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D I R E C T O R S ' R E P O R T

The directors of **UNISEM (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacturing of semiconductor devices.

The subsidiary company, Unisem II Sdn. Bhd., a company incorporated in Malaysia, has not commenced operations since its incorporation.

There has been no significant change in the nature of the activity of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss before tax	1,057,397	1,050,031
Income tax expense	8,996,000	8,996,000
Net loss for the year	10,053,397	10,046,031

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A final dividend of 15%, tax-exempt, amounting to RM21,450,000 proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors proposed a final dividend of 10%, tax-exempt, amounting to RM14,300,900 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

The proposed final dividend for 2001 is payable in respect of all ordinary shares in issue as at the date of the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM143,000,000 to RM143,009,000 by way of an issue of 9,000 new ordinary shares of RM1.00 each for cash pursuant to the Employee Share Option Scheme of the Company at an exercise price of RM7.00 per ordinary share.

The resultant premium arising from the shares issued above of RM54,000 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

There was no issue of debentures during the financial year.

EMPLOYEE SHARE OPTION SCHEME (ESOS)

At an Extraordinary General Meeting held on 3 August 2000, the shareholders of the Company approved the establishment of an ESOS.

The salient features of the ESOS are as follows:

- (a) The ESOS is set-up for participation in the ordinary share capital of the Company only;
- (b) The total number of new ordinary shares to be offered under the ESOS shall not exceed ten (10) per centum of the issued and paid-up share capital of the Company at any point in time during the existence of the scheme;
- (c) Eligible Malaysian employees (including full-time Executive Directors of the Company and its subsidiary company) are those who have been confirmed in service for at least one (1) continuous year while a non-Malaysian employee (including full-time foreign Executive Director) whose contribution is vital to that company in the Group or serving under an employment contract with a duration of at least three (3) years in any company within the Group on or prior to the date of offer pursuant to the ESOS;
- (d) The criterion of allotment of new shares is by reference to the position of the eligible employee. No option shall be granted for less than 1,000 ordinary shares nor more than 400,000 ordinary shares to any individual employee or full-time Executive Director;
- (e) The price payable for each ordinary share under the ESOS upon exercise of the option shall be at a discount of not more than ten (10) per centum from the weighted average of the mean market quotation (calculated as the average of the highest and lowest price transacted) of the ordinary shares as quoted and shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five (5) preceding market days prior to the date of the offer, or the par value of such share of the Company, whichever is the higher;
- (f) The ESOS shall be in force for a period of five (5) years commencing 7 September 2000;
- (g) The options granted shall be capable of being exercised at any time or times during the option period; and
- (h) The ESOS Committee is appointed by the Board of Directors of the Company to administer the scheme.

The movements in the share options during the financial year are as follows:

Exercisable from	Exercise price per ordinary share RM	No. of options over ordinary shares of RM1.00 each				Balance as of 31.12.2001
		Balance as of 1.1.2001	Granted	Exercised	Lapsed	
14.9.2000	14.80	7,395,000	-	-	(35,000)	7,360,000
3.10.2000	13.50	120,000	-	-	-	120,000
13.12.2000	10.20	170,000	-	-	-	170,000
28.2.2001	8.00	-	1,415,000	-	-	1,415,000
19.7.2001	7.00	-	1,185,000	(9,000)	(100,000)	1,076,000
12.12.2001	8.50	-	720,000	-	-	720,000
		7,685,000	3,320,000	(9,000)	(135,000)	10,861,000

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Mr. John Chia Sin Tet
 Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
 Y. Bhg. Tan Sri Dato' Samshuri bin Arshad
 Mr. Colin Garfield MacDonald
 Mr. Yen Woon @ Low Sau Chee
 Mr. Sundra Moorthi s/o V.M. Krishnasamy
 Mr. Francis Chia Mong Tet
 Mr. Tee Yee Loh
 Mr. Chua Khing Chiew (alternate to Mr. Yen Woon @ Low Sau Chee)

In accordance with Article 124 of the Company's Articles of Association, Mr. John Chia Sin Tet, Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba and Y. Bhg. Tan Sri Dato' Samshuri bin Arshad retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1.00 each			
	Balance as of 1.1.2001	Bought/ Transferred*	Sold/ Transferred*	Balance as of 31.12.2001
Shares in the Company				
Registered in name of directors				
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	1,000,000	-	-	1,000,000
Mr. Colin Garfield MacDonald	6,336,049	-	3,425,000 *	2,911,049
Mr. Sundra Moorthi s/o V.M. Krishnasamy	9,000	-	-	9,000
Mr. Francis Chia Mong Tet	1,458,200	-	600,000/ 500,000 *	358,200
Mr. Tee Yee Loh	1,465,790	-	200,000 *	1,265,790

	No. of ordinary shares of RM1.00 each			
	Balance as of 1.1.2001	Bought/ Transferred*	Sold/ Transferred*	Balance as of 31.12.2001
Indirect interest by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	46,855,600	-	-	46,855,600
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	17,000	-	-	17,000
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad	200,000	-	-	200,000
Mr. Colin Garfield MacDonald	375,000	3,425,000 *	-	3,800,000
Mr. Yen Woon @ Low Sau Chee	43,150,000	-	-	43,150,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	2,000	-	-	2,000
Mr. Francis Chia Mong Tet	2,600,000	500,000 *	-	3,100,000
Mr. Tee Yee Loh	948,810	200,000 *	-	1,148,810
Mr. Chua Khing Chiew (Alternate to Mr. Yen Woon @ Low Sau Chee)	42,900,000	-	-	42,900,000

By virtue of the above directors' interests in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiary company to the extent that the Company has interest.

In addition to the above, the following director is deemed to have interest in the shares of the Company to the extent of options granted to him pursuant to the ESOS of the Company:

	No. of options over ordinary shares of RM1.00 each			Balance as of 31.12.2001
	Balance as of 1.1.2001	Granted	Exercised	
Mr. John Chia Sin Tet	400,000	-	-	400,000

None of the other directors in office at the end of the financial year, held shares or have beneficial interest in the shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 13 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 17 to the Financial Statements.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

COLIN GARFIELD MACDONALD

Kuala Lumpur,
20 February 2002

R E P O R T O F T H E A U D I T O R S
TO THE MEMBERS OF UNISEM (M) BERHAD (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 31 December 2001 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31 December 2001 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

