



financial statements



36	Directors' Report
45	Report of the Auditors
46	Income Statements
47	Balance Sheets
48	Statements of Changes in Equity
49	Cash Flow Statements
53	Notes to the Financial Statements
91	Statement by Directors
91	Declaration by the Officer



directors' report

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 December 31, 2004.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as set out in Note 12 to the Financial Statements.

Other than as mentioned in Note 12 to the Financial Statements, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT CORPORATE EVENTS

During the financial year, the following events occurred:

- (i) Issue of up to US Dollar 150 million nominal value Guaranteed Convertible Bonds (“CBs”)

The Company had successfully raised US Dollar 100 million (equivalent to RM380 million) from the issue of Tranche 1 of the CBs on February 12, 2004 through its wholly-owned subsidiary, Unisem International (Labuan) Limited (“the Issuer”). The CBs are convertible into fully-paid ordinary shares of RM1.00 each of the Company. The bonds are direct senior unsecured obligations of the Issuer and are unconditionally and irrevocably guaranteed by the Company.

Tranche 2 of US Dollar 50 million was also successfully completed on February 3, 2005.

The CBs pay cash coupons of two per cent (2%) and three per cent (3%) semi-annually until the CBs expire on February 12, 2009.

- (ii) Surrender of pioneer status

On June 4, 2004, the Company received approval from the Malaysian Industrial Development Authority (“MIDA”) for the surrender of its pioneer certificate issued under the Promotion of Investment Act, 1986. The surrender of the pioneer status resulted in an overprovision of tax in prior year of approximately RM11 million due to reinvestment allowances being claimed retrospectively from February 1, 2000.

- (iii) Acquisition of the entire issued and paid-up share capital of Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited)

On July 5, 2004, the Company announced that the acquisition of Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited) has been completed. The total purchase consideration of US Dollar 18 million (equivalent to RM68.4 million) was satisfied by a cash payment of US Dollar 6 million (equivalent to RM22.8 million) and an issuance of 4,237,785 new ordinary shares of RM1.00 each in the Company at an issue price of RM9.733 per share.

- (iv) Setting up a semiconductor manufacturing facility in China

On August 12, 2004, the Company reached an agreement-in-principle with the Management Committee of Chengdu Hi-tech Zone to set up a semiconductor manufacturing facility to carry out packaging and testing of semiconductor devices, marketing

and provision of related services in the Chengdu Export and Processing West Zone, Sichuan, in the People's Republic of China. On December 2, 2004, the Company incorporated a wholly-owned subsidiary in Chengdu, the People's Republic of China known as Unisem Chengdu Co. Ltd., whose principal activities will be manufacture, assembly and testing of semiconductor devices, marketing and provision of related services.

(v) Joint venture with Advanpack Solutions Pte. Ltd., Singapore

On September 22, 2004, the Company entered into a joint-venture agreement with Advanpack Solutions Pte. Ltd. ("APS"), a company incorporated in Singapore to establish and operate a company in Malaysia that will be engaged directly in wafer bumping and indirectly in the packaging and testing of semiconductor devices. A wholly-owned subsidiary company, Unisem-Advanpack Technologies Sdn. Bhd. (formerly known as Unisem Technologies Sdn. Bhd.) ("UATSB"), was incorporated to enter into a technology license agreement with APS for UATSB to licence from APS, its wafer bumping technologies as well as its packaging and testing technologies. The capital structure of UATSB, upon the fulfilment of certain conditions precedent and the required investments being made, will be 65% owned by Unisem and 35% held by APS.

(vi) Proposed bonus issue and share split

On October 29, 2004, the Company announced the following:

- Proposed bonus issue of up to 101,126,036 new ordinary shares of RM1.00 each (or up to 202,252,072 new ordinary shares of RM0.50 each if the proposed bonus issue is implemented after the implementation of the proposed share split) on the basis of one (1) bonus share for every two (2) existing ordinary shares held on an entitlement date to be determined and announced later. The proposed bonus issue will be implemented via the capitalisation of the share premium account;
- Proposed share split of every one (1) existing share held after an entitlement date to be determined and announced later into two (2) new ordinary shares of RM0.50 each; and
- Proposed amendments to the Memorandum and Articles of Association of Unisem pursuant to the share split.

