



UNISEM (M) BERHAD [198901006009 (183314-V)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2020

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	<b>Current Quarter Ended 31/3/2020 RM'000</b>	<b>Corresponding Quarter Ended 31/3/2019 RM'000</b>	<b>Changes %</b>	<b>Current Year to date Ended 31/3/2020 RM'000</b>	<b>Corresponding Year to date Ended 31/3/2019 RM'000</b>	<b>Changes %</b>
Revenue	273,346	303,130	-9.8	273,346	303,130	-9.8
Cost of sales	(261,131)	(279,154)	-6.5	(261,131)	(279,154)	-6.5
Gross profit	12,215	23,976	-49.1	12,215	23,976	-49.1
Operating expenses	(17,927)	(18,764)	-4.5	(17,927)	(18,764)	-4.5
Other operating income	8,430	3,006	180.4	8,430	3,006	180.4
Interest expense	(1,557)	(1,110)	40.3	(1,557)	(1,110)	40.3
Profit before tax	1,161	7,108	-83.7	1,161	7,108	-83.7
Taxation	(3,989)	(1,062)	275.6	(3,989)	(1,062)	275.6
<b>(Loss)/Profit for the period</b>	<b>(2,828)</b>	<b>6,046</b>	<b>-146.8</b>	<b>(2,828)</b>	<b>6,046</b>	<b>-146.8</b>
<b>(Loss)/Profit attributable to:</b>						
Owners of the Company	(2,828)	6,062	-146.6	(2,828)	6,062	-146.6
Non-controlling interests	-	(16)	-100.0	-	(16)	-100.0
	<b>(2,828)</b>	<b>6,046</b>	<b>-146.8</b>	<b>(2,828)</b>	<b>6,046</b>	<b>-146.8</b>
<b>(Loss)/Earnings per share (sen):</b>						
Basic and diluted	(0.39)	0.83	-146.6	(0.39)	0.83	-146.6

**(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)**



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

	<b>Current Quarter Ended 31/3/2020 RM'000</b>	<b>Corresponding Quarter Ended 31/3/2019 RM'000</b>	<b>Changes %</b>	<b>Current Year to date Ended 31/3/2020 RM'000</b>	<b>Corresponding Year to date Ended 31/3/2019 RM'000</b>	<b>Changes %</b>
(Loss)/Profit for the period	(2,828)	6,046	-146.8	(2,828)	6,046	-146.8
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	20,320	8,041	152.7	20,320	8,041	152.7
<b>Total Comprehensive Income for the period</b>	<b>17,492</b>	<b>14,087</b>	<b>24.2</b>	<b>17,492</b>	<b>14,087</b>	<b>24.2</b>
<b>Total Comprehensive Income attributable to:</b>						
Owners of the Company	17,492	14,103	24.0	17,492	14,103	24.0
Non-controlling interests	-	(16)	-100.0	-	(16)	-100.0
	<b>17,492</b>	<b>14,087</b>	<b>24.2</b>	<b>17,492</b>	<b>14,087</b>	<b>24.2</b>

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2020

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at end of Current Quarter 31/3/2020 RM'000	As at Preceding Financial Year End 31/12/2019 RM'000
<b>Assets</b>		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,165,176	1,100,076
Prepaid Interest in Leased Land	17,270	17,061
<b>Total Non-current Assets</b>	<b>1,182,446</b>	<b>1,117,137</b>
<i>Current Assets</i>		
Inventories	154,850	154,026
Trade and Other Receivables	145,264	158,321
Tax Recoverable	797	200
Deposits and Other Cash and Cash Equivalents	408,465	342,803
<b>Total Current Assets</b>	<b>709,376</b>	<b>655,350</b>
<b>Total Assets</b>	<b>1,891,822</b>	<b>1,772,487</b>
<b>Equity and Liabilities</b>		
<i>Capital and Reserves</i>		
Share Capital	595,367	595,367
Treasury Shares	(15,888)	(15,888)
Reserves	793,268	775,776
<b>Total Equity</b>	<b>1,372,747</b>	<b>1,355,255</b>
<i>Non-Current Liabilities</i>		
Bank Borrowings	163,579	120,638
Deferred Income	18,010	17,719
Deferred Tax Liabilities	26,508	24,522
<b>Total Non-current Liabilities</b>	<b>208,097</b>	<b>162,879</b>
<i>Current Liabilities</i>		
Trade and Other Payables	237,856	192,356
Bank Borrowings	62,862	53,471
Amount owing to Other Related Companies	4,314	4,091
Provision for Tax	5,946	4,435
<b>Total Current Liabilities</b>	<b>310,978</b>	<b>254,353</b>
<b>Total Liabilities</b>	<b>519,075</b>	<b>417,232</b>
<b>Total Equity and Liabilities</b>	<b>1,891,822</b>	<b>1,772,487</b>
Net Assets per ordinary share attributable to owners of the Company (RM)	1.8880	1.8640

