 2013, 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 2012 together with the Directors' Report and the Auditors' Report.		
Resolution 2	To approve the declaration of a final dividend of 4% (or 2 sen per share) tax-exempt for the financial year ended 31 December 2012.		
Resolution 3	To approve the payment of Directors' fees amounting to RM1,126,000 for the financial year ended 31 December 2012.		
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 Mr Martin Giles Manen as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 6	To re-elect Mr Lee Hoong Leong as a Director who retires pursuant to Article 127 of the Company's Articles of Association.		
Resolution 7	To re-appoint Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba as a Director who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting.		
Resolution 8	To appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Resolution 9	To authorise the Directors under Section 132D of the Companies Act, 1965 to issue new shares not exceeding 10% of the issued capital of the Company.		
Resolution 10	To retain Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba as independent director in accordance with the Malaysian Code on Corporate Governance 2012		
Resolution 11	To retain Y. Bhg. Tan Sri Dato' Wong See Wah as independent director in accordance with the Malaysian Code on Corporate Governance 2012		
Resolution 12	To approve the grant of options to Mr Lee Hoong Leong, an Executive Director of the Company, under the existing Unisem Group Executives' Share Option Scheme.		

Dated this __________ day of ____________________ , 2013.

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 21 May 2013 are entitled to attend, speak and vote at the AGM of the Company to be held on 29 May 2013.*
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.*

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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 Ang Chye Hock
Executive Director

Y.Bhg. Prof. Tan Sri Dato' Dr. Mohd. Rashdan Bin Haji Baba
Independent Director

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

Mr Yen Woon @ Low Sau Chee
Non-Executive Director

Mr Sundra Moorthi S/O V.M. Krishnasamy
Non-Executive Director

Mr Martin Giles Manen
Independent Director

AUDIT COMMITTEE

Mr Martin Giles Manen
Chairman/Independent Director

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

Mr Sundra Moorthi S/O V.M. Krishnasamy
Member/Non-Executive Director

COMPANY SECRETARIES

Mr Chua Heng Fatt (MACS 00264)

Ms Chin Hock Yee (LS 8922)

REGISTERED OFFICE

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

SHARE REGISTRARS

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

AUDITORS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

United States of America • United Kingdom • Indonesia • Malaysia • China

www.unisemgroup.com