



UNISEM (M) BERHAD (Company No. 183314-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/6/2012 RM'000	Corresponding Quarter Ended 30/6/2011 RM'000	Current Year to date Ended 30/6/2012 RM'000	Corresponding Year to date Ended 30/6/2011 RM'000
Revenue	282,945	307,517	539,556	599,494
Operating expenses	(286,899)	(298,631)	(555,177)	(587,399)
Other operating income	838	6,825	1,335	12,595
Finance costs	(5,126)	(3,893)	(10,196)	(7,384)
(Loss)/Profit before taxation	(8,242)	11,818	(24,482)	17,306
Taxation	480	83	3,034	33
(Loss)/Profit for the period	(7,762)	11,901	(21,448)	17,339
(Loss)/Profit attributable to:				
Equity holders of the Company	(7,582)	12,027	(21,111)	17,113
Non-controlling interests	(180)	(126)	(337)	226
	(7,762)	11,901	(21,448)	17,339
(Loss)/Earnings per share (sen) –				
(a) Basic	(1.12)	1.78	(3.13)	2.54
(b) Diluted	(1.12)	1.78	(3.13)	2.54

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended 30/6/2012 RM'000	Corresponding Quarter Ended 30/6/2011 RM'000	Current Year to date Ended 30/6/2012 RM'000	Corresponding Year to date Ended 30/6/2011 RM'000
(Loss)/Profit for the period	(7,762)	11,901	(21,448)	17,339
<i>Other comprehensive(loss)/income</i>				
Currency translation differences arising from consolidation	17,898	949	(3,310)	(2,767)
Total Comprehensive (Loss)/Income for the period	10,136	12,850	(24,758)	14,572
Total Comprehensive (Loss)/Income attributable to:				
Equity holders of the Company	10,316	12,976	(24,421)	14,346
Non-controlling interests	(180)	(126)	(337)	226
	10,136	12,850	(24,758)	14,572

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/6/2012 RM'000	As at Preceding Financial Year End 31/12/2011 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,295,063	1,331,997
Prepaid Interest in Leased Land	19,889	19,740
Goodwill	67,236	67,219
Intangible Assets	15,342	16,534
Deferred Tax Assets	12,634	8,783
Total Non-current Assets	1,410,164	1,444,273
<i>Current Assets</i>		
Inventories	160,340	160,998
Trade and Other Receivables	212,938	182,822
Cash and Bank Balances	57,701	63,528
Total Current Assets	430,979	407,348
Total Assets	1,841,143	1,851,621

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION– CONTINUED

	As at end of Current Quarter 30/6/2012 RM'000	As at Preceding Financial Year End 31/12/2011 RM'000
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	337,115	337,081
Reserves	715,163	752,193
Equity Attributable To Equity Holders of the Company	1,052,278	1,089,274
Non-controlling interests	12,172	12,504
Total Equity	1,064,450	1,101,778
<i>Non-Current Liabilities</i>		
Long Term Bank Borrowings	233,202	215,693
Retirement Benefits and Obligations	17,839	19,041
Obligations under Finance Leases	6,381	1,327
Deferred Income	7,473	7,771
	264,895	243,832
<i>Current Liabilities</i>		
Trade and Other Payables	237,759	204,879
Short Term Bank Borrowings	271,337	299,738
Obligations under Finance Leases	2,702	1,375
Current Tax Payable	-	19
	511,798	506,011
Total Liabilities	776,693	749,843
Total Equity and Liabilities	1,841,143	1,851,621
Net Assets per ordinary share attributable to equity holders of the Company (RM)	1.5607	1.6157

