



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000	Changes %	Current Year to date Ended 30/9/2019 RM'000	Corresponding Year to date Ended 30/9/2018 RM'000	Changes %
Revenue	316,316	354,705	-10.8	931,373	1,019,454	-8.6
Cost of sales	(295,533)	(309,395)	-4.5	(856,787)	(901,148)	-4.9
Gross profit	20,783	45,310	-54.1	74,586	118,306	-37.0
Operating expenses	(20,260)	(18,691)	8.4	(58,344)	(57,705)	1.1
Other operating income	11,135	13,556	-17.9	24,845	24,876	-0.1
Interest expense	(1,880)	(802)	134.4	(4,577)	(2,170)	110.9
Profit before tax	9,778	39,373	-75.2	36,510	83,307	-56.2
Taxation	(13,317)	(4,367)	204.9	(19,775)	(10,901)	81.4
(Loss)/Profit for the period	(3,539)	35,006	-110.1	16,735	72,406	-76.9
(Loss)/Profit attributable to:						
Owners of the Company	(3,205)	35,147	-109.1	17,308	72,343	-76.1
Non-controlling interests	(334)	(141)	136.9	(573)	63	1009.5
	(3,539)	35,006	-110.1	16,735	72,406	-76.9
(Loss)/Earnings per share (sen):						
Basic and diluted	(0.44)	4.83	-109.1	2.38	9.90	-76.0

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



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000	Changes %	Current Year to date Ended 30/9/2019 RM'000	Corresponding Year to date Ended 30/9/2018 RM'000	Changes %
(Loss)/Profit for the period	(3,539)	35,006	-110.1	16,735	72,406	-76.9
Other comprehensive loss						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	(19,611)	(7,860)	149.5	(18,343)	(20,433)	-10.2
Total Comprehensive (Loss)/Profit for the period	(23,150)	27,146	-185.3	(1,608)	51,973	-103.1
Total Comprehensive (Loss)/Profit attributable to:						
Owners of the Company	(22,816)	27,287	-183.6	(1,035)	51,910	-102.0
Non-controlling interests	(334)	(141)	136.9	(573)	63	1009.5
	(23,150)	27,146	-185.3	(1,608)	51,973	-103.1

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/9/2019 RM'000	As at Preceding Financial Year End 31/12/2018 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,151,715	1,094,094
Prepaid Interest in Leased Land	17,784	17,901
Deferred Tax Assets	-	716
Total Non-current Assets	1,169,499	1,112,711
<i>Current Assets</i>		
Inventories	165,960	177,557
Trade and Other Receivables	184,816	169,011
Tax Recoverable	799	204
Deposits and Other Cash and Cash Equivalents	282,150	344,110
Total Current Assets	633,725	690,882
Total Assets	1,803,224	1,803,593
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	595,367	595,367
Treasury Shares	(15,888)	(15,888)
Reserves	813,962	851,351
Equity Attributable To Owners of the Company	1,393,441	1,430,830
Non-controlling interests	6,724	7,297
Total Equity	1,400,165	1,438,127
<i>Non-Current Liabilities</i>		
Bank Borrowings	100,864	11,416
Retirement Benefits Obligations	13,344	35,976
Deferred Income	18,026	12,709
Deferred Tax Liabilities	25,101	10,994
Total Non-current Liabilities	157,335	71,095
<i>Current Liabilities</i>		
Trade and Other Payables	174,692	231,696
Bank Borrowings	70,017	62,139
Provision for Tax	1,015	536
Total Current Liabilities	245,724	294,371
Total Liabilities	403,059	365,466
Total Equity and Liabilities	1,803,224	1,803,593
Net Assets per ordinary share attributable to owners of the Company (RM)	1.9165	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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/9/2019 RM'000	Corresponding Year To Date Ended 30/9/2018 RM'000
Operating Activities		
Profit For The Period	16,735	72,406
Adjustments for non-cash items:		
Depreciation and amortisation expenses	124,742	123,204
Interest expense/(income) - net	544	(1,804)
Others	(4,781)	13,187
Operating Profit Before Changes In Working Capital	137,240	206,993
Net change in current assets	(8,207)	(18,490)
Tax paid	(4,889)	(13,701)
Net change in current liabilities	(42,266)	(49,980)
Others	(469)	(989)
Net Cash Flows From Operating Activities	81,409	123,833
Investing Activities		
Additions to property, plant and equipment	(207,903)	(128,512)
Others	5,527	6,367
Net Cash Flows Used In Investing Activities	(202,376)	(122,145)
Financing Activities		
Drawdown/(Repayment) of bank borrowings – net	96,793	14,246
Dividends paid	(36,354)	(73,215)
Buying back equity/shares	-	(15,888)
Others	2,861	2,880
Net Cash Flows From/(Used In) Financing Activities	63,300	(71,977)
Net Change in Cash & Cash Equivalents	(57,667)	(70,289)
Cash And Cash Equivalents At Beginning Of Period	344,110	348,659
Effect of exchange rate differences	(4,293)	(4,334)
	339,817	344,325
Cash And Cash Equivalents At End Of Period	282,150	274,036
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	282,150	274,036

