



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000	Changes %	Current Year to date Ended 30/06/2018 RM'000	Corresponding Year to date Ended 30/06/2017 RM'000	Changes %
Revenue	343,198	365,743	-6.2	664,749	725,991	-8.4
Cost of sales	(302,852)	(303,177)	-0.1	(591,753)	(595,256)	-0.6
Gross profit	40,346	62,566	-35.5	72,996	130,735	-44.2
Operating expenses	(19,620)	(20,243)	-3.1	(39,014)	(40,284)	-3.2
Other operating income	16,219	6,164	163.1	11,320	9,461	19.6
Interest expense	(723)	(588)	23.0	(1,368)	(1,151)	18.9
Profit before tax	36,222	47,899	-24.4	43,934	98,761	-55.5
Taxation	(5,147)	(5,388)	-4.5	(6,534)	(10,871)	-39.9
Profit for the period	31,075	42,511	-26.9	37,400	87,890	-57.4
Profit attributable to:						
Owners of the Company	31,142	42,089	-26.0	37,196	86,993	-57.2
Non-controlling interests	(67)	422	-115.9	204	897	-77.3
	31,075	42,511	-26.9	37,400	87,890	-57.4
Earnings per share (sen) –						
(a) Basic	4.26	5.74	-25.8	5.08	11.85	-57.2
(b) Diluted	4.26	5.74	-25.8	5.08	11.85	-57.2

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000	Changes %	Current Year to date Ended 30/06/2018 RM'000	Corresponding Year to date Ended 30/06/2017 RM'000	Changes %
Profit for the period	31,075	42,511	-26.9	37,400	87,890	-57.4
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	(4,681)	(11,046)	57.6	(12,573)	(15,161)	17.1
Changes in fair value of available-for-sale investments	-	43	-100.0	-	84	-100.0
Total Comprehensive Profit for the period	26,394	31,508	-16.2	24,827	72,813	-65.9
Total Comprehensive Profit attributable to:						
Owners of the Company	26,461	31,086	-14.9	24,623	71,916	-65.8
Non-controlling interests	(67)	422	-115.9	204	897	-77.3
	26,394	31,508	-16.2	24,827	72,813	-65.9

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/06/2018 RM'000	As at Preceding Financial Year End 31/12/2017 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,089,291	1,099,138
Prepaid Interest in Leased Land	18,282	18,703
Intangible Assets	205	1,362
Deferred Tax Assets	1,515	1,349
Total Non-current Assets	1,109,293	1,120,552
<i>Current Assets</i>		
Inventories	173,139	162,677
Trade and Other Receivables	184,738	187,475
Tax Recoverable	25,658	25,698
Deposits and Other Cash and Cash Equivalents	291,162	348,659
Total Current Assets	674,697	724,509
Total Assets	1,783,990	1,845,061
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	595,367	595,367
Reserves	843,352	860,078
Equity Attributable To Owners of the Company	1,438,719	1,455,445
Non-controlling interests	7,502	7,298
Total Equity	1,446,221	1,462,743
<i>Non-Current Liabilities</i>		
Bank Borrowings	7,140	8,948
Retirement Benefits Obligations	41,019	40,097
Deferred Income	7,786	8,036
Deferred Tax Liabilities	4,092	4,877
Total Non-current Liabilities	60,037	61,958
<i>Current Liabilities</i>		
Trade and Other Payables	237,317	279,507
Bank Borrowings	36,413	35,972
Provision for Tax	4,002	4,881
Total Current Liabilities	277,732	320,360
Total Liabilities	337,769	382,318
Total Equity and Liabilities	1,783,990	1,845,061
Net Assets per ordinary share attributable to owners of the Company (RM)	1.9744	1.9834