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/6/2012 RM'000	Corresponding Year To Date Ended 30/6/2011 RM'000
Operating Activities		
(Loss)/Profit For The Period	(21,448)	17,339
Adjustments for non-cash flow items:		
Depreciation and amortisation expenses (net of amortization income)	85,142	80,009
Finance cost (net of interest income)	10,104	7,226
Others	(1,338)	1,093
Operating Profit Before Changes In Working Capital	<u>72,460</u>	<u>105,667</u>
Net change in current assets	(28,188)	(2,537)
Tax paid	(3,432)	(7,745)
Net change in current liabilities	21,288	(113,325)
Net Cash Flows From/(Used In) Operating Activities	<u>62,128</u>	<u>(17,940)</u>
Investing Activities		
Additions to property, plant and equipment	(41,619)	(42,877)
Others	172	197
Net Cash Flows Used In Investing Activities	(41,447)	(42,680)
Financing Activities		
Proceeds from bank borrowings	55,270	95,473
Issuance of shares	148	-
Repayment of bank borrowings	(85,319)	(89,320)
Dividend paid	(13,486)	-
Others	(10,601)	(6,907)
Net Cash Flows Used In Financing Activities	(53,988)	(754)
Net Change in Cash & Cash Equivalents	<u>(33,307)</u>	<u>(61,374)</u>
Cash And Cash Equivalents At Beginning Of Period	36,926	108,339
Effect of exchange rate differences	(365)	(98)
Cash And Cash Equivalents At End Of Period	<u>3,254</u>	<u>46,867</u>
Cash and Cash Equivalents comprise the following :		
	RM'000	RM'000
Cash and Bank Balances	57,701	69,645
Bank Overdrafts	(54,447)	(22,778)
	<u>3,254</u>	<u>46,867</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	←—Attributable to Equity Holders of the Company—→					Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium & Other Reserves RM'000	Foreign Currency Exchange Reserve RM'000	Retained Earnings RM'000	Subtotal RM'000		
Current Year To Date Ended 30 June 2012							
At 1 January 2012	337,081	164,193	(5,412)	593,412	1,089,274	12,504	1,101,778
Loss for the period	-	-	-	(21,111)	(21,111)	(337)	(21,448)
Other comprehensive loss	-	-	(3,310)	-	(3,310)	-	(3,310)
Total comprehensive loss for the period	-	-	(3,310)	(21,111)	(24,421)	(337)	(24,758)
Issuance of shares	34	114	-	-	148	-	148
Recognition of share-based payments	-	647	-	116	763	5	768
Dividend distributed to equity holders	-	-	-	(13,486)	(13,486)	-	(13,486)
At 30 June 2012	337,115	164,954	(8,722)	558,931	1,052,278	12,172	1,064,450

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED

	← Attributable to Equity Holders of the Company →					Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium & Other Reserves RM'000	Foreign Currency Exchange Reserve RM'000	Retained Earnings RM'000	Subtotal RM'000		
Corresponding Year To Date Ended 30 June 2011							
At 1 January 2011	337,081	156,347	(43,887)	610,395	1,059,936	12,621	1,072,557
Profit for the period	-	-	-	17,113	17,113	226	17,339
Other comprehensive loss	-	-	(2,767)	-	(2,767)	-	(2,767)
Total comprehensive income for the period	-	-	(2,767)	17,113	14,346	226	14,572
At 30 June 2011	337,081	156,347	(46,654)	627,508	1,074,282	12,847	1,087,129

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 'INTERIM FINANCIAL REPORTING' (MFRS 134) AND BURSA LISTING REQUIREMENTS

A1. *Accounting policies and basis of preparation*

The Quarterly Report have been prepared in accordance with the reporting requirements outlined in the *MFRS 134* issued by the Malaysian Accounting Standards Board (MASB) and *Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad* and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2011.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2011.

The Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (FRS) framework with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption the MFRS on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

A2. *Declaration of audit qualification*

The preceding annual financial statements of the Group were reported without any audit qualification.

A3. *Explanatory comment about the seasonality or cyclicity of operations*

There are no material seasonal or cyclical factors affecting the results of the quarter under review.

A4. *Nature and amount of unusual items*

There are no extraordinary items for the current interim period.

A5. *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period*

There are no changes in the estimates of amounts, which give a material effect in the current interim period.

A6. *Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities*

There are no issue, cancellation, repurchases, resale and repayment of debt or equity securities for the current financial year to date except for the issuance of 68,251 new ordinary shares of RM0.50 each arising from the exercise of Warrants.

A7. *Dividend Paid*

A final dividend of 4%, tax exempt, amounting to RM13.486 million in respect of ordinary shares in the previous financial year was paid by the Company on 15 June, 2012.



