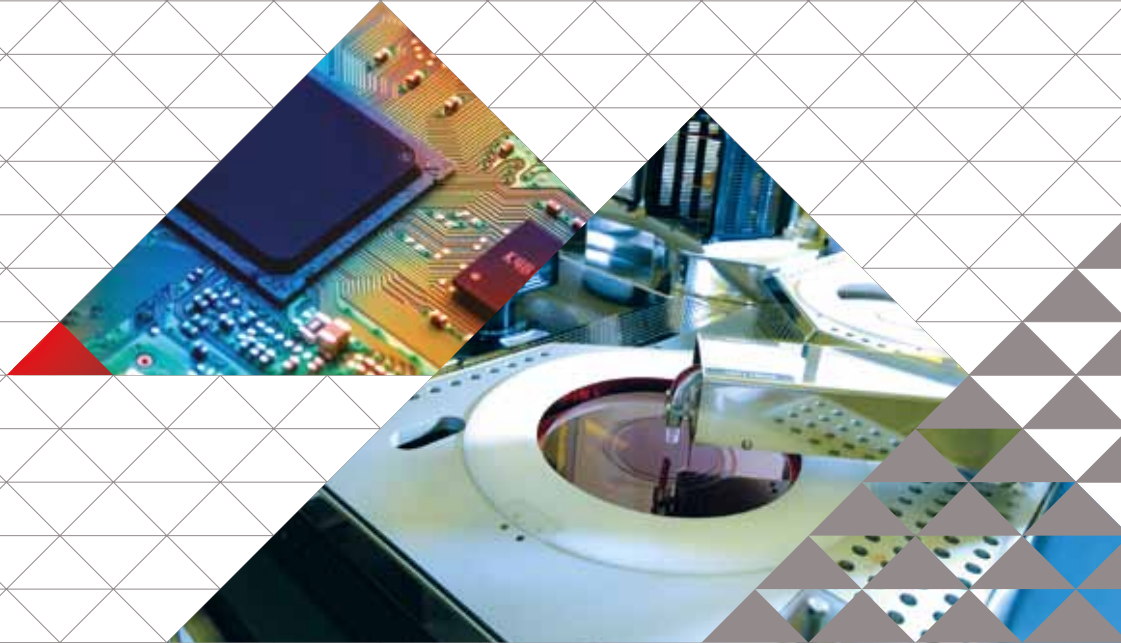




Unisem (M) Berhad (183314-V)



ANNUAL REPORT 2015



AWARDS & RECOGNITION



unisem 2.0

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

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

STAY

COMPETITIVE

To achieve operational excellence:
Lean Manufacturing and Quality Ownership

FOCUSED

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

COMMITTED

To achieve organisation teamwork:
Empowerment and Learning Culture



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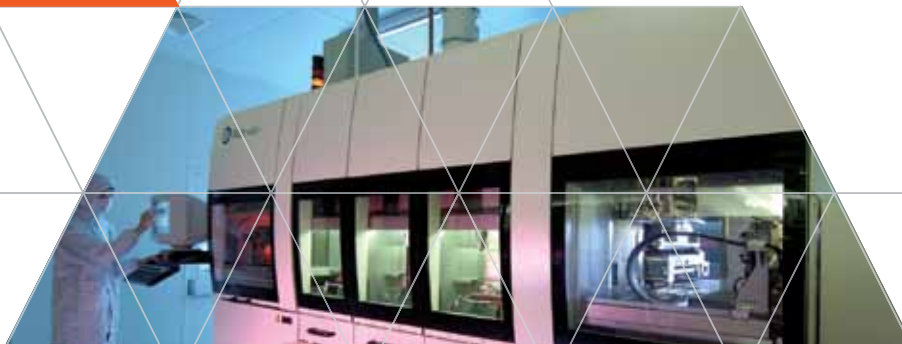


COMPANY PROFILE

Unisem (M) Berhad ("Unisem") is a leading semiconductor assembly and test services provider in Malaysia. With approximately 7,500 employees worldwide, Unisem has 3 semiconductor packaging and testing facilities located in Ipoh, Perak, Malaysia, Chengdu, People's Republic of China (China), and Batam, Indonesia and 2 wafer bumping facilities in Ipoh, Perak, Malaysia and Chengdu, China.

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

Unisem group has a customer base comprising primarily fabless companies (78%) and integrated device manufacturers (22%). About 41% of Unisem group's sales are to customers in North America, 15% to Europe and 44% to Asia.



UNISEM GROUP

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

- commenced operations in 1992
- 3,600 employees
- Total built-up area 570,000 square feet
- Provide full turnkey solutions; packaging capability includes all types of leadframe based packages, leadless packages, modules, wafer level CSP, flip chip and MIS based packaging
- Fully certified with ISO 9001:2008, ISO 14001:2004, ISO/TS 16949:2009, and ANSI/ESD S20.20-2007

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

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

PT. UNISEM BATAM, INDONESIA

- commenced operations in 1991
- 1,600 employees
- total built-up area of 345,000 square feet
- Provide full turnkey solutions; IC packaging capability includes all types of leadframe and laminate based packages, leadless packages and modules.
- Center of excellence for automotive IC's
- Fully certified with ISO 9001:2008, ISO 14001:2004 and ISO/TS 16949:2009

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

- commenced operations in 2006
- 2,000 employees
- total built-up area of about 620,000 square feet
- provides full turnkey solutions; packaging capability includes a wide range of advanced leadframe and substrate packages, leadless packages, modules, MEMs, wafer level CSP and flip chip
- offers a wide range of bumping services for wafer size of 200 mm diameter. Services include copper pillar bumps and solder bumps as well as pad redistribution and re-passivation.
- fully certified with ISO 9001:2008, ISO 14001:2004, ISO/TS 16949:2009 and ANSI/ESD-S20.20-2007

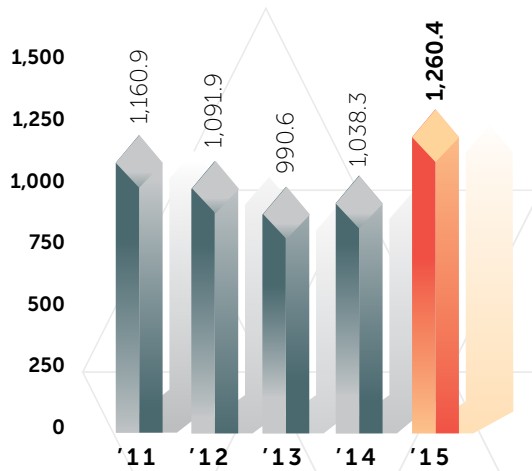


FIVE-YEAR FINANCIAL HIGHLIGHTS

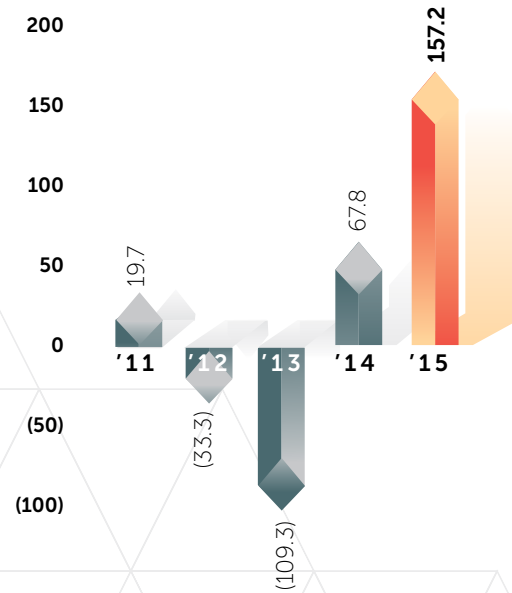
	2011 (Restated)# RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Highlights from Consolidated Income Statements for the year ended 31 December					
Revenue	1,160,863	1,091,948	990,554	1,038,279	1,260,425
EBITDA	191,957	149,530	169,964	258,509	355,620
Profit /(Loss) before taxation	14,381	(35,432)	(94,791)	84,519	173,105
Profit /(Loss) after taxation	19,707	(33,292)	(109,289)	67,750	157,248
Highlights from Consolidated Statements of Financial Position As of 31 December					
Property, plant and equipment	1,331,997	1,272,707	1,193,942	1,109,554	1,177,693
Current Assets	407,348	393,991	346,168	345,944	485,520
Non-Current Assets	112,276	111,482	32,705	28,504	27,537
Total Assets	1,851,621	1,778,180	1,572,815	1,484,002	1,690,750
Current Liabilities	506,011	471,930	419,687	370,971	278,241
Deferred Tax Liabilities	0	0	0	2,904	3,896
Other Non-Current Liabilities	242,416	266,775	184,990	77,958	52,467
Total Liabilities	748,427	738,705	604,677	451,833	334,604
Share Capital	337,081	337,115	337,115	337,115	366,915
Reserves	753,609	690,832	623,407	688,137	984,930
Non-controlling interests	12,504	11,528	7,616	6,917	4,301
Shareholders' Equity	1,103,194	1,039,475	968,138	1,032,169	1,356,146
Key Financial Ratios					
EBITDA margin	17%	14%	17%	25%	28%
Net earnings/(loss) per share - Basic (sen)	2.94	(4.79)	(15.63)	10.15	22.04
Net dividend per share (sen)	2.00	2.00	2.00	4.00	10.00
Debt / Equity ratio	0.48	0.50	0.45	0.25	0.08
Net assets per share (RM)	1.62	1.52	1.42	1.52	1.84

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

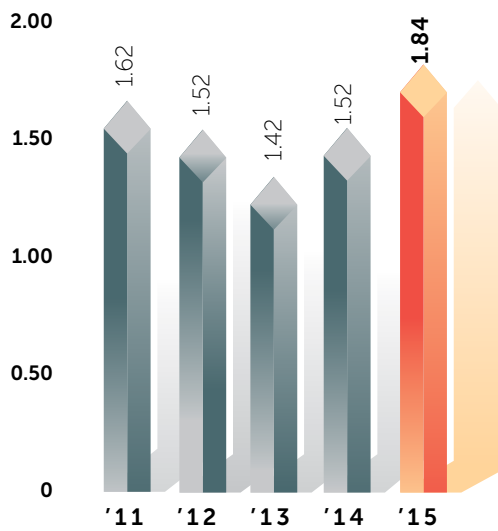
REVENUE (RM'million)



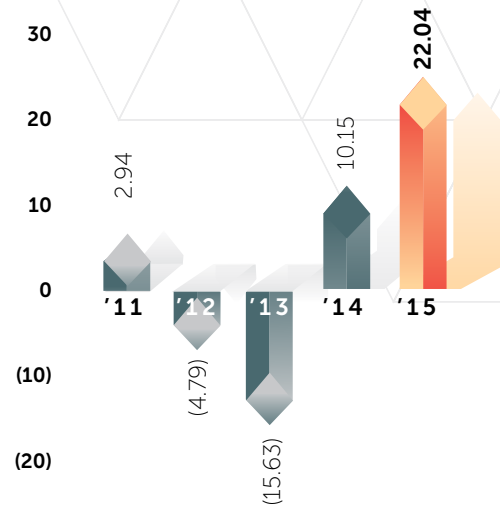
PROFIT/(LOSS) AFTER TAXATION (RM'million)



NET ASSETS PER SHARE (RM)



NET EARNINGS/(LOSS) PER SHARE (Sen)



CHAIRMAN'S STATEMENT

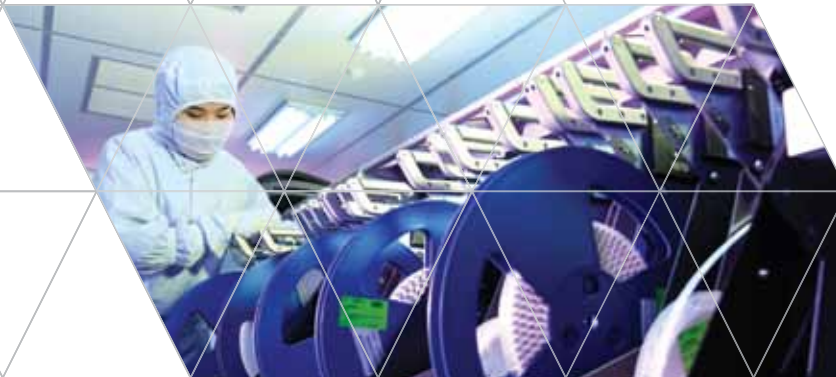
“ Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the 27th Annual Report and the Audited Consolidated Financial Statements of Unisem (M) Berhad and its subsidiaries for the financial year ended 31 December 2015.

JOHN CHIA SIN TET
Chairman

”





2015 was a satisfactory year for Unisem.

The Group recorded growth in revenue, EBITDA and profit. The better performance was in part due to the strength of the US Dollar versus the currencies of the jurisdictions where our operations are located, namely the Malaysian Ringgit, the Chinese Yuan or Renminbi and the Indonesian Rupiah. The measures taken in the last few years to re-align our portfolio of customers and our portfolio of packages offerings and services contributed to better margins and ensured better utilization rates in our operations throughout the Group. Our focus on newer technologies and processes in the faster growing segments in the smartphone, automotive and consumer electronic sectors and the discontinuance of older packages has made our operations more robust and relevant in the industry.

We continued to reduce our borrowings, brought down the interest expense and increased the dividend payout in the financial year.

We look forward to the years ahead with optimism and we will continue to invest and expand capacities in a prudent manner in line with market conditions.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, the Group recorded revenue of RM1.260 billion, an increase of 21.4% from the revenue of RM1.038 billion achieved in 2014. Net profit for the financial year was recorded at RM157.2 million, an increase of 131.9% from the net profit of RM67.8 million recorded in 2014.

The Group attained EBITDA of RM355.6 million, an increase of 37.4%, and EBITDA margin improved to about 28% (from 25% a year ago) for the financial year under review.

CHAIRMAN'S STATEMENT (cont'd)

The financial position of the Group remains strong. Group total borrowings were reduced to RM109.8 million as at 31 December 2015 from RM251.8 million as at 31 December 2014. Cash and bank balances amounted to RM133.0 million as at 31 December 2015.

Capital expenditure of approximately RM133.9 million was incurred for the Group during the year mainly to enhance our wafer bumping, packaging and test capabilities and processes.

OUTLOOK AND PROSPECTS

The year 2016 began on a cautious note as financial markets globally tumbled due to excessive volatility in oil prices, commodities, currencies and interest rates. The Chinese economy slowed more rapidly than expected resulting in even greater pessimism in the financial markets.

Against this backdrop of a less than robust macro-economic picture, industry commentators forecast only a slight increase in growth, probably in the low single digits. The main drivers and growth contributors by electronic application for the industry remain as smartphone, solid-state-drives, industrial and automotive (*Source: Gartner*).

At Unisem, we are optimistic of a satisfactory year ahead, given our track record of quality of service, product excellence, and array of products and services that distinguishes us from our competition.

SIGNIFICANT EVENT IN 2015

In the course of the year 59,601,422 new ordinary shares of RM0.50 each were issued pursuant to the exercise of the Company's warrants 2010/2015 and exercise of share options under the Company's Executives' Share Option Scheme. All warrants and share options not exercised have been cancelled or become void. The issued and paid up capital of the Company was increased from RM337,114,816.50 comprising 674,229,633 ordinary shares of RM0.50 each to RM366,915,527.50 comprising 733,831,055 ordinary shares of RM0.50 each.





APPOINTMENT OF ADDITIONAL DIRECTORS

Mdm Lim Siew Eng and Puan Mahani Binti Amat were appointed to the board as non-executive independent directors on 29 October 2015 and 26 January 2016, respectively. I welcome and thank them for agreeing to join the board of directors and I am sure they will make significant contributions to the affairs of the Group.

RETIREMENT OF DIRECTOR

Mr. Sundra Moorthi s/o V.M. Krishnasamy, who retires in accordance with Section 129(6) of the Companies Act 1965 at the 27th Annual General Meeting of the Company, has decided not to seek re-appointment. He was appointed to the Board in 1991. His presence and counsel will be missed. I thank him for the many years of service to the Company.

DIVIDENDS

I am pleased to report that the Board of Directors is recommending a tax-exempt final dividend of 8% or 4 sen per RM0.50 share of approximately RM29.35 million. This is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

This final dividend is in addition to the two tax-exempt interim dividends of 3 sen per RM0.50 share each paid during the financial year.

ACKNOWLEDGEMENTS

I would like to thank all our customers, suppliers, the governmental authorities, and our bankers 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 2015 compared to Year ended 31 December 2014

Revenue

The Group achieved revenue of RM1.26 billion in the financial year ended 31 December 2015 (FY2015), an improvement of 21% against RM1.04 billion recorded in the financial year ended 31 December 2014 (FY2014). The increase in revenue was mainly attributable to greater demand for the products and services of the Group and an appreciation in the US\$/RM and US\$/RMB exchange rates, as compared to the rates that prevailed in the corresponding period a year ago.

Average selling prices for the packaging and testing services decreased by approximately 4% in FY2015 compared to FY2014 whilst sales volume increased by approximately 13% over the same period. Revenue from our wafer bumping services increased to RM100.2 million in FY2015 from RM45.3 million in FY2014 as a result of the Group's strategy to offer full turnkey wafer lever packaging solutions.

Cost of sales and gross profit

Cost of sales increased by 13% from RM896.0 million in FY2014 to RM1.02 billion in FY2015 in line with the increased sales volume for both packaging and wafer bumping services.

Depreciation included in cost of sales increased by 10% from RM157.0 million in FY2014 to RM173.6 million in FY2015 mainly due to higher capital expenditure in FY2015.

The Group recorded gross profit of RM244.6 million in FY2015, an increase of 72% from RM142.3 million in FY2014. The improved gross profit margin was mainly due to change in product mix and better contribution from our wafer bumping and advanced package operations.

Other operating income

Other operating income decreased by 43% from RM25.1 million in FY2014 to RM14.4 million in FY2015 mainly due to no grant income received in FY2015.

The Group also recorded foreign currency exchange loss of RM7.6 million in FY2015 compared to RM865 thousand in FY2014.

Impairment loss on property, plant and equipment decreased from RM2.9 million in FY2014 to RM966 thousand in FY2015 as there were less plant and equipment which were subjected to technological obsolescence in FY2015.

Finance costs

Finance costs decreased by 39% from RM15.2 million in FY2014 to RM9.3 million in FY2015. This was mainly due to repayment of term loans and reduction of short term bank borrowings.



Taxation

The Group incurred tax liability of RM15.9 million in FY2015 as compared to the tax liability of RM16.8 million in FY2014. The tax liability for previous financial year includes reversal of deferred tax assets arising from tax losses carried forward recognised in prior years amounting to RM6.2 million.

Net Profit

As a result of the foregoing, the Group recorded a net profit of RM157.2 million in FY2015, an increase of 132% compared to RM67.8 million in FY2014.

CASH FLOW ACTIVITIES

Year ended 31 December 2015 compared to Year ended 31 December 2014

Net cash from operating activities

Cash flows from operating activities increased by 48% from RM222.6 million in FY2014 to RM328.6 million in FY2015 primarily due to improved revenue.

Net cash used in investing activities

Cash flows used in investing activities increased from RM32.8 million in FY2014 to RM138.8 million in FY2015 mainly attributable to higher payments for capital expenditure amounting to RM145.4 million in FY2015 as compared to RM46.0 million in FY2014.