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/06/2018 RM'000	Corresponding Year To Date Ended 30/06/2017 RM'000
Operating Activities		
Profit For The Period	37,400	87,890
Adjustments for non-cash items:		
Depreciation and amortisation expenses	81,789	84,596
Interest (income)/expense - net	(1,163)	(1,259)
Others	7,786	9,160
Operating Profit Before Changes In Working Capital	125,812	180,387
Net change in current assets	(10,032)	(2,464)
Tax paid	(8,265)	(18,247)
Net change in current liabilities	(16,560)	(46,342)
Others	(927)	1,431
Net Cash Flows From Operating Activities	90,028	114,765
Investing Activities		
Additions to property, plant and equipment	(79,542)	(72,684)
Others	4,919	5,845
Net Cash Flows Used In Investing Activities	(74,623)	(66,839)
Financing Activities		
Drawdown/(Repayment) of bank borrowings – net	(1,403)	(2,303)
Dividend paid	(55,037)	(55,037)
Buying back equity/shares	(11,996)	-
Others	(1,820)	(1,161)
Net Cash Flows Used In Financing Activities	(70,256)	(58,501)
Net Change in Cash & Cash Equivalents	(54,851)	(10,575)
Cash And Cash Equivalents At Beginning Of Period	348,659	253,788
Effect of exchange rate differences	(2,646)	(1,569)
Cash And Cash Equivalents At End Of Period	291,162	241,644
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	291,162	241,644

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2018

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	Treasury Shares 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 2018								
At 1 January 2018	595,367	-	30,590	160,980	668,508	1,455,445	7,298	1,462,743
Profit for the period	-	-	-	-	37,196	37,196	204	37,400
Other comprehensive loss	-	-	-	(12,573)	-	(12,573)	-	(12,573)
Total comprehensive income/(loss) for the period	-	-	-	(12,573)	37,196	24,623	204	24,827
Purchase of treasury shares	-	(11,996)	-	-	-	(11,996)	-	(11,996)
Dividend distributed to equity holders	-	-	-	-	(29,353)	(29,353)	-	(29,353)
At 30 June 2018	595,367	(11,996)	30,590	148,407	676,351	1,438,719	7,502	1,446,221

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)



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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	Treasury Shares 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 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/(loss)	-	-	84	(15,161)	-	(15,077)	-	(15,077)
Total comprehensive income/(loss) 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 2017)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2018

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 2017.

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 2017.

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, 2018. 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, except for the classification of available-for-sale (AFS) investment to Fair Value through Profit or Loss (FVTPL). All fair value gains and losses will be reported in profit or loss for financial assets designated to be measured at FVTPL.

The Group has not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations which have been issued but not yet effective until future periods. The adoption of these Standards when they become effective will have no 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 cyclical nature 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 period 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.



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

There were no issue, cancellation, resale and repayment of debt or equity securities during the quarter under review and financial period to date except for the equity share repurchase.

During the current quarter, the Company repurchased a total of 5,146,200 ordinary shares in the open market at an average price of RM2.33 per share and held as treasury shares. As at 30 June 2018, the total number of treasury shares held represent 0.7% of the total number of issued share of the Company.

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.

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 25 May 2018.

A second interim dividend of 3.5 sen per share tax-exempt, amounting to RM25.684 million in respect of ordinary shares in the current financial year was paid by the Company on 5 January 2018.

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 period to date is as follows:

Year To Date Ended 30 June 2018	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	308,103	103,555	253,091	664,749
Segment results	27,685	(3,329)	18,484	42,840
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



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A10. Segment revenue and segment result and segment assets employed for business segments or geographical segments (cont'd)

	Current Year to date Ended 30/06/2018 RM'000	Corresponding Year to date Ended 30/06/2017 RM'000
Reconciliation of segment results		
Reportable segments	42,840	97,573
Non-reportable segments	(69)	(71)
Interest expense	(1,368)	(1,151)
Investment income	2,531	2,410
Profit before tax	<u>43,934</u>	<u>98,761</u>
Taxation	(6,534)	(10,871)
Profit after tax	<u>37,400</u>	<u>87,890</u>

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's liquidation process is currently pending tax clearance and is expected to be de-registered from the Munich Trade Register by the end of 2018.

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 RM343.198 million and RM31.075 million respectively for the quarter ended 30 June 2018, representing decline in revenue and net profit of 6.2% and 26.9% respectively against the corresponding quarter ended 30 June 2017.

For the six months period ended 30 June 2018, the Group recorded revenue and net profit of RM664.749 million and RM37.400 million respectively. These represent decrease of 8.4% in revenue and 57.4% drop in net profit as compared to the same period a year ago. USA and Asia segments recorded decrease in revenue by 2.1% and 18.6% respectively whilst Europe's segment revenue increased by 3.0%.