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A8. Segment revenue and segment result and segment assets employed for business segments or geographical segments

Quarter Ended 30 June 2012	Asia RM'000	Europe RM'000	USA RM'000	Consolidated RM'000
Revenue	277,328	2,985	2,632	282,945
Segment results	(314)	(1,541)	(1,275)	(3,130)
Finance costs	(5,043)	(38)	(45)	(5,126)
Investment income	14	-	-	14
Loss before tax	(5,343)	(1,579)	(1,320)	(8,242)
Taxation	480	-	-	480
Loss after tax	(4,863)	(1,579)	(1,320)	(7,762)
Quarter Ended 30 June 2011	Asia RM'000	Europe RM'000	USA RM'000	Consolidated RM'000
Revenue	299,317	4,910	3,290	307,517
Segment results	16,344	(123)	(609)	15,612
Finance costs	(3,849)	(44)	-	(3,893)
Investment income	99	-	-	99
Profit/(Loss) before tax	12,594	(167)	(609)	11,818
Taxation	83	-	-	83
Profit/(Loss) after tax	12,677	(167)	(609)	11,901
Year To Date Ended 30 June 2012	Asia RM'000	Europe RM'000	USA RM'000	Consolidated RM'000
Revenue	527,977	5,908	5,671	539,556
Segment results	(9,088)	(3,462)	(1,828)	(14,378)
Finance costs	(10,036)	(75)	(85)	(10,196)
Investment income	92	-	-	92
Loss before tax	(19,032)	(3,537)	(1,913)	(24,482)
Taxation	3,034	-	-	3,034
Loss after tax	(15,998)	(3,537)	(1,913)	(21,448)
Segment assets	1,790,292	35,969	14,882	1,841,143
Segment liabilities	763,810	6,074	6,809	776,693



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Year To Date Ended 30 June 2011	Asia RM'000	Europe RM'000	USA RM'000	Consolidated RM'000
Revenue	584,345	8,958	6,191	599,494
Segment results	27,553	(1,483)	(1,538)	24,532
Finance costs	(7,325)	(59)	-	(7,384)
Investment income	158	-	-	158
Profit/(Loss) before tax	20,386	(1,542)	(1,538)	17,306
Taxation	33	-	-	33
Profit/(Loss) after tax	20,419	(1,542)	(1,538)	17,339
Segment assets	1,780,394	40,312	16,757	1,837,463
Segment liabilities	737,927	6,763	5,644	750,334

A9. Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements

There are no amendments to the valuations of property, plant and equipment brought forward.

A10. Material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period.

A11. Effect of changes in the composition of the Group

There are no changes in the composition of the Group for the current financial year to date.

A12. Changes in contingent liabilities or contingent assets

There are no changes in contingent liabilities since the last annual balance sheet date.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Detailed analysis of the performance of all operating segments of the Group, setting out material factors affecting the earnings and /or revenue of each segment for the current quarter and financial year to date

The Group recorded revenue of RM282.945 million for the quarter ended 30 June 2012. This represents a decrease of 8% in group revenue as compared to the corresponding quarter last year, with a 7%, 39% and 20% decline in the revenue of the Asia, Europe and USA segments respectively. The Group recorded a net loss of RM7.762 million as compared to a net profit of RM11.901 million in the corresponding quarter last year. All segments recorded losses for the quarter under review.

For the six months ended 30 June 2012, the Group recorded revenue of RM539.556 million. This represents a decrease of 10% in group revenue as compared to the corresponding six months ended 30 June 2011, with a 9%, 34% and 8% decline in the revenue of the Asia, Europe and USA segments respectively. The Group recorded a net loss of RM21.448 million as compared to a net profit of RM17.339 million in the corresponding six months period. All segments recorded losses for the six months period under review.



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The corresponding quarterly and half-yearly decline in revenue of the Group was principally attributable to lower average selling prices arising from a change in product mix.

The corresponding quarterly decline in profit of the Group was principally attributable to reduced sales revenue, foreign exchange losses and higher depreciation charges. The corresponding half-yearly decline in profit of the Group was principally attributable to reduced sales revenue, the one-time retrenchment costs of RM5.7 million arising from an efficiency/redundancy exercise at PT Unisem, higher depreciation charges and lower foreign exchange gains.

B2. *Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter*

The Group recorded loss before taxation (“LBT”) of RM8.242 million for the current quarter as compared to a LBT of RM16.240 million in the preceding quarter ended 31 March 2012. The decrease in LBT arose mainly due to higher sales revenue achieved and the recognition of the one-time retrenchment costs of RM5.7 million arising from an efficiency/redundancy exercise at PT Unisem in the preceding quarter.