Net cash used in financing activities

Cash used in financing activities decreased by RM93.0 million from RM211.6 million in FY2014 to RM118.5 million in FY2015 due to repayment of bank borrowings and payment of dividends amounting to RM193.3 million and RM71.2 million respectively, partially offset by proceeds received from exercise of ESOS and conversion of Warrants amounting to RM130.5 million.

OPERATIONAL AND FINANCIAL RISKS

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



CORPORATE SOCIAL RESPONSIBILITY REPORT

CORPORATE PRODUCTS AND SERVICES PROFILE

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

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

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

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

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

Unisem Included in the FTSE4Good Bursa Malaysia Index in 2015



The Company has been included in the FTSE4Good Bursa Malaysia Index in December 2015.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Unisem (M) Berhad has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

There are 34 constituents on the FTSE4Good Bursa Malaysia Index, Unisem is the only company from the Technology sector on Bursa Malaysia. Please refer to the Bursa Malaysia website for further details <http://www.bursamalaysia.com/market/sustainability/ftse4good-bursa-malaysia-index/overview>.



Our CSR Commitment

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

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

Our commitment to our corporate social responsibility (CSR) is embodied in our CSR Policy, which is available on our website <http://www.unisemgroup.com/pdf/careers/CSR%20Policy%20Jun%202014.pdf>.

Unisem CSR working committees comprise leaders from Quality, Human Resource, Finance, Procurement, and Facility/Environment Health & Safety (EHS) of the various plants/facilities. The committees are responsible to ensure that a CSR system is established, implemented and maintained in accordance with Unisem CSR Policy, the EICC Code of Conduct, and other international standards and guidelines.

Unisem assesses its facilities through EICC-On Self-Assessment Questionnaire (SAQ) every year to identify social, environmental, safety and ethical risks and implement improvement plans or to update responses. In addition, the CSR working committees assess the Group's facilities on risks relating to labour issues, human rights issues and corruption issues.

After the assessments are completed, any required corrective action plans are put in place.



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'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.

Employment Practice

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

Our commitment to human rights is embedded in the Unisem Code of Ethics. It addresses diversity and nondiscrimination, workplace safety, child labor, forced labor and human trafficking, working hours and minimum wages, freedom of association and collective bargaining, and data privacy.

We comply with the minimum wage guidelines of the home country we operate in and do not condone with excessive working hours. The overtime hours are within the guidelines and labour laws of the home country.

We are committed to providing employment and career development opportunities to local communities where we operate. In 2015, we remained one of the largest

private sector employers in Ipoh, Perak, Malaysia. To source for local workforce, the Company set up recruitment booths at various local recruitment centers throughout the year.

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

To ensure the employment is freely chosen, the Company does not withhold workers' original government issued identification, travel documents or education certificates. All workers are given employment letters which clearly convey the conditions of employment in language understood by the workers. There are no unreasonable movement restrictions within the workplace, hostel or upon entering or exiting company provided facilities.



Employee Statistics

As at 31 December 2015 the Company has 70.8% of female employees and 29.2% of male employees. 35.9% of our employees are foreigners and 36.1% are contract workers. Turnover rate of full time employees decreased by 2.5% from a year ago.

	Total employees as at 31 Dec	% of female employees	% of male employees	% of foreign employees	Turnover rate of full time employees	% of contract/temporary workers
2011	4,561	71.9%	28.1%	35.5%	26.1%	35.5%
2012	3,638	70.6%	29.4%	34.1%	30.2%	34.1%
2013	3,278	70.1%	29.9%	34.7%	23.3%	34.7%
2014	3,313	69.4%	30.6%	35.6%	21.9%	35.7%
2015	3,468	70.8%	29.2%	35.9%	19.4%	36.1%

Currently the Company employs 4 employees with disabilities.

We aim to achieve balanced representation of men and women at all levels of the Company. Women now make up 43.4% of executives within our operating companies and 11.8% of management.

Employee Development

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



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

The Company runs a comprehensive continual training program for all its employees who are given on average about 27 hours of training per employee in 2015. This training takes the form of on-the-job training and a series of development programs. Manufacturing operators are formally certified in-house and must be re-certified every 6 months. Other training such as firefighting, first aid, evacuation drill, and code of ethic are also provided to all employees.

Unisem Chengdu's employees were given 52 hours per person of training in 2015. The training courses included orientation, job function, environment health & safety, quality assurance, and other soft-skills programmes.

Continuing education plan was also started in Unisem Chengdu during the year with 8 employees currently enrolled in bachelor's degree programme and 2 employees in Master's degree programme.

To equip new executive with basic fundamentals of the business and departments in Unisem, business process project was provided for the employees in Unisem Chengdu. 14 new executives took part in the project and submitted their reports.

English writing training was conducted in Unisem Chengdu to help employees on improving their English writing skills. 40 executives benefited from the training.

In 2015, about 90% of PT Unisem total employees (1,435 employees) attended the minimum 8-hour training in a year. They are from management level down to operators. We provided various training programmes that covered many subjects required by their job such as safety and health, quality training, failure mode and effect analysis, advanced product quality planning, production part approval process, problem solving method, lean manufacturing, supervisory, kaizen, poka yoke, etc. We also conducted in house training, internal training and external training to fulfill the training needs of our employees in PT Unisem.

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

Employee Recognition

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

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

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

We celebrate and award our employees who attain their career milestone every five years with the Long Service Award. In March 2015, the Company rewarded a total of 439 employees who have completed 5, 10, 15 and 20 years of service with the Company.

Employee Benefits and Welfare

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

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



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

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

Sports and Recreation Club

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

The Sports & Recreation Club of the Company (the "Club") organized a total of 14 events in the 2015 and with an increased number of overall participation of employees from previous year. These activities include Sudoku Challenge, Carom Competition, Dam Haji Competition, Bowling Tournament, Flower Decoration, Cooking Competition in Hostel, Ipoh Starwalk, Karaoke Competition, Fishing Competition, Weekly Badminton session, Monthly Futsal sessions, Futsal Tournament, Badminton Tournament and Majlis Yassin dan Doa Selamat.

In 2015, the Human Resource Department of Unisem Chengdu organized various activities, such as:

- Outward Bound training was provided to 239 employees who participated in the team building activities
- Spring outing to the outskirts of Chengdu
- Annual Dinner where all the entertainment programmes were performed by the employees
- Participated in the recreational sports meets organized by Chengdu Hi-Tech Zone.

In 2015 the Basketball, Football, Badminton Associations of Unisem Chengdu organized a total of 123 events and employees from various departments participated in the games or competitions.

In November 2015, Unisem Chengdu Labor Union organized skipping competition, 53 teams from all departments took part in the game. All participants cooperated as a team and had a lot of fun.

In August 2015, PT Unisem conducted internal sport tournaments such as futsal tournament and badminton tournament. Employees from all level participated in these tournaments. PT Unisem also actively participated in various sport community events such as Batamindo Annual Games and internal sport activities.



Health & Safety

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

We conduct our work and maintain our workplace in a manner consistent with the principles and guidelines in the Safety and Health Policy. It is our policy to:

- Promote a conducive environment for persons at work, which is adapted to their physiological and psychological needs.
- Promote continual improvement on the standards of the safety and health.
- Conform to statutory requirement, codes, guidelines and standard for occupational health and safety and liaise with all responsible authorities concerning future development.
- Inform, instruct and train all employees to help them develop an understanding of the workplace, its hazards, and the need to work within established practices.

- Consult with employees on health and safety hazard, and once identified, on their rectification.
- Advise visitors to the Company's premises of any safety precaution, which are necessary in the areas they are entering and inform them that they will have to comply with these requirements.
- Recognise the Company's obligation to consumers and the public by endeavoring at all times to provide products, which are safe, if properly used for the purpose for which they were made.
- Implement and maintain systems for the management of all major aspects of occupational health and safety, including accident reporting, recording and measurement against objectives.

The Safety and Health Committee of the Company consists of employer and employee representatives in the following areas Chemical & Personal Protective Equipment Management, Hazard Identification, Risk Assessment & Risk Control (HIRARC), Training, Emergency Response, Test Report, Accident Investigation, Machinery and Work Instruction, Work Place Audit, Complaint Investigation and Radiation Protection. It is headed by the senior manager of Facility Department and directly under the responsibility of the plant COO.



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

In 2015, the Company conducted the following Safety and Health trainings for 521 employees (about 15% of total employees of the Company):

- Safe Machine Handling Training (54 participants)
- Noise Exposure Training (41 participants)
- Fire Safety Training (47 participants)
- First Aid Training (77 participants)
- Electrical Safety at Workplace (24 participants)
- Security Refresher Training (31 participants)
- Chemical Spillage Training (58 participants)
- Ergonomic Hazards Training (82 participants)
- Fire Warden Training (107 participants)

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. Various talks on safety and health issue and health screening for employees and their family members are also conducted during 2015. Below are the highlights:

- Antenatal Talk on Nutrition in Pregnancy & Its Myth by Miss Christine Ooi, Nutritionist from Annum (20 participants)
- Antenatal Talk by Mead Johnson (26 participants)
- Bone Density Test by Pantai Hospital Ipoh (154 participants)
- Blood Screening by Pantai Hospital Ipoh (127 participants)
- Blood donation campaign in collaboration with Ipoh General Hospital (127 + 108 + 156 participants)
- Eye Care Programme by Optic Lily (139 participants)
- Eye Fundus Screening (210 participants)
- First Aid Training (30 participants)
- Free Pap Smear Test (30 + 13 participants)
- Health Talk on Advanced Diabetic Eye Disease by Consultant Ophthalmologist, Dr Ong Lieh Binh (64 participants)
- Health Talk on Cardiovascular Disease by Consultant Cardiologist, Dr Leong Weng San (67 participants)
- Health Talk on Ergonomic by Consultant Neurosurgeon, Dr Tan Wei Ming (88 participants)
- Health Talk on Eye Problem by Consultant Ophthalmologist, Dr. Lim Eng Hock (106 participants)
- Health Talk on Stroke by Consultant Neurosurgeon, Dr Tan Wei Ming (75 participants)
- Health Week Promotion Health products (89 participants)
- Healthy Life Style Campaign by Ipoh Specialist Hospital (382 participants)
- Healthy Life Style Campaign by BP Healthcare (61 participants)
- Mammogram and Family Planning Campaign by Lembaga Penduduk dan Pembangunan Keluarga Negara (50 + 24 participants)
- Quit Smoking and BMI Campaign by Ipoh General Hospital (33 participants)
- Safety Advocacy Program by PERKESO (42 participants)
- Weight Loss Challenge by Ipoh Specialist Hospital (52 participants)



In 2015 Unisem Chengdu organized the following activities on health and safety:

- Provided annual physical examination, total 380 employees took part in the physical examination.
- Conducted 27 training sessions on health and safety whereby 520 employees (about 26% of total workers in Unisem Chengdu) from various departments participated in courses such as Chemical safety precaution, X-ray safety, and Electrical safety precaution, Fire Prevention, Forklift, etc.
- Conducted fire and chemical leakage emergency evacuation drill.
- Held various Environment Health Safety inspections such as comprehensive safety examination before the spring festival, electrical safety inspection, chemical safety inspection, flood prevention safety inspection, dormitory safety inspection for first half year gas, X-ray and chemical safety inspection, comprehensive safety examination before the national day, machine and equipment safety inspection, dormitory safety inspection for second half year and fire and explosion safety inspection.

Based on the Occupational Accident and Occupational Poisoning / Disease Register of the Company in 2015.

- there were zero work related fatalities,
- there were 11 work related injuries,
- the rate of work related injuries was 3.13, and
- the accident frequency rate was 1.25.

Freedom of Association and Collective Bargaining

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

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

There are three national unions namely, Serikat Pekerja Seluruh Indonesia (SPSI), Serikat Pekerja Metal Indonesia (SPMI), Serikat Pekerja Setia Kawan (SPSK) that are active at PT Unisem. Employees of PT Unisem have the rights and freedom to join any of the three national unions. Currently about 68% of PT Unisem employees join the union. SPSI has 586 members, SPSK has 265 members and SPMI has 219 members.

Management does not prohibit the existence of unions. We encourage the participation of union in employees' activities such as sport and safety and health campaign. Management and unions are able to establish a harmonious communication through regular meetings.



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

To enhance the communication between unions and employees, PT Unisem joined the Lembaga Kerja Sama Bipartite (Bipartite Joint Committee). This is a communication channel between employees/unions and management. In the bipartite joint committee discussion, we update the union/employees on our business progress and have the opportunities to get employee feedback and suggestion. During the year, management and union representatives had various discussions to renew the PT Unisem Collective Labor Agreement that will be expiring in September 2016.

Business Integrity and Anti-Corruption

Unisem is committed to the highest standards of integrity to be upheld in all business interactions. We adopt a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). We conduct all of our business in an honest and ethical manner and are committed to acting professionally, fairly and with integrity in all our relationships and business dealings wherever we operate and to implementing and enforcing effective system to counter bribery.

We believe that all business dealings should be transparently performed and accurately reflected in accordance with the Group's Unisem Code of Ethics Policy. We uphold all laws relevant to countering bribery and corruption. We remain bound by the laws of Malaysia, including Anti-Corruption Act 1997, in respect of our conduct both at home and abroad.

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

Our Anti-Corruption and Bribery Policy is available on our website (http://www.unisemgroup.com/pdf/corgov_statement/Anti-corruption_WebsiteVersion.pdf).

Whistleblower Protection and Anonymous Complaints

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



II Environment

In line with our corporate vision to be the leading Malaysian company providing total semiconductor packaging and test services globally and be recognized as a model corporation, it is our management policy to show exemplary environmental responsibilities by conducting our businesses in a manner consistent with sound environmental practices.

Many of our customers are prioritizing sustainability, seeking to reduce their impact on the environment and to communicate with consumers and stakeholders on these issues. Implementing our own environmental strategy enhances our credibility with customers and enables us to meet the environmental requirements included in a growing number of customer procurement processes.

Our commitment to environmental sustainability is embodied in the Unisem Code of Ethics, Environmental Policy and Health & Safety Policy, which are available on our website [<http://www.unisemgroup.com/operations/ehs.html>].

Our environmental strategy is set at Group level and implemented by our Environmental Working Committee (EWC) consists of chemical control, legal requirement measurement & monitoring, training, emergency response and waste management and aspect and impact evaluation team.

Progress is regularly reviewed by our Group COO, who is responsible for Unisem's sustainability initiatives, and reports to the Board.

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.

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



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

Environmental Supply Chain

We are committed and collaborate with our suppliers on environmental management issues such as climate change, energy use, water use, biodiversity impacts, pollution, waste, resource use and integrate sustainable procurement best practices across our operations. These environmental issues are addressed in the EICC Code of Conduct and Unisem's Code of Ethics, which are to be complied by all direct material suppliers and service providers. We held regular briefings and training with our suppliers to familiarize them on the EICC Code of Conduct and Unisem Code of Ethics.

In an effort to integrate our suppliers with our EMS, we perform audit on our major suppliers using the EICC Self-Assessment Questionnaires to determine a supplier's high-risk areas and potential gaps to the EICC Code of Conduct including environmental issues. The findings are communicated to the suppliers and corrective action plans are put in place. Annual review on EICC updates are held with our major suppliers.

Climate Change and Energy Efficiency

We recognize that climate change is a significant issue and is already beginning to alter the lands and waters we depend upon for survival.

Our most significant greenhouse gas (GHG) emissions come from energy use in our plants/facilities and business travel.

Our initiatives in mitigating GHG emissions focus on:

- Plant energy use: Improving the energy efficiency of our facilities with implementation of retro-commissioning of HVAC (Heating, Ventilation, and Air Conditioning) systems, controls upgrades, heat recovery, and the installation of LED lighting.
- Air travel: Reducing non-essential flights by promoting videoconferencing and eliminate the associated carbon emissions from our business air travel.

Our operational GHG emission is independently verified by EICC Validated Audit Process (VAP) auditor.

The Company's electricity consumption for the past 5 years is set out below:

Year	Electricity Consumption	GHG emission
2011	97.7 million kwh	64.0 million kgCO ₂ e
2012	97.2 million kwh	63.7 million kgCO ₂ e
2013	90.6 million kwh	59.4 million kgCO ₂ e
2014	96.6 million kwh	63.3 million kgCO ₂ e
2015	101.1 million kwh	66.3 million kgCO ₂ e

Water Use

The largest portion of our water use is from our wafer fabrication and packaging facilities. Water is used to create the ultra-pure water (UPW) used to clean silicon wafers during fabrication.

We have been able to reduce the amount of water required to create UPW and after we use UPW to clean wafers, the water is suitable for industrial purposes, irrigation, and many other needs. Our facilities are equipped with complex rinse water collection systems, with separate drains for collecting lightly contaminated wastewater for reuse. With this reuse strategy, we harvest as much water from our manufacturing processes as possible.

The Company's water consumption and percentage of water recycled in the past 5 years is set out below:

Year	Water Consumption	% of water recycled for use in own operations
2011	1.7 million m ³	3
2012	1.8 million m ³	3
2013	1.7 million m ³	3
2014	1.6 million m ³	3
2015	1.6 million m ³	3

Other Emission and Waste

The Company is also subject to regular review by the Department of Environment of its wastewater discharge and air emissions.

We use wet scrubbers to neutralize and absorb gases and vapors. Wet scrubbers recirculate water that contains a neutralizing agent to remove acidic gases and other contaminants.

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.



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

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

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

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

Product Ecology

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

Goal and Performance

2015 Goal	Our Performance in 2015
Reduce direct GHG emissions by 10% on a per unit basis by 2020 from 2011 levels	16% reduction on GHG emission per unit basis
Reduce water use on a per unit basis below 2010 levels by 2020.	22% reduction for water usage per unit basis
Achieve zero hazardous waste to landfill by 2020.	43% reduction of hazardous waste to landfill
Reduce hazardous waste generation by 10% on a per unit basis by 2020 from 2010 levels.	50% reduction of hazardous waste generated per unit basis.



III Supply Chain Management

We have more than 150 suppliers in over 15 countries supplying the Group direct materials, tools and machines, logistics and packaging services, and non-production office materials and travel services.

We believe that integrating corporate responsibility factors into our supply chain management systems creates business value for Unisem and our customers.

Unisem is committed to being a sustainable business and working in partnership with our suppliers to realize the full value of our relationship and to positively contribute to our communities, people and the environment.

It is our policy to:

- a) Proactively engage with our suppliers with a focus on building trust, co-operative and long-term relationships.
- b) Apply good governance to provide oversight and means through which the objectives of the process are monitored, audited and integrity is maintained.
- c) Define and apply appropriate sourcing methods in our procurement of goods and services, ensuring all capable suppliers have an equal access to opportunities to work with us.
- d) Deal with suppliers in good faith, ethically and responsibly, and make payments in accordance with agreed terms.
- e) When all other vetting requirements remain equal, give preference to suppliers that demonstrate a commitment to sustainably manage their business performance, with values complementary to our own.
- f) Set clear expectation for our suppliers regarding their sustainability performance and embed its minimum requirements within supplier contracts.
- g) Employ appropriate methods for assessing the performance of our key strategic suppliers and those engaged in higher risk activities and monitoring their progress over time.
- h) Encourage our key suppliers to make available high value, environmentally and socially responsible products and services as well as to improve the sustainability performance of their businesses.
- i) Actively engage with key suppliers and provide data and other relevant information to enable innovation and development of products that meet our aspirations.

