

# REGISTRAR OF COMPANIES

**UNISEM (EUROPE) LIMITED**

**Report and Financial Statements**

**31 December 2010**

SATURDAY



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**REPORT AND FINANCIAL STATEMENTS 2010**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C H Ang  
F M T Chia  
Andrew Lee Perry

**SECRETARY**

L J Cooper

**REGISTERED OFFICE**

Parkway  
Pen-y-fan Industrial Estate  
Crumlin  
South Wales  
NP11 3XT

**BANKERS**

HSBC Bank Plc  
97 Bute Street  
Cardiff  
CF10 5NA

**SOLICITORS**

Morgan Cole  
Bradley Court  
Park Place  
Cardiff  
CF10 3DP

**AUDITOR**

Deloitte LLP  
Cardiff

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **ACTIVITIES**

The company specialises in sub-contract assembly and test solutions for semi-conductor devices

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company in the period under review was the provision of sub-contract integrated circuit assembly and test services to the European semi-conductor market

The results for the year and the financial position of the company are as shown in the annexed financial statements. The turnover for the year was £5 174m, which represented an increase of 48.2% compared to the prior year figure of £3 491m. The pre-tax profit for the year was £0.70m compared to a pre-tax loss of £1.263m for the year ended 31 December 2009.

The company's key measurement of effectiveness of its operations is calculating earnings before interest, tax, depreciation and amortisation (EBITDA)/revenue. The company achieved an EBITDA of £1.150m (operating profit of £0.700m plus depreciation of £0.512m less amortisation of deferred income of £0.062m), therefore an EBITDA/revenue ratio of 22.2% as compared to a prior year negative EBITDA of (£0.542m) (operating loss of £1.263m less depreciation of £0.783m add amortisation of deferred income of £0.062m), therefore a negative EBITDA/revenue ratio of 15.5%.

The turnaround from a pre-tax loss position and a negative EBITDA/revenue margin in 2009 to a current year pre-tax profit position which contributed to the positive EBITDA/revenue margin was mainly due to the increase in turnover as well as continuous cost reduction and prevention measurements.

Furthermore, as the company is involved in a considerable amount of customer development projects and subsequently transferring such businesses to other related companies in Asia, a certain portion of its marketing activities costs has been reallocated to these related companies during the financial year.

The balance sheet on page 7 shows the company's financial position at the year-end. Both net assets and cash levels have increased compared to 2009 due to the profits achieved and positive EBITDA/revenue margin achieved during the financial year.

### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further detail regarding the adoption of the going concern basis is provided in note 1 of the financial statements.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The semi-conductor industry is characterised by its volatility and business cycles (growth and downturn). These cycles present significant challenges to maintaining profitability as the company is operating with much higher labour costs in Europe than in Asia which would therefore threaten the ability to secure or maintain sales volume.

The company implemented a new business plan to reduce its amount of mass production (assembly) business in order to mitigate potential losses that could occur during a future industry recession. This involved the reduction of unnecessary costs, securing more test business and undergoing continuous cost control procedures.

The company's only interest-bearing asset is cash.

The company's principal financial assets are cash, debtors and stocks. The company's credit risk is primarily attributable to its debtors. The amounts are presented net of allowance for doubtful debts.

Cash flow and liquidity risk is reduced as much as possible by close management of the working capital cycle and through a robust relationship with the company's creditors.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the company monitors and actively manages its working capital.

## **DIRECTORS' REPORT (continued)**

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2009 - £nil)

### **DIRECTORS**

The directors of the company, who served throughout the financial year, are as shown on page 1

### **DISABLED PERSONS**

The company has a policy of encouraging the employment of disabled persons whenever this is practicable and also attempts to provide equal opportunities to these employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that appropriate training is arranged. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

### **EMPLOYEE INVOLVEMENT**

The Board proposes to maintain and increase the involvement of employees in the successful development and operation of the company. Regular communications take place with employee representatives.

### **AUDITOR**

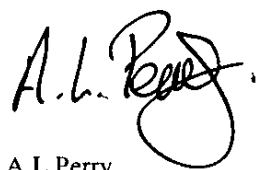
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



A L Perry  
Director

Date 11<sup>th</sup> April 2011

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNISEM (EUROPE) LIMITED**

We have audited the financial statements of Unisem (Europe) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

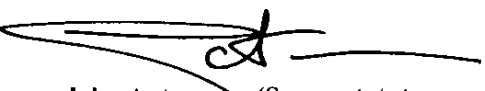
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



John Antoniazzi (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

Date 7 June 2011

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2010**

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	5,174	3,491
Cost of sales		(1,742)	(1,189)
<b>GROSS PROFIT</b>		3,432	2,302
Administrative expenses		(2,666)	(3,504)
Selling and distribution costs		(35)	(27)
<b>OPERATING PROFIT/(LOSS)</b>		731	(1,229)
Interest payable and similar charges	3	(31)	(34)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	700	(1,263)
Tax on profit/(loss) on ordinary activities	6	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	13	700	(1,263)

