



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000	Changes %	Current Year to date Ended 30/6/2019 RM'000	Corresponding Year to date Ended 30/6/2018 RM'000	Changes %
Revenue	311,927	343,198	-9.1	615,057	664,749	-7.5
Cost of sales	(282,100)	(302,852)	-6.9	(561,254)	(591,753)	-5.2
Gross profit	29,827	40,346	-26.1	53,803	72,996	-26.3
Operating expenses	(19,320)	(19,620)	-1.5	(38,084)	(39,014)	-2.4
Other operating income/(expense)	10,704	16,219	-34.0	13,710	11,320	21.1
Interest expense	(1,587)	(723)	119.5	(2,697)	(1,368)	97.1
Profit before tax	19,624	36,222	-45.8	26,732	43,934	-39.2
Taxation	(5,396)	(5,147)	4.8	(6,458)	(6,534)	-1.2
Profit for the period	14,228	31,075	-54.2	20,274	37,400	-45.8
Profit attributable to:						
Owners of the Company	14,451	31,142	-53.6	20,513	37,196	-44.9
Non-controlling interests	(223)	(67)	-232.8	(239)	204	-217.2
	14,228	31,075	-54.2	20,274	37,400	-45.8
Earnings per share (sen) –						
Basic and diluted	1.99	4.26	-53.3	2.82	5.08	-44.4

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000	Changes %	Current Year to date Ended 30/6/2019 RM'000	Corresponding Year to date Ended 30/6/2018 RM'000	Changes %
Profit for the period	14,228	31,075	-54.2	20,274	37,400	-45.8
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	(6,773)	(4,681)	-44.7	1,268	(12,573)	110.1
Total Comprehensive Profit for the period	7,455	26,394	-71.8	21,542	24,827	-13.2
Total Comprehensive Profit attributable to:						
Owners of the Company	7,678	26,461	-71.0	21,781	24,623	-11.5
Non-controlling interests	(223)	(67)	-232.8	(239)	204	-217.2
	7,455	26,394	-71.8	21,542	24,827	-13.2

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/6/2019 RM'000	As at Preceding Financial Year End 31/12/2018 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,171,051	1,094,094
Prepaid Interest in Leased Land	18,103	17,901
Deferred Tax Assets	100	716
Total Non-current Assets	1,189,254	1,112,711
<i>Current Assets</i>		
Inventories	167,272	177,557
Trade and Other Receivables	169,980	169,011
Tax Recoverable	5,532	204
Deposits and Other Cash and Cash Equivalents	286,670	344,110
Total Current Assets	629,454	690,882
Total Assets	1,818,708	1,803,593
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	595,367	595,367
Treasury Shares	(15,888)	(15,888)
Reserves	851,320	851,351
Equity Attributable To Owners of the Company	1,430,799	1,430,830
Non-controlling interests	7,058	7,297
Total Equity	1,437,857	1,438,127
<i>Non-Current Liabilities</i>		
Bank Borrowings	70,454	11,416
Retirement Benefits Obligations	37,689	35,976
Deferred Income	12,326	12,709
Deferred Tax Liabilities	12,776	10,994
Total Non-current Liabilities	133,245	71,095
<i>Current Liabilities</i>		
Trade and Other Payables	181,417	231,696
Bank Borrowings	66,189	62,139
Provision for Tax	-	536
Total Current Liabilities	247,606	294,371
Total Liabilities	380,851	365,466
Total Equity and Liabilities	1,818,708	1,803,593
Net Assets per ordinary share attributable to owners of the Company (RM)	1.9678	1.9679