In line with the spirit of continuous improvement, Unisem conducts the EICC Code of Conduct Awareness and Briefing on updates of latest EICC requirements for all key direct materials suppliers. On-site audits on all key



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

direct materials suppliers are carried out and the suppliers are required to complete the Supplier Corporate Social Responsibility Self-Assessment Questionnaire (SCSRSAQ) that help to determine a supplier's high-risk areas and potential gaps to the EICC Code of Conduct. The findings are communicated to the suppliers and corrective action plans are put in place.

All key direct materials suppliers and service providers are required to comply with the EICC Code of Conduct. To ensure commitment, Unisem requires all suppliers to sign a Letter of Conformance pledging their compliance to the Unisem Code of Ethics as well as the EICC Code of Conduct, which address issues including prevention of child labour/forced labour; non-discrimination or equal opportunities; right to freedom of association, collective bargaining and minimum or living wage; elimination of excessive working hours, health and safety standards.

New Suppliers

Wherever practical Unisem will source new products from existing approved suppliers. Where this is not possible there is a need to locate and approve a new supplier.

After Materials/Purchasing Department establish that the supplier can produce the required products,

the first step in the approval process is to send the potential new supplier a Pre-Qualification Form for completion and return. For direct materials, the Quality Assurance, Technology Development and Engineering Departments will be involved in the part qualification in addition to a supplier site qualification audit and a completed Supplier Corporate Social Responsibility Self Assessment Questionnaire.

All new suppliers are either 'Approved to Supply' or 'Approved pending the completion of certain criteria' detailed in a corrective action/improvement plan based on the audit findings.

Conflict-Free Products

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



IV 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 2015, the Company has taken in a total of 159 students from various local polytechnics and universities in Malaysia as trainees, of which 115 are pursuing Engineering Studies and 44 are from Non-Engineering. In 2015, 38 students from Politeknik Ungku Omar visited the Company to have a better understanding on semiconductor packaging and test processes.

In March 2015, PT Unisem accepted 2 lecturers from Engineering Faculty of Ahmad Dahlan University Yogyakarta on an internship program.

In December 2015, PT Unisem was involved in the Focus Group Discussion organized by Batam Polytechnic on their Recognition Prior Learning Program which recognize the working experience of working-students while they continue with their study at Batam Polytechnic.

In 2015, PT Unisem accepted 125 students from 25 vocational schools, 3 polytechnics and 4 universities located in Batam, Riau island province, as well as from Java and Sumatera. These students came from various disciplines such as mechanical engineering, electronic,

electrical, Information Technologies and Administration. The program was for a period of 3 to 6 months, where students were assigned to handle some activities under mentor's supervision. During internship, the students were also monitored by their teachers, and we have the opportunities to give feedback and input to the schools for improvement of learning program at their institutions. Besides accepting internship students, we also provided the opportunities for the schools to conduct industrial visits to our factory. Under this program, the students and teachers visited our factory and they will get the briefing about semiconductor manufacturing.

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.



CORPORATE SOCIAL RESPONSIBILITY REPORT (cont'd)

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

- Thaipusam Charity (Kuil Arulmiga Sri Siva Subramanian, Kg Kepayang)
- Chinese New Year Celebration and donation at Pertubuhan Kebajikan Kanak-kanak Cacat Ipoh
- NASAM Colour Walk 2015 (National Stroke Association)
- Hari Raya celebration by Indonesian worker and donation to Rumah Anak Yatim Baitul Barokah
- Hari Raya celebration and donation to Darul Hikmah Pintu Padang Orphanage Home
- Deepavali celebration and donation to Praise Home (Orphanage Home)
- Christmas celebration and donation to Rumah Kebajikan Anak Yatim, Silibin
- Indonesia Independent Day celebration at Hostel Unisem

PT Unisem participates in the national program for anti-drug and narcotics. 10 employees voluntarily joined the task force coordinated by Badan Nasional Narkotika (National Body for Anti Drugs and Narcotic). On 20 September 2015 PT Unisem received award from chief of National Body for Anti Drugs and Narcotic for the

active participation of PT Unisem in the program of prevention of drugs and narcotic mis-use.

In July 2015 during the fasting month, PT Unisem in collaboration with the Moslem Brotherhood (MTA) broke fast with and presented gifts to about 60 orphans aged between 4 to 15 years old from several orphanages. More than 100 PT Unisem employees participated in this event.

In August 2015, moslem employees of PT Unisem together with management had a big family event, "Halal bi halal", a tradition of moslem in Indonesia after celebrating hari raya puasa (ledul Fitri).

In September 2015, employees of PT Unisem organized an event for sacrifice animal to share with poor community in conjunction with Hari Raya Qurban.

In December 2015, Christian employees of PT Unisem gathered to celebrate Christmas. Hundreds of families participated in this event.

Donation Policy

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



Our objectives are three-fold:-

1. Be recognised as a responsible corporate citizen that reinvests in the society and communities it operates in;
2. Promote recognition and awareness of the less fortunate in the community; and
3. Support programmes that promote the well being of the community in general and of our employees living in the community.

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

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

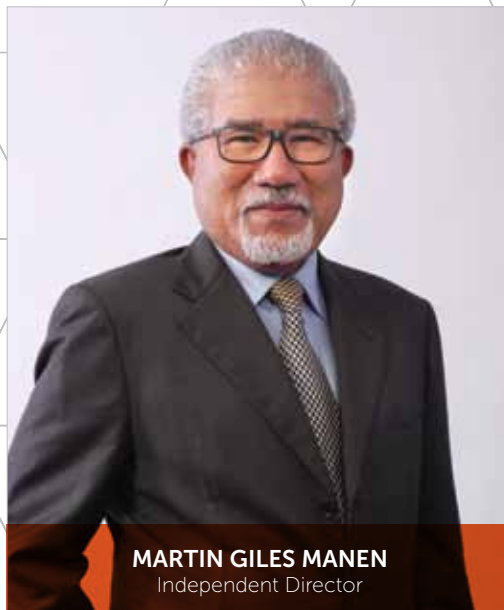
In January, February, May and November 2015, the Company organized blood donation campaign at its premises. A total of 391 employees participated in the campaign. The objective of this campaign is to impart a sense of responsibility among employees by saving life through blood donation.

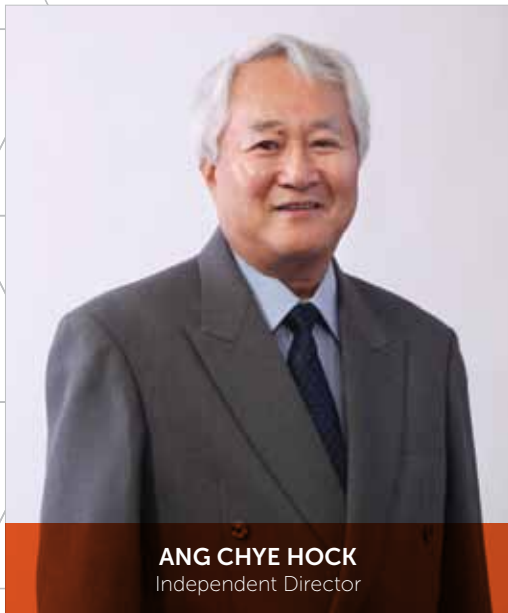
In September 2015, the 9th Disabled Game of China took place in Chengdu. Unisem Chengdu donated RMB 10,000 to the game.

In 2015, the Company made donation of RM43,650 including cash, daily necessities and sponsorship to the following organizations:

- Malaysian Red Crescent Society (Ipoh) for flood victims
- Tzu Chi Foundation (Ipoh) for flood victims
- Pertubuhan Kebajikan Kanak-kanak Cacat Ipoh
- Rumah Anak Yatim Baitul Barokah
- Shen Jai High School (donated used stainless steel tables and racks)
- Darul Hikmah Pintu Padang Orphanage Home
- National Stroke Association
- Sekolah Menengah Kebangsaan Simpang Pulai (donated 100 bags)
- Prasekolah Sekolah Kebangsaan Sultan Yussuf (donated 45 bags)
- Praise Home
- Vision Home - Rumah Kebajikan Anak Yatim, Silibin
- Pusat Harian Kanak Kanak Spastik
- National Cancer Society Malaysia
- Family of employees who passed away



BOARD OF
DIRECTORS



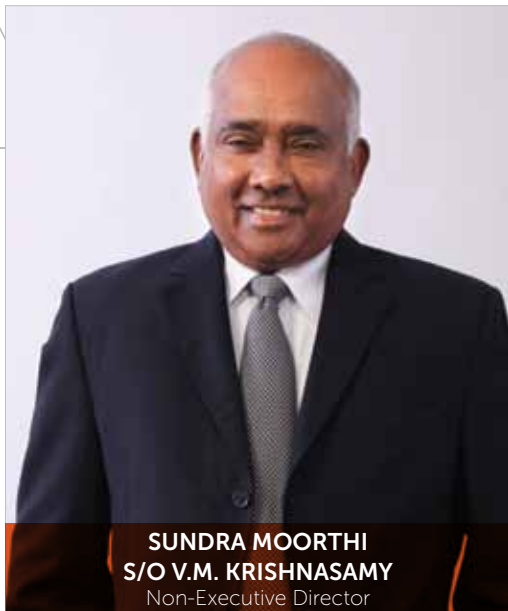
ANG CHYE HOCK
Independent Director



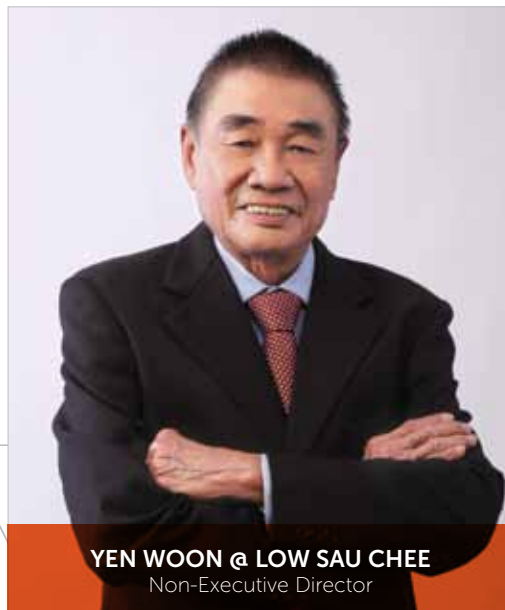
TAN SRI DATO' WONG SEE WAH
Non-Executive Director



LIM SIEW ENG
Independent Director



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



YEN WOON @ LOW SAU CHEE
Non-Executive Director



MAHANI BINTI AMAT
Independent Director

PROFILE OF DIRECTORS

JOHN CHIA SIN TET

*Chairman/Group Managing Director
Malaysian*

Mr John Chia Sin Tet, aged 66, 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 Management Committee and Remuneration Committee.

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

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

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

LEE HOONG LEONG

*Executive Director
Malaysian*

Mr Lee Hoong Leong, aged 58, 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 Management 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 with UTAC from 2001 to end of 2011, where he held various senior positions including, President - Advanced Wafer Level Interconnects, President - UTAC Singapore and President - UTAC Shanghai, concurrently, 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 64, 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 Management 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.


ALEXANDER CHIA JHET-WERN

*Executive Director
Malaysian*

Mr Alexander Chia Jhet-Wern, aged 35, was appointed to the Board of the Company as Executive Director on 26 February 2014. He is a member of the Executive Management Committee.

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

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



PROFILE OF DIRECTORS (cont'd)

MARTIN GILES MANEN

*Independent Director
Malaysian*

Mr Martin Giles Manen, aged 61, was appointed to the Board of the Company on 28 July 2009 as an Independent Director. Mr Manen is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He is also the Chairman of the Audit Committee, Nomination Committee and a member of the Remuneration Committee.

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

Mr Manen is currently an Independent and Non-Executive Director of Guinness Anchor Berhad since 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.

DATO' GREGORY WONG GUANG SENG

*Independent Director
Malaysian*

Y.Bhg. Dato' Gregory Wong Guang Seng, aged 64, was appointed to the Board of the Company on 26 February 2014 as an Independent Director. Y.Bhg. Dato' Gregory Wong is a Fellow of the Institute of Chartered Accountants (England & Wales) as well as a Chartered Management Accountant (UK). He is also a member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and an Associate Member of Tax Institute Malaysia (ATII). Y.Bhg. Dato' Gregory Wong holds a Masters Degree in Business Administration (MBA) from the Cranfield Institute of Technology (UK). He is also a member of Audit Committee.

Y.Bhg. Dato' Gregory Wong has served Deloitte for over 40 years, where he held various positions including Senior Partner, Head of Clients and Markets as well as Exco Member of Deloitte Malaysia.

He retired from Deloitte in 2013 and is currently an Executive Director of AG Legal Tax Services Sdn. Bhd.

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

ANG CHYE HOCK

*Independent Director
Singaporean*

Mr Ang Chye Hock, aged 66, was appointed to the Board of the Company on 28 November 2002. He graduated from Salford University, England in 1972 with a Bachelor of Science in Electronics (Honours). Mr Ang was re-designated as Independent Director in January 2016 and is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

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

He joined Unisem as Chief Operating Officer and President in 2001. He then held the positions of Group Chief Operating Officer from 2008 to 2102, Executive Director – Business Development for 2013. Mr Ang retired from his executive function in December 2013.

TAN SRI DATO' WONG SEE WAH

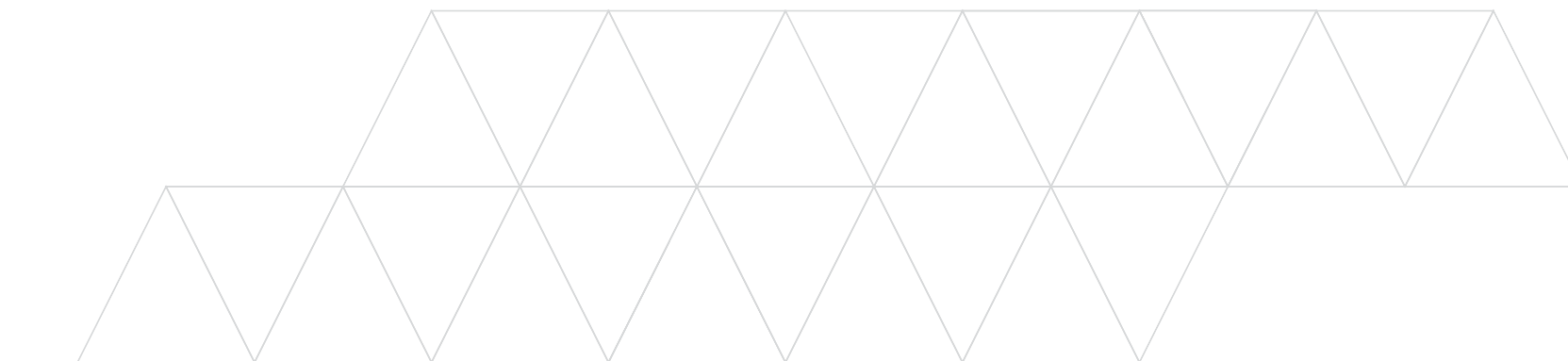
*Non-Executive Director
Malaysian*

Y.Bhg. Tan Sri Dato' Wong See Wah, aged 70, was appointed to the Board of the Company on 28 November 2002. He holds a Certificate in Teaching from the Malayan Teachers College, Pulau Pinang. He is also a member of the Nomination Committee.

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

From 1986 to 1990, Y.Bhg. Tan Sri Dato' Wong was elected as the State Assemblyman for Peradong Constituency, Negeri Sembilan and remained as the State EXCO responsible for the Water and Electricity Supply Portfolios. From 1990 to 1995, he was a Member of Parliament, Rasah Constituency, Negeri Sembilan and Deputy Minister in the Prime Minister Department. From 1995 to 1999, he remained as a Member of Parliament, Rasah Constituency, Negeri Sembilan and was appointed as Deputy Minister of the Finance Ministry. Since October 2001, Y. Bhg. Tan Sri Dato' Wong has been the Chief Administrative Director of MCA Headquarters. He also served as a Director of Ewein Berhad from 2008 to 2015.

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 also sits on the board of several private limited companies.



PROFILE OF DIRECTORS (cont'd)

YEN WOON @ LOW SAU CHEE

*Non-Executive Director
Malaysian*

Mr Yen Woon @ Low Sau Chee, aged 68, was appointed to the Board of the Company on 10 July 1991.

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 MOORTHY S/O V.M. KRISHNASAMY

*Non-Executive Director
Malaysian*

Mr Sundra Moorthi s/o V.M. Krishnasamy, aged 72, 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.

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

LIM SIEW ENG

*Independent Director
Malaysian*

Mdm Lim Siew Eng, aged 63, was appointed to the Board of the Company on 29 October 2015. She graduated from University of Malaya with a Bachelor of Economics (Honours) degree. She is also a member of the Nomination Committee and Remuneration Committee.

Mdm Lim has garnered more than 28 years of working experience in the corporate advisory sector of the financial services industry. She began her career at Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) where she held various managerial positions and served as Head of Corporate Advisory Department before joining Maybank Investment Bank Berhad in 2004 to head the Corporate Finance Department.

During her tenure with the respective investment banks, she was actively involved in numerous and diverse corporate exercises involving a cross-sector of clients from a broad base of industries. She also served on the respective credit committees and management committees and was a Council member of the Malaysian Investment Banking Association. After her retirement, she was invited to be a member of the Qualitative Assurance Committee which was set up from 2009-2010 to assist in enhancing the overall quality of the Financial Sector Talent Enhancement Programme launched by the Institute of Bankers Malaysia in collaboration with Bank Negara Malaysia.

Mdm Lim currently sits on the board of a private limited company.

MAHANI BINTI AMAT

*Independent Director
Malaysian*

Puan Mahani Binti Amat, aged 61, was appointed to the Board of the Company on 26 January 2016. She graduated from University of Malaya with a Bachelor of Economics degree in Business Administration.

Puan Mahani has more than 27 years of working experience in the banking industry. She began her career at Bank Negara Malaysia in 1977 where she held various positions in reserves management. She served as Section Head, Export Credit Refinancing Facilities before joining RHB Bank Singapore in 1984 as Head of Asian Currency Unit, Treasury. Between 1993 to 2001 she was the Deputy Branch Manager of RHB Singapore Main Branch and Head of Consumer and Electronic Banking of RHB Bank Singapore. She then returned to RHB Head office in Kuala Lumpur in 2001 and held various senior management positions including Head of Premium Banking, Consumer Division, Head of International Division, Executive Vice President of Operations and Services Division and as a Transitional Management Committee Member from 2003 to 2004, where she assumed the duties of the bank's CEO during a transition period of one year pending appointment of new CEO.

Puan Mahani is currently a director of several private limited companies.

Save as disclosed in Note 17 under Notes to the Financial Statements none of the Directors has any conflict of interest with the Company. None of the Directors has been convicted of any offence other than a traffic offence within the last ten years.

PROFILE OF SECRETARIES

CHUA HENG FATT

*Company Secretary
Malaysian*

Mr Chua Heng Fatt, aged 66, was appointed to the Board of the Company on 19 June 1989.

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

CHIN HOCK YEE

*Company Secretary
Malaysian*

Ms Chin Hock Yee, aged 50, was appointed to the Board of the Company on 25 July 2005. She is also the Senior Corporate Affairs Manager of the Company.

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

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

STATEMENT ON CORPORATE GOVERNANCE

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

Set out below is a description of how the Company has applied the Principles of Corporate Governance as set out in the Code throughout the financial year ended 31 December 2015.