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2020

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Current Year To Date Ended 31/3/2020 RM'000</b>	<b>Corresponding Year To Date Ended 31/3/2019 RM'000</b>
<b>Operating Activities</b>		
(Loss)/Profit For The Period	(2,828)	6,046
Adjustments for non-cash items:		
Depreciation and amortisation expenses	40,880	41,512
Interest expense/(income) - net	737	(46)
Others	16,237	1,930
Operating Profit Before Changes In Working Capital	55,026	49,442
Net change in current assets	7,206	(6,789)
Tax paid	(2,163)	(6,901)
Net change in current liabilities	(736)	(43,549)
Others	360	(132)
Net Cash Flows From Operating Activities	59,693	(7,929)
<b>Investing Activities</b>		
Additions to property, plant and equipment	(27,993)	(68,641)
Others	851	1,159
Net Cash Flows Used In Investing Activities	(27,142)	(67,482)
<b>Financing Activities</b>		
Drawdown/(Repayment) of bank borrowings – net	40,994	30,825
Dividends paid	(14,542)	-
Others	(1,570)	(1,137)
Net Cash Flows From/(Used In) Financing Activities	24,882	29,688
Net Change in Cash & Cash Equivalents	57,433	(45,723)
Cash And Cash Equivalents At Beginning Of Period	342,803	344,110
Effect of exchange rate differences	8,229	1,903
Cash And Cash Equivalents At End Of Period	351,032	346,013
	408,465	300,290
<b>Cash and Cash Equivalents comprised the following :</b>		
	<b>RM'000</b>	<b>RM'000</b>
Deposits and Other Cash and Cash Equivalents	408,465	300,290

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



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

	← Attributable to Owners of the Company →					Subtotal RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000			
<b>Current Period To Date Ended 31 March 2020</b>								
At 1 January 2020	595,367	(15,888)	40,255	124,799	610,722	1,355,255	-	1,355,255
Loss for the period	-	-	-	-	(2,828)	(2,828)	-	(2,828)
Other comprehensive income	-	-	-	20,320	-	20,320	-	20,320
Total comprehensive income for the period	-	-	-	20,320	(2,828)	17,492	-	17,492
<b>At 31 March 2020</b>	<b>595,367</b>	<b>(15,888)</b>	<b>40,255</b>	<b>145,119</b>	<b>607,894</b>	<b>1,372,747</b>	<b>-</b>	<b>1,372,747</b>
<b>Corresponding Period To Date Ended 31 March 2019</b>								
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	-	-	-	-	6,062	6,062	(16)	6,046
Other comprehensive income	-	-	-	8,041	-	8,041	-	8,041
Total comprehensive income for the period	-	-	-	8,041	6,062	14,103	(16)	14,087
<b>At 31 March 2019</b>	<b>595,367</b>	<b>(15,888)</b>	<b>35,525</b>	<b>147,497</b>	<b>682,432</b>	<b>1,444,933</b>	<b>7,281</b>	<b>1,452,214</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2020

**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 2019.

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 2019.

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, 2020. 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 or equity 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.

**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.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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**A9. Dividend Paid**

A second interim dividend of 2.0 sen per share tax-exempt, amounting to RM14.542 million in respect of ordinary shares in the previous financial year was paid by the Company on 10 January 2020.

**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:

<b>Year To Date Ended 31 March 2020</b>	<b>USA RM'000</b>	<b>Europe RM'000</b>	<b>Asia RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	132,718	37,042	103,586	273,346
Segment results	5,723	(11,646)	7,856	1,933

<b>Year To Date Ended 31 March 2019</b>	<b>USA RM'000</b>	<b>Europe RM'000</b>	<b>Asia RM'000</b>	<b>Group RM'000</b>
Revenue from external customers	151,314	46,808	105,008	303,130
Segment results	7,598	(3,689)	3,189	7,098

	<b>Current Year to date Ended 31/3/2020 RM'000</b>	<b>Corresponding Year to date Ended 31/3/2019 RM'000</b>
<b>Reconciliation of segment results</b>		
Reportable segments	1,933	7,098
Non-reportable segments	(35)	(36)
Interest expense	(1,557)	(1,110)
Interest income	820	1,156
Profit before tax	1,161	7,108
Taxation	(3,989)	(1,062)
(Loss)/Profit after tax	(2,828)	6,046

**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 current reported period that have not been reflected in the financial statement for the current period except for the outbreak of Covid-19 pandemic and the ensuing enforcement of the Movement Control Orders (implemented under the Malaysia's Prevention & Control of Infectious Diseases Act 1988 and the Police Act 1967) ("MCO") which restricted our Ipoh plant from operating at full capacity since 18 March 2020.

**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 cessation of manufacturing operations in PT Unisem on 31 March 2020.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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**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 of RM273.346 million for the current quarter, representing a decline of 9.8% against the corresponding quarter ended 31 March 2019.

The decrease in revenue in the current quarter was primarily attributable to lower sales volume recorded at PT Unisem due to the planned cessation of operations on 31 March 2020 as compared to full production operations a year ago. The implementation of the Movement Control Orders (MCO) since 18 March 2020 also resulted in lower production volume at our Ipoh plant for the current quarter.

