



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME OR LOSS**

	Current Quarter Ended 30/6/2016 RM'000	Corresponding Quarter Ended 30/6/2015 RM'000	Current Year to date Ended 30/6/2016 RM'000	Corresponding Year to date Ended 30/6/2015 RM'000
Revenue	320,890	298,790	638,698	578,847
Cost of sales	(267,192)	(249,611)	(529,914)	(486,134)
Gross profit	53,698	49,179	108,784	92,713
Operating expenses	(18,914)	(19,086)	(38,958)	(37,807)
Other operating income	7,997	6,578	12,435	10,991
Interest expense	(971)	(1,744)	(2,025)	(3,995)
Profit before taxation	41,810	34,927	80,236	61,902
Taxation	(4,053)	(3,308)	(7,215)	(6,421)
Profit for the period	37,757	31,619	73,021	55,481
Profit attributable to:				
Owners of the Company	37,628	31,383	72,325	54,918
Non-controlling interests	129	236	696	563
	37,757	31,619	73,021	55,481
Other comprehensive income/(loss) attributable to owners of the Company				
Exchange differences on translating foreign operations	2,922	11,677	(66,728)	46,171
Total Comprehensive Profit for the period	40,679	43,296	6,293	101,652
Total Comprehensive Profit attributable to:				
Owners of the Company	40,550	43,060	5,597	101,089
Non-controlling interests	129	236	696	563
	40,679	43,296	6,293	101,652
Earnings per share (sen) –				
(a) Basic	5.13	4.59	9.86	8.09
(b) Diluted	5.13	4.52	9.86	7.97

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/6/2016 RM'000	As at Preceding Financial Year End 31/12/2015 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,110,979	1,177,693
Prepaid Interest in Leased Land	19,234	20,458
Intangible Assets	4,760	5,896
Deferred Tax Assets	1,130	1,183
Total Non-current Assets	1,136,103	1,205,230
<i>Current Assets</i>		
Inventories	128,581	129,699
Trade and Other Receivables	186,157	203,324
Tax Recoverable	18,079	19,489
Cash and Bank Balances	145,342	133,008
Total Current Assets	478,159	485,520
Total Assets	1,614,262	1,690,750
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	366,915	366,915
Reserves	961,174	984,930
Equity Attributable To Owners of the Company	1,328,089	1,351,845
Non-controlling interests	4,997	4,301
Total Equity	1,333,086	1,356,146
<i>Non-Current Liabilities</i>		
Bank Borrowings	18,804	18,420
Retirement Benefits Obligations	23,656	25,043
Deferred Income	8,063	9,004
Deferred Tax Liabilities	3,463	3,896
	53,986	56,363
<i>Current Liabilities</i>		
Trade and Other Payables	183,563	182,950
Bank Borrowings	39,868	91,356
Provision for Tax	3,759	3,935
	227,190	278,241
Total Liabilities	281,176	334,604
Total Equity and Liabilities	1,614,262	1,690,750
Net Assets per ordinary share attributable to owners of the Company (RM)	1.8098	1.8422

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)



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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 30/6/2016 RM'000	Corresponding Year To Date Ended 30/6/2015 RM'000
Operating Activities		
Profit For The Period	73,021	55,481
Adjustments for non-cash items:		
Depreciation and amortisation expenses	86,105	83,737
Interest expense (net of interest income)	774	3,923
Others	8,049	3,415
Operating Profit Before Changes In Working Capital	167,949	146,556
Net change in current assets	4,244	(17,598)
Tax paid	(7,423)	(11,726)
Net change in current liabilities	(10,665)	11,353
Others	(362)	(999)
Net Cash Flows From Operating Activities	153,743	127,586
Investing Activities		
Additions to property, plant and equipment	(59,654)	(55,514)
Acquisition of additional interest in subsidiary company	-	(4,335)
Others	1,342	8,224
Net Cash Flows Used In Investing Activities	(58,312)	(51,625)
Financing Activities		
Proceeds from issuance of shares	-	43,982
Repayment of bank borrowings – net	(45,865)	(100,701)
Dividends paid	(29,353)	(27,127)
Others	(1,861)	(4,004)
Net Cash Flows Used In Financing Activities	(77,079)	(87,850)
Net Change in Cash & Cash Equivalents	18,352	(11,889)
Cash And Cash Equivalents At Beginning Of Period	133,008	51,032
Effect of exchange rate differences	(6,018)	2,950
	126,990	53,982
Cash And Cash Equivalents At End Of Period	145,342	42,093
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Cash and Bank Balances	145,342	43,114
Bank Overdrafts	-	(1,021)
	145,342	42,093