PRINCIPLES OF CORPORATE GOVERNANCE

1. THE BOARD OF DIRECTORS

Roles and responsibilities of the Board

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

- *Review and adopt strategic plans and objectives for the Group.* Through the worldwide sales meetings held every half-yearly, the directors review thoroughly and deliberate the Group's annual budget and operating plan and long-term perspectives and projection. The budget and operating plan, its execution and challenges are reported to the Board throughout the year, and a half year review of the plan is conducted to monitor the implementation of the approved plan by the management.
- *Promote ethical and responsible decision-making,* monitor compliance with all relevant laws, tax obligations, regulations, applicable accounting standards and significant corporate policies (including the Code of Conduct).
- *Oversee the conduct of the Group's business, including its control and accountability systems.* The Group's performance and key focus areas are reviewed on a monthly basis by the Group COO and the Executive Directors at Executive Management Committee meetings and management meetings together with COOs of the major plants.
- *Monitor succession planning.* The Nomination Committee reviews the performance of the Board and Board Committees. The Board together with the Nomination Committee evaluates the suitability and experience of potential candidates, to fill any gaps as and when the need arises. Succession plans for key management positions are in place and continue to be monitored by Corporate HR.
- *Identify principal risks and ensure the implementation of appropriate internal controls.* Through the Internal Auditors the Board monitors any risks that might be faced by the business and the Group as a whole, while the Audit Committee is updated on any risk issues after the Enterprise Risk Management reviews. The Board through the Audit Committee and Internal Auditors ensures appropriate management of risks, and constantly monitors the review and management of principal risks to ensure sustainability of the Company's business.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- *Review the adequacy and the integrity of the management information and internal controls system.* The Internal Audit function of the Company is managed by the Internal Auditor who is tasked with monitoring the internal control systems inherent throughout the Company and to report its findings directly to the Audit Committee. The Internal Auditor has jurisdiction to audit any business units as a whole or review projects and systems at any time and report their findings directly to the Audit Committee upon completion. The Audit Committee will review the adequacy and integrity of the internal control systems and ensure the implementation of appropriate internal control systems. The external auditor has considered the system of internal financial control as required by approved standards on Auditing in Malaysia and reported to the Audit Committee.
- *Ensure that the market and shareholders are fully informed of material developments.* Unisem is committed to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decisions by investors. The Company has established policy and guidelines to raise awareness amongst its management and employees on disclosure requirements and procedures, provide structured guidelines in disseminating corporate information to third party and thus help ensure compliance with legal and regulatory requirements on disclosure. See more detail on investor relations activities under Section 3 SHAREHOLDERS on page 53 of this statement of the Annual Report.

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

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

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

Board Reserved Matters

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

The Board delegates the day-to-day management of the Unisem Group business to the Executive Management 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

Executive Management Committee

The Executive Management Committee comprised the following:-

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

The Executive Management Committee is empowered and responsible for implementing the strategies approved by the Board and for managing the affairs of the Group. The Executive Management Committee is chartered with the following:-

- corporate strategy development
- approving major plans of action and policies and procedures
- the monitoring of operational performance
- identifying risks which impact on the Group's sustainability and
- monitoring risk management and internal controls
- corporate governance
- monitors major capital expenditures, acquisitions and disposals

Board Charter

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 Unisem 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

Currently, there are 12 Board members in Unisem (M) Berhad comprising 4 executive directors and 8 non-executive directors. Out of the 8 non-executive directors, 5 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 34 to 39 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 5 independent directors, no individual or small group of individuals can dominate the Board's decision making process.

Independence of Directors

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

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

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

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.

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.

In 2015 and early 2016, two female directors were appointed to the board as non-executive independent directors. We will continue to work towards introducing more female directors to the 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 five Board meetings were held during the financial year ended 31 December 2015. The attendance of each Director to the Board meetings held during the year are summarized as follows:-

Director	Directorate	Number of meetings attended
Mr John Chia Sin Tet	Executive	5/5
Mr Lee Hoong Leong	Executive	5/5
Mr Francis Chia Mong Tet	Executive	5/5
Mr Alexander Chia Jhet-Wern	Executive	5/5
Mr Martin Giles Manen	Independent and Non-Executive	5/5
Y.Bhg. Dato' Gregory Wong Guang Seng	Independent and Non-Executive	5/5
Mr Ang Chye Hock	Independent and Non-Executive	5/5
Y.Bhg. Tan Sri Dato' Wong See Wah	Non-Independent and Non-Executive	5/5
Mr Yen Woon @ Low Sau Chee	Non-Independent and Non-Executive	5/5
Mr Sundra Moorthi s/o V.M. Krishnasamy	Non-Independent and Non-Executive	5/5
Mdm Lim Siew Eng (appointed on 29 October 2015)	Independent and Non-Executive	1/5
Puan Mahani Binti Amat (appointed on 26 January 2016)	Independent and Non-Executive	-

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

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

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

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

Supply of Information

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

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

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

Directors' Training

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

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

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

Date of Training	Type of Training	Attended by
13 January 2015	eBoard Directors Training – use of iPad and software for electronic board papers organized by Hong Leong Finance Group	Mr Martin Giles Manen
24 March 2015	Audit Committee Conference 2015 organised by Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors Malaysia (IIAM) "Rising to New Challenges" 1. Global AC Survey: Lessons Learnt 2. Managing Cybersecurity: The Cyber Risk Landscape 3. Win-Win Relationship: How can the AC Optimise Insights from External Audit, Internal Audit and the CFO 4. The Role of Internal Audit: Supporting and Improving AC Effectiveness	Mr Martin Giles Manen Y.Bhg. Dato' Gregory Wong Guang Seng Mr Sundra Moorthi
7 May 2015	Audit Oversight Board Conversation with Audit Committees organized by Securities Commission Malaysia <ul style="list-style-type: none"> • Overview about the AOB • Some practical examples on how the AC's role can be enhanced whilst improving audit quality, including the New Auditor's Report • How AC members can have more meaningful and thought provoking conversation with the auditors. 	Mr Martin Giles Manen Y.Bhg. Dato' Gregory Wong Guang Seng
25 May 2015	Capital Market Director Programme (CMDP) Module 1 organized by Securities Industry Development Corporation (SIDC) Directors as Gatekeepers of Market Participants	Mr Martin Giles Manen
26 May 2015	CMDP Module 2A organized by SIDC Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities and Futures Broking)	Mr Martin Giles Manen
26 May 2015	Seminar on "Understanding Malaysian Property & Tax Planning Strategy" organized by Chartered Tax Institute of Malaysia (CTIM)	Y.Bhg. Dato' Gregory Wong Guang Seng
29 May 2015	Hong Leong Group Annual In-house Directors Training Shaking things up: Technology that transforms and how to keep pace	Mr Martin Giles Manen
5 June 2015	Impact of the new Accounting Standards on Banks – What Directors should be aware of <ul style="list-style-type: none"> - IFRS 9 - New standard on leases organized by Financial Institutions Directors' Education Programme and Malaysian Accounting Standards Board	Mr Martin Giles Manen
11 June 2015	Seminar on "Managing Income Tax Audits And Capitalising on Voluntary Disclosure Penalty Waiver/Reduction from May to November 2015" organized by CTIM	Y.Bhg. Dato' Gregory Wong Guang Seng
24 June 2015	Seminar on "The Inside Story of the Annual Report: What Directors Must Know" organized by Bursatra Sdn. Bhd	Y.Bhg. Dato' Gregory Wong Guang Seng

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Date of Training	Type of Training	Attended by
9 & 10 July 2015	Unisem Group Mid-Year Sales Meeting "Semiconductor Market Status: Q2 2015" presented by Mr Jim Walker of Gartner	Mr John Chia Sin Tet Mr Lee Hoong Leong Mr Francis Chia Mong Tet Mr Martin Giles Manen Mr Ang Chye Hock Mr Alexander Chia Jhet-Wern Y.Bhg. Dato' Gregory Wong Guang Seng Mr Yen Woon @ Low Sau Chee
24 July 2015	Seminar on "Mapping of GST Tax Codes and Input Tax Claims" organized by MIA	Y.Bhg. Dato' Gregory Wong Guang Seng
27 July 2015	Board Chairman Series Part 2 – Leadership Excellence From The Chair organised by Bursa Malaysia and The Iclif Leadership and Governance Centre (ICLIF)	Mr Martin Giles Manen
28 July 2015	Board Chairman Series Part 2 – Leadership Excellence From The Chair organised by Bursa Malaysia and ICLIF	Mr John Chia Sin Tet
4 August 2015	Breakfast Series with Directors - "The Board's Response in Light of Rising Shareholder Engagements organised by Bursa Malaysia and ICLIF	Mr Martin Giles Manen
10 August 2015	Workshop on Directors Corporate Governance Series: "Building Effective Finance Function: From Reporting to Analytics to Strategic Inputs" held by Bursa Malaysia and Institute of Chartered Accountants, England & Wales	Mr Martin Giles Manen Y.Bhg. Dato' Gregory Wong Guang Seng
18 August 2015	Corporate Governance Director's Workshop – The Interplay between Corporate Governance, Non-Financial Information and Investment Decisions organised by Bursa Malaysia	Mr Ang Chye Hock
18 August 2015	Seminar on Management of Strata Buildings (Strata Management Act 2013 (Act 757)) organized by Dewan Bandaraya Kuala Lumpur	Mr Martin Giles Manen
25 & 26 August 2015	National Tax Conference 2015 organised by CTIM	Y.Bhg. Dato' Gregory Wong Guang Seng
27 August 2015	CMDP Module 3 organized by SIDC Risk Oversight and Compliance – Action Plan for Board of Directors	Mr Martin Giles Manen
28 August 2015	CMDP Module 4 organized by SIDC - Current and Emerging Regulatory Issues in the Capital Market	Mr Martin Giles Manen
7 September 2015	Hong Leong Group Briefing to Directors 1. Digital Banking 2. Current Challenges in Accounting	Mr Martin Giles Manen
8 September 2015	Launch of PwC Report on Integrated Reporting and Panel discussion on Inspiring Trust through Insight	Mr Martin Giles Manen
9 September 2015	Breakfast Talk Series "How to Maximise Internal Audit" jointly organised by Bursa Malaysia and IIAM	Mr Martin Giles Manen Y.Bhg. Dato' Gregory Wong Guang Seng

Date of Training	Type of Training	Attended by
15 September 2015	Board Chairman Series: "Tone from the Chair and Establishing Boundaries" organized by Bursa Malaysia	Y.Bhg. Tan Sri Dato' Wong See Wah
21 September 2015	Future of Auditor Reporting – The Game Changer for Boardroom organized by Bursa Malaysia, MIA and Malaysian Institute of Certified Public Accountants <ul style="list-style-type: none"> • New and Revised Auditor Reporting Standards • Building Momentum towards more Informative Reports with Positive Effect on enhancing Corporate Governance, Improving Audit Quality and Increasing Market Confidence 	Mr Martin Giles Manen
22 September 2015	Course Venue Corporate Governance Statement Reporting Workshop on "The Interplay Between CG, NFI and Investment Decision-What Boards of Listed Companies Need to Know" organized by SIDC	Mr Alexander Chia Jhet-Wern
8 October 2015	Sustainability Symposium organised by Bursa Malaysia	Mr John Chia Sin Tet Mr Lee Hoong Leong
20 October 2015	Joint Directors CEP organized by Shell Malaysia (combined with GAB, Dutch Lady, British American Tobacco) <ol style="list-style-type: none"> 1. Do your Minority Shareholders Trust You? 2. Integrated Reporting 3. Economic Outlook 	Mr Martin Giles Manen
5 November 2015	2015 National Tax Seminar organized by Lembaga Hasil Dalam Negeri Malaysia	Y.Bhg. Dato' Gregory Wong Guang Seng
26 November 2015	Corporate Governance Breakfast Series entitled Board Reward & Recognition organised by Bursa Malaysia and Malaysian Directors Academy	Mr Martin Giles Manen Y.Bhg. Tan Sri Dato' Wong See Wah
27 November 2015	CMDP Alumni Event organized by SIDC Doing Business in a Responsible Way <ul style="list-style-type: none"> • Board Strategic Risk Assessment • Control Design Maturity Assessment • Culture and Risk Survey • Special Site Reviews 	Mr Martin Giles Manen
2 & 3 December 2015	<ul style="list-style-type: none"> • Unisem Group Year-End Sales Meeting • "Semiconductor Market Status & Manufacturing Update for Unisem" presented by Mr Jim Walker of Gartner • "Moulded Interconnect Substrate: Introduction, Roadmap and Application" presented by Mr KH Wong, Senior Manager -Technology Development of Unisem (M) Berhad 	Mr John Chia Sin Tet Mr Lee Hoong Leong Mr Francis Chia Mong Tet Mr Martin Giles Manen Mr Ang Chye Hock Mr Alexander Chia Jhet-Wern Y.Bhg. Tan Sri Dato' Wong See Wah Y.Bhg. Dato' Gregory Wong Guang Seng Mr Yen Woon @ Low Sau Chee Mdm Lim Siew Eng
9 & 10 December 2015	Mandatory Accreditation Programme (MAP) For Directors Of Public Listed Companies organized by Bursatra Sdn Bhd	Mdm Lim Siew Eng

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

Appointment and Re-election of Directors

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

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

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

Review of Board Performance

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

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

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

Directors' Remuneration

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

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

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

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

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

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

Aggregate remuneration of the Directors for the financial year ended 31 December 2015 is categorised into the following components:

Category	Director's Fees (RM)	Salaries+ (RM)	Bonus (RM)	Others* (RM)	Total (RM)
Executive Director	630,000	6,542,032	1,119,500	148,686	8,440,218
Non-Executive Director	981,000	-	-	-	981,000

+ Included fix allowances

* Comprised of benefits-in-kind

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

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM1 to RM50,000	-	1
RM100,000 to RM150,000	-	3
RM150,001 to RM200,000	-	2
RM200,001 to RM250,000	-	1
RM500,001 to RM550,000	1	-
RM1,950,000 to RM2,000,000	1	-
RM2,150,000 to RM2,200,000	1	-
RM3,800,000 to RM3,850,000	1	-

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES

Audit Committee

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

Please refer to the Audit Committee Report on page 57 for further information on our Audit Committee.

Nomination Committee

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

The following Directors sit on the Nomination Committee:

1. Mr Martin Giles Manen (*Chairman of the Committee*)
2. Y.Bhg. Tan Sri Dato' Wong See Wah
3. Mr Ang Chye Hock
4. Mdm Lim Siew Eng (appointed on 26 January 2016)

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

There were three meetings held during the financial year ended 31 December 2015. The details of attendance of the committee members are as follows:-

Name of Committee Member	Number of meetings attended
Mr Martin Giles Manen (<i>Chairman of the Committee</i>)	3/3
Y.Bhg. Tan Sri Dato' Wong See Wah	3/3
Mr Sundra Moorthi s/o V.M. Krishnasamy (retired as committee member on 28 April 2015)	1/3
Mr Ang Chye Hock (appointed on 28 April 2015)	2/3

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

- considered, in making recommendations, candidate proposed 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.

Remuneration Committee

The Remuneration Committee consists of mainly Non-Executive Directors

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

The following Directors sit on the Remuneration Committee:

1. Mr John Chia Sin Tet (*Chairman of the Committee*)
2. Mr Lee Hoong Leong
3. Mr Martin Giles Manen
4. Mr Yen Woon @ Low Sau Chee (retired as committee member on 26 January 2016)
5. Mr Ang Chye Hock
6. Mdm Lim Siew Eng (appointed on 26 January 2016)

There was one meeting held during the financial year ended 31 December 2015. The details of attendance of the Committee members are as follows:-

Name of Committee Member	Number of meetings attended
Mr John Chia Sin Tet (<i>Chairman of the Committee</i>)	1/1
Mr Lee Hoong Leong	1/1
Mr Martin Giles Manen	1/1
Mr Yen Woon @ Low Sau Chee	1/1
Mr Ang Chye Hock	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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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, as Senior 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 on corporate disclosures to raise awareness amongst its management and employees on disclosure requirements and procedures, provide structured guidelines in disseminating corporate information to third party and thus help ensure compliance with legal and regulatory requirements on disclosure.

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

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

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

Key elements of the Company's systems of internal control are set out in the Statement on Risk Management and Internal Control on pages 59 to 61 of the Annual Report

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

The Statement on Risk Management and Internal Control as set out on pages 59 to 61 of the Annual Report provides an overview of the state of internal control of the Company.

Relationship with the external auditors

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

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

The role of the Audit Committee in connection with its relationship with the external auditors is demonstrated in the Audit Committee Report under "Specific Duties" and "Activities of the Audit Committee" stated on pages 57 to 58 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**
59,601,422 new ordinary shares of RM0.50 each were issued pursuant to the exercise of the Company's warrants 2010/2015 and exercise of share options under the Company's Executives' Share Option Scheme.
- (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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(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 and its affiliates amounted to RM148,000.

(viii) **Profit estimate, forecast or projection**

There were no profit estimates, forecasts or projections or unaudited results released which differ by 10 per cent or more from the audited results.

(ix) **Profit guarantee**

There were no profit guarantees given in respect of the Company.

(x) **Material contracts or loans involving Directors or Major Shareholders**

There were no material contracts or loans between the Company and its subsidiaries that involve Directors' or major shareholders' interests.

(xi) **Aggregate value of recurrent related party transactions conducted pursuant to shareholders' mandate**

There were no recurrent related party transactions conducted pursuant to shareholders' mandate.

BEST PRACTICES OF CORPORATE GOVERNANCE

The Company has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended 31 December 2015 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.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:-

Name	Designation	Directorship
Mr Martin Giles Manen	Chairman	Independent Director
Y.Bhg. Dato' Gregory Wong Guang Seng	Member	Independent Director
Mr Ang Chye Hock	Member	Independent Director

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2015, the Committee held five meetings. The details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of Meetings Attended
Mr Martin Giles Manen	5/5
Y.Bhg. Dato' Gregory Wong Guang Seng	5/5
Mr Sundra Moorthi s/o V.M. Krishnasamy (retired as committee member on 28 April 2015)	3/5
Mr Ang Chye Hock (appointed as committee member on 28 April 2015)	2/5

TERMS OF REFERENCE

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

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met five times during the financial year ended 31 December 2015. The activities of the Audit Committee for the financial year were summarised as follows:-

1. The Committee reviewed with management, the external auditors and internal auditors the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.
2. The Committee reviewed with management the Group annual budget together with the underlying business plans, marketing strategies, major assumptions and sensitivity analysis on the impact of foreign exchange rate to the revenue, EBITDA and profit attributable to shareholders.
3. The Committee reviewed, prior to the annual audit, the nature and scope of engagement of the external auditors and their fees. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval.
4. The Committee reviewed the unaudited quarterly financial results comparing against the budgeted and preceding year's corresponding quarter-to-date performance prior to their submission to the Board for approval and release to the public.

AUDIT COMMITTEE REPORT (cont'd)

5. The Committee reviewed the audited financial statements of the Company and its subsidiaries prior to its submission to the Board for approval.
6. The Committee reviewed and evaluated factors relating to the independence of the external auditors.
7. The Committee reviewed with internal auditors the overall scope of the internal audit plan, the findings and recommendations emanating from the quarterly risk-based audit work carried out and management's responses thereto and reviewing management's assurance that significant findings are adequately addressed.
8. The Committee reviewed the risk management development under the internal audit function.
9. The Committee reviewed with internal auditors the related party transactions to ensure that the related party transactions were not more favourable to the related parties than those generally available to the public.
10. The Committee reviewed the extent of the Company's readiness on the implementation of Goods and Services Tax, with emphasis in respect of communication with Royal Custom Malaysia, communication with customers and suppliers, and back-end systems and administration.