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	Other Reserves RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000			
Current Period To Date Ended 30 September 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	-	-	-	-	17,308	17,308	(573)	16,735
Other comprehensive loss	-	-	-	(18,343)	-	(18,343)	-	(18,343)
Total comprehensive (loss)/income for the period	-	-	-	(18,343)	17,308	(1,035)	(573)	(1,608)
Dividend distributed to equity holders	-	-	-	-	(36,354)	(36,354)	-	(36,354)
At 30 September 2019	595,367	(15,888)	35,525	121,113	657,324	1,393,441	6,724	1,400,165
Corresponding Period To Date Ended 30 September 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	-	-	-	-	72,343	72,343	63	72,406
Other comprehensive loss	-	-	-	(20,433)	-	(20,433)	-	(20,433)
Total comprehensive (loss)/income for the period	-	-	-	(20,433)	72,343	51,910	63	51,973
Purchase of treasury shares	-	(15,888)	-	-	-	(15,888)	-	(15,888)
Dividend distributed to equity holders	-	-	-	-	(47,531)	(47,531)	-	(47,531)
At 30 September 2018	595,367	(15,888)	30,590	140,547	693,320	1,443,936	7,361	1,451,297

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 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 or equity that are unusual because of their nature, size, or incidence during the quarter under review and financial period to date except for the impact arising from the termination benefits incurred in PT Unisem.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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

An interim dividend of 2.0 sen per share tax-exempt, amounting to RM14.542 million in respect of ordinary shares in the current financial year was paid by the Company on 6 September 2019.

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 September 2019	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	458,293	133,968	339,112	931,373
Segment results	33,730	(21,927)	25,358	37,161
Year To Date Ended 30 September 2018	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	478,771	155,592	385,091	1,019,454
Segment results	50,452	(3,216)	34,373	81,609



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

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

	Current Year to date Ended 30/9/2019 RM'000	Corresponding Year to date Ended 30/9/2018 RM'000
Reconciliation of segment results		
Reportable segments	37,161	81,609
Non-reportable segments	(107)	(106)
Interest expense	(4,577)	(2,170)
Investment income	4,033	3,974
Profit before tax	<u>36,510</u>	<u>83,307</u>
Taxation	<u>(19,775)</u>	<u>(10,901)</u>
Profit after tax	<u><u>16,735</u></u>	<u><u>72,406</u></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 the planned closure of operations at PT Unisem, an indirect subsidiary of the Group on 28 June 2019. Further announcement was made on 20 September 2019 where the operations in PT Unisem will be extended to March 2020 to service some customers for last time orders.

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 loss of RM316.316 million and RM3.539 million for the current quarter ended 30 September 2019, representing a decline of 10.8% and 110.1% respectively against the corresponding quarter ended 30 September 2018.

For the nine months ended 30 September 2019, the Group recorded revenue of RM931,373 million and net profit of RM16.735 million, representing a decrease of 8.6% and 76.9% respectively, as compared to same period a year ago.

The decrease in revenue was mainly attributable to lower sales volume. The net loss incurred for the current quarter as well as the decrease in net profit for the financial period to date was primarily attributable to the following:

- (i) Net expenses incurred on severance and reversal of retirement benefits in PT Unisem amounted to RM22.371 million,
- (ii) Higher recognition of deferred tax expense mainly due to the reversal of retirement benefits in PT Unisem amounted to RM6.528 million.
- (iii) Lower gain on foreign exchange as compared to the same quarter/period to date a year ago.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 30/9/2019 RM'000	Immediate Preceding Quarter Ended 30/6/2019 RM'000	Changes %
Revenue	316,316	311,927	1.4
Gross Profit	20,783	29,827	-30.3
Profit Before Tax	9,778	19,624	-50.2
(Loss)/Profit After Tax	(3,539)	14,228	-124.9
(Loss)/Profit attributable to Owners of the Company	(3,205)	14,451	-122.2

The Group recorded profit before taxation of RM9.778 million for the current quarter, as compared to the profit before taxation of RM19.624 million reported in the preceding quarter ended 30 June 2019. The lower profit before taxation was primarily attributable to net expenses incurred on severance against reversal of retirement benefits in PT Unisem.