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)



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

	← Attributable to Owners of the Company →				Subtotal RM'000	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			
Current Period To Date Ended 30 June 2016							
At 1 January 2016	366,915	249,595	208,457	526,878	1,351,845	4,301	1,356,146
Profit for the period	-	-	-	72,325	72,325	696	73,021
Other comprehensive loss	-	-	(66,728)	-	(66,728)	-	(66,728)
Total comprehensive income/(loss) for the period	-	-	(66,728)	72,325	5,597	696	6,293
Dividend distributed to equity holders	-	-	-	(29,353)	(29,353)	-	(29,353)
At 30 June 2016	366,915	249,595	141,729	569,850	1,328,089	4,997	1,333,086

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →				Subtotal RM'000	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			
Corresponding Period To Date Ended 30 June 2015							
At 1 January 2015	337,115	169,727	98,325	420,085	1,025,252	6,917	1,032,169
Profit for the period	-	-	-	54,918	54,918	563	55,481
Other comprehensive income	-	-	46,171	-	46,171	-	46,171
Total comprehensive income for the period	-	-	46,171	54,918	101,089	563	101,652
Recognition of share-based payments	-	525	-	59	584	3	587
Issuance of shares	10,009	31,258	-	2,714	43,981	-	43,981
Dividend distributed to equity holders	-	-	-	(27,127)	(27,127)	-	(27,127)
Acquisition of additional interest in a subsidiary company	-	-	-	(7)	(7)	(4,328)	(4,335)
At 30 June 2015	347,124	201,510	144,496	450,642	1,143,772	3,155	1,146,927

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016

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 has 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 2015.

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 2015.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2016. 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 were no material seasonal or cyclical factors affecting the results of the quarter under review.

A4. *Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence*

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year to date.

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 were 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 were no issue, cancellation, repurchases, resale and repayment of debt or equity securities during the quarter under review and financial year to date.

A7. *Dividend Paid*

A final dividend of 8% or 4 sen per share tax-exempt, amounting to RM29.353 million in respect of ordinary shares in the previous financial year was paid by the Company on 20 May 2016.

A8. *Changes in contingent liabilities or contingent assets*

There were no changes in contingent liabilities or assets since the date of the last report.



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A9. Segment revenue and segment result and segment assets employed for business segments or geographical segments

The Group's geographical segment report for the financial year to date is as follows:

Year To Date Ended 30 June 2016	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	247,943	96,310	294,445	638,698
Segment results	43,964	(4,677)	40,539	79,826

Year To Date Ended 30 June 2015	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	260,870	93,440	224,537	578,847
Segment results	35,015	2,701	28,270	65,986

	Current Year to date Ended 30/6/2016 RM'000	Corresponding Year to date Ended 30/6/2015 RM'000
Reconciliation of segment results		
Reportable segments	79,826	65,986
Non-reportable segments	1,184	(161)
Interest expense	(2,025)	(3,995)
Investment income	1,251	72
Profit before tax	80,236	61,902
Taxation	(7,215)	(6,421)
Profit after tax	73,021	55,481

A10. Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements

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

A11. 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.

A12. Effect of changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review and financial year to date except for the following:

- Unisem (Europe) Holdings Limited completed its voluntary liquidation process on 30 March 2016.
- Unisem Test (Sunnyvale), Inc. has filed the Certificate of Dissolution with the California Secretary of State and was officially dissolved as of 6 July 2016.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016

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 for the current quarter and financial year to date*

The Group recorded revenue and net profit of RM320.890 million and RM37.757 million respectively for the quarter ended 30 June 2016. These represent improvement of 7.4% and 19.4% in revenue and net profit respectively against the corresponding quarter ended 30 June 2015.

