



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/6/2017 RM'000	Corresponding Quarter Ended 30/6/2016 RM'000	Changes %	Current Year to date Ended 30/6/2017 RM'000	Corresponding Year to date Ended 30/6/2016 RM'000	Changes %
Revenue	365,743	320,890	14.0	725,991	638,698	13.7
Cost of sales	(303,177)	(267,192)	13.5	(595,256)	(529,914)	12.3
Gross profit	62,566	53,698	16.5	130,735	108,784	20.2
Operating expenses	(20,243)	(18,914)	7.0	(40,284)	(38,958)	3.4
Other operating income	6,164	7,997	-22.9	9,461	12,435	-23.9
Interest expense	(588)	(971)	-39.4	(1,151)	(2,025)	-43.2
Profit before taxation	47,899	41,810	14.6	98,761	80,236	23.1
Taxation	(5,388)	(4,053)	32.9	(10,871)	(7,215)	50.7
Profit for the period	42,511	37,757	12.6	87,890	73,021	20.4
Profit attributable to:						
Owners of the Company	42,089	37,628	11.9	86,993	72,325	20.3
Non-controlling interests	422	129	227.1	897	696	28.9
	42,511	37,757	12.6	87,890	73,021	20.4
Earnings per share (sen) –						
(a) Basic	5.74	5.13	11.9	11.85	9.86	20.3
(b) Diluted	5.74	5.13	11.9	11.85	9.86	20.3

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/6/2017 RM'000	Corresponding Quarter Ended 30/6/2016 RM'000	Changes %	Current Year to date Ended 30/6/2017 RM'000	Corresponding Year to date Ended 30/6/2016 RM'000	Changes %
Profit for the period	42,511	37,757	12.6	87,890	73,021	20.4
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	(11,046)	2,922	>-100.0	(15,161)	(66,728)	77.3
Net fair value changes in available-for-sale financial assets	43	-	100.0	84	-	100.0
Total Comprehensive Profit for the period	31,508	40,679	-22.5	72,813	6,293	>100.0
Total Comprehensive Profit attributable to:						
Owners of the Company	31,086	40,550	-23.3	71,916	5,597	>100.0
Non-controlling interests	422	129	227.1	897	696	28.9
	31,508	40,679	-22.5	72,813	6,293	>100.0

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/6/2017 RM'000	As at Preceding Financial Year End 31/12/2016 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,141,831	1,128,975
Prepaid Interest in Leased Land	19,201	19,711
Intangible Assets	2,493	3,625
Deferred Tax Assets	1,217	1,229
Total Non-current Assets	1,164,742	1,153,540
<i>Current Assets</i>		
Inventories	165,259	139,408
Trade and Other Receivables	191,738	219,108
Tax Recoverable	27,348	20,320
Deposits and Other Cash and Cash Equivalents	241,644	253,788
Total Current Assets	625,989	632,624
Total Assets	1,790,731	1,786,164
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	595,367	366,915
Reserves	860,849	1,046,738
Equity Attributable To Owners of the Company	1,456,216	1,413,653
Non-controlling interests	6,252	5,355
Total Equity	1,462,468	1,419,008
<i>Non-Current Liabilities</i>		
Bank Borrowings	10,003	15,487
Retirement Benefits Obligations	31,343	31,574
Deferred Income	8,288	8,562
Deferred Tax Liabilities	7,681	8,326
	57,315	63,949
<i>Current Liabilities</i>		
Trade and Other Payables	225,460	260,603
Bank Borrowings	38,125	36,131
Provision for Tax	7,363	6,473
	270,948	303,207
Total Liabilities	328,263	367,156
Total Equity and Liabilities	1,790,731	1,786,164
Net Assets per ordinary share attributable to owners of the Company (RM)	1.9844	1.9264