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/6/2019 RM'000	Corresponding Year To Date Ended 30/6/2018 RM'000
Operating Activities		
Profit For The Period	20,274	37,400
Adjustments for non-cash items:		
Depreciation and amortisation expenses	83,130	81,789
Interest expense/(income) - net	136	(1,163)
Others	7,092	7,786
Operating Profit Before Changes In Working Capital	110,632	125,812
Net change in current assets	9,526	(10,032)
Tax paid	(9,647)	(8,265)
Net change in current liabilities	(48,886)	(16,560)
Others	(422)	(927)
Net Cash Flows From Operating Activities	61,203	90,028
Investing Activities		
Additions to property, plant and equipment	(161,475)	(79,542)
Others	3,061	4,919
Net Cash Flows Used In Investing Activities	(158,414)	(74,623)
Financing Activities		
Drawdown/(Repayment) of bank borrowings – net	63,096	(1,403)
Dividends paid	(21,812)	(55,037)
Buying back equity/shares	-	(11,996)
Others	(1,890)	(1,820)
Net Cash Flows From/(Used In) Financing Activities	39,394	(70,256)
Net Change in Cash & Cash Equivalents	(57,817)	(54,851)
Cash And Cash Equivalents At Beginning Of Period	344,110	348,659
Effect of exchange rate differences	377	(2,646)
	344,487	346,013
Cash And Cash Equivalents At End Of Period	286,670	291,162
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	286,670	291,162

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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 Translation Reserve RM'000	Retained Earnings RM'000			
Current Period To Date Ended 30 June 2019								
At 1 January 2019	595,367	(15,888)	35,525	139,456	676,370	1,430,830	7,297	1,438,127
Profit for the period	-	-	-	-	20,513	20,513	(239)	20,274
Other comprehensive income	-	-	-	1,268	-	1,268	-	1,268
Total comprehensive income for the period	-	-	-	1,268	20,513	21,781	(239)	21,542
Dividend distributed to equity holders	-	-	-	-	(21,812)	(21,812)	-	(21,812)
At 30 June 2019	595,367	(15,888)	35,525	140,724	675,071	1,430,799	7,058	1,437,857
Corresponding 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 2018)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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 2018.

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 2018.

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, 2019. 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 as follows:

MFRS 16 Leases

MFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Group have assessed the application of MFRS 16 and are of the opinion that there is no material impact for 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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 period 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.

A9. Dividend Paid

A final dividend of 3.0 sen per share tax-exempt, amounting to RM21.812 million in respect of ordinary shares in the previous financial year was paid by the Company on 28 May 2019.

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 2019	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	<u>301,337</u>	<u>91,617</u>	<u>222,103</u>	<u>615,057</u>
Segment results	<u>20,157</u>	<u>(6,870)</u>	<u>13,654</u>	<u>26,941</u>
Year To Date Ended 30 June 2018	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	<u>308,103</u>	<u>103,555</u>	<u>253,091</u>	<u>664,749</u>
Segment results	<u>27,685</u>	<u>(3,329)</u>	<u>18,484</u>	<u>42,840</u>



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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

	Current Year to date Ended 30/6/2019 RM'000	Corresponding Year to date Ended 30/6/2018 RM'000
Reconciliation of segment results		
Reportable segments	26,941	42,840
Non-reportable segments	(73)	(69)
Interest expense	(2,697)	(1,368)
Investment income	2,561	2,531
Profit before tax	<u>26,732</u>	<u>43,934</u>
Taxation	(6,458)	(6,534)
Profit after tax	<u>20,274</u>	<u>37,400</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 period to date except for the announcement of discontinued operations of PT Unisem, an indirect subsidiary of the Group on 28 June 2019. The management will be working in phases to scale back the operations ahead of closing the facility in PT Unisem effective 30 September 2019.

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 RM311.927 million and RM14.228 million respectively for the quarter ended 30 June 2019, representing decline of 9.1% and 54.2% respectively for revenue and net profit against the corresponding quarter ended 30 June 2018. The decrease in revenue and net profit was mainly attributable to lower sales volume. Net profit was further impacted by the lower gain on foreign exchange as compared to the same quarter a year ago.