For the six months period ended 30 June 2016, the Group recorded revenue and net profit of RM638.698 million and RM73.021 million respectively, these represent increase of 10.3% in revenue and 31.6% in net profit against the same period a year ago. Asia and Europe segments recorded improvement in revenue of 31.1% and 3.1% respectively whilst USA segment's revenue decreased by 5.0%.

The increase in revenue for the financial year to date was mainly attributable to improved average selling prices arising from the appreciation of US\$/RM and US\$/RMB exchange rates, as compared to the rates that prevailed in the corresponding period a year ago. The improvement in net profit for the current financial year to date was due to increased revenue and improved margins from better contribution in our wafer bumping and advanced package operations.

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 achieved profit before taxation of RM41.810 million for the current quarter, an increase of 8.8% against the profit before taxation reported in the preceding quarter ended 31 March 2016. The improvement in profit before tax was primarily attributable to the higher gain on foreign exchange.

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*

The directors expect the performance of the Group to improve for the third financial quarter and remain satisfactory till the end of the financial year.

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.



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(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.

B7. Profit Before Taxation

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

	Current Quarter Ended 30/6/2016 RM'000	Corresponding Quarter Ended 30/6/2015 RM'000	Current Year to date Ended 30/6/2016 RM'000	Corresponding Year to date Ended 30/6/2015 RM'000
Depreciation and amortisation	42,454	42,068	86,105	83,737
Interest expense	971	1,744	2,025	3,995
Interest income	(574)	(34)	(1,251)	(72)
Foreign exchange (gain)/loss	(3,566)	327	(4,260)	649
Provision for slow moving inventories	-	199	-	199
Grant income received	-	(168)	-	(168)
Provision for receivables	-	351	-	351
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 30/6/2016 RM'000	Corresponding Quarter Ended 30/6/2015 RM'000	Current Year to date Ended 30/6/2016 RM'000	Corresponding Year to date Ended 30/6/2015 RM'000
Income tax payable	(3,794)	(3,483)	(7,361)	(6,650)
Deferred tax	(250)	169	155	223
	(4,044)	(3,314)	(7,206)	(6,427)
(Under)/Over provision in prior year	(9)	6	(9)	6
	(4,053)	(3,308)	(7,215)	(6,421)

The effective tax rate was 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

There are no outstanding corporate proposals announced but not completed as at the date of this announcement.

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

There are no unutilised proceeds raised from corporate proposal as at the date of this announcement.



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B10. 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:

	Total RM'000
<i>Secured Borrowings</i>	
Due within 12 months	30,813
Due after 12 months	444
<i>Unsecured Borrowings</i>	
Due within 12 months	9,055
Due after 12 months	18,360
Total	<u>58,672</u>

All the Group's borrowings are denominated in US Dollars.

B11. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

There were no changes in material litigation since the date of the last report.

B12. Dividend

The Directors recommend an interim dividend of 7% or 3.5 sen per share tax-exempt for the current financial quarter ended 30 June 2016 (6% or 3 sen per share tax-exempt for the financial quarter ended 30 June 2015). The dividend will be paid on 5 September 2016.

B13. Earnings per share

The basic earnings per share for the current quarter and financial period to date of 5.13 sen and 9.86 sen respectively were calculated by dividing the Group's profit attributable to owners of the Company for the current quarter of RM37.628 million and financial period to date of RM72.325 million by the weighted average number of ordinary shares in issue of 733,831,055.

B14. Realised and Unrealised Profits

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive from the Exchange, is as follows:

	As at 30/6/2016 RM'000	As at 31/12/2015 RM'000
Realised	349,941	322,961
Unrealised	<u>(2,334)</u>	<u>(7,180)</u>
	347,607	315,781
Add: Consolidation adjustments	222,243	211,097
Total Retained Earnings	<u>569,850</u>	<u>526,878</u>

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 5 August 2016