INTERNAL AUDIT FUNCTION

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

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

The Internal Audit function adopts a risk and process-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 2015 a total of six planned audits were carried out and completed in areas such as inventory management review, production and logistics, purchasing cycle and credit control, purchasing and payment cycle review of the main business units. A total of six Internal Audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon. Follow-up on unclosed findings was carried out quarterly with respective business owners and the status of implementation was reported to Audit Committee. Risk Assessment and Internal Control Improvement program has been officially rolled-out in October 2015 to further enhance on the company risk management framework. This enables the Management to identify, evaluate, control, monitor and report to the Board the key risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

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

The cost incurred for the Internal Audit function of the Company in respect of the financial year ended 31 December 2015 amounted to RM605,000.

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") is committed to maintaining a sound internal control and risk management system for reviewing the adequacy and effectiveness of the system. The Board is pleased to provide the following statement on the state of internal control and risk management of Unisem (M) Berhad and its subsidiaries (the "Group") for the financial year ended 31 December 2015, which has been prepared in accordance with the "Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT

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

Our ERM framework comprises a risk and control matrix that had been populated and key risks to each Group's business units objective, aligned with Group's strategic objectives had been identified and assessed for likelihood of the risk occurrence and the magnitude of impact using a self-assessment approach. The enterprise risk assessment process involves representatives from all business units' department head as well as the Chief Operating Officer from each business unit. Each business unit's ERM assessment is led by the head of the department of each division together with the Internal Audit department.

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

During the financial year, all business units conducted their annual enterprise risk management reviews. Results from the risk assessment were reported to the Audit Committee. Quarterly, the implementation of corrective action plans on key risks was updated to the Audit Committee accordingly.

To ensure the Group's ERM framework remain sound, the risk register is monitored and updated to include emerging risk as and when necessary on its adequacy. This is to ensure controls are in place and continue to operate adequately and effectively. In addition, the Group consciously covers and transfers certain risks by securing adequate insurance coverage.

KEY ELEMENTS OF INTERNAL CONTROL

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

- **Organisational structure with defined roles and responsibilities**

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

- **Formalised strategic planning processes**

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

- **Reporting and review**

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

- **Documented policies and procedures**

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

- **Code of business conduct**

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

- **Continuous employee education**

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

- **Quality Control**

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

- **Financial performance**

The preparation of quarterly and full year results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The 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 also checks compliance with policies / procedures and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The internal audit plan is approved by the audit committee on an annual basis. The internal audit report highlights significant findings and recommendations in respect of any non-compliance to the business unit management in a timely manner. The audit reports are submitted to the Audit Committee and risk and control issues were discussed during the Audit Committee meetings. In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, The external auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2015. Their review is performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants. RPG 5 (revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

FINANCIAL STATEMENTS

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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, 2015.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are as set out in Note 13 to the financial statements.

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

RESULTS OF OPERATIONS

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

	THE GROUP RM'000	THE COMPANY RM'000
Profit for the year	157,248	75,956
Profit attributable to:		
Owners of the Company	155,539	75,956
Non-controlling interests	1,709	-
	157,248	75,956

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 8% or 4 sen per share, tax-exempt, amounting to RM27,126,449 proposed in the previous financial year and dealt with in the previous year directors' report, was paid on May 28, 2015.

A first interim dividend of 6% or 3 sen per share, tax-exempt, amounting to RM22,014,932 in respect of the current financial year was paid on September 29, 2015.

A second interim dividend of 6% or 3 sen per share, tax-exempt, amounting to RM22,014,932 in respect of the current financial year was paid on December 15, 2015.

The directors have proposed a final dividend of 8% or 4 sen per share, tax-exempt, for the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2016.

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.

DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

The Company increased its issued and paid-up share capital during the financial year by the issuance of 51,907,422 and 7,694,000 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants at the price of RM2.18 per ordinary share and the exercise of ESOS of the Company at the price of RM2.25 per ordinary share respectively.

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 RM100,668,969 has been credited to the share premium account.

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

EXECUTIVES' SHARE OPTION SCHEME

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

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

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

DATE OF GRANT	EXERCISE PRICE PER ORDINARY SHARE RM	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
		BALANCE AS OF 1.1.2015 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	BALANCE AS OF 31.12.2015 '000 UNITS
05.01.2011	2.25	11,750	(6,524)	(5,226)	-
18.01.2011	2.25	1,300	(1,170)	(130)	-
Total		13,050	(7,694)	(5,356)	-

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

All unexercised ESOS as at August 9, 2015 have since lapsed and became null and void.

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.

WARRANTS (CONT'D)

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

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

DATE OF GRANT	EXERCISE PRICE PER ORDINARY SHARE RM	BALANCE AS OF 1.1.2015 '000 UNITS	NO. OF WARRANTS		BALANCE AS OF 31.12.2015 '000 UNITS
			EXERCISED '000 UNITS	LAPSED '000 UNITS	
30.08.2010	2.18	168,472	(51,907)	(116,565)	-

All unexercised Warrants as at August 24, 2015 have since lapsed and became null and void.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

- which would render the amount written off as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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
- 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

DIRECTORS

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

Mr. John Chia Sin Tet
Mr. Lee Hoong Leong
Mr. Francis Chia Mong Tet
Mr. Alexander Chia Jhet Wern
Mr. Martin Giles Manen
Y.Bhg. Tan Sri Dato' Wong See Wah
Y.Bhg. Dato' Wong Guang Seng
Mr. Yen Woon @ Low Sau Chee
Mr. Sundra Moorthi s/o V.M. Krishnasamy
Mr. Ang Chye Hock
Mdm Lim Siew Eng (appointed on October 29, 2015)
Puan Mahani Binti Amat (appointed on January 26, 2016)

In accordance with Article 124 of the Company's Articles of Association, Mr. John Chia Sin Tet, Mr. Francis Chia Mong Tet and Mr. Lee Hoong Leong retire by rotation and being eligible offer themselves for re-election.

Mdm Lim Siew Eng and Puan Mahani Binti Amat, who were appointed to the Board since the last Annual General Meeting, retire under Article 127 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Y.Bhg. Tan Sri Dato' Wong See Wah and Mr. Sundra Moorthi s/o V.M. Krishnasamy, who are over the age of 70 years, retire in accordance with Section 129(6) of the Companies Act 1965. Mr. Sundra Moorthi s/o V.M. Krishnasamy will not be seeking for re-appointment. Y.Bhg. Tan Sri Dato' Wong See Wah being eligible, offers himself for re-appointment.

DIRECTORS' INTERESTS

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

	NO. OF ORDINARY SHARES OF RM0.50 EACH			BALANCE AS OF 31.12.2015
	BALANCE AS OF 1.1.2015/ DATE OF APPOINTMENT	BOUGHT/ TRANSFERRED*	SOLD/ TRANSFERRED*	
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	42,637,680	6,902,645/ 25,602,080*	(39,507,680)*	35,634,725
Mr. Francis Chia Mong Tet	7,090,000	-	(500,000)/ (3,200,000)*	3,390,000
Mr. Alexander Chia Jhet Wern	1,000,000	450,000	-	1,450,000
Y.Bhg. Dato' Wong Guang Seng	-	500,000	-	500,000
Mr. Yen Woon @ Low Sau Chee	32,588,420	9,915,700	(3,000,000)*	39,504,120
Mr. Sundra Moorthi s/o V.M. Krishnasamy	9,419,700	-	(3,000,000)	6,419,700
Mr. Ang Chye Hock	383,500	-	-	383,500
Mdm Lim Siew Eng	-	10,000	-	10,000
Indirect interest by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	134,950,240	32,227,273/ 39,507,680*	(33,757,000)/ (25,602,080)*	147,326,113
Mr. Francis Chia Mong Tet	5,616,980	1,607,000/ 3,200,000*	(63,500)	10,360,480
Mr. Yen Woon @ Low Sau Chee	56,700,000	2,491,800/ 3,000,000*	(4,610,000)	57,581,800
Mr. Sundra Moorthi s/o V.M. Krishnasamy	7,800	-	-	7,800

DIRECTORS' REPORT

(cont'd)

DIRECTORS' INTERESTS (CONT'D)

	NO. OF WARRANTS				BALANCE AS OF 31.12.2015
	BALANCE AS OF 1.1.2015	BOUGHT/ TRANSFERRED*	SOLD/ TRANSFERRED*/ EXERCISED	LAPSED	
Warrants in the Company					
Registered in the name of directors					
Mr. John Chia Sin Tet	7,747,520	1,018,680*	(8,766,200)*	-	-
Mr. Yen Woon @ Low Sau Chee	8,022,105	3,438,045*	(2,000,000)	(9,460,150)	-
Mr. Sundra Moorthi s/o V.M. Krishnasamy	2,285,000	1,273,350*	(500,000)	(3,058,350)	-
Mr. Ang Chye Hock	95,900	-	-	(95,900)	-
Indirect interest by virtue of Warrants held by companies in which a director has interests					
Mr. John Chia Sin Tet	32,053,328	5,093,400/ 8,766,200*	(20,663,228)/ (12,733,500)	(12,516,200)	-
Mr. Francis Chia Mong Tet	-	600,000	(600,000)	-	-
Mr. Yen Woon @ Low Sau Chee	14,605,600	-	(1,326,800)/ (12,733,500)*	(545,300)	-
Mr. Sundra Moorthi s/o V.M. Krishnasamy	1,950	-	-	(1,950)	-

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			BALANCE AS OF 31.12.2015
	BALANCE AS OF 1.1.2015	EXERCISED	LAPSED	
ESOS in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	1,500,000	(450,000)	(1,050,000)	-
Mr. Francis Chia Mong Tet	1,500,000	(1,000,000)	(500,000)	-
Mr. Alexander Chia Jhet Wern	350,000	(350,000)	-	-
Indirect interest by virtue of options registered in the name of persons connected to director				
Mr. John Chia Sin Tet	350,000	(350,000)	-	-

DIRECTORS' INTERESTS (CONT'D)

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

Y.Bhg. Tan Sri Dato' Wong See Wah, Mr. Martin Giles Manen and Mr. Lee Hoong Leong did not hold shares and Warrants or have beneficial interest in the shares and Warrants of the Company during the financial year.

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to certain directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

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

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

JOHN CHIA SIN TET

MARTIN GILES MANEN

Kuala Lumpur
February 23, 2016

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, 2015 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 72 to 132.

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 about 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, 2015 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;
- c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and
- d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

OTHER REPORTING RESPONSIBILITIES

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE

AF 0080
Chartered Accountants

YEOH SIEW MING

Partner - 2421/05/17(J/PH)
Chartered Accountant

February 23, 2016

STATEMENTS OF PROFIT OR LOSS

for the year ended December 31, 2015

	NOTE	THE GROUP		THE COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue		1,260,425	1,038,279	606,034	481,290
Interest income	8	1,143	125	2,281	1,246
Other (losses)/gains	5	(377)	2,009	(7,257)	(11)
Other operating income	5	14,374	25,117	7,618	7,314
Changes in inventories of finished goods and work-in-progress		(5,333)	6,319	(25)	2,256
Raw materials and consumables used		(381,275)	(343,048)	(125,895)	(119,938)
Depreciation of property, plant and equipment	11	(173,626)	(157,031)	(63,902)	(61,826)
Impairment losses on property, plant and equipment	11	(966)	(2,880)	-	-
Impairment losses on investments in subsidiaries	13	-	-	(57,578)	-
Employee benefits expenses	5	(300,742)	(258,794)	(140,626)	(124,176)
Directors' remuneration	6	(12,057)	(11,001)	(9,438)	(8,608)
Amortisation of prepaid interest in leased land	12	(545)	(481)	(44)	(44)
Finance costs	7	(9,276)	(15,216)	(2,087)	(5,640)
Other operating expenses	5	(218,640)	(198,879)	(120,978)	(108,266)
Profit before tax		173,105	84,519	88,103	63,597
Taxation	9(a)	(15,857)	(16,769)	(12,147)	(6,543)
Profit for the year		157,248	67,750	75,956	57,054
Attributable to:					
Owners of the Company		155,539	68,422	75,956	57,054
Non-controlling interests		1,709	(672)	-	-
		157,248	67,750	75,956	57,054
Earnings per share					
Basic and diluted (sen)	10	22.04	10.15		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2015

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year	157,248	67,750	75,956	57,054
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	110,132	26,076	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	1,091	(3,047)	-	-
Total other comprehensive income for the year	111,223	23,029	-	-
Total comprehensive income for the year	268,471	90,779	75,956	57,054
Total comprehensive income attributable to:				
Owners of the Company	266,762	91,451	75,956	57,054
Non-controlling interests	1,709	(672)	-	-
	268,471	90,779	75,956	57,054

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

STATEMENTS OF FINANCIAL POSITION

as of December 31, 2015

	NOTE	THE GROUP		THE COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,177,693	1,109,554	441,375	430,789
Prepaid interest in leased land	12	20,458	19,322	3,606	3,650
Investments in subsidiaries	13	-	-	440,664	493,858
Intangible assets	14	5,896	8,165	-	-
Deferred tax assets	9(c)	1,183	1,017	616	616
Total non-current assets		1,205,230	1,138,058	886,261	928,913
Current assets					
Inventories	15	129,699	122,599	69,916	62,282
Trade receivables	16	190,066	151,635	113,440	72,918
Other receivables, deposits and prepaid expenses	16	13,258	10,815	5,626	2,338
Amount owing by subsidiaries	17	-	-	16,678	32,480
Tax recoverable	9(b)	19,489	9,863	-	-
Deposits, cash and bank balances	18	133,008	51,032	80,957	4,116
Total current assets		485,520	345,944	286,617	174,134
Total assets		1,690,750	1,484,002	1,172,878	1,103,047

	NOTE	THE GROUP		THE COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19	366,915	337,115	366,915	337,115
Reserves	20	984,930	688,137	662,251	556,254
Equity attributable to owners of the Company		1,351,845	1,025,252	1,029,166	893,369
Non-controlling interests		4,301	6,917	-	-
Total equity		1,356,146	1,032,169	1,029,166	893,369
Non-current liabilities					
Borrowings	21	18,420	47,693	-	-
Deferred income	23	9,004	7,847	-	-
Deferred tax liabilities	9(c)	3,896	2,904	-	-
Retirement benefit obligations	24	25,043	22,418	-	-
Total non-current liabilities		56,363	80,862	-	-
Current liabilities					
Trade payables	25	65,013	61,393	32,293	23,035
Other payables and accrued expenses	25	117,937	101,357	63,272	60,737
Amount owing to subsidiaries	17	-	-	45,520	20,388
Borrowings	21	91,356	198,518	-	101,594
Obligations under finance leases	22	-	5,627	-	2,153
Provision for taxation	9(b)	3,935	4,076	2,627	1,771
Total current liabilities		278,241	370,971	143,712	209,678
Total liabilities		334,604	451,833	143,712	209,678
Total equity and liabilities		1,690,750	1,484,002	1,172,878	1,103,047

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

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2015

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THE GROUP	NOTE	NON-DISTRIBUTABLE RESERVES										TOTAL RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RESERVE 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		
Balance as of January 1, 2014		337,115	127,783	16,201	7,151	16,004	72,249	384,019	960,522	7,616	968,138	
Total comprehensive income for the year		-	-	-	-	-	26,076	65,375	91,451	(672)	90,779	
Dividends	26	-	-	-	-	-	-	(26,969)	(26,969)	-	(26,969)	
Transfer to statutory reserve fund		-	-	2,941	-	-	-	(2,941)	-	-	-	
Recognition of share-based payments		-	-	-	(353)	-	-	601	248	(27)	221	
Balance as of January 1, 2015		337,115	127,783	19,142	6,798	16,004	98,325	420,085	1,025,252	6,917	1,032,169	
Total comprehensive income for the year		-	-	-	-	-	110,132	156,630	266,762	1,709	268,471	
Exercise of ESOS and Warrants		29,800	100,669	-	(4,280)	(4,931)	-	9,211	130,469	-	130,469	
Expiry of ESOS and Warrants		-	-	-	(2,985)	(11,073)	-	14,058	-	-	-	
Dividends	26	-	-	-	-	-	-	(71,156)	(71,156)	-	(71,156)	
Transfer to statutory reserve fund		-	-	2,001	-	-	-	(2,001)	-	-	-	
Recognition of share-based payments		-	-	-	467	-	-	58	525	3	528	
Acquisition of additional interest in a subsidiary company		-	-	-	-	-	-	(7)	(7)	(4,328)	(4,335)	
Balance as of December 31, 2015		366,915	228,452	21,143	-	-	208,457	526,878	1,351,845	4,301	1,356,146	

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

THE COMPANY	NOTE	NON-DISTRIBUTABLE RESERVES					DISTRIBUTABLE RESERVE RETAINED EARNINGS RM'000	TOTAL RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE RM'000	WARRANTS RESERVE RM'000	SHARE		
Balance as of January 1, 2014		337,115	127,783	7,170	16,004	374,991	863,063	
Total comprehensive income for the year		-	-	-	-	57,054	57,054	
Dividends	26	-	-	-	-	(26,969)	(26,969)	
Recognition of share-based payments		-	-	(380)	-	601	221	
Balance as of January 1, 2015		337,115	127,783	6,790	16,004	405,677	893,369	
Total comprehensive income for the year		-	-	-	-	75,956	75,956	
Exercise of ESOS and Warrants	27	29,800	100,669	(4,338)	(4,931)	9,269	130,469	
Expiry of ESOS and Warrants		-	-	(2,980)	(11,073)	14,053	-	
Dividends	26	-	-	-	-	(71,156)	(71,156)	
Recognition of share-based payments		-	-	528	-	-	528	
Balance as of December 31, 2015		366,915	228,452	-	-	433,799	1,029,166	

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

STATEMENT OF CASH FLOWS

for the year ended December 31, 2015

	NOTE	THE GROUP	
		2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		157,248	67,750
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		173,626	157,031
Taxation		15,857	16,769
Finance costs		9,276	15,216
Unrealised loss on foreign exchange		4,467	3,283
Amortisation of intangible assets		2,271	2,273
Provision for retirement benefit		1,728	1,941
Impairment losses on property, plant and equipment		966	2,880
Amortisation of prepaid interest in leased land		545	481
Expense recognised in respect of equity-settled share-based payments		528	221
Allowance for slow moving inventories		414	1,279
Bad debts written off		377	46
Property, plant and equipment written off		80	383
Gain on disposal of property, plant and equipment		(7,196)	(2,874)
Interest income		(1,143)	(125)
Amortisation of deferred income		(207)	(177)
Allowance for doubtful debts		-	135
		358,837	266,512
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		2,008	(17,386)
Trade receivables		(24,441)	(12,702)
Other receivables, deposits and prepaid expenses		(1,297)	(751)
(Decrease)/Increase in:			
Trade payables		(2,849)	(2,437)
Other payables and accrued expenses		20,480	4,655
Cash Generated From Operations		352,738	237,891
Income tax paid		(22,794)	(14,948)
Defined benefit obligations paid	24	(1,349)	(335)
Net Cash From Operating Activities		328,595	222,608