The decrease in revenue and net profit for both current quarter and financial period to date was primarily attributable to the depreciation of USD/MYR exchange rates as compared to the prevailing rates a year ago. The decline in net profits for the current quarter and financial period to date was further impacted by the lower profit margins arising from change in product mix.



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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 30/06/2018 RM'000	Immediate Preceding Quarter Ended 31/03/2018 RM'000	Changes %
Revenue	343,198	321,551	6.7
Gross Profit	40,346	32,650	23.6
Profit Before Tax	36,222	7,712	369.7
Profit After Tax	31,075	6,325	391.3
Profit attributable to Owners of the Company	31,142	6,054	414.4

The Group recorded profit before taxation of RM36.222 million for the current quarter, an improvement of 369.7% against the profit before taxation reported in the preceding quarter ended 31 March 2018. The higher profit before tax as compared to the preceding quarter arose mainly from the foreign exchange gain of RM10.02 million as opposed to the foreign exchange loss of RM9.95 million previously as well as improvement in sales volume.

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 current trade war, protectionist policies and tariffs imposed by the USA on imports from China, the European Union, and other countries and the retaliatory measures taken will eventually have the effect of reducing global trade. Whilst the Company is currently unaffected by these measures taken so far, any protracted impasse would have some adverse impact on our operations.

Barring a protracted trade war and a consequential deterioration in global trade, the directors expect the performance of the Group to remain satisfactory for the remaining period to 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.

(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 Before Taxation

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

	Current Quarter Ended 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000	Current Year to date Ended 30/06/2018 RM'000	Corresponding Year to date Ended 30/06/2017 RM'000
Depreciation and amortisation	41,279	42,426	81,789	84,596
Interest expense	723	588	1,368	1,151
Provision for/(Write back of) slow moving inventories	123	185	117	314
Grant income received	(378)	(2,223)	(429)	(2,277)
Interest income	(1,315)	(1,252)	(2,531)	(2,410)
(Gain)/Loss on disposal of properties	-	(1,241)	-	(1,241)
Foreign exchange (gain)/loss	(10,020)	2,380	(70)	2,669
Provision for receivables	-	-	-	-
Bad debts written off	-	-	-	-
Impairment losses on assets	-	-	-	-
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 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000	Current Year to date Ended 30/06/2018 RM'000	Corresponding Year to date Ended 30/06/2017 RM'000
Income tax payable	(5,541)	(5,607)	(7,472)	(11,167)
Deferred tax	394	219	938	296
	(5,147)	(5,388)	(6,534)	(10,871)

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 2017, there were no further updates on PT Unisem's revised tax assessment and the final outcome of the objections/appeals have yet to be obtained.

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 are as follows:

	Current Quarter Ended 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000
<i>Secured Borrowings</i>		
Due within 12 months	27,254	28,391
Due after 12 months	6,888	-
<i>Unsecured Borrowings</i>		
Due within 12 months	9,159	9,734
Due after 12 months	252	10,003
	<u>43,553</u>	<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 30/06/2018 RM'000	Corresponding Quarter Ended 30/06/2017 RM'000
Neither past due nor impaired	159,990	173,125
Past due but not impaired:		
61 – 90 days	4,898	3,681
91 – 120 days	298	310
Above 120 days	563	1,317
	5,759	5,308
Past due and impaired:		
Above 120 days	18	19
	<u>165,767</u>	<u>178,452</u>

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

B12. Material Impairment of Assets

There was no material impairment of assets during the quarter under review and financial period 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 limit the foreign currency exchange risk by having a natural hedge between its receivables and a portion of its payables/bank borrowings and may also enter into forward currency exchange contracts.



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B15. *Dividend*

The Directors recommended an interim dividend of 2.5 sen per share tax-exempt for the current financial quarter ended 30 June 2018 (3.5 sen per share tax-exempt for the financial quarter ended 30 June 2017). The dividend will be paid on 7 September 2018.

B16. *Earnings per share*

The basic earnings per share for the current quarter and financial period to date of 4.26 sen and 5.08 sen respectively were calculated by dividing the Group's profit attributable to owners of the Company for the current quarter of RM31.142 million and financial period to date of RM37.196 million by the weighted average number of ordinary shares in issue during the current quarter of 731,433,422 and for the financial period to date of 732,632,238.

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 2 August 2018