WONG GUANG SENG
787/3/03(J/PH)
Partner

Ipoh,
20 February 2002

I N C O M E S T A T E M E N T S
FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	The Group		The Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue		187,906,564	403,880,264	187,906,564	403,880,264
Other operating income	6	4,349,455	9,840,993	4,349,455	9,840,993
Changes in inventories of finished goods and work-in-progress		(852,099)	199,970	(852,099)	199,970
Raw materials and consumables used		(45,812,547)	(89,233,332)	(45,812,547)	(89,233,332)
Directors' remuneration	5	(1,344,428)	(1,795,080)	(1,344,428)	(1,795,080)
Staff costs		(40,937,731)	(46,499,051)	(40,937,731)	(46,499,051)
Depreciation of property, plant and equipment	9	(56,127,064)	(40,985,589)	(56,127,064)	(40,985,589)
Other operating expenses	6	(48,239,547)	(68,203,548)	(48,232,181)	(68,199,610)
Profit/(Loss) before tax		(1,057,397)	167,204,627	(1,050,031)	167,208,565
Income tax expense	7	(8,996,000)	(20,393,000)	(8,996,000)	(20,393,000)
Net profit/(loss) for the year		(10,053,397)	146,811,627	(10,046,031)	146,815,565
Earnings/(Loss) per ordinary share					
Basic (sen)	8	<u>(7.0)</u>	<u>102.7</u>		
Diluted (sen)	8	<u>(7.0)</u>	<u>102.6</u>		

The accompanying Notes form an integral part of the Financial Statements.

B A L A N C E S H E E T S
AS OF 31 DECEMBER 2001

	Note(s)	The Group		The Company	
		2001 RM	2000 RM	2001 RM	2000 RM
ASSETS					
Property, plant and equipment	9	645,244,765	594,501,027	645,244,765	594,501,027
Investment in subsidiary company	10	-	-	4,327,967	1,404,167
Current Assets					
Inventories	11	21,579,252	32,334,863	21,579,252	32,334,863
Trade receivables		26,791,555	71,284,724	26,791,555	71,284,724
Other receivables and prepaid expenses	12	10,546,668	15,290,160	6,229,007	13,888,933
Cash and bank balances	14	24,890,679	133,611,669	24,890,677	133,611,667
		83,808,154	252,521,416	79,490,491	251,120,187
Current Liabilities					
Trade payables		7,892,576	15,690,224	7,892,576	15,690,224
Other payables and accrued expenses	13 & 15	79,116,637	157,977,448	79,115,637	157,976,448
Tax liabilities		9,097,860	17,468,528	9,097,860	17,468,528
Proposed dividend		14,300,900	21,450,000	14,300,900	21,450,000
		110,407,973	212,586,200	110,406,973	212,585,200
Net Current Assets/ (Liabilities)		(26,599,819)	39,935,216	(30,916,482)	38,534,987
Deferred Tax Liability	16	(8,500,000)	-	(8,500,000)	-
Net Assets		610,144,946	634,436,243	610,156,250	634,440,181
Represented by:					
Share capital	17	143,009,000	143,000,000	143,009,000	143,000,000
Reserves	18	467,135,946	491,436,243	467,147,250	491,440,181
Shareholders' Equity		610,144,946	634,436,243	610,156,250	634,440,181

The accompanying Notes form an integral part of the Financial Statements.

S T A T E M E N T S O F C H A N G E S I N E Q U I T Y
FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	Issued Capital RM	Non- distributable Reserve Share Premium RM	Distributable Reserve Unappropriated Profit RM	Total Shareholders' Equity RM
The Group					
Balance as of 1 January 2000		143,000,000	152,392,308	227,982,308	523,374,616
Net profit for the year		-	-	146,811,627	146,811,627
Dividends	19	-	-	(35,750,000)	(35,750,000)
Balance as of 31 December 2000		143,000,000	152,392,308	339,043,935	634,436,243
Net loss for the year		-	-	(10,053,397)	(10,053,397)
Dividends	19	-	-	(14,300,900)	(14,300,900)
Issue of shares from exercise of share options	17	9,000	54,000	-	63,000
Balance as of 31 December 2001		143,009,000	152,446,308	314,689,638	610,144,946
The Company					
Balance as of 1 January 2000		143,000,000	152,392,308	227,982,308	523,374,616
Net profit for the year		-	-	146,815,565	146,815,565
Dividends	19	-	-	(35,750,000)	(35,750,000)
Balance as of 31 December 2000		143,000,000	152,392,308	339,047,873	634,440,181
Net loss for the year		-	-	(10,046,031)	(10,046,031)
Dividends	19	-	-	(14,300,900)	(14,300,900)
Issue of shares from exercise of share options	17	9,000	54,000	-	63,000
Balance as of 31 December 2001		143,009,000	152,446,308	314,700,942	610,156,250

The accompanying Notes form an integral part of the Financial Statements.

C A S H F L O W S T A T E M E N T S
FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	The Group	
		2001 RM	2000 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) before tax		(1,057,397)	167,204,627
Adjustments for:			
Depreciation of property, plant and equipment		56,127,064	40,985,589
Interest income		(1,768,446)	(6,830,267)
(Gain)/Loss on disposal of property, plant and equipment		(534,282)	57,639
Property, plant and equipment written off		-	279
		<hr/>	<hr/>
Operating Profit Before Working Capital Changes		52,766,939	201,417,867
(Increase)/Decrease in:			
Inventories		10,755,611	(16,166,416)
Trade receivables		44,493,169	(17,658,883)
Other receivables and prepaid expenses		4,761,680	(11,771,590)
Increase/(Decrease) in:			
Trade payables		(7,797,648)	(2,525,330)
Other payables and accrued expenses		(10,596,955)	36,391
		<hr/>	<hr/>
Cash From Operations		94,382,796	153,332,039
Income tax paid		(8,866,668)	(2,924,472)
		<hr/>	<hr/>
Net Cash From Operating Activities		85,516,128	150,407,567
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		1,750,258	6,779,597
Proceeds from disposal of property, plant and equipment		856,605	41,100
Additions to property, plant and equipment		(175,456,981)	(293,242,934)
		<hr/>	<hr/>
Net Cash Used In Investing Activities		(172,850,118)	(286,422,237)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Issue of shares		63,000	-
Dividends paid		(21,450,000)	(31,460,000)
		<hr/>	<hr/>
Net Cash Used In Financing Activities		(21,387,000)	(31,460,000)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(108,720,990)	(167,474,670)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		133,611,669	301,086,339
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	24,890,679	133,611,669
		<hr/>	<hr/>

The accompanying Notes form an integral part of the Financial Statements.