	NOTE	THE GROUP	
		2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		9,724	13,065
Interest received		1,136	124
Additions to property, plant and equipment	18(a)	(145,372)	(46,012)
Acquisition of additional shares in subsidiary from non-controlling interests		(4,335)	-
Net Cash Used In Investing Activities		(138,847)	(32,823)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares		130,469	-
Proceeds from term loans		25,287	10,622
Repayment of revolving credit/foreign currency trust receipts - net		(115,240)	(44,679)
Repayment of term loans		(71,996)	(127,592)
Dividends paid	26	(71,156)	(26,969)
Finance costs paid		(9,864)	(15,685)
Repayment of finance leases		(6,035)	(7,016)
Repayment of bankers' acceptances		-	(256)
Net Cash Used In Financing Activities		(118,535)	(211,575)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		71,213	(21,790)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		51,032	69,494
Effect of exchange rate changes on the balance of cash held in foreign currencies		10,763	3,328
CASH AND CASH EQUIVALENTS AT END OF YEAR		133,008	51,032

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

STATEMENT OF CASH FLOWS (cont'd)

for the year ended December 31, 2015

	NOTE	THE COMPANY	
		2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		75,956	57,054
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		63,902	61,826
Impairment loss on investment in a subsidiary		57,578	-
Taxation		12,147	6,543
Unrealised loss on foreign exchange		4,435	3,508
Finance costs		2,087	5,640
Expense recognised in respect of equity-settled share-based payments		479	279
Property, plant and equipment written off		80	274
Amortisation of prepaid interest in leased land		44	44
Interest income		(2,281)	(1,246)
Gain on disposal of property, plant and equipment		(238)	(224)
		214,189	133,698
Movements in working capital:			
Increase in:			
Inventories		(7,634)	(10,401)
Trade receivables		(40,069)	(15,520)
Other receivables, deposits and prepaid expenses		(3,288)	(692)
Increase in:			
Trade payables		9,367	2,259
Other payables and accrued expenses		13,294	6,460
Cash Generated From Operations		185,859	115,804
Income tax paid		(11,291)	(5,321)
Net Cash From Operating Activities		174,568	110,483

	NOTE	THE COMPANY	
		2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from/(Advances to) subsidiaries		17,992	(8,292)
Proceeds from disposal of property, plant and equipment		2,303	270
Interest received		1,074	32
Additions to property, plant and equipment	18(a)	(87,854)	(28,546)
Acquisition of additional shares in subsidiary from non-controlling interests		(4,335)	-
Net Cash Used In Investing Activities		(70,820)	(36,536)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares		130,469	-
Advances received from subsidiaries		19,834	7,105
Repayment of revolving credit/foreign currency trust receipts - net		(85,011)	(52,114)
Dividends paid	26	(71,156)	(26,969)
Repayment of term loans		(16,583)	(20,593)
Finance costs paid		(2,298)	(5,788)
Repayment of finance leases		(2,153)	(1,961)
Repayment of bankers' acceptances		-	(256)
Net Cash Used In Financing Activities		(26,898)	(100,576)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		76,850	(26,629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Effect of exchange rate changes on the balance of cash held in foreign currencies		4,116	29,536
		(9)	1,209
CASH AND CASH EQUIVALENTS AT END OF YEAR	18(b)	80,957	4,116

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 Pulau Jaya 9, Kawasan Perindustrian Pulau Jaya, 31300 Ipoh, Perak Darul Ridzuan, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on February 23, 2016.

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

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

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

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

The adoption of amendments to MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements of the Group and of the Company.

(b) Standards 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 amendments to MFRSs which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards 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 9	Financial Instruments ²
MFRS 15	Revenue from Contracts with Customers ²
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to MFRS 101	Disclosure Initiative ¹

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

(b) Standards in issue but not yet effective (Cont'd)

Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to MFRS 116 and MFRS 140	Agriculture: Bearer Plants ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle ¹

¹ Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted

² Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced, with earlier application permitted.

MFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

Subsidiaries and Basis of Consolidation

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

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

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

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

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

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

Changes in the Group's ownership interest in existing subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interest in existing subsidiaries (Cont'd)

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

Subsidiaries

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

Business Combinations

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

Intangible Assets Acquired in a Business Combination

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

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

Revenue Recognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 statements of profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign Currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparative figures) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparative figures) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

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

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

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 statements of profit or loss in the period in which they are incurred.

Government Grants

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

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

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

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

Defined contribution plans

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

Defined benefit plans

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Defined benefit plans (Cont'd)

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

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

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

Share-based compensation benefits

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

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

Taxation

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

Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

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

The annual depreciation rates are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

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

Prepaid Interest in Leased Land

Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid interest in leased land and amortised over the remaining lease terms ranging from 30 to 99 years.

Goodwill

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

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

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 investigations undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" method. The cost of raw materials and factory supplies comprised the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less costs of completion and costs necessary to make the sale.

Financial Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

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

(a) Financial Assets

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

(i) Loans and receivables

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

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

(ii) Impairment of financial assets

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

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

(iii) Derecognition of financial assets

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

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 as "other financial liabilities" category.

(iv) *Other financial liabilities*

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

The Group performs an impairment indicator test annually for signs of impairment of its property, plant and equipment and intangible assets with finite useful lives. If there are signs of impairment, then a review of recoverable amounts is performed. The recoverable amount is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on one-year financial budget approved by the directors and a financial forecast covering subsequent four years period. The terminal value is calculated based on the projected cash flow of the CGUs at the end of the fifth year with a constant growth rate.

The key assumptions for value-in-use include the management's expectation of revenue growth beyond the budget year and operating costs, drawing from past experience and current assessment of the market and industry growth as well as the maximum capacity available. The pre-tax discount rate used is 12.00% (2014: 8.19%) per annum.

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

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

(c) Income Taxes

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

(d) Deferred Tax Assets

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

(e) Contingent Liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(f) Allowance for Receivables

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

(g) Allowance for Slow Moving Inventories

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

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

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

(h) Impairment of Investments in Subsidiary Companies

The Company holds unquoted shares in subsidiary companies that are not traded in an active market. The Company used pre-tax cash flow projections based on one-year financial budget approved by the directors and a financial forecast covering the subsequent four years period. The terminal value is calculated based on the projected cash flow of the CGUs at the end of the fifth year with a constant growth rate. The cash flow projections were discounted at a pre-tax discount rate of 12.99% (2014: 8.19%) per annum.

4. SEGMENT INFORMATION

The segment reporting is presented in a manner which is consistent with internal reporting provided to the chief operating decision maker.

Business segment

The Group operates within one industry, i.e., in the manufacturing of semiconductor devices and other related services; as such, information by business segment on the Group's operations is not presented.

Geographical segment

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

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance focuses on the business operations of the Group in three geographical areas comprising Asia, Europe and United States of America. However, with the cessation of the business operations in United Kingdom and United States of America, the Group's operating and reporting segments are now based on the geographical segments by location of customers instead.

Segment revenue from external customers is based on the country in which the customers' business operation decisions are made.

Segment assets, liabilities and capital expenditure information are not presented as it cannot be reasonably allocated to an individual segment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SEGMENT INFORMATION (CONT'D)

THE GROUP	ASIA		EUROPE		UNITED STATES OF AMERICA		CONSOLIDATED	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Geographical segments by location of customers								
Statement of Profit or Loss								
Revenue								
External sales	555,896	393,199	194,582	170,228	509,947	474,852	1,260,425	1,038,279
Results								
Segment results	87,379	41,184	2,778	8,887	91,310	51,045	181,467	101,116
Non-reportable segments							(229)	(1,506)
Finance costs							(9,276)	(15,216)
Investment income							1,143	125
Profit before tax							173,105	84,519
Taxation							(15,857)	(16,769)
Profit for the year							157,248	67,750
Other Information								
Depreciation of property, plant and equipment	74,324	60,145	27,963	23,212	71,339	73,674	173,626	157,031
Impairment losses on property, plant and equipment	327	232	556	20	83	2,628	966	2,880
Gain on disposal of property, plant and equipment	1,564	1,171	695	1,196	4,937	507	7,196	2,874

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

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

	NOTE	THE GROUP		THE COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on disposal of property, plant and equipment		7,196	2,874	238	224
Rental income		1,717	1,425	2,117	1,825
Grant income received		540	10,239	-	-
Amortisation of deferred income	23	207	177	-	-
Foreign exchange:					
Unrealised loss		(4,467)	(3,283)	(4,435)	(3,508)
Realised (loss)/gain		(3,106)	2,418	(3,060)	3,273
Research and development expenses		(8,662)	(5,820)	(5,204)	(4,033)
Amortisation of intangible assets	14	(2,271)	(2,273)	-	-
Rental of premises		(1,748)	(1,137)	(315)	(309)
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		(785)	(730)	(265)	(250)
Others		(8)	(7)	(8)	(7)
Rental of equipment		(552)	(588)	-	-
Bad debts written off		(377)	(46)	-	-
Property, plant and equipment written off		(80)	(383)	(80)	(274)
Allowance for doubtful debts	16	-	(135)	-	-

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity-settled share-based payments	362	370	313	377
Defined benefit plans	1,728	2,127	-	-
Defined contribution plans	23,263	18,272	8,039	7,698
Retrenchment costs	52	324	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive:				
Fees	630	560	630	560
Other emoluments	6,843	6,450	6,843	6,450
Defined contribution plans	818	771	818	771
Equity-settled share-based payments	166	(98)	166	(98)
	8,457	7,683	8,457	7,683
Non-executive fees	981	925	981	925
	9,438	8,608	9,438	8,608
Directors of subsidiaries				
Executive:				
Other emoluments	2,426	2,319	-	-
Defined contribution plans	141	125	-	-
Retrenchment costs	52	-	-	-
Equity-settled share-based payments	-	(51)	-	-
	2,619	2,393	-	-
	12,057	11,001	9,438	8,608

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 RM149,000 (2014: RM194,000).

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest on:				
Term loans	1,893	3,744	114	452
Revolving credit	3,893	6,496	1,073	3,626
Foreign currency trust receipts	501	491	501	491
Bank overdrafts	111	460	99	286
Finance leases	(147)	434	(226)	80
Bankers' acceptances	-	2	-	2
Bank charges and commissions	2,780	3,204	336	361
Commitment fees	146	239	146	239
Loan and facility arrangement fees	99	146	44	103
Total interest expense for financial liabilities not classified as at fair value through profit or loss	9,276	15,216	2,087	5,640

8. INTEREST INCOME

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income from:				
Short-term deposits	1,143	125	1,074	32
Advances to a subsidiary	-	-	1,207	1,214
	1,143	125	2,281	1,246

9. TAXATION

(a) Taxation recognised in profit or loss

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax expense comprises:				
Current tax in respect of the financial year:				
Malaysian	(12,148)	(6,546)	(12,148)	(6,546)
Foreign	(3,515)	(5,558)	-	-
Deferred tax relating to origination and reversal of temporary differences	(137)	(4,113)	-	-
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	8	(95)	1	3
- deferred tax	(65)	(457)	-	-
Total tax expense	(15,857)	(16,769)	(12,147)	(6,543)

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. TAXATION (CONT'D)

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

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	173,105	84,519	88,103	63,597
Tax expense calculated using the Malaysian statutory income tax rate of 25% (2014: 25%)	(43,276)	(21,130)	(22,026)	(15,899)
Different tax rates of subsidiaries operating in other jurisdictions	31	671	-	-
Tax effects of:				
Utilisation of unutilised tax losses and reinvestment allowances not recognised as deferred tax assets	26,839	11,270	25,595	11,228
Income that is exempted from taxation	3,241	921	1,279	351
Reduction in income tax rate	2,318	3,590	-	-
Expenses that are not deductible in determining taxable profit	(4,929)	(4,430)	(16,996)	(2,226)
Unabsorbed capital allowances and unutilised losses not recognised as deferred tax assets	(24)	(863)	-	-
Reversal of tax benefits previously not recognised as deferred tax assets	-	(6,246)	-	-
	(15,800)	(16,217)	(12,148)	(6,546)
Adjustments recognised in the current year in relation to the taxes of prior years:				
- income tax	8	(95)	1	3
- deferred tax	(65)	(457)	-	-
Taxation recognised in the statements of profit or loss	(15,857)	(16,769)	(12,147)	(6,543)

(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 2015	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unutilised reinvestment allowances and investment tax allowances	64,938	(461)	-	64,477
Unabsorbed capital allowances and unutilised tax losses	14,425	926	1,032	16,383
Retirement benefits	129	5,885	626	6,640
Provisions	772	(54)	148	866
	80,264	6,296	1,806	88,366
Offsetting				(87,183)
Deferred tax assets (after offsetting)				1,183
Deferred tax liabilities				
Property, plant and equipment	(82,151)	(6,498)	(2,430)	(91,079)
Offsetting				87,183
Deferred tax assets (after offsetting)				(3,896)
THE GROUP 2014				
Deferred tax assets				
Unutilised reinvestment allowances and investment tax allowances	65,659	(721)	-	64,938
Unabsorbed capital allowances and unutilised tax losses	21,001	(6,844)	268	14,425
Retirement benefits	4,426	(4,297)	-	129
Provisions	916	(181)	37	772
	92,002	(12,043)	305	80,264
Offsetting				(79,247)
Deferred tax assets (after offsetting)				1,017
Deferred tax liabilities				
Property, plant and equipment	(89,141)	7,473	(483)	(82,151)
Offsetting				79,247
Deferred tax assets (after offsetting)				(2,904)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. TAXATION (CONT'D)

(c) Deferred Tax Balances (Cont'd)

THE COMPANY 2015	AT BEGINNING OF YEAR RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	TRANSLATION RESERVE RM'000	AT END OF YEAR RM'000
Deferred tax assets				
Unutilised reinvestment allowances	64,727	(250)	-	64,477
Offsetting				(63,861)
Deferred tax assets (after offsetting)				616
Deferred tax liabilities				
Property, plant and equipment	(64,111)	250	-	(63,861)
Offsetting				63,861
Deferred tax assets (after offsetting)				-
THE COMPANY 2014				
Deferred tax assets				
Unutilised reinvestment allowances	65,659	(932)	-	64,727
Offsetting				(64,111)
Deferred tax assets (after offsetting)				616
Deferred tax liabilities				
Property, plant and equipment	(65,043)	932	-	(64,111)
Offsetting				64,111
Deferred tax assets (after offsetting)				-

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised investment tax allowances	24,586	89,724	-	-
Unutilised reinvestment allowances	32,890	56,389	32,890	56,389
Unabsorbed capital allowances and unutilised tax losses	1,573	27,280	-	-
	59,049	173,393	32,890	56,389

The unutilised tax losses, which are not recognised in the financial statements, do not expire under the current tax legislations.

10. EARNINGS PER SHARE

	THE GROUP	
	2015	2014
Basic and Diluted		
Profit for the year attributable to owners of the Company (RM'000)	155,539	68,422
Number of ordinary shares in issue as of January 1 ('000)	674,229	674,229
Weighted average number of shares issued during the year ('000)	31,406	-
Weighted average number of ordinary shares in issue ('000)	705,635	674,229
Basic and diluted earnings per ordinary share (sen)	22.04	10.15

During the financial year, the unexercised ESOS and Warrants have lapsed and thus, no diluted earnings per share need to be presented.

In 2014, 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 earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2015 consist of the following:

THE GROUP	COST						
	AT BEGINNING OF YEAR	ADDITIONS	TRANSLATION RESERVE	DISPOSALS	WRITE OFF	TRANSFERS	AT END OF YEAR
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	334,270	1,048	46,780	(10,531)	-	-	371,567
Plant and machinery	2,673,874	103,406	230,088	(84,443)	(782)	29,893	2,952,036
Electrical installation	15,394	725	-	-	-	-	16,119
Office equipment	72,132	2,482	6,100	(1,474)	(410)	691	79,521
Air-conditioners	11,663	422	767	-	-	-	12,852
Motor vehicles	5,435	22	160	(1,352)	-	-	4,265
Furniture and fittings	14,753	389	1,933	(451)	-	-	16,624
Production support equipment	51,931	63	8,738	(2)	-	637	61,367
Capital work-in-progress	11,369	25,359	3,656	-	-	(31,221)	9,163
Total	3,190,821	133,916	298,222	(98,253)	(1,192)	-	3,523,514

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

THE GROUP 2015	← ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES →						
	AT BEGINNING OF YEAR RM'000	CHARGE FOR THE YEAR RM'000	LOSS FOR THE YEAR RM'000	TRANSLATION RESERVE RM'000	DISPOSALS RM'000	WRITE OFF RM'000	AT END OF YEAR RM'000
Buildings	128,366	9,176	-	22,983	(10,523)	-	150,002
Plant and machinery	1,846,596	151,584	966	152,396	(82,052)	(772)	2,068,718
Electrical installation	14,009	517	-	-	-	-	14,526
Office equipment	46,916	4,624	-	5,307	(1,411)	(340)	55,096
Air-conditioners	9,586	689	-	616	-	-	10,891
Motor vehicles	3,539	710	-	119	(1,286)	-	3,082
Furniture and fittings	13,144	438	-	1,845	(452)	-	14,975
Production support equipment	19,111	5,888	-	3,533	(1)	-	28,531
Capital work-in- progress	-	-	-	-	-	-	-
Total	2,081,267	173,626	966	186,799	(95,725)	(1,112)	2,345,821

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

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

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

THE COMPANY 2015	← COST →						AT END OF YEAR RM'000
	AT BEGINNING OF YEAR RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE OFF RM'000	TRANSFERS RM'000		
Buildings	92,958	1,048	-	-	-	94,006	
Plant and machinery	1,327,167	73,257	(35,304)	(782)	13	1,364,351	
Electrical installation	15,140	646	-	-	-	15,786	
Office equipment	41,795	789	-	(410)	691	42,865	
Air-conditioners	7,295	422	-	-	-	7,717	
Motor vehicles	4,214	22	(1,047)	-	-	3,189	
Furniture and fittings	5,072	290	-	-	-	5,362	
Capital work-in-progress	2,435	159	-	-	(704)	1,890	
Total	1,496,076	76,633	(36,351)	(1,192)	-	1,535,166	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

THE COMPANY 2015	← 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	22,170	1,868	-	-	-	24,038
Plant and machinery	996,282	57,158	-	(33,283)	(772)	1,019,385
Electrical installation	12,926	487	-	-	-	13,413
Office equipment	21,030	3,294	-	-	(340)	23,984
Air-conditioners	6,239	256	-	-	-	6,495
Motor vehicles	2,460	651	-	(1,003)	-	2,108
Furniture and fittings	4,180	188	-	-	-	4,368
Capital work-in-progress	-	-	-	-	-	-
Total	1,065,287	63,902	-	(34,286)	(1,112)	1,093,791

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

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

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

THE GROUP	NET BOOK VALUE	
	2015 RM'000	2014 RM'000
Freehold land	-	-
Buildings	221,565	205,904
Plant and machinery	883,318	827,278
Electrical installation	1,593	1,385
Office equipment	24,425	25,216
Air-conditioners	1,961	2,077
Motor vehicles	1,183	1,896
Furniture and fittings	1,649	1,609
Production support equipment	32,836	32,820
Capital work-in-progress	9,163	11,369
Total	1,177,693	1,109,554
THE COMPANY		
Buildings	69,968	70,788
Plant and machinery	344,966	330,885
Electrical installation	2,373	2,214
Office equipment	18,881	20,765
Air-conditioners	1,222	1,056
Motor vehicles	1,081	1,754
Furniture and fittings	994	892
Capital work-in-progress	1,890	2,435
Total	441,375	430,789

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Property, plant and equipment of a foreign subsidiary with total carrying amount of approximately RM83,826,000 (2014: RM254,712,000) is charged by way of a fixed and floating debenture to one foreign bank for term loan facility granted to the subsidiary as disclosed in Note 21.