All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented



**BALANCE SHEET**  
**31 December 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	5,257	5,590
<b>CURRENT ASSETS</b>			
Stocks	8	520	623
Debtors	9	1,321	1,493
Cash at bank and in hand		1,763	552
		3,604	2,668
<b>CREDITORS: amounts falling due within one year</b>	10	(1,394)	(1,312)
<b>NET CURRENT ASSETS</b>		2,210	1,356
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,467	6,946
<b>CREDITORS: amounts falling due after more than one year</b>	11	(288)	(467)
<b>NET ASSETS</b>		7,179	6,479
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account	13	7,179	6,479
<b>SHAREHOLDERS' FUNDS</b>	13	7,179	6,479

The financial statements of Unisem (Europe) Limited, registered number 3791340, were approved by the Board of Directors and authorised for issue on 11<sup>th</sup> April 2011

Signed on behalf of the Board of Directors



A L Perry  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2010

#### 1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the directors' report.

The company has reported an improved profit for the current year, and has significant cash and net asset balances. The company does not have any external financing obligations.

The directors have assessed the balance sheet and likely future cash flows of the company as at the date of approving the financial statements. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

##### Turnover and revenue recognition

Revenue from semi-conductor packaging and testing services is recognised when delivery has occurred or has been rendered and is billable under terms of an arrangement. Invoicing at interim periods prior to shipment is considered as revenue as the customer acknowledges such billings as a service under the terms of an arrangement.

Other criteria which are used to determine when to recognise revenue are that the fees are fixed and determinable and collectability is reasonably assured.

Interest income is recognised on a time basis by reference to the principal outstanding using the effective interest method.

Rental income is accrued on a time basis, by reference to the agreements entered into.

##### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged from the month after the date of purchase or, if applicable, the date of commission. Depreciation is calculated to write off the cost of fixed assets at the following annual rates:

Freehold land	-	Nil
Freehold buildings	-	50 years straight-line
Equipment, fixtures and fittings	-	3-10 years straight-line

##### Stocks

Finished goods, work-in-progress and raw materials are valued at the lower of cost and net realisable value. The cost of products assembled by the company consists of direct material and labour costs, together with attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**1 ACCOUNTING POLICIES (continued)**

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

**Foreign currency**

Transactions in foreign currencies are recorded using the approximate rates of exchange ruling at the time they arose. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any translation differences are dealt with through the profit and loss account

**Leases**

Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation

Rentals payable under operating leases are charged to profit or loss over the term of the relevant lease

**Government grants**

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful lives of the related assets. Grants towards revenue expenditure are released to the profit and loss account so as to match the associated expenditure

**Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund, with Standard Life. The scheme is funded partly by contributions from members of staff and partly by contributions from the company. In addition, the company pays the full cost of death-in-service and disability benefits

Contributions under defined contribution pension schemes are charged to the profit and loss account as incurred

**Cash flow statement**

Under Financial Reporting Standard 1, the company is not required to prepare a cash flow statement as a group cash flow statement has been included in the financial statements of Unisem M Berhad, the ultimate parent company

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**2 TURNOVER**

All turnover relates to sub-contract assembly and the test of semi-conductor devices to the following market regions

	2010 £'000	2009 £'000
Europe	3,893	3,079
North America	1,281	412
	<u>5,174</u>	<u>3,491</u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £'000	2009 £'000
Finance lease	31	31
Bank overdrafts	-	3
	<u>31</u>	<u>34</u>

**4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2010 £'000	2009 £'000
The profit/(loss) on ordinary activities before taxation is after charging/(crediting)		
Amortisation of government grant	(62)	(62)
Depreciation	512	783
Provision for slow-moving inventory	17	31
Auditor's remuneration		
- audit fees	12	16
- other services	22	11
Foreign exchange losses	72	19
Operating lease rentals	58	51
Bad debt written off	-	5
	<u>-</u>	<u>5</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2010 £'000	2009 £'000
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions)	57	86
Pension contributions	4	5
	<u>61</u>	<u>91</u>
	No	No
Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>3</u>
	£'000	£'000
<b>Remuneration of highest paid director</b>		
Emoluments (excluding pension contributions)	57	53
Pension contributions	4	4
	<u>61</u>	<u>57</u>
	£'000	£'000
<b>Employee costs (including directors)</b>		
Wages and salaries	1,470	1,541
Social security costs	141	155
Other pension costs	52	51
	<u>1,663</u>	<u>1,747</u>
	No	No
<b>Average number of persons employed (including directors)</b>		
General administration	8	8
Operations	<u>55</u>	<u>57</u>
	<u>63</u>	<u>65</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	2010 £'000	2009 £'000
<b>Current taxation</b>		
United Kingdom corporation tax		
Current tax on income for the year at 28% (2009 - 28%)	-	-
	<u>          </u>	<u>          </u>
The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows		
	£'000	£'000
Profit/(loss) on ordinary activities before tax	700	(1,263)
	<u>          </u>	<u>          </u>
Tax on profit/(loss) on ordinary activities before tax at 28% (2009 - 28%)	196	(353)
	<u>          </u>	<u>          </u>
<b>Factors affecting charge for the year</b>		
Expenses not deductible for tax purposes	6	21
Depreciation in excess of capital allowances	93	197
Other deferred tax movements	-	(18)
Utilisation of tax losses	(278)	170
Effect of IBA withdrawal in current year	(17)	(17)
	<u>          </u>	<u>          </u>
<b>Current tax charge for the year</b>	-	-
	<u>          </u>	<u>          </u>