	Note	The Company	
		2001 RM	2000 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) before tax		(1,050,031)	167,208,565
Adjustments for:			
Depreciation of property, plant and equipment		56,127,064	40,985,589
Interest income		(1,768,446)	(6,830,267)
(Gain)/Loss on disposal of property, plant and equipment		(534,282)	57,639
Property, plant and equipment written off		-	279
Operating Profit Before Working Capital Changes		52,774,305	201,421,805
(Increase)/Decrease in:			
Inventories		10,755,611	(16,166,416)
Trade receivables		44,493,169	(17,658,883)
Other receivables and prepaid expenses		7,678,114	(10,370,363)
Increase/(Decrease) in:			
Trade payables		(7,797,648)	(2,525,330)
Other payables and accrued expenses		(10,596,955)	35,391
Cash From Operations		97,306,596	154,736,204
Income tax paid		(8,866,668)	(2,924,472)
Net Cash From Operating Activities		88,439,928	151,811,732
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		1,750,258	6,779,597
Proceeds from disposal of property, plant and equipment		856,605	41,100
Additions to property, plant and equipment		(175,456,981)	(293,242,934)
Advances to subsidiary company		(2,623,802)	(1,404,165)
Additional subscription in subsidiary company		(299,998)	-
Acquisition of subsidiary company		-	(2)
Net Cash Used In Investing Activities		(175,773,918)	(287,826,404)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Issue of shares		63,000	-
Dividends paid		(21,450,000)	(31,460,000)
Net Cash Used In Financing Activities		(21,387,000)	(31,460,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(108,720,990)	(167,474,672)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		133,611,667	301,086,339
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	24,890,677	133,611,667

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The Company is principally involved in the manufacturing of semiconductor devices.

The subsidiary company, Unisem II Sdn. Bhd., a company incorporated in Malaysia, has not commenced operations since its incorporation.

There has been no significant change in the nature of the activity of the Company during the financial year.

The total number of employees of the Company at year end were 2,335 (2000: 3,199). The subsidiary company has no employee as of the end of the current and previous financial year.

The registered office of the Company is located at Letter Box #95, 9th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur.

The principal place of business of the Company is located at No. 1, Persiaran Pulau Jaya 9, Kawasan Perindustrian Pulau Jaya, 31300 Ipoh, Perak Darul Ridzuan.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated.

Revenue

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed. Sales represent gross invoiced value of goods sold and services provided net of trade discounts and allowances.

Research and Development Expenditure

Research and development expenditure on new or improved materials, products or processes are expensed to the income statements as incurred. However, development expenditure incurred to the extent that it is expected that such results will generate future economic benefits, are recognised as an asset.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred Tax

The tax effects of transactions are generally recognised, using the "liability" method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to net deferred tax assets, the tax effects are recognised generally on actual realisation.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Capital work-in-progress is not depreciated. Long-term leasehold land is amortised over the remaining period of the lease of 99 years. All other property, plant and equipment are depreciated on a straight-line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Buildings	2%
Plant and machinery	10%
Electrical installation	10%
Office equipment	10%
Air-conditioners	10%
Motor vehicles	20%
Furniture and fittings	10%

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary company controlled by the Company made up to 31 December 2001.

A subsidiary company is a company in which the Group or the Company has the power to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

Subsidiary company is consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the subsidiary company are measured at fair values at the date of acquisition.

All significant intercompany transactions and balances are eliminated on consolidation.

Investment

Investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's financial statements at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. The cost of raw materials and factory supplies comprise the original purchase price plus cost in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprise the cost of raw materials, direct labour and a proportion of production overheads.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate provisions for estimated irrecoverable amount. Provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. SEGMENT INFORMATION

The Company operates within one industry and one geographical area. As such, segment information is not presented.

5. DIRECTORS' REMUNERATION

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Executive directors:				
Fees	121,500	194,400	121,500	194,400
Other emoluments	676,628	1,127,280	676,628	1,127,280
	798,128	1,321,680	798,128	1,321,680
Non-executive directors:				
Fees	546,300	473,400	546,300	473,400
	1,344,428	1,795,080	1,344,428	1,795,080

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM28,600 (2000: RM50,050).

6. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest on fixed deposits	1,768,446	6,830,267	1,768,446	6,830,267
Realised gain on foreign exchange	1,616,108	2,547,838	1,616,108	2,547,838
Gain on disposal of property, plant and equipment	534,282	-	534,282	-
Research and development expenses	(5,283,292)	(6,957,705)	(5,283,292)	(6,957,705)
Rental of premises	(272,477)	(202,376)	(272,477)	(202,376)
Audit fee:				
Statutory	(37,000)	(31,000)	(36,000)	(30,000)
Special	-	(30,000)	-	(30,000)
Underprovision in previous year	(6,000)	-	(6,000)	-
Loss on disposal of property, plant and equipment	-	(57,639)	-	(57,639)
Preliminary expenses written off	-	(2,350)	-	-
Property, plant and equipment written off	-	(279)	-	(279)

7. INCOME TAX EXPENSE

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Malaysian income tax payable	496,000	20,393,000	496,000	20,393,000
Deferred tax (Note 16)	8,500,000	-	8,500,000	-
	8,996,000	20,393,000	8,996,000	20,393,000

Although the operations of the Group and of the Company in 2001 resulted in losses, provision for income tax has been made due to interest income which is assessed separately.

The effective tax rates of the Group and of the Company in 2000 are lower than the statutory income tax rate due mainly to pioneer status being granted in respect of certain products of the Company for a period of five years commencing 1 February 2000. By virtue of this pioneer status, the profits derived from the pioneer products during the pioneer period will be exempted from income tax.

As of 31 December 2001, the Company has tax-exempt income which is subject to approval by the tax authorities amounting to RM118,147,000 (2000: RM144,719,000) and a special tax-exempt account arising from the waiver of tax on chargeable income for Year of Assessment 2000 (Preceding Year Basis) of approximately RM118,633,000 (2000: RM118,633,000). Dividends declared out of such profits will also be exempted from income tax in the hands of the shareholders.

8. EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2001	2000
Basic		
Net profit/(loss) attributable to ordinary shareholders	<u>RM (10,053,397)</u>	RM146,811,627
Number of ordinary shares in issue as of 1 January	143,000,000	143,000,000
Effect of exercise of ESOS	750	-
Weighted average number of ordinary shares in issue	<u>143,000,750</u>	143,000,000
Basic earnings/(loss) per ordinary share (sen)	<u>(7.0)</u>	102.7
Diluted		
Net profit/(loss) attributable to ordinary shareholders	<u>RM (10,053,397)</u>	RM146,811,627
Weighted average number of ordinary shares in issue	143,000,750	143,000,000
ESOS:		
Weighted average number of unissued shares	562,583	170,000
Weighted average number of shares that would have been issued at fair value	<u>(510,775)</u>	<u>(129,210)</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>143,052,558</u>	143,040,790
Diluted earnings/(loss) per ordinary share (sen)	<u>(7.0)</u>	102.6

The above calculation reflects dilutive earnings per ordinary shares for options offered on 19 July 2001 and 13 December 2001.