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost	-	20,978	-	5,495
Net book value	-	12,582	-	4,506

Impairment losses of RM966,000 (2014: RM2,880,000) have been recognised in respect of property, plant and equipment of the Group during the financial year which is attributable to technological obsolescence of certain property, plant and equipment of a foreign subsidiary.

12. PREPAID INTEREST IN LEASED LAND

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
At beginning of year	26,852	26,114	4,354	4,354
Translation reserve	3,000	738	-	-
At end of year	29,852	26,852	4,354	4,354
Less: Amortisation				
At beginning of year	7,530	6,706	704	660
Charge for the year	545	481	44	44
Translation reserve	1,319	343	-	-
At end of year	9,394	7,530	748	704
Net	20,458	19,322	3,606	3,650

Leasehold land of a foreign subsidiary with total carrying amount of RM4,016,000 (2014: RM3,502,000) is charged by way of a fixed and floating debenture to one foreign bank for term loan facility granted to the subsidiary as disclosed in Note 21.

13. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At beginning of year	658,080	658,138
Additions/(Reversal)	4,384	(58)
At end of year	662,464	658,080
Accumulated impairment losses		
At beginning of year	164,222	164,222
Additions	57,578	-
At end of year	221,800	164,222
Net	440,664	493,858

The additions during the financial year relate to share options granted to the executive staff of subsidiaries and acquisition of shares from non-controlling interests of a subsidiary company.

The reversal during the previous financial year relates to share options reversed upon resignation of executive staff of subsidiaries.

During the financial year, the Company recognised additional impairment loss of RM57,578,000 (2014:Nil) of its investment in Unisem (Mauritius) Holdings Limited.

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

NAME OF COMPANIES	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST/VOTING RIGHTS HELD BY THE COMPANY		PRINCIPAL ACTIVITIES
		2015 %	2014 %	
Direct subsidiaries				
Unisem (Ipoh) Sdn. Bhd. #	Malaysia	100.00	100.00	Pre-operating.
Unisem Advanced Technologies Sdn. Bhd.	Malaysia	92.41	81.98	Wafer bumping and packaging and testing of semiconductor devices and other related services.
Unisem (Europe) Holdings Limited @#	England and Wales	100.00	100.00	Under Members' Voluntary Liquidation.
Unisem Chengdu Co., Ltd.	People's Republic of China	100.00	100.00	Packaging and testing of semiconductor devices.
Unisem (Mauritius) Holdings Limited #	Republic of Mauritius	99.98	99.98	Investment holding and the provision of management services.
Unisem Chengdu International Import & Export Co., Ltd.^ #	People's Republic of China	100.00	100.00	Marketing of semiconductor devices and provision of related services.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries as at the end of the reporting period are as follows (cont'd):

NAME OF COMPANIES	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST/VOTING RIGHTS HELD BY THE COMPANY		PRINCIPAL ACTIVITIES
		2015 %	2014 %	
Indirect subsidiaries				
Subsidiary of Unisem (Europe) Holdings Limited:				
Unisem (Europe) Limited	England and Wales	100.00	100.00	Wound up on December 7, 2015.
Subsidiary of Unisem (Mauritius) Holdings Limited:				
PT. Unisem	Indonesia	99.98	99.98	Provision of assembly and test services.
Unisem International (Hong Kong) Limited ^	Hong Kong	99.98	99.98	Contracting entity for the provision of assembly and test services.
Unisem GmbH @	Germany	99.98	99.98	Marketing and administrative services.
Unisem (S) Pte. Ltd.	Singapore	99.98	99.98	Struck off on April 28, 2015.
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	Ceased provision of test services on March 31, 2015.

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.

The accumulated non-controlling interest as of December 31, 2015 of RM4,301,000 (2014: RM6,917,000) is attributable to Unisem Advanced Technologies Sdn. Bhd. and is considered not material to the Group.

14. INTANGIBLE ASSETS

THE GROUP	LICENSE FEES AND INTELLECTUAL PROPERTY RIGHT RM'000	TECH-TRANSFER SUPPORT FEES RM'000	CAPITALISED DEVELOPMENT EXPENSES RM'000	TOTAL RM'000
Cost				
As of January 1, 2014	22,231	21,678	1,429	45,338
Translation reserve	333	1,101	96	1,530
As of December 31, 2014	22,564	22,779	1,525	46,868
Translation reserve	1,306	4,027	350	5,683
As of December 31, 2015	23,870	26,806	1,875	52,551
Accumulated amortisation and impairment losses				
As of January 1, 2014	14,200	19,273	1,429	34,902
Charge for the year	1,738	535	-	2,273
Translation reserve	331	1,101	96	1,528
As of December 31, 2014	16,269	20,909	1,525	38,703
Charge for the year	1,736	535	-	2,271
Translation reserve	1,304	4,027	350	5,681
As of December 31, 2015	19,309	25,471	1,875	46,655
Carrying amounts				
As of December 31, 2014	6,295	1,870	-	8,165
As of December 31, 2015	4,561	1,335	-	5,896

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

The intangible assets comprise mainly license fees and tech-transfer support fees incurred to acquire and bring to use specific technology capabilities relating to the bumping and packaging of semiconductor devices. The carrying amounts of these licence fees and tech-transfer support fees will be fully amortised in 3 years (2014: 4 years).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
Raw materials	61,034	61,423	28,314	24,974
Factory supplies	47,887	43,228	32,898	29,409
Work-in-progress	19,280	16,951	8,489	8,010
Finished goods	3,514	5,389	627	1,131
Goods-in-transit	-	7	-	-
	131,715	126,998	70,328	63,524
Less: Allowance for slow-moving inventories:				
At beginning of year	(4,399)	(4,142)	(1,242)	(2,150)
Additions	(414)	(1,279)	-	-
Write off	3,295	1,211	830	908
Translation reserve	(498)	(189)	-	-
At end of year	(2,016)	(4,399)	(412)	(1,242)
	129,699	122,599	69,916	62,282

The costs of inventories of the Group and of the Company recognised as an expense during the year were approximately RM1,014,362,000 (2014: RM892,892,000) and RM423,769,000 (2014: RM388,023,000) respectively.

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	190,066	151,771	113,440	72,918
Less: Allowance for doubtful debts				
At beginning of year	(136)	(722)	-	(176)
Additions	-	(135)	-	-
Write off	149	712	-	176
Translation reserve	(13)	9	-	-
At end of year	-	(136)	-	-
	190,066	151,635	113,440	72,918

Trade receivables comprise amounts receivable for sale of goods and services rendered. The credit terms granted range from 30 to 60 days (2014: 30 to 60 days).

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

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

Other receivables, deposits and prepaid expenses consist of:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	7,427	4,071	4,970	1,558
Deposits	3,571	3,317	369	375
Prepaid expenses	2,260	3,427	287	405
	13,258	10,815	5,626	2,338

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

Transactions with related parties are disclosed in Note 17.

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

	THE GROUP	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	4,273	1,436
Chinese Renminbi	1,645	1,637
US Dollar	1,470	980
British Pound	-	11
Others	39	7
	7,427	4,071

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

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

The amounts owing by/(to) subsidiaries are interest-free except for an amount owing by a subsidiary amounting to approximately RM5,284,000 (2014: RM20,664,000) which bears interest at 6.70% (2014: 6.70%) per annum.

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

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

	THE COMPANY	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	12,936	28,254
US Dollar	3,742	4,226
	16,678	32,480

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

	THE COMPANY	
	2015 RM'000	2014 RM'000
US Dollar	45,405	20,328
Euro	115	60
	45,520	20,388

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	- Shareholders of Unisem Advanced Technologies Sdn. Bhd.

During the financial year, Advanpack Solutions Pte. Ltd. disposed of its entire interest in Unisem Advanced Technologies Sdn. Bhd. of 10.43% to the Company and ceased to be a related party thereafter.

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

	THE COMPANY	
	2015 RM'000	2014 RM'000
Subsidiaries		
Purchase of property, plant and equipment	8,469	1,188
Marketing support fees paid/payable	4,414	3,065
Disposal of property, plant and equipment	1,860	-
Interest received/receivable	1,207	1,214
Management fees received/receivable	576	576
Rental income	400	400
Marketing support fees received/receivable	299	293
Other marketing support fees paid/payable	274	299

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Legal fee	-	1	-	1
Royalty	-	35	-	-

17. 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	
	2015 RM'000	2014 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity-settled share-based payments	238	90	195	196
Short-term benefit	4,811	4,464	2,180	1,995
	5,049	4,554	2,375	2,191

18. DEPOSITS, CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term deposits with licensed banks	85,667	20,696	68,454	-
Cash on hand and at banks	47,341	30,336	12,503	4,116
	133,008	51,032	80,957	4,116

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	70,828	674	68,963	136
US Dollar	58,741	48,479	11,989	3,975
Chinese Renminbi	2,990	1,369	-	-
Indonesian Rupiah	228	76	-	-
Singapore Dollar	137	91	-	-
Euro	47	147	4	4
British Pound	36	195	-	-
Others	1	1	1	1
	133,008	51,032	80,957	4,116

The carrying amounts of these assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The average effective interest rates per annum are as follows:

Short-term deposits	2015 %	2014 %
The Group	0.20 - 3.85	0.44 - 2.65
The Company	2.65 - 3.85	2.40 - 2.65

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

Short-term deposits (days)	2015	2014
The Group	4 - 31	1 - 19
The Company	4 - 31	1

(a) Additions to property, plant and equipment

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Additions during the year	133,916	59,695	76,633	41,496
Outstanding balances	(20,287)	(31,743)	(9,439)	(20,660)
Cash payment in respect of additions in:				
Current year	113,629	27,952	67,194	20,836
Prior year	31,743	18,060	20,660	7,710
	145,372	46,012	87,854	28,546

(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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term deposits	85,667	20,696	68,454	-
Cash on hand and at banks	47,341	30,336	12,503	4,116
	133,008	51,032	80,957	4,116

19. SHARE CAPITAL

	PAR VALUE RM	THE GROUP AND THE COMPANY			
		2015 NUMBER OF ORDINARY SHARES '000 UNITS	2014 NUMBER OF ORDINARY SHARES '000 UNITS	2015 RM'000	2014 RM'000
Authorised:					
At beginning/ end of year	0.50	1,000,000	1,000,000	500,000	500,000
Issued and fully paid:					
At beginning of year		674,229	674,229	337,115	337,115
Exercise of ESOS		7,694	-	3,847	-
Warrants conversion		51,908	-	25,953	-
At end of year		733,831	674,229	366,915	337,115

The Company increased its issued and paid-up share capital during the financial year by the issuance of 51,907,422 and 7,694,000 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants at the price of RM2.18 per ordinary share and the exercise of ESOS of the Company at the price of RM2.25 per ordinary share.

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

20. RESERVES

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable reserves:				
Share premium	228,452	127,783	228,452	127,783
Foreign currency translation reserve	208,457	98,325	-	-
Capital reserve	21,143	19,142	-	-
Equity-settled employee benefits reserve	-	6,798	-	6,790
Warrants reserve	-	16,004	-	16,004
Distributable reserve:				
Retained earnings	526,878	420,085	433,799	405,677
	984,930	688,137	662,251	556,254

Share premium

The share premium arose from the issuance of ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. RESERVES (CONT'D)

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 recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Capital reserve

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

Equity-settled employee benefits reserve

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

Warrants reserve

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

21. BORROWINGS

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Secured:				
Revolving credit	67,139	83,681	-	-
Term loans	16,400	52,232	-	-
Unsecured:				
Term loans	26,237	25,287	-	16,583
Revolving credit	-	48,000	-	48,000
Foreign currency trust receipts	-	37,011	-	37,011
	109,776	246,211	-	101,594
Less: Amount due within 12 months (shown under current liabilities)	(91,356)	(198,518)	-	(101,594)
Non-current portion	18,420	47,693	-	-

21. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial years ending December 31:				
2016	-	46,140	-	-
2017	11,639	1,553	-	-
2018	6,781	-	-	-
	18,420	47,693	-	-

Analysis of borrowings by currency:

THE GROUP 2015	RINGGIT MALAYSIA	US DOLLAR	TOTAL
	RM'000	RM'000	RM'000
Term loans	-	42,637	42,637
Revolving credit	-	67,139	67,139
Foreign currency trust receipts	-	-	-
	-	109,776	109,776
The Group 2014			
Term loans	-	77,519	77,519
Revolving credit	48,000	83,681	131,681
Foreign currency trust receipts	-	37,011	37,011
	48,000	198,211	246,211
The Company 2015			
Revolving credit	-	-	-
Term loans	-	-	-
Foreign currency trust receipts	-	-	-
	-	-	-
The Company 2014			
Revolving credit	48,000	-	48,000
Term loans	-	16,583	16,583
Foreign currency trust receipts	-	37,011	37,011
	48,000	53,594	101,594

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. BORROWINGS (CONT'D)

The Company has the following banking facilities:

- i) RM129,132,000 (2014: RM98,364,000) unsecured syndicated term loan facilities with two (2014: two) local banks which were repayable over five (2014: five) years commencing from 2011. The term loan has been fully repaid during the current financial year; and
- ii) RM95,000,000 (2014: RM181,000,000) unsecured revolving credit, overdrafts, trade financing and bank guarantee facilities with four (2014: four) local banks.

The subsidiaries have the following banking facilities:

- i) RM301,308,000 (2014: RM349,900,000) term loan and revolving credit facilities with one (2014: two) foreign bank which are secured by fixed charges over certain assets held under property, plant and equipment and leasehold land as mentioned in Notes 11 and 12 respectively and guaranteed by the Company. The term loan is repayable over six (2014: six) years commencing from 2013;
- ii) RM79,631,000 (2014: RM34,990,000) unsecured Islamic term loans facilities with a local bank which are repayable over four to five (2014: five) years commencing from year ranging from 2012 to 2016. These facilities are guaranteed by the Company. During the financial year, term loan of RM43,044,000 (2014: RM34,990,000) has been fully repaid;
- iii) RM12,913,000 (2014: RM10,497,000) term loan facility with a foreign bank which is repayable over five (2014: five) years commencing from 2013. This facility is guaranteed by the Company; and
- iv) RM64,966,000 (2014: RM26,193,000) revolving credit, overdrafts, supplier financing and bank guarantee facilities with three (2014: two) foreign and local banks. These facilities are also guaranteed by the Company and certain subsidiaries.

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

The details of interest rates charged are as follows:

Bank overdrafts	- 1.00% (2014: 0%/1.00%) per annum above bank financing rate/base lending rate
Term loans	- ranging from 1.50% to 5.40% (2014: 1.50% to 5.40%) per annum plus LIBOR - 4.25% (2014: 4.25%) per annum below bank lending term rate
Revolving credit	- ranging from 1.00% to 1.75% (2014: 1.00% to 1.75%) per annum plus cost of funds - 2.50% (2014: 2.50%) per annum plus LIBOR - 4.75% (2014: 4.75%) per annum below bank lending term rate
Supplier financing	- 5.60% (2014: 5.60%) per annum below bank best lending rate
Foreign currency trust receipts	- 0.50% (2014: 0.50%) per annum plus cost of funds
Bankers' acceptances	- 1.25% (2014: 1.25%) per annum plus cost of funds

22 OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amounts payable under finance leases:				
Within one year	-	5,749	-	5,627
In the second to fifth year inclusive	-	-	-	-
	-	5,749	-	5,627
Less: Future finance charges	-	(122)	-	-
Present value of lease obligations	-	5,627	-	5,627
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	(5,627)
Amount due for settlement after 12 months			-	-

	THE COMPANY			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amounts payable under finance leases:				
Within one year	-	2,183	-	2,153
In the second to fifth year inclusive	-	-	-	-
	-	2,183	-	2,153
Less: Future finance charges	-	(30)	-	-
Present value of lease obligations	-	2,153	-	2,153
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	(2,153)
Amount due for settlement after 12 months			-	-

The average lease term is 3 years (2014: 3 years). The effective borrowing rates range from 0.24% to 5.18% (2014: 0.24% to 5.18%) per annum. All leases are on a fixed repayment basis.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. DEFERRED INCOME

	THE GROUP	
	2015 RM'000	2014 RM'000
At beginning of year	7,847	7,720
Amortisation	(207)	(177)
Translation reserve	1,364	304
At end of year	9,004	7,847

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

24. RETIREMENT BENEFIT OBLIGATIONS

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

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

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

The most recent actuarial valuation of the present value of the defined benefit obligations were carried out on December 31, 2015 by PT Towers Watson Purbajaga. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	THE GROUP	
	2015 RM'000	2014 RM'000
Current service costs	181	1,008
Interest on obligations	1,547	1,119
Other adjustments	-	(186)
	1,728	1,941

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

	THE GROUP	
	2015 RM'000	2014 RM'000
At beginning of year	22,418	16,345
Benefits paid	(1,349)	(335)
Remeasurement recognised in other comprehensive income	(1,091)	3,047
Expenses recognised in the statement of profit or loss	1,728	1,941
Translation reserve	3,337	1,420
At end of year	25,043	22,418

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP	
	2015 RM'000	2014 RM'000
Indonesian Rupiah	14,392	12,813
US Dollar	10,651	9,605
	25,043	22,418

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

	THE GROUP	
	2015 %	2014 %
Actuarial Assumptions		
Discount rate		
US Dollar based salary	3.75	3.50
Indonesian Rupiah ("IDR") based salary	9.00	8.25
Future salary increases:		
US Dollar based salary	4.00	4.00
IDR based salary	5.00	5.00
Mortality rate:	Indonesia Mortality Table 2011 ("TMI'2011")	Indonesia Mortality Table 2011 ("TMI'2011")
Disability rate:	10% of TMI'2011	10% of TMI'2011
Early retirement rate:	1% per annum for age ≥ 45 years	1% per annum for age ≥ 45 years
Withdrawal rate:	10% at age 25 reducing linearly to 1% at age 45 years	10% at age 25 reducing linearly to 1% at age 45 years

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

- If the discount rate is 1% higher/(lower), the defined benefit obligations would decrease by RM2,484,000 or (increase by RM2,832,000).
- If the expected future salary growth increases/(decreases) by 1%, the defined benefit obligations would increase by RM2,875,000 or (decrease by RM2,557,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

The Group expects to make a contribution of RM152,000 (2014: RM210,000) during the next financial year.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and to the Company range from 30 to 60 days (2014: 30 to 60 days).

The currency profile of trade payables is as follows:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
US Dollar	61,234	57,576	30,494	20,907
Ringgit Malaysia	1,907	2,238	1,799	2,112
Singapore Dollar	1,016	883	-	16
Indonesian Rupiah	532	154	-	-
Japanese Yen	133	428	-	-
Chinese Renminbi	65	52	-	-
Others	126	62	-	-
	65,013	61,393	32,293	23,035

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	65,592	57,848	36,619	38,035
Accrued expenses	52,345	43,509	26,653	22,702
	117,937	101,357	63,272	60,737

Other payables comprise mainly outstanding balances for purchases of plant and machinery as well as indirect materials and spare parts. The amounts owing are interest-free and the credit terms granted to the Group range from 30 to 60 days (2014: 30 to 60 days).