For the six months ended 30 June 2019, the Group recorded revenue and net profit of RM615.057 million and RM20.274 million respectively. These represent decrease of 7.5% in revenue and 45.8% in net profit as compared to the corresponding period ended 30 June 2018. The decrease in net profit was primarily attributable to the lower gross profit arising from decrease in revenue and recognition of deferred tax expense.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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 30/6/2019 RM'000	Immediate Preceding Quarter Ended 31/3/2019 RM'000	Changes %
Revenue	311,927	303,130	2.9
Gross Profit	29,827	23,976	24.4
Profit Before Tax	19,624	7,108	176.1
Profit After Tax	14,228	6,046	135.3
Profit attributable to Owners of the Company	14,451	6,062	138.4

The Group recorded profit before taxation of RM19.624 million for the current quarter, an improvement of 176.1% against the profit before taxation reported in the preceding quarter ended 31 March 2019. The higher profit before tax was primarily attributable to increase in revenue as well as the appreciation of USD/MYR exchange rates. The net profit was further increased by the foreign exchange gains of RM3.479 million in the current quarter as opposed to the foreign exchange losses of RM2.361 million incurred in the last 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

The directors expect the uncertainties stemming from the global trade war to continue into the second half 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

B7. Profit Before Taxation

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

	Current Quarter Ended 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000	Current Year to date Ended 30/6/2019 RM'000	Corresponding Year to date Ended 30/6/2018 RM'000
Depreciation and amortisation	41,618	41,279	83,130	81,789
Interest expense	1,587	723	2,697	1,368
(Write back of)/Provision for slow moving inventories	(61)	123	(12)	117
Grant income received	(204)	(378)	(408)	(429)
Interest income	(1,405)	(1,315)	(2,561)	(2,531)
Foreign exchange loss/(gain)	(3,479)	(10,020)	(1,118)	(70)
Loss/(Gain) on disposal of properties	-	-	-	-
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 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000	Current Year to date Ended 30/6/2019 RM'000	Corresponding Year to date Ended 30/6/2018 RM'000
Income tax payable	(2,558)	(5,541)	(4,053)	(7,472)
Deferred tax	(2,838)	394	(2,405)	938
	<u>(5,396)</u>	<u>(5,147)</u>	<u>(6,458)</u>	<u>(6,534)</u>

The effective tax rate was higher than the statutory tax rate mainly due to losses of a subsidiary company cannot be used to offset against profit of other companies in the Group.

Further to Note 10 (b) to the Company's audited financial statements for the financial year ended 31 December 2018, 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

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 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000
<i>Secured Borrowings</i>		
Due within 12 months	30,511	27,254
Due after 12 months	9,485	6,888
<i>Unsecured Borrowings</i>		
Due within 12 months	35,678	9,159
Due after 12 months	60,969	252
	<u>136,643</u>	<u>43,553</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 30/6/2019 RM'000	Corresponding Quarter Ended 30/6/2018 RM'000
Neither past due nor impaired	147,128	159,990
Past due but not impaired:		
61 – 90 days	5,965	4,898
91 – 120 days	639	298
Above 120 days	448	563
	7,052	5,759
Past due and impaired:		
Above 120 days	-	18
	<u>154,180</u>	<u>165,767</u>

The Group monitors the past due trade receivables closely and will only impair the amounts if not 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2019

B15. *Dividend*

The Directors recommended an interim dividend of 2.0 sen per share tax-exempt for the current financial quarter ended 30 June 2019. (2.5 sen per share tax-exempt for the financial quarter ended 30 June 2018). The dividend will be paid on 6 September 2019.

B16. *Earnings per share*

The basic earnings per share for the current quarter and financial period to date of 1.99 sen and 2.82 sen respectively were calculated by dividing the Group's profit attributable to owners of the Company for the current quarter of RM14.451 million and financial period to date of RM20.513 million by the weighted average number of ordinary shares in issue of 727,085,855.

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 6 August 2019