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/6/2017 RM'000	Corresponding Year To Date Ended 30/6/2016 RM'000
Operating Activities		
Profit For The Period	87,890	73,021
Adjustments for non-cash items:		
Depreciation and amortisation expenses	84,596	86,105
Interest (income)/expense - net	(1,259)	774
Others	9,160	8,049
Operating Profit Before Changes In Working Capital	180,387	167,949
Net change in current assets	(2,464)	4,244
Tax paid	(18,247)	(7,423)
Net change in current liabilities	(46,342)	(10,665)
Others	1,431	(362)
Net Cash Flows From Operating Activities	114,765	153,743
Investing Activities		
Additions to property, plant and equipment	(72,684)	(59,654)
Others	5,845	1,342
Net Cash Flows Used In Investing Activities	(66,839)	(58,312)
Financing Activities		
Repayment of bank borrowings – net	(2,303)	(45,865)
Dividend paid	(55,037)	(29,353)
Others	(1,161)	(1,861)
Net Cash Flows Used In Financing Activities	(58,501)	(77,079)
Net Change in Cash & Cash Equivalents	(10,575)	18,352
Cash And Cash Equivalents At Beginning Of Period	253,788	133,008
Effect of exchange rate differences	(1,569)	(6,018)
	252,219	126,990
Cash And Cash Equivalents At End Of Period	241,644	145,342
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	241,644	145,342

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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 2017							
At 1 January 2017	366,915	253,113	190,263	603,362	1,413,653	5,355	1,419,008
Adjustments for effects of Companies Act 2016 (Note)	228,452	(228,452)	-	-	-	-	-
Profit for the period	-	-	-	86,993	86,993	897	87,890
Other comprehensive income	-	84	(15,161)	-	(15,077)	-	(15,077)
Total comprehensive income for the period	-	84	(15,161)	86,993	71,916	897	72,813
Dividend distributed to equity holders	-	-	-	(29,353)	(29,353)	-	(29,353)
At 30 June 2017	595,367	24,745	175,102	661,002	1,456,216	6,252	1,462,468

Note:

With the Companies Act 2016 ("CA2016") coming into effect on 31 January 2017, the credit standing in the share premium account of RM228,452,000 has been transferred to the share capital account. Pursuant to subsections 618(3) and 618(4) of the CA2016, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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 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 2016)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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 2016.

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 2016.

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, 2017. 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. *Changes in contingent liabilities or contingent assets*

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

A8. *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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

A9. Dividend Paid

A final dividend of 4.0 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 19 May 2017.

A10. 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 2017	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	314,646	100,555	310,790	725,991
Segment results	52,126	554	44,893	97,573
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
			Current Year to date Ended 30/6/2017 RM'000	Corresponding Year to date Ended 30/6/2016 RM'000
Reconciliation of segment results				
Reportable segments			97,573	79,826
Non-reportable segments			(71)	1,184
Interest expense			(1,151)	(2,025)
Investment income			2,410	1,251
Profit before tax			98,761	80,236
Taxation			(10,871)	(7,215)
Profit after tax			87,890	73,021

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 GmbH commenced its voluntary liquidation proceedings. A notification has been published in Germany on 30 December 2016 and the freeze-period (Sperrjahr) of one year for the liquidation has commenced. The liquidation is expected to be finalized by December 2017.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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 RM365.743 million and RM42.511 million respectively for the quarter ended 30 June 2017. These represent improvement in revenue and net profit of 14.0% and 12.6% respectively against the corresponding quarter ended 30 June 2016.

For the six months period ended 30 June 2017, the Group recorded revenue and net profit of RM725.991 million and RM87.890 million respectively, these represent increase of 13.7% in revenue and 20.4% in net profit as compared to the same period a year ago. All segments recorded increase in revenue with USA segment higher by 26.9% whilst Asia and Europe segments improved by 5.6% and 4.4% respectively.

The increase in revenue and net profits for the current quarter and financial year to date was primarily attributable to improved profit margin arising from higher USD sales achieved coupled with the appreciation of USD/MYR exchange rate, as compared to the prevailing rate in the corresponding quarter/period a year ago.

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

	Current Quarter Ended 30/6/2017 RM'000	Immediate Preceding Quarter Ended 31/3/2017 RM'000	Changes %
Revenue	365,743	360,248	1.5
Gross Profit	62,566	68,169	-8.2
Profit Before Tax	47,899	50,862	-5.8
Profit After Tax	42,511	45,379	-6.3
Profit attributable to Owners of the Company	42,089	44,904	-6.3

The Group achieved profit before taxation of RM47.899 million for the current quarter, a decline of 5.8% against the profit before taxation reported in the preceding quarter ended 31 March 2017. The lower profit before tax was mainly due to decrease in profit margin arising from change in product mix, partly mitigated by income from Government subsidy received by one of the foreign subsidiaries amounting to RM2.17 million.