The diluted earnings per ordinary share of the Company for the remaining options in 2001 and 2000 have not been presented as the average fair value of the shares of the Company is lower than the exercise price for the conversion of ESOS to ordinary shares. The effect would be anti-dilutive to the earnings per ordinary share.

9. PROPERTY, PLANT AND EQUIPMENT

The Group and The Company	← Cost →			At end of year RM
	At beginning of year RM	Additions RM	Disposals RM	
Long-term leasehold land	2,992,941	-	-	2,992,941
Buildings	19,342,116	817,378	-	20,159,494
Plant and machinery	629,442,197	83,274,091	(1,260,314)	711,455,974
Electrical installation	7,768,029	422,179	-	8,190,208
Office equipment	6,032,508	693,373	-	6,725,881
Air-conditioners	1,653,585	207,773	-	1,861,358
Motor vehicles	3,041,011	1,834,709	(1,049,553)	3,826,167
Furniture and fittings	1,786,276	365,060	-	2,151,336
Capital work-in-progress	43,504,719	19,578,562	-	63,083,281
	715,563,382	107,193,125	(2,309,867)	820,446,640

	← Accumulated Depreciation →				Net Book Value	
	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM	2001 RM	2000 RM
Long-term leasehold land	157,156	30,231	-	187,387	2,805,554	2,835,785
Buildings	1,805,728	396,854	-	2,202,582	17,956,912	17,536,388
Plant and machinery	112,344,050	53,207,262	(937,992)	164,613,320	546,842,654	517,098,147
Electrical installation	2,763,315	805,926	-	3,569,241	4,620,967	5,004,714
Office equipment	1,369,972	655,532	-	2,025,504	4,700,377	4,662,536
Air-conditioners	206,046	176,539	-	382,585	1,478,773	1,447,539
Motor vehicles	1,819,105	644,297	(1,049,552)	1,413,850	2,412,317	1,221,906
Furniture and fittings	596,983	210,423	-	807,406	1,343,930	1,189,293
Capital work-in-progress	-	-	-	-	63,083,281	43,504,719
	121,062,355	56,127,064	(1,987,544)	175,201,875	645,244,765	594,501,027

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Provision for depreciation has not been made on the cost of acquisition of plant and machinery for the Phase III expansion of the Group and of the Company amounting to RM169,833,293 as they are not in use at balance sheet date. Had depreciation been provided on these plant and machinery, the effect would increase the Group and the Company's losses for the year by RM14,330,073. In 2000, RM120,943,182 of the cost of plant and machinery acquired towards the end of the financial year for the Phase III expansion was also not depreciated. The effect on the income statements had depreciation been provided would reduce the profit for 2000 by RM1,769,818.

Included in property, plant and equipment of the Group and of the Company are fully depreciated motor vehicles which are still in use, with a cost of RM337,153 (2000: RM1,049,552).

10. INVESTMENT IN SUBSIDIARY COMPANY

	The Company	
	2001 RM	2000 RM
Unquoted shares, at cost	300,000	2
Amount owing by subsidiary company	4,027,967	1,404,165
	4,327,967	1,404,167

The wholly-owned subsidiary company is Unisem II Sdn. Bhd., a company incorporated in Malaysia. The subsidiary company is pre-operating at balance sheet date.

The amount owing by subsidiary company arose mainly from payments made on behalf for the acquisition of a piece of industrial land. The amount owing by subsidiary company is unsecured, interest-free and will not be repaid within the next twelve months.

11. INVENTORIES

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At cost:				
Finished goods	58,300	271,859	58,300	271,859
Work-in-progress	1,039,291	1,677,831	1,039,291	1,677,831
Raw materials	12,824,122	22,912,612	12,824,122	22,912,612
Factory supplies	7,657,539	7,472,561	7,657,539	7,472,561
	21,579,252	32,334,863	21,579,252	32,334,863

12. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other receivables	3,964,199	7,991,979	3,964,199	7,991,979
Deposits	4,443,343	1,515,349	125,682	114,122
Prepaid expenses	2,139,126	5,782,832	2,139,126	5,782,832
	10,546,668	15,290,160	6,229,007	13,888,933

Other receivables comprise mainly advance payments made for the purchase of plant and machinery. Deposits of the Group relates to additional downpayment for the purchase of a piece of industrial land.

13. RELATED PARTY TRANSACTIONS

Related parties are entities which have common directors and/or shareholders with the Company or its subsidiary company and have the ability to control the other party or exercise significant influence over the other party in making financing and operating decisions.

The related parties and their relationship with the Company and its subsidiary company are as follows:

Name of related parties	Relationship
Hiti Engineering (M) Sdn. Bhd.	A company in which Messrs. Francis Chia Mong Tet and Tee Yee Loh, have substantial financial interests.
Adnan Sundra & Low	A firm of advocates and solicitors in which Mr. Sundra Moorthi s/o V.M. Krishnasamy is a partner.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Related parties				
Hiti Engineering (M) Sdn. Bhd. Construction manager's fees for the construction and facilitization of plant expansion	495,620	3,438,488	495,620	3,438,488
Adnan Sundra & Low Legal fees paid	-	3,875	-	3,875

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

13. RELATED PARTY TRANSACTIONS (Cont'd)

The outstanding balance arising from the above transactions are as follows:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Payables				
Hiti Engineering (M) Sdn. Bhd. Included in other payables	<u>5,750,097</u>	<u>133,455</u>	<u>5,750,097</u>	<u>133,455</u>

14. CASH AND BANK BALANCES

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits with licensed banks	22,000,000	125,739,680	22,000,000	125,739,680
Cash on hand and at banks	<u>2,890,679</u>	<u>7,871,989</u>	<u>2,890,677</u>	<u>7,871,987</u>
	<u>24,890,679</u>	<u>133,611,669</u>	<u>24,890,677</u>	<u>133,611,667</u>

15. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other payables	75,072,938	152,414,704	75,072,938	152,414,704
Accrued expenses	<u>4,043,699</u>	<u>5,562,744</u>	<u>4,042,699</u>	<u>5,561,744</u>
	<u>79,116,637</u>	<u>157,977,448</u>	<u>79,115,637</u>	<u>157,976,448</u>

Other payables comprise mainly outstanding balances for purchases of plant and machinery and facilitation of cleanrooms in connection with the expansion programme embarked by the Company in year 2000, advances and payments on behalf. The amounts owing are interest-free and have no fixed terms of repayment. Transactions with related parties are disclosed in Note 13.