Cumulative tax losses carried forward are £6,160,755 (2009 - £6,938,858). These losses are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as they are not expected to be utilised within the immediate future.

In addition, the tax written down value of the company's assets exceeds the book value by £18,286,874 (2009 - £17,986,288). The company also had other timing differences of £124,326 (2009 - £190,096) which could potentially give rise to a deferred tax asset. No deferred tax asset has been recognised in respect of these differences as the asset is not expected to crystallise within the immediate future.

The estimated value of the deferred tax asset not recognised, measured at the standard rate of 28% (2009 - 28%), is £7,109,722 (2009 - £7,489,142).

The change in the corporation tax rate from 28% to 26% from 1 April 2011 will not materially affect the future tax charge.

# NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

## 7 TANGIBLE FIXED ASSETS

	Freehold land £'000	Freehold buildings £'000	Equipment, fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2010	1,000	2,000	21,910	24,910
Additions	-	-	295	295
Disposals	-	-	(877)	(877)
At 31 December 2010	1,000	2,000	21,328	24,328
<b>Depreciation</b>				
At 1 January 2010	-	451	18,869	19,320
Charge for the year	-	44	468	512
Disposals	-	-	(761)	(761)
At 31 December 2010	-	495	18,576	19,071
<b>Net book value</b>				
At 31 December 2010	1,000	1,505	2,752	5,257
At 31 December 2009	1,000	1,549	3,041	5,590

Included under equipment, fixtures and fittings are plant and machinery acquired under finance lease obligations with a cost and net book value amounting to £618,280 (2009 - £618,280) and £387,011 (2009 - £495,374) respectively

## 8. STOCKS

	2010 £'000	2009 £'000
Raw materials and consumables	955	875
Work-in-progress	45	212
Finished goods	10	9
	1,010	1,096
Less Provision for slow-moving stocks	(490)	(473)
	520	623

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**9 DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors due within one year	510	981
Amounts owed by ultimate parent and parent companies	274	263
Amounts owed by related companies	396	110
Other taxation and social security	105	122
Prepayments and accrued income	36	17
	<u>1,321</u>	<u>1,493</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance lease	120	120
Trade creditors	993	911
Amount owed to related company	60	-
Other creditors including taxation and social security	137	196
Accruals and deferred income	84	85
	<u>1,394</u>	<u>1,312</u>

**11. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under hire purchase contracts	235	353
Accruals and deferred income	53	114
	<u>288</u>	<u>467</u>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<u>355</u>	<u>473</u>
<b>Analysis of repayments</b>		
Within one year or on demand	120	120
Between one and two years	120	120
Between two and five years	115	233
	<u>355</u>	<u>473</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**12 CALLED UP SHARE CAPITAL**

	<b>2010 and 2009</b>	
	<b>No.</b>	<b>£</b>
<b>Authorised</b>		
Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	2	2

**13 COMBINED STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	<b>£'000</b>
At 1 January 2010	6,479
Profit for the financial year	700
At 31 December 2010	7,179

**14 RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of Unisem M Berhad, which prepares consolidated financial statements that are publicly available, the company has taken advantage of the exemption under Financial Reporting Standard 8 'Related party transactions' not to disclose transactions with entities, 100% of whose voting rights are controlled within that group

**15 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of Unisem (Europe) Holdings Limited, a company incorporated in England and Wales. Unisem (Europe) Holdings Limited is the parent of the smallest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the financial statements of Unisem (Europe) Holdings Limited can be obtained from its registered office.

The ultimate parent company is Unisem M Berhad, which is the parent of the largest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the financial statements of Unisem M Berhad can be obtained from Letter Box #95, 9<sup>th</sup> Floor, UBN Tower, No. 10 Jalan P Ramlee, 50250 Kuala Lumpur, Malaysia.