The Group recorded net loss of RM2.828 million for the quarter ended 31 March 2020 as compared to a net profit of RM6.046 million achieved a year ago mainly due to lower revenue, higher interest expense and higher tax provision.

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

	<b>Current Quarter Ended 31/3/2020 RM'000</b>	<b>Immediate Preceding Quarter Ended 31/12/2019 RM'000</b>	<b>Changes %</b>
Revenue	273,346	319,832	-14.5
Gross Profit	12,215	35,893	-66.0
Profit/(Loss) Before Tax	1,161	(22,889)	105.1
Loss After Tax	(2,828)	(26,996)	89.5
Loss attributable to Owners of the Company	(2,828)	(26,850)	89.5

The Group recorded profit before taxation of RM1.161 million for the current quarter against the loss before taxation of RM22.889 million reported in the preceding quarter ended 31 December 2019. The net loss before taxation recorded in immediate preceding quarter was primarily attributable to the impairment loss of assets and write down of inventories to net realisable value arising from the plant closure at 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 Covid-19 pandemic and the various movement control measures/lockdowns implemented globally have deeply impacted global economic activities and consumer behavior. At Unisem, the management has implemented measures to control costs, capex and streamlined its operations to mitigate the adverse consequences of the Covid-19 pandemic. The directors expect the operating environment of the Group for 2020 to be challenging.





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- 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.
- B7.** *Profit/(Loss) Before Taxation*  
Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended 31/3/2020 RM'000	Corresponding Quarter Ended 31/3/2019 RM'000	Current Year to date Ended 31/3/2020 RM'000	Corresponding Year to date Ended 31/3/2019 RM'000
Depreciation and amortisation	40,880	41,512	40,880	41,512
Interest expense	1,557	1,110	1,557	1,110
Write down of inventories to net realisable value	1,404	-	1,404	-
Provision for slow moving inventories	55	49	55	49
Grant income received	(720)	(204)	(720)	(204)
Interest income	(820)	(1,156)	(820)	(1,156)
Foreign exchange (gain)/loss	(4,302)	2,361	(4,302)	2,361
Loss/(Gain) on disposal of properties	-	-	-	-
Bad debts written off	-	-	-	-
Loss/(Gain) on derivatives	-	-	-	-



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
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**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 31/3/2020 RM'000	Corresponding Quarter Ended 31/3/2019 RM'000	Current Year to date Ended 31/3/2020 RM'000	Corresponding Year to date Ended 31/3/2019 RM'000
Income tax payable	(2,888)	(1,495)	(2,888)	(1,495)
Deferred tax	(1,101)	433	(1,101)	433
	<u>(3,989)</u>	<u>(1,062)</u>	<u>(3,989)</u>	<u>(1,062)</u>

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

Further to Note 9 (b) to the Company's audited financial statements for the financial year ended 31 December 2019, there were no further updates on PT Unisem's objections/appeals to the Supreme Court.

**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 31/3/2020 RM'000	Corresponding Quarter Ended 31/3/2019 RM'000
<i>Secured Borrowings</i>		
Due within 12 months	-	27,491
Due after 12 months	-	10,325
<i>Unsecured Borrowings</i>		
Due within 12 months	62,862	20,067
Due after 12 months	163,579	46,012
	<u>226,441</u>	<u>103,895</u>

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



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**B11. Trade Receivables**

The age analysis of trade receivables is as follows:

	<b>Current Quarter Ended 31/3/2020 RM'000</b>	<b>Corresponding Quarter Ended 31/3/2019 RM'000</b>
Neither past due nor impaired	124,602	146,087
Past due but not impaired:		
61 – 90 days	3,415	12,419
91 – 120 days	399	1,010
Above 120 days	620	705
	4,434	14,134
Past due and impaired:		
Above 120 days	2,074	-
	131,110	160,221

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.

**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 did not recommend any dividend for the current financial quarter ended 31 March 2020. (Nil for the financial quarter ended 31 March 2019).

The third interim dividend of 2.0 sen per share tax-exempt, amounting to RM14.542 million in respect of ordinary shares for the financial year ended 31 December 2019 will be paid on 29 April 2020. Please refer to the entitlement/notice of book closure announcement dated 31 March 2020 for further details.



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**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.

	<b>Current Quarter Ended 31/3/2020</b>	<b>Corresponding Quarter Ended 31/3/2019</b>	<b>Current Year to date Ended 31/3/2020</b>	<b>Corresponding Year to date Ended 31/3/2019</b>
Net (loss)/profit (RM'000)	(2,828)	6,062	(2,828)	6,062
Weighted average number of ordinary shares in issue ('000)	727,086	727,086	727,086	727,086
(Loss)/Earnings per share	<u>(0.39)</u>	<u>0.83</u>	<u>(0.39)</u>	<u>0.83</u>

BY ORDER OF THE BOARD

**CHIN HOCK YEE** (LS 8922)  
SSM PC No. 201908003237

**KUAN HUI FANG** (MIA 16876)  
SSM PC No. 202008001235

Company Secretaries

DATED : 29 April 2020