16. DEFERRED TAX LIABILITY

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At beginning of year	-	-	-	-
Transfer from the income statements (Note 7)	8,500,000	-	8,500,000	-
At end of year	8,500,000	-	8,500,000	-

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
The net deferred tax liability is in respect of the following:				
Timing differences between tax capital allowances and book depreciation of property, plant and equipment	15,155,000	-	15,155,000	-
Unabsorbed capital allowances	(6,655,000)	-	(6,655,000)	-
	8,500,000	-	8,500,000	-

The potential deferred tax liability of the Group and of the Company not provided for in the financial statements as it is anticipated that the tax effect of such deferrals will continue in the foreseeable future, are as follows:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cumulative timing differences between depreciation and tax allowances on property, plant and equipment	92,325,000	74,384,000	92,325,000	74,384,000
Potential deferred tax liability not taken up in the financial statements calculated at 28% tax rate	25,851,000	20,827,000	25,851,000	20,827,000

17. SHARE CAPITAL

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Authorised:				
500,000,000 ordinary shares of RM1.00 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At beginning of year	143,000,000	143,000,000	143,000,000	143,000,000
Issued pursuant to the ESOS	9,000	-	9,000	-
At end of year	143,009,000	143,000,000	143,009,000	143,000,000

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from RM143,000,000 to RM143,009,000 by way of an issue of 9,000 new ordinary shares of RM1.00 each for cash at an exercise price of RM7.00 per ordinary share pursuant to the ESOS of the Company.

The resultant premium arising from the shares issued above of RM54,000 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

At an Extraordinary General Meeting held on 3 August 2000, the shareholders of the Company approved the establishment of an ESOS.

The movements in the share options during the financial year are as follows:

Exercisable from	No. of options over ordinary shares of RM1.00 each				Balance as of 31.12.2001
	Balance as of 1.1.2001	Granted	Exercised	Lapsed	
14.9.2000	7,395,000	-	-	(35,000)	7,360,000
3.10.2000	120,000	-	-	-	120,000
13.12.2000	170,000	-	-	-	170,000
28.2.2001	-	1,415,000	-	-	1,415,000
19.7.2001	-	1,185,000	(9,000)	(100,000)	1,076,000
12.12.2001	-	720,000	-	-	720,000
	7,685,000	3,320,000	(9,000)	(135,000)	10,861,000

17. SHARE CAPITAL (Cont'd)

The salient features of the ESOS are as follows:

- (a) The ESOS is set-up for participation in the ordinary share capital of the Company only;
- (b) The total number of new ordinary shares to be offered under the ESOS shall not exceed ten (10) per centum of the issued and paid-up share capital of the Company at any point in time during the existence of the scheme;
- (c) Eligible Malaysian employees (including full-time Executive Directors of the Company and its subsidiary company) are those who have been confirmed in service for at least one (1) continuous year while a non-Malaysian employee (including full-time foreign Executive Director) whose contribution is vital to that company in the Group or serving under an employment contract with a duration of at least three (3) years in any company within the Group on or prior to the date of offer pursuant to the ESOS;
- (d) The criterion of allotment of new shares is by reference to the position of the eligible employee. No option shall be granted for less than 1,000 ordinary shares nor more than 400,000 ordinary shares to any individual employee or full-time Executive Director;
- (e) The price payable for each ordinary share under the ESOS upon exercise of the option shall be at a discount of not more than ten (10) per centum from the weighted average of the mean market quotation (calculated as the average of the highest and lowest price transacted) of the ordinary shares as quoted and shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five (5) preceding market days prior to the date of the offer, or the par value of such share of the Company, whichever is the higher;
- (f) The ESOS shall be in force for a period of five (5) years commencing 7 September 2000;
- (g) The options granted shall be capable of being exercised at any time or times during the option period; and
- (h) The ESOS Committee is appointed by the Board of Directors of the Company to administer the scheme.

18. RESERVES

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Non-distributable reserve:				
Share premium	152,446,308	152,392,308	152,446,308	152,392,308
Distributable reserve:				
Unappropriated profit	314,689,638	339,043,935	314,700,942	339,047,873
	<u>467,135,946</u>	<u>491,436,243</u>	<u>467,147,250</u>	<u>491,440,181</u>

18. RESERVES (Cont'd)

Share premium

Share premium arose from the following:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Public issue of 38,000,000 ordinary shares of RM1.00 each at an issue price of RM5.10 per ordinary share in 1998, net of share issue expenses of RM3,407,692	152,392,308	152,392,308	152,392,308	152,392,308
Exercise of share options of 9,000 ordinary shares issued at a premium of RM6.00 per ordinary share in 2001	54,000	-	54,000	-
	152,446,308	152,392,308	152,446,308	152,392,308

Unappropriated profit

As of 31 December 2001, subject to agreement with the Inland Revenue Board, the Company has a Section 108 tax credit of RM23,614,000 (2000: RM23,119,000). Based on the prevailing tax rate applicable to dividends and the estimated tax credit and tax-exempt account balances as mentioned in Note 7, the Company may distribute approximately RM297,503,000 out of its unappropriated profit as of 31 December 2001 by way of cash dividends without additional tax liabilities being incurred.

19. DIVIDENDS

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interim:				
Nil% (2000: 10%), tax-exempt	-	14,300,000	-	14,300,000
Final:				
10% (2000: 15%), tax-exempt	14,300,900	21,450,000	14,300,900	21,450,000
	14,300,900	35,750,000	14,300,900	35,750,000

A final dividend of 15%, tax-exempt, amounting to RM21,450,000 proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors proposed a final dividend of 10%, tax-exempt, amounting to RM14,300,900 in respect of the current financial year. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company. Dividends per share during the year is 10 sen (2000: 25 sen).

The proposed final dividend for 2001 is payable in respect of all ordinary shares in issue as at the date of the financial statements.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits	22,000,000	125,739,680	22,000,000	125,739,680
Cash and bank balances	2,890,679	7,871,989	2,890,677	7,871,987
	<u>24,890,679</u>	<u>133,611,669</u>	<u>24,890,677</u>	<u>133,611,667</u>

21. CAPITAL COMMITMENTS

As of 31 December 2001, the Group and the Company have the following capital expenditure in respect of property, plant and equipment:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Capital expenditure: Contracted but not provided for	<u>40,126,000</u>	<u>90,130,000</u>	<u>37,388,000</u>	<u>84,654,000</u>

22. COMPARATIVE FIGURES

Certain comparative figures in the cash flow statements have been reclassified to conform with the current year's presentation.

	The Group		The Company	
	As previously reported RM	As restated RM	As previously reported RM	As restated RM
Cash Flows From/(Used In)				
Operating Activities:				
Other payables and accrued expenses	92,950,067	36,391	92,949,067	35,391
Cash Flows From/(Used In)				
Investing Activities:				
Additions to property, plant and equipment	<u>386,156,610</u>	<u>293,242,934</u>	<u>386,156,610</u>	<u>293,242,934</u>

The comparative figures were reclassified to conform with the requirements of MASB 5.