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 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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.

B7. *Profit Before Taxation*

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

	Current Quarter Ended 30/6/2017 RM'000	Corresponding Quarter Ended 30/6/2016 RM'000	Current Year to date Ended 30/6/2017 RM'000	Corresponding Year to date Ended 30/6/2016 RM'000
Depreciation and amortisation	42,426	42,454	84,596	86,105
Foreign exchange loss/(gain)	2,380	(3,566)	2,669	(4,260)
Interest expense	588	971	1,151	2,025
Provision for/(Write back of) slow moving inventories	185	-	314	-
(Gain)/Loss on disposal of properties	(1,241)	-	(1,241)	-
Interest income	(1,252)	(574)	(2,410)	(1,251)
Grant income received	(2,170)	(701)	(2,170)	(701)
Provision for receivables	-	-	-	-
Bad debts written off	-	-	-	-
Impairment losses on assets	-	-	-	-
Loss/(Gain) on derivatives	-	-	-	-

Grant income received represents Government subsidy received by one of the foreign subsidiaries.

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 30/6/2017 RM'000	Corresponding Quarter Ended 30/6/2016 RM'000	Current Year to date Ended 30/6/2017 RM'000	Corresponding Year to date Ended 30/6/2016 RM'000
Income tax payable	(5,607)	(3,794)	(11,167)	(7,361)
Deferred tax	219	(250)	296	155
	(5,388)	(4,044)	(10,871)	(7,206)
Under provision in prior year	-	(9)	-	(9)
	(5,388)	(4,053)	(10,871)	(7,215)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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.

Further to Note 9(b) to the Company's audited financial statements for the financial year ended 31 December 2016, PT Unisem after receiving an unfavorable verdict in relation to the tax assessment for year of assessment 2011 from the Tax Court, on 21 March 2017 paid an amount equivalent to RM3.5 million, representing the assessed tax underpayment of RM2.7 million and interest of RM0.8 million. PT Unisem is in the midst of filing an appeal with the Supreme Court on the above.

- 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.

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:

	RM'000
<i>Secured Borrowings</i>	
Due within 12 months	28,391
<i>Unsecured Borrowings</i>	
Due within 12 months	9,734
Due after 12 months	10,003
Total as at 30 June 2017	<u>48,128</u>

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

B11. *Trade Receivables*

The age analysis of trade receivables is as follows:

	Current Quarter Ended 30/6/2017 RM'000	Corresponding Quarter Ended 30/6/2016 RM'000
Neither past due nor impaired	173,106	166,138
Past due but not impaired:		
61 – 90 days	3,681	4,801
91 – 120 days	310	1,213
Above 120 days	1,317	472
	5,308	6,486
Past due and impaired:		
Above 120 days	19	-
	<u>178,433</u>	<u>172,624</u>

The Group did not impair the past due trade receivables but monitors these receivables closely and is confident of their eventual recovery.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

B12. *Material Impairment of Assets*

There was no material impairment of assets during the quarter under review and financial year to date.

B13. *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.

B14. *Foreign Currency Risk Management*

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.

B15. *Dividend*

The Directors recommended an interim dividend of 3.5 sen per share tax-exempt for the current financial quarter ended 30 June 2017 (3.5 sen per share tax-exempt for the financial quarter ended 30 June 2016). The dividend will be paid on 8 September 2017.

B16. *Earnings per share*

The basic earnings per share for the current quarter and financial period to date of 5.74 sen and 11.85 sen respectively were calculated by dividing the Group's profit attributable to owners of the Company for the current quarter of RM42.089 million and financial period to date of RM86.993 million by the weighted average number of ordinary shares in issue of 733,831,055.

B17. *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 30/6/2017 RM'000	As at 31/12/2016 RM'000
Realised	548,098	343,778
Unrealised	(6,465)	(5,443)
	<hr/> 541,633	<hr/> 338,335
Add: Consolidation adjustments	119,369	265,027
Total Retained Earnings	<hr/> 661,002	<hr/> 603,362

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 8 August 2017