B3. *Commentary on the prospects, including the factors that are likely to influence the Group’s prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter*

Sentiment in the semiconductor industry has deteriorated in recent months due to uncertainty and bearishness in the global economy particularly in Europe. The operating environment is expected to remain challenging for the remaining period till the end of the financial year.

The initiatives taken by the Group to right size our headcount and tweak our package portfolio will continue and we expect to incur some costs associated with the implementation of this new business model in the next few quarters. We believe the new business model will progressively improve the profitability and sustainability of the Group going forward.

B4. *Where the audit report of the company’s preceding annual financial statements was qualified, disclosure of the qualification and current status of the matter(s) giving rise to the qualification for the current quarter and financial year to date*

The preceding annual financial statements of the Group were reported without any audit qualification.

B5. *A statement of the board of directors’ opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved*

Not applicable.

B6. (a) *Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)*

Not applicable.

(b) *Explanatory note for any shortfall in the profit guarantee received by the Group (if any) and steps taken to recover the shortfall;*

Not applicable.



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B7. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended 30/6/2012 RM'000	Corresponding Quarter Ended 30/6/2011 RM'000	Current Year to date Ended 30/6/2012 RM'000	Corresponding Year to date Ended 30/6/2011 RM'000
Depreciation and amortization	42,755	40,158	85,271	79,970
Retrenchment costs	-	-	5,699	-
Interest expense	5,126	3,893	10,196	7,384
Foreign exchange (gain)/loss	2,450	(2,837)	(842)	(5,505)
Interest income	(14)	(100)	(92)	(159)
Provision for and write-off of receivables	84	-	84	22
Provision for and write-off of inventories	-	-	-	-
Impairment of assets	-	-	-	-
Loss/(Gain) on disposal of investments or properties	-	-	-	-
Loss/(Gain) on derivatives	-	-	-	-

B8. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial year to date

	Current Quarter Ended 30/6/2012 RM'000	Corresponding Quarter Ended 30/6/2011 RM'000	Current Year to date Ended 30/6/2012 RM'000	Corresponding Year to date Ended 30/6/2011 RM'000
Income tax payable	(248)	(1,334)	(711)	(1,982)
Deferred tax	728	1,417	3,745	2,015
Total	480	83	3,034	33

The effective tax rate is lower than the statutory tax rate mainly due to the availability of tax allowances and incentives to offset the taxable income.

B9. (a) Status of corporate proposals announced but not completed

As at 9 August 2012, there are no outstanding corporate proposals announced but not completed.

(b) Status of utilisation of proceeds raised from any corporate proposal for the quarter under review

As at 9 August 2012, there are no unutilised proceeds raised from corporate proposal.



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B10. Realised and Unrealised Profits

The breakdown of the retained earnings of the Group into realized and unrealized profits or losses, pursuant to the directive, is as follows:

	As at 30/6/2012 RM'000	As at 31/12/2011 RM'000
Realised profits	459,574	497,052
Unrealised profits	15,260	12,802
	474,834	509,854
Add: Consolidation adjustments	84,097	83,558
Total Retained Earnings	558,931	593,412

The disclosure of the realized and unrealized profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be used for any other purpose.

B11. Borrowings and debt securities as at the end of the reporting period

The detail and currency analysis of the Group's borrowings as at end of current quarter are as follows:

	Ringgit Malaysia RM'000	US Dollar RM'000	Total RM'000
<i>Secured Borrowings</i>			
Due within 12 months	-	68,906	68,906
Due after 12 months	-	168,230	168,230
<i>Unsecured Borrowings</i>			
Due within 12 months	174,463	27,968	202,431
Due after 12 months	-	64,972	64,972
Total	174,463	330,076	504,539

B12. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

There are no changes in material litigation since the last annual balance sheet date.

B13. Dividend

The Directors did not recommend any dividend for the current financial quarter ended 30 June 2012. (Nil for the financial quarter ended 30 June 2011).



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B14. *Earnings/(Loss) per share*

The basic loss per share for the current quarter of 1.12 sen and financial year to date of 3.13 sen was calculated by dividing the Group's loss attributable to equity holders of the Company for the current quarter and financial year to date amounting to RM7.582 million and RM21.111 million respectively by the weighted average number of ordinary shares in issue of 674,229,634.

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

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 9 August 2012