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 some further provisions and impairments in relation to the planned closure of operations at PT Unisem and that the performance of the Group to remain challenging 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.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

B7. Profit Before Taxation

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

	Current Quarter Ended 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000	Current Year to date Ended 30/9/2019 RM'000	Corresponding Year to date Ended 30/9/2018 RM'000
Depreciation and amortisation	41,612	41,415	124,742	123,204
Termination benefits*	22,371	-	22,371	-
Interest expense	1,880	802	4,577	2,170
Provision for/(Write back of) slow moving inventories	58	(6)	46	111
Grant income received	(607)	(99)	(1,015)	(528)
Interest income	(1,472)	(1,443)	(4,033)	(3,974)
Foreign exchange gain	(4,419)	(8,074)	(5,537)	(8,144)
Loss/(Gain) on disposal of properties	-	-	-	-
Provision for receivables	-	-	-	-
Bad debts written off	-	-	-	-
Impairment losses on assets	-	-	-	-
Loss/(Gain) on derivatives	-	-	-	-

* Termination benefits arising from net amount of severance expense incurred against the reversal of retirement benefits in PT Unisem.

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 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000	Current Year to date Ended 30/9/2019 RM'000	Corresponding Year to date Ended 30/9/2018 RM'000
Income tax payable	(1,286)	(5,380)	(5,339)	(12,852)
Deferred tax	(12,534)	684	(14,939)	1,622
	(13,820)	(4,696)	(20,278)	(11,230)
Over provision in prior year	503	329	503	329
	(13,317)	(4,367)	(19,775)	(10,901)

The effective tax rate was higher than the statutory tax rate mainly due to deferred tax expense arising from the reversal of retirement benefits in PT Unisem amounting to RM6.528 million as well as the losses of a subsidiary company which cannot be used to offset against profits 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, PT Unisem's appeal on tax assessment for YA 2012 has been rejected by the Tax Court on 1 October 2019. PT Unisem intends to file an appeal with the Supreme Court on the above decision of the Tax Court.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

- 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 are as follows:

	Current Quarter Ended 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000
<i>Secured Borrowings</i>		
Due within 12 months	31,347	28,220
Due after 12 months	8,638	9,230
<i>Unsecured Borrowings</i>		
Due within 12 months	38,670	7,297
Due after 12 months	92,226	15,342
	170,881	60,089

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 30/9/2019 RM'000	Corresponding Quarter Ended 30/9/2018 RM'000
Neither past due nor impaired	158,278	158,844
Past due but not impaired:		
61 – 90 days	5,785	4,148
91 – 120 days	2,484	508
Above 120 days	1,000	438
	9,269	5,094
Past due and impaired:		
Above 120 days	-	19
	167,547	163,957

The Group monitors the past due trade receivables closely and will only impair the amounts if their eventual recovery is in doubt.

- B12. *Material Impairment of Assets***
There was no material impairment of assets during the quarter under review and financial period to date.



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

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.

B15. *Dividend*

The Directors recommended a second interim dividend of 2.0 sen per share tax-exempt for the current financial quarter ended 30 September 2019 (2.0 sen per share tax-exempt for the financial quarter ended 30 September 2018). The dividend will be paid on 10 January 2020.

B16. *(Loss)/Earnings per share*

The basic (loss)/earnings per share is calculated by dividing the Group's (loss)/earnings attributable to owners of the Company for the current quarter/financial period to date by the weighted average number of ordinary shares in issue.

	Current Quarter Ended 30/9/2019	Corresponding Quarter Ended 30/9/2018	Current Year to date Ended 30/9/2019	Corresponding Year to date Ended 30/9/2018
Net (loss)/profit (RM'000)	(3,205)	35,147	17,308	72,343
Weighted average number of ordinary shares in issue ('000)	727,086	727,086	727,086	730,783
(Loss)/Earnings per share	<u>(0.44)</u>	<u>4.83</u>	<u>2.38</u>	<u>9.90</u>

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 25 October 2019