S T A T E M E N T B Y D I R E C T O R S

The directors of **UNISEM (M) BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2001 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

JOHN CHIA SIN TET

COLIN GARFIELD MACDONALD

Kuala Lumpur,
20 February 2002

D E C L A R A T I O N B Y T H E D I R E C T O R P R I M A R I L Y R E S P O N S I B L E F O R T H E F I N A N C I A L M A N A G E M E N T O F T H E C O M P A N Y

I, **JOHN CHIA SIN TET**, the director primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

JOHN CHIA SIN TET

Subscribed and solemnly declared by the abovenamed
JOHN CHIA SIN TET at **KUALA LUMPUR**
this 20th day of February, 2002

Before me,

TEONG KIAN MENG (No. W147)
COMMISSIONER FOR OATHS

S H A R E H O L D I N G S T A T I S T I C S

A S A T 2 0 M A R C H 2 0 0 2

1. Authorised Share Capital : RM500,000,000
 Issued and paid-up Share Capital : RM143,078,000
 Class of Shares : Ordinary shares of RM1.00 each
 Voting Right : 1 vote per share

2. Distribution of shareholders

No. of holders	Holdings	Total holdings	%
50	Less than 1,000	4,007	0.00
3,365	1,000 to 10,000	7,540,317	5.27
426	10,001 to 100,000	14,809,022	10.35
155	100,001 to less than 5% of issued shares	70,058,654	48.97
2	5% and above of issued shares	50,666,000	35.41
3,998		143,078,000	100.00

3. List of substantial shareholders (5% and above excluding bare trustees) and their direct and deemed interests as shown in the Register of Substantial Shareholders

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
Bandar Rasah Sdn Bhd	42,900,000	29.98	-	-
Employees Provident Fund Board	7,766,000	5.43	738,000	0.52 ^(a)
Jayvest Holdings Sdn Bhd	3,555,600	2.49	42,900,000	29.98 ^(b)
John Chia Sin Tet	-	-	46,855,600	32.75 ^(c)
Soo Yut Kuan	400,000	0.28	46,455,600	32.47 ^(d)
Noadwood Sdn Bhd	-	-	42,900,000	29.98 ^(b)
Yen Woon @ Low Sau Chee	-	-	43,150,000	30.16 ^(e)
Chua Khing Chiew	-	-	42,900,000	29.98 ^(f)

Notes:

- (a) Shares managed by portfolio managers.
- (b) Held indirectly through Bandar Rasah Sdn Bhd.
- (c) Held indirectly through his spouse, Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.
- (d) Held indirectly through Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.
- (e) Held indirectly through his spouse and Noadwood Sdn Bhd.
- (f) Held indirectly through Noadwood Sdn Bhd.

4. List of Directors' shareholding as shown in the Register of Directors

Directors	Direct Interest		Indirect Interest	
	No. of shares held	% of total issued shares	No. of shares held	% of total issued shares
John Chia Sin Tet	-	-	46,855,600	32.75 ^(a)
Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	1,000,000	0.70	17,000	0.00 ^(b)
Tan Sri Dato' Samshuri bin Arshad	-	-	200,000	0.14 ^(b)
Colin Garfield MacDonald	2,911,049	2.03	3,800,000	2.66 ^(b)
Yen Woon @ Low Sau Chee	-	-	43,150,000	30.16 ^(c)
Sundra Moorthi s/o V.M. Krishnasamy	9,000	0.01	2,000	0.00 ^(d)
Francis Chia Mong Tet	358,200	0.25	3,100,000	2.17 ^(b)
Tee Yee Loh	1,265,790	0.88	1,148,810	0.80 ^(b)
Chua Khing Chiew	-	-	42,900,000	29.98 ^(e)

Notes:

(a) Held indirectly through his spouse, Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.

(b) Held indirectly through nominee companies under pledged securities accounts.

(c) Held indirectly through his spouse and Noadwood Sdn Bhd.

(d) Held indirectly through his spouse.

(e) Held indirectly through Noadwood Sdn Bhd.

5. List of thirty largest shareholders according to the Record of Depositors (without aggregating the securities from different securities from different securities accounts belonging to the same person(s))

Shareholders	No. of shares held (direct interest)	% of issued shares
1. Bandar Rasah Sdn Bhd	42,900,000	29.98
2. Employees Provident Fund Board	7,766,000	5.43
3. Jayvest Holdings Sdn Bhd	3,555,600	2.49
4. Southern Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Francis Chia Mong Tet	3,100,000	2.17
5. Koo Hong @ Ku Hong Hai	3,083,063	2.15
6. Colin Garfield MacDonald	2,911,049	2.03
7. Malaysia National Insurance Berhad	2,769,000	1.94

Shareholders	No. of shares held (direct interest)	% of issued shares
8. Cartaban Nominees (Asing) Sdn Bhd Qualifier: Nordea Bank Danmark A/S for Uni-Invest Engros Asiatisk Aktier	2,125,000	1.49
9. OUBM Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Colin Garfield MacDonald	2,000,000	1.40
10. JB Nominee (Asing) Sdn Bhd Qualifier: APS Asset Management Pte Ltd for Sampo Life Insurance Co Ltd	1,739,000	1.22
11. Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Amanah Saham Malaysia	1,719,000	1.20
12. JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chia En Tet Joseph	1,650,000	1.15
13. Citicorp Nominees (Asing) Sdn Bhd Qualifier: TNTC for Government of Singapore Investment Corporation Pte Ltd	1,647,000	1.15
14. Low Kim Bee @ Lau Kim Bee	1,307,000	0.91
15. HSBC Nominees (Asing) Sdn Bhd Qualifier: HSBC BK PLC for Prudential Assurance Company Ltd	1,292,000	0.90
16. Tee Yee Loh	1,265,790	0.88
17. OUBM Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Colin Garfield MacDonald	1,000,000	0.70
18. Mohamed Rashdan bin Baba	1,000,000	0.70
19. Citicorp Nominees (Asing) Sdn Bhd Qualifier: American International Assurance Company Limited (P Core)	870,000	0.61