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

Transactions with related parties are disclosed in Note 17.

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	45,772	33,758	41,398	30,966
US Dollar	46,329	44,521	21,352	29,154
Chinese Renminbi	17,353	14,744	-	-
Indonesian Rupiah	4,520	3,153	-	-
Singapore Dollar	3,781	4,200	522	617
Euro	130	857	-	-
Japanese Yen	52	26	-	-
British Pound	-	98	-	-
	117,937	101,357	63,272	60,737

26. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2015 RM'000	2014 RM'000
1st Interim dividend paid: 3 sen per share, tax-exempt (2 sen per share, tax-exempt for 2014)	22,015	13,484
2nd Interim dividend paid: 3 sen per share, tax-exempt (Nil for 2014)	22,015	-
Final dividend paid: 4 sen per share, tax-exempt for 2014 (2 sen per share, tax-exempt for 2013)	27,126	13,485
	71,156	26,969

The directors have proposed a final dividend of 8% or 4 sen per share, tax-exempt for the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

27. SHARE-BASED PAYMENTS

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

The salient features of the ESOS are as follows:

- 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;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. SHARE-BASED PAYMENTS (CONT'D)

- 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 subsidiaries) and have fulfilled any criteria as may be determined by the Option Committee;
- e) Not more than fifty (50) per centum of the shares available under the ESOS would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than ten (10) per centum of the shares available under the ESOS would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company;
- f) The price at which the option holder is entitled to subscribe for each ordinary share under the ESOS shall be set at a discount of not more than ten (10) per centum from the weighted average of the market prices of the ordinary shares of the Company as quoted on Bursa Malaysia Securities Berhad for the five (5) Market Days immediately prior to date of offer, or the par value of such share of the Company, whichever is the higher;
- g) The options granted may be exercised at any time from the date of vesting to date of their expiry ('Exercise Period'); and
- h) The Option Committee was appointed by the Board of Directors of the Company to administer the Scheme.

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

DATE OF GRANT	FAIR VALUE AT GRANT DATE RM	EXERCISE PRICE PER ORDINARY SHARE RM	EXPIRY DATE	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			BALANCE AS OF 31.12.2015 '000 UNITS
				BALANCE AS OF 1.1.2015 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	
05.01.2011	0.56	2.25	09.08.2015	11,750	(6,524)	(5,226)	-
18.01.2011	0.56	2.25	09.08.2015	1,300	(1,170)	(130)	-
Total				13,050	(7,694)	(5,356)	-

All unexercised ESOS as at August 9, 2015 have since lapsed and became null and void.

27. SHARE-BASED PAYMENTS (CONT'D)

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

	NO. OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			BALANCE AS OF 31.12.2015 '000 UNITS
	BALANCE AS OF 1.1.2015 '000 UNITS	EXERCISED '000 UNITS	LAPSED '000 UNITS	
Ho Choon Seng	1,000	(1,000)	-	-
Tan Kim Heng	1,000	(800)	(200)	-
Quek Suan Hong	500	-	(500)	-
Andrew Douglas Hawkins	350	-	(350)	-
Chai Chan Wah	350	(250)	(100)	-
Gilbert Lawrence Chiu	350	(84)	(266)	-
Khoo Chung Shin	350	-	(350)	-
Lim Siew Chin	350	(350)	-	-
Allan Casildo Toriaga	300	-	(300)	-
Chin Hock Yee	300	(240)	(60)	-
Choo Wah Yeen	300	(200)	(100)	-
Choo Yin Chiang	300	(300)	-	-
Feng Liusheng	300	-	(300)	-
Lai Chee Chong	300	(250)	(50)	-
Lam Chee Fai	300	(260)	(40)	-
Lee Fook Fatt	300	(200)	(100)	-
Lee Thiam Siew	300	(300)	-	-
Lee Yee Kean	300	(230)	(70)	-
Liaw Teck Seong	300	(170)	(130)	-
Liew Kok Chuen	300	(300)	-	-
Tan Lian Siow	300	(260)	(40)	-
Tham Eng Huak	300	(300)	-	-
Wong Yoke Yen	300	(300)	-	-
Yip Wee Woo	300	(100)	(200)	-
Zhang Hong Bo	300	-	(300)	-
Marita Angela Erickson	200	-	(200)	-
Tjing Le Sien	150	-	(150)	-

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

The share options outstanding at the end of the previous financial year had an exercise price of RM2.25 and a weighted average remaining contractual life of 221 days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

(a) Market risk

(i) Foreign currency risk management

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

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

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

Foreign currency sensitivity analysis

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

For illustration purposes, the following sensitivity analysis includes the outstanding foreign currency denominated monetary items of the Group and of the Company. If the foreign currency denominated monetary items at the end of the reporting period were translated into Ringgit Malaysia with a 2.00% (2014: 2.00%) weakening/strengthening of Ringgit Malaysia against the following relevant foreign currencies, the effect on profit or loss (after tax) and equity will be higher/lower by approximately:

THE GROUP	PROFIT OR LOSS		EQUITY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
US Dollar impact	859	1,333	656	509
Chinese Renminbi impact	-	-	300	236
British Pound impact	-	-	1	2
THE COMPANY				
US Dollar impact	672	675	-	-

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Market risk (Cont'd)

(ii) Interest rate risk management

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

Interest rate sensitivity analysis

For illustration purposes, if the annual effective interest rates increase/decrease by 0.50% (2014: 0.50%) with all other variables including tax rate being held constant, the effect on profit or loss (after tax) will be lower/higher as follows:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit or loss	412	923	-	381

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

(b) Credit risk

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

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

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

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

	THE COMPANY	
	2015 RM'000	2014 RM'000
Corporate guarantee provided to banks for subsidiaries' facilities	109,893	156,009

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

The age analysis of trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	180,353	143,587	106,436	70,157
Past due but not impaired:				
61 - 90 days	6,253	7,104	4,366	2,492
91 - 120 days	1,057	548	770	154
Above 120 days	2,403	396	1,868	115
	9,713	8,048	7,004	2,761
Past due and impaired:				
Above 120 days	-	136	-	-
	190,066	151,771	113,440	72,918

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 RM183,613,000 and RM89,536,000 (2014: RM314,070,000 and RM65,059,000) 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.

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk (Cont'd)

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

THE GROUP	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
As of December 31, 2015			
Trade payables, other payables and accrued expenses	182,950	-	-
Bank borrowings	93,254	18,880	-
Obligations under finance leases	-	-	-
As of December 31, 2014			
Trade payables, other payables and accrued expenses	162,750	-	-
Bank borrowings	204,095	49,477	-
Obligations under finance leases	5,749	-	-
THE COMPANY			
As of December 31, 2015			
Trade payables, other payables and accrued expenses	95,565	-	-
Amount owing to subsidiaries	45,520	-	-
Bank borrowings	-	-	-
Obligations under finance leases	-	-	-
As of December 31, 2014			
Trade payables, other payables and accrued expenses	83,772	-	-
Amount owing to subsidiaries	20,388	-	-
Bank borrowings	101,692	-	-
Obligations under finance leases	2,183	-	-

(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 (cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(d) Capital risk (Cont'd)

	THE GROUP	
	2015 RM'000	2014 RM'000
Total borrowings	109,776	251,838
Total equity attributable to owners of the Company	1,351,845	1,025,252
Gearing ratio	0.08	0.25

Fair values of financial instruments carried at amortised cost

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

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

29. COMMITMENTS

(a) Operating lease arrangements

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within one year	630	1,374	115	298
In the second to fifth year inclusive	2,128	2,105	6	90
	2,758	3,479	121	388

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

(b) Capital expenditure

As of December 31, 2015, the Group and the Company have the following commitments in respect of property, plant and equipment:

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Approved and contracted for	37,551	22,035	10,256	2,071

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

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2015 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	322,961	270,182	437,618	408,569
Unrealised	(7,180)	(5,169)	(3,819)	(2,892)
	315,781	265,013	433,799	405,677
Add: Consolidation adjustments	211,097	155,072	-	-
Total retained earnings as per statements of financial position	526,878	420,085	433,799	405,677

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, 2015 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

Signed in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

MARTIN GILES MANEN

Kuala Lumpur
February 23, 2016

DECLARATION BY THE DIRECTOR

primarily responsible for the financial management of the company

I, **FRANCIS CHIA MONG TET**, the director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

FRANCIS CHIA MONG TET

Subscribed and solemnly declared by the abovenamed
FRANCIS CHIA MONG TET at **KUALA LUMPUR** this
23rd day of February, 2016

Before me,

No. W530
Tan Seok Kett
COMMISSIONER FOR OATHS

SHAREHOLDERS' STATISTICS

as at 29 February 2016

1. Authorised Share Capital	:	RM500,000,000.00
Issued and paid-up Share Capital	:	RM366,915,527.50
Class of Shares	:	Ordinary shares of RM0.50 each ("Shares")
Voting Right	:	1 vote per share

2. Analysis of Shareholdings

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
281	Less than 100	5,953	0.00
737	100 to 1,000	536,737	0.07
4,235	1,001 to 10,000	19,681,139	2.68
1,479	10,001 to 100,000	43,658,284	5.95
395	100,001 to less than 5% of issued Shares	553,862,057	75.48
2	5% and above of issued Shares	116,086,885	15.82
7,129		733,831,055	100.00

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

NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	DEEMED INTEREST	%
Jayvest Holdings Sdn Bhd	65,152,885	8.88	50,934,000	6.94 ^(a)
Bandar Rasah Sdn Bhd	50,934,000	6.94	-	-
John Chia Sin Tet	35,634,725	4.86	147,576,113	20.11 ^(b)
Yen Woon @ Low Sau Chee	39,504,120	5.38	57,581,800	7.85 ^(c)
The estate of Soo Yut Kuan	-	-	118,636,885	16.17 ^(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, SCQ Industries Berhad, his son and nominee companies under pledged securities accounts.

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

(d) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd and SCQ Industries Berhad.

4. Thirty Largest Shareholders (as per the Record of Depositors, without aggregating securities from different securities accounts belonging to the same person)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1. Jayvest Holdings Sdn Bhd	65,152,885	8.88
2. Bandar Rasah Sdn Bhd	50,934,000	6.94
3. John Chia Sin Tet	35,634,725	4.86
4. Yen Woon @ Low Sau Chee	35,588,420	4.85
5. HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Bank Of New York Mellon (MELLON ACCT)	20,030,900	2.73
6. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For John Chia Sin Tet (01-00825-000)	17,636,428	2.40
7. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	16,495,900	2.25
8. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN For Deutsche Bank AG London (Prime Brokerage)	13,356,100	1.82
9. Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	13,185,600	1.80
10. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	12,224,565	1.665
11. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	10,684,800	1.46
12. Tan Kok Heng	8,653,000	1.18
13. Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	7,957,900	1.08
14. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse Securities (USA) LLC (PB Client)	7,838,800	1.07
15. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	7,828,980	1.07
16. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	7,811,428	1.06
17. Citigroup Nominees (Asing) Sdn Bhd UBS AG	6,960,861	0.95
18. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore For The Navis Asia Navigator Master Fund	6,541,660	0.89
19. HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/C)	6,477,700	0.88

SHAREHOLDERS' STATISTICS (cont'd)

as at 29 February 2016

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

NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
20. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZVE4 For State Street Active Emerging Markets Select Securities Lending QIB Common Trust Fund	6,449,400	0.88
21. Sundra Moorthi A/L V.M. Krishnasamy	6,419,700	0.87
22. Amanahraya Trustees Berhad Amanah Saham Gemilang For Amanah Saham Pendidikan	6,110,000	0.83
23. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore For NIIF Public Equities	6,073,700	0.83
24. Chiam Joy Young	5,821,700	0.79
25. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London	5,698,164	0.78
26. Chua Khing Chiew	5,640,000	0.77
27. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Francis Chia Mong Tet (CEB)	5,436,480	0.74
28. Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	5,264,120	0.72
29. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (AFF HWG 6939-403)	5,054,700	0.69
30. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (NORGES BANK 1)	4,994,500	0.68
	413,957,116	56.41

STATEMENT OF DIRECTORS' INTEREST

as at 29 February 2016

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

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT INTEREST	%	DEEMED INTEREST	%
John Chia Sin Tet	35,634,725	4.86	147,576,113	20.11 ^(a)
Lee Hoong Leong	-	-	-	-
Francis Chia Mong Tet	3,390,000	0.46	10,360,480	1.41 ^(b)
Alexander Chia Jhet-Wern	1,450,000	0.20	-	-
Martin Giles Manen	-	-	-	-
Dato' Gregory Wong Guang Seng	500,000	0.07	-	-
Ang Chye Hock	383,500	0.05	-	-
Tan Sri Dato' Wong See Wah	-	-	-	-
Yen Woon @ Low Sau Chee	39,504,120	5.38	57,581,800	7.85 ^(c)
Sundra Moorthi s/o V.M. Krishnasamy	6,419,700	0.87	7,800	0.00 ^(d)
Lim Siew Eng	10,000	0.00	-	-
Mahani Binti Amat	-	-	-	-

Notes:

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

LIST OF PROPERTIES

held by the group as at 31 December 2015

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 2015 (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	-	2,382
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	24	7,309
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	20	9,972
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	15	42,694
	Factory building wafer bumping	Factory	-	22,000 sq ft	August 2005	10	2,223
PN 289781 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Industrial land	Vacant	99 years leasehold expiring 2100	115,500 sq m	October 2000	-	6,277
PT 19130 Mukim Sungai Raya, Daerah Kinta, Perak, Malaysia	Residential land	Hostel	99 years leasehold expiring 2104	20,429 sq m	June 2005	-	1,224
	Residential	Hostel	-	232,000 sq ft	June 2012	4	7,770

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 2015 (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	-	4,017
	Industrial land	Factory	49 years leasehold expiring 2057	9.002 hectare	September 2007	-	4,987
	Factory building	Factory	-	366,000 sq ft	December 2005	10	83,826
	Factory building	Factory	-	254,000 sq ft	December 2012	3	54,387
3801/3802 Tian Fu Square Chengdu, Sichuan, P.R. China	Residential	Apartments	70 years leasehold expiring 2075	296 sq m	December 2006	9	2,149
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	-	624
	Industrial land	Factory	30 years leasehold expiring 2019	8,991 sq m	May 1998	-	951
	Factory Building Main Building	Factory	-	14,640 sq m	November 1991	24	617
	Factory Building East Wing	Factory	-	17,500 sq m	1998	17	9,077
	Factory Building East Wing Extension	Factory	-	1,600 sq m	2007	8.5	1,488

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of the Company will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2016, Thursday 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 2015 and the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2015. **Resolution 2**
3. To approve the payment of Directors' fees amounting to RM1,611,000 for the financial year ended 31 December 2015, an increase of RM126,000 from RM1,485,000 in 2014. **Resolution 3**
4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-
 - (i) Mr Francis Chia Mong Tet **Resolution 4**
 - (ii) Mr John Chia Sin Tet **Resolution 5**
 - (iii) Mr Lee Hoong Leong **Resolution 6**
5. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-
 - (i) Mdm Lim Siew Eng **Resolution 7**
 - (ii) Puan Mahani binti Amat **Resolution 8**
6. To re-appoint Y. Bhg Tan Sri Dato' Wong See Wah who retires pursuant to Section 129(6) of the Companies Act, 1965 until the conclusion of the next Annual General Meeting. **Resolution 9**
7. To appoint Deloitte as Auditors until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Resolution 10**

As Special Business:

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

8. Authority To Allot Shares **Resolution 11**

"That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company does not exceed 10% of the issued capital of the Company for the time being."

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the record of depositors will be closed on 5 May 2016 to determine shareholders' entitlement to the final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2015. The dividend, if approved, will be paid on 20 May 2016.

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 May 2016 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

6 April 2016
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 20 April 2016 are entitled to attend, speak and vote at the AGM of the Company to be held on 28 April 2016.
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 11

The proposed Resolution 11, 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 26th Annual General Meeting held on 6 May 2015, 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 11 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS WHO ARE SEEKING RE-ELECTION AND RE-APPOINTMENT AT THE 27th ANNUAL GENERAL MEETING OF THE COMPANY

The details of the directors seeking re-election and re-appointment are set out in their respective profiles on pages 34 to 39 of this Annual Report. The details of their interest in the securities of the Company are set out in the Shareholding Statistics on page 139 of this Annual Report.



PROXY FORM

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

I/We _____ NRIC/Passport No. _____
of _____
being a Member/Members of Unisem (M) Berhad hereby appoint _____
_____ NRIC/ Passport No. _____
of _____
or failing him/her, _____ NRIC/Passport No. _____
of _____
as my/our proxy to vote on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held at the Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on 28 April 2016, Thursday 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 2015 and the Reports of the Directors and the Auditors thereon.		
Resolution 2	To approve the declaration of a final dividend of 8% or 4 sen per share tax-exempt for the financial year ended 31 December 2015.		
Resolution 3	To approve the payment of Directors' fees amounting to RM1,611,000 for the financial year ended 31 December 2015, an increase of RM126,000 from RM1,485,000 in 2014.		
Resolution 4	To re-elect Mr Francis Chia Mong Tet as a Director who retires pursuant to Article 124 of the Company's Articles of Association.		
Resolution 5	To re-elect Mr John Chia Sin Tet 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 124 of the Company's Articles of Association.		
Resolution 7	To re-elect Mdm Lim Siew Eng as a Director who retires pursuant to Article 127 of the Company's Articles of Association.		
Resolution 8	To re-elect Puan Mahani Binti Amat as a Director who retires pursuant to Article 127 of the Company's Articles of Association.		
Resolution 9	To re-appoint Y. Bhg Tan Sri Dato' Wong See Wah 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 10	To appoint Deloitte as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Resolution 11	To authorise the Directors under Section 132D of the Companies Act, 1965 to issue new shares not exceeding 10% of the issued capital of the Company.		

Dated this _____ day of _____, 2016.

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 20 April 2016 are entitled to attend, speak and vote at the AGM of the Company to be held on 28 April 2016.
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STAMP

UNISEM (M) BERHAD (183314-V)

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr John Chia Sin Tet
Chairman/Group Managing Director

Mr Lee Hoong Leong
Executive Director

Mr Francis Chia Mong Tet
Executive Director

Mr Alexander Chia Jhet-Wern
Executive Director

Mr Martin Giles Manen
Independent Director

Y. Bhg. Dato' Gregory Wong Guang Seng
Independent Director

Mr Ang Chye Hock
Independent Director

Y. Bhg. Tan Sri Dato' Wong See Wah
Non-Executive Director

Mr Yen Woon @ Low Sau Chee
Non-Executive Director

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

Mdm Lim Siew Eng
Independent Director

Puan Mahani Binti Amat
Independent Director

AUDIT COMMITTEE

Mr Martin Giles Manen
Chairman/Independent Director

Y. Bhg. Dato' Gregory Wong Guang Seng
Member/Independent Director

Mr Ang Chye Hock
Member/Independent 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 & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel: (603) 2783 9299
Fax: (603) 2783 9222

AUDITORS

Deloitte
Chartered Accountants
Level 2, Weil Hotel
292, Jalan Sultan Idris Shah
30000 Ipoh, Perak
Malaysia

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market



www.unisemgroup.com