Shareholders	No. of shares held (direct interest)	% of issued shares
20. OUBM Nominees (Asing) Sdn Bhd Qualifier: Bankers Trust Company for Frank Russell Investment Company Pacific Basin Fund	847,000	0.59
21. HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB for the Malaysia Fund Incorporated	767,000	0.54
22. Citicorp Nominees (Asing) Sdn Bhd Qualifier: CB LDN for Stichting Shell Pensioenfond	755,000	0.53
23. HSBC Nominees (Asing) Sdn Bhd Qualifier: BNY Brussels for Morgan Guaranty Trust Commingled Trust Fund	706,170	0.49
24. HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tee Yee Loh	648,810	0.45
25. HSBC Nominees (Asing) Sdn Bhd Qualifier: MSCOIL for Boyer Allan Pacific Fund Inc	633,000	0.44
26. BBMB Securities Nominees (Tempatan) Sdn Bhd Qualifier: Petroliam Nasional Berhad	630,000	0.44
27. HSBC Nominees (Asing) Sdn Bhd Qualifier: JP Morgan Luxembourg Funds for Emerging Market Equity Fund	601,510	0.42
28. Citicorp Nominees (Asing) Sdn Bhd Qualifier: TNTC for Multi Manager Investment Programmes PCC Limited Pacific Basin Fund	579,000	0.40
29. Takaful Nasional Sdn Bhd	562,000	0.39
30. Mayban Nominee (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Bhd for Amanah Saham Wanita	527,000	0.37

L I S T O F P R O P E R T I E S

Location	Description	Existing Use	Tenure	Area/ Build-up area	Date of acquisition/ completion	Age of Building	Book Value RM
PT 2514 and PT 2515 Mukim Sungai Raya, Daerah Kinta, Perak	Industrial land	Factory	99 years leasehold expiring 2094	6,294 hectare	July 1991	-	2,805,554
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	10	8,488,993
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	6	9,467,919
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	1	63,083,281

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at KEDAH ROOM, SHANGRI-LA HOTEL, No. 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 2 May 2002, at 10.00 a.m. to transact the following businesses:

1. To receive the Audited Accounts for the year ended 31 December 2001 and the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the declaration of a final dividend of 10% tax-exempt for the financial year ended 31 December 2001. (Resolution 2)
3. To approve the payment of Directors' fees amounting to RM667,800 for the financial year ended 31 December 2001. (Resolution 3)
4. To re-elect the following Directors who retires pursuant to Article 124 of the Company's Articles of Association.
 - (i) Mr John Chia Sin Tet (Resolution 4)
 - (ii) Y. Bhg. Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba (Resolution 5)
 - (iii) Y. Bhg. Tan Sri Dato' Samshuri bin Arshad (Resolution 6)
5. To re-appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 7)
6. As Special Business:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

Authority To Allot Shares

"That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities (if any shall be required), the Directors be and are hereby empowered to issue shares (other than bonus or rights shares) in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company (other than by way of bonus or rights issues) does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company"

(Resolution 8)
7. To transact any other ordinary business for which due notice has been given.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the register of members will be closed from 16 May 2002 to 17 May 2002, both dates inclusive to determine shareholders' entitlement to the final dividend of 10% tax-exempt for the year ended 31 December 2001. The dividend, if approved, will be paid on 31 May 2002.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 16 May 2002 in respect of ordinary transfers;
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8254)

Company Secretaries

10 April 2002
Kuala Lumpur

NOTES:

1. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *A member may appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.*
4. *The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Letter Box #95, 9th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting or any adjournment thereof.*
5. *Explanatory Note on Special Business (Resolution 8)*

The proposed Resolution 8, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue not more than 10% of the issued share capital of the Company. Such issuance of shares will still be subject to the approvals of the Securities Commission and the Kuala Lumpur Stock Exchange. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

S T A T E M E N T A C C O M P A N Y I N G N O T I C E O F A N N U A L G E N E R A L M E E T I N G

A. Names of the Directors who are standing for re-election:-

1. Mr John Chia Sin Tet
2. Y. Bhg. Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba
3. Y. Bhg. Tan Sri Dato' Samshuri bin Arshad

B. Details of attendance of directors at Board Meetings

Six (6) Board Meetings were held during the financial year. Details of the attendance of directors at the Board Meetings are as follows:-

NAME	NO. OF MEETINGS ATTENDED
Mr John Chia Sin Tet	6
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	5
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad	6
Mr Colin Garfield MacDonald	6
Mr Yen Woon @ Low Sau Chee	6
Mr Sundra Moorthi s/o V.M. Krishnasamy	6
Mr Francis Chia Mong Tet	6
Mr Tee Yee Loh	6

C. Date, Time and Venue of the Board Meetings

DATE	TIME	VENUE
17.01.2001	11.30 a.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
28.02.2001	11.30 a.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
02.05.2001	12.00 noon	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
24.07.2001	10.30 a.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
24.10.2001	2.30 p.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
12.12.2001	12.00 noon	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur

D. Further details of Directors who are standing for re-election as directors

- (i) Name : Mr John Chia Sin Tet
- Age : 52
- Nationality : Malaysian
- Qualification : Barrister-at-Law (Lincoln's Inn)
- Position in the Company : Chairman/Managing Director
- Working experience & Occupation : Mr John Chia Sin Tet is the Chairman and Managing Director of the Company. He was appointed Chairman of the Company on 13 June 1991 and assumed the position of Managing Director on 11 March 1998. From 1973 to 1986, he was a partner in a firm of Advocates and Solicitors. He was a director of four public listed companies from 1982 to 1993.
- Other directorships in public listed company : Far East Holdings Berhad, *Independent Non-Executive Director*
- Securities holdings in the company (as at 20 Mar 2001) :
- | <u>Securities holdings</u> | <u>No. of securities</u> | <u>%</u> |
|----------------------------|--------------------------|----------|
| Ordinary shares | 46,855,600 (indirect) | 32.75 |
| Employee share options | 400,000 | - |
- Family relationship with any director and or major shareholder of the Company : Mr John Chia Sin Tet is the spouse to Mdm Soo Yut Kuan and a brother to Mr Francis Chia Mong Tet.
- Any conflict of interest : None
- List of convictions for offences within the past 10 years other than traffic offences, if any : None
- (ii) Name : Y. Bhg. Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba
- Age : 66
- Nationality : Malaysian

Qualification	:	Y. Bhg. Tan Sri Dato' Dr Mohd Rashdan holds a Bachelor of Science degree from the University of Reading, United Kingdom and a Doctorate (PhD) from the University of Leeds, United Kingdom. He also completed the 83 rd Advanced Management Programme at Harvard University, USA. Y. Bhg Tan Sri Dato' Dr Mohd Rashdan also received an honorary Doctor of Science (DSc) from the University of Reading, United Kingdom and an honorary Doctor of Laws (LLD) from the University of Leeds, United Kingdom.		
Position in the Company	:	Independent Non-Executive Director		
Working experience & Occupation	:	Y. Bhg. Tan Sri Dato' Dr Mohd. Rashdan was appointed to the Board of the Company on 26 March 1998. He was the Executive Chairman of Telekom Malaysia Berhad from 1987 to 1995. Prior to this, he was the Executive Chairman of Kumpulan Guthrie Berhad and sat on the boards of several subsidiary companies of Kumpulan Guthrie Group from 1982 to 1987. He was the founding Vice-Chancellor of Universiti Kebangsaan Malaysia from 1969 to 1971 and Universiti Pertanian Malaysia from 1971 to 1982.		
		Currently, Y. Bhg. Tan Sri Dato' Dr Mohd Rashdan is the Chairman of Computer Systems Advisers (M) Berhad, an appointment which he has held since 1995. He sits on the boards of Arab-Malaysian Corporation Berhad, Arab-Malaysian Bank Bhd, Arab-Malaysian Merchant Bank Bhd, Arab-Malaysian Finance Bhd, AMMB Holdings Bhd and Far East Holdings Berhad.		
Other directorships in public listed company	:	Computer Systems Advisers (M) Berhad, <i>Chairman</i> Arab-Malaysian Corporation Berhad, <i>Independent Non-Executive Director</i> Arab-Malaysian Finance Bhd, <i>Independent Non-Executive Director</i> AMMB Holdings Bhd, <i>Independent Non-Executive Director</i> Far East Holdings Berhad, <i>Independent Non-Executive Director</i>		
Securities holdings in the company (as at 20 Mar 2001)	:	<u>Securities holdings</u>	<u>No. of securities</u>	<u>%</u>
		Ordinary shares	1,000,000 (direct)	0.70
			17,000 (indirect)	0.00
Family relationship with any director and or major shareholder of the Company	:	None		
Any conflict of interest	:	None		
List of convictions for offences within the past 10 years other than traffic offences, if any	:	None		

(iii) Name	:	Y. Bhg. Tan Sri Dato' Samshuri bin Arshad		
Age	:	59		
Nationality	:	Malaysian		
Qualification	:	<ul style="list-style-type: none"> • Police Officers Training College, Malaysia • Police Officers Training College, Adelaide, Australia • Royal College Defence Studies, UK • AMP Harvard Business School • United Nations Far East Institute, Japan • Senior Government Officers Training Programme, South Korea 		
Position in the Company	:	Independent Non-Executive Director		
Working experience & Occupation	:	<p>Y. Bhg. Tan Sri Dato' Samshuri bin Arshad was appointed Director and a member of the Audit Committee of Unisem on 26 March 1998.</p> <p>He was with the Polis DiRaja Malaysia for over 33 years (from 1963 to May 1997) and retired as the Deputy Inspector-General.</p> <p>Since 1997, Y. Bhg. Tan Sri Dato' Samshuri has been the Chairman of Aokam Perdana Berhad. In 1999 he was appointed a director and subsequently in 2001 the non-executive Chairman of Avenue Assets Berhad.</p>		
Other directorships in public listed company	:	Aokam Perdana Berhad, <i>Non-Executive Chairman</i> Avenue Asset Berhad, <i>Non-Executive Chairman</i>		
Securities holdings in the company (as at 20 Mar 2001)	:	<u>Securities holdings</u> Ordinary shares	<u>No. of securities</u> 200,000 (indirect)	<u>%</u> 0.14
Family relationship with any director and or major shareholder of the Company	:	None		
Any conflict of interest	:	None		
List of convictions for offences within the past 10 years other than traffic offences, if any	:	None		



UNISEM (M) BERHAD
(183314-V)

P R O X Y F O R M

I/We _____ NRIC/Passport No. _____
of _____

Being a Member/Members of Unisem (M) Berhad hereby appoint _____
_____ NRIC/Passport No. _____

Of _____

Or failing him/her, _____

NRIC/Passport No. _____ of _____

As my/our proxy to vote on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Kedah Room, Shangri-la Hotel, No. 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 2 May 2002, at 10.00 a.m. and at any adjournment thereof, and to vote as indicated with ✓ in respect of the following resolutions. (If you do not do so, the proxy will vote or abstain from voting at his discretion):

		FOR	AGAINST
Resolution 1	To receive the Audited Accounts for the year ended 31 December 2001 together with the Directors' Report and the Auditors' Report		
Resolution 2	To approve the declaration of a final dividend of 10% tax-exempt for the financial year ended 31 December 2001		
Resolution 3	To approve payment of Directors' fees of RM667,800 for the financial year ended 31 December 2001		
Resolution 4	To re-elect Mr John Chia Sin Tet as a Director who retires pursuant to Article 124 of the Company's Articles of Association		
Resolution 5	To re-elect Y. Bhg Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba as a Director who retires pursuant to Article 124 of the Company's Articles of Association		
Resolution 6	To re-elect Y. Bhg Tan Sri Dato' Samshuri bin Arshad as a Director who retires pursuant to Article 124 of the Company's Articles of Association		
Resolution 7	To re-appoint Deloitte KassimChan as Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
Resolution 8	To authorise the Directors under Section 132D of the Companies Act, 1965 to issue new shares not exceeding 10% of the issued capital of the Company		

Dated this _____ day of _____ 2002

NO. OF SHARES HELD

Signature/Common Seal

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member may appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if such appointor is a corporation, under its common seal or the hands of its attorney.
4. The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Letter Box #95, 9th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting or any adjournment thereof.

C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

Mr John Chia Sin Tet *(Chairman / Managing Director)*
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba *(Independent Director)*
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad *(Independent Director)*
Mr Colin Garfield MacDonald *(Non-Executive Director)*
Mr Yen Woon @ Low Sau Chee *(Non-Executive Director)*
Mr Sundra Moorthi s/o Krishnasamy *(Non-Executive Director)*
Mr Francis Chia Mong Tet *(Non-Executive Director)*
Mr Tee Yee Loh *(Non-Executive Director)*
Mr Chua Khing Chiew *(Alternate to Yen Woon @ Low Sau Chee)*

AUDIT COMMITTEE

Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba *(Chairman / Independent Director)*
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad *(Member / Independent Director)*
Mr Francis Chia Mong Tet *(Member / Non-Executive Director)*

COMPANY SECRETARIES

Mr Chua Heng Fatt (MACS 00264)
Ms Chin Hock Yee (LS 8254)

REGISTERED OFFICE

Letter Box #95
9th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : (603) 2072 3760
Fax: (603) 2072 4018
Website: www.unisem.com.my

SHARE REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7725 4888, 7725 8046
Fax: (603) 7722 2311

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
Main Board

AUDITORS

Deloitte KassimChan
Chartered Accountants
87, Jalan Sultan Abdul Jalil
30450 Ipoh
Perak Darul Ridzuan