The abovementioned proposals were approved by shareholders of the Company on January 13, 2005.

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
Profit before tax	33,633,323	38,279,485
Income tax credit	644,300	644,300
Net profit for the year	34,277,623	38,923,785

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.

directors' report (contd.)

DIVIDENDS

A final dividend of 10%, tax-exempt, amounting to RM14,469,750 (of which RM14,335,600 has been dealt with in the previous directors' report) was paid by the Company during the current financial year. The additional dividends paid of RM134,150 was in respect of new ordinary shares issued pursuant to the exercise of options under the Company's Employees Share Option Scheme during the current financial year.

An interim dividend of 8%, tax-exempt, amounting to RM11,916,495, was paid on December 10, 2004 in respect of the current financial year.

The directors have proposed a final dividend of 10%, tax-exempt, in respect of the current financial year. The proposed final dividend which amounts to RM22,346,278 (based on the enlarged share capital after the bonus issue and share split as at the date of this report) is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in 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

As approved by shareholders at the Annual General Meeting held on April 29, 2004, the issued and paid-up ordinary share capital of the Company was increased from RM143,819,000 to RM148,969,185 during the financial year by the issue of 5,150,185 new ordinary shares of RM1 each as follows:

- (i) Issue of 4,237,785 new ordinary shares of RM1.00 each at an issue price of RM9.733 per share, for the purpose of the acquisition of equity interest in Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited); and
- (ii) Issue of 912,400 new ordinary shares of RM1.00 each for cash issued at various exercise prices pursuant to the Employee Share Option Scheme of the Company.

The resultant premium arising from the shares issued above of RM43,290,176 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.

The Company has not issued any debentures during the financial year.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on August 3, 2000, the shareholders of the Company approved the establishment of an ESOS. The Company amended its ESOS Bye-Laws in 2003 which were approved and adopted by the Board of Directors on October 16, 2003.

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 ESOS;
- (c) Eligible Malaysian employees (including full-time Executive Directors of the Company and its subsidiary companies) are those who have been confirmed in service while a non-Malaysian employee (including full-time foreign Executive Director) whose contribution is vital to any company in the Group and serving under an employment contract of not less than 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 category of the eligible employee in consideration, with due regard to the seniority and length of service of the eligible employee. The number of new ordinary shares so offered under the ESOS shall not be less than a board lot (or 100 ordinary shares) nor more than the maximum allowable allocation applicable to such eligible employee as set out in the ESOS Bye-Laws;
- (e) The price at which the grantee is entitled to subscribe for each ordinary share under the ESOS shall be set at a discount of not more than ten (10) per centum from the weighted average of the market prices of the ordinary shares of the Company for the five (5) market days immediately preceding the date of the offer, or the par value of such share of the Company, whichever is higher;
- (f) The ESOS shall be in force for a period of five (5) years commencing September 7, 2000 and expire on September 6, 2005;
- (g) The options granted may be exercised on any market day during the option period subject to the maximum percentages applicable to such eligible employee as set out in the ESOS Bye-Laws;
- (h) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of ordinary shares of the Company or otherwise (excluding the purchase by the Company of its own shares) howsoever taking place, such corresponding alterations (if any) shall be made to (a) the number of new ordinary shares relating to the options so far as unexercised; and (b) the option price; and
- (i) The Option Committee is appointed by the Board of Directors of the Company to administer the scheme.

directors' report (contd.)

The share options granted and exercised 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 31.12.2004
		Balance as of 1.1.2004	Granted	Exercised	Lapsed	
14.09.2000	14.80	6,810,000	-	-	(155,000)	6,655,000
03.10.2000	13.50	95,000	-	-	-	95,000
13.12.2000	10.20	25,000	-	-	-	25,000
28.02.2001	8.00	1,191,000	-	(146,000)	(57,000)	988,000
19.07.2001	7.00	629,000	-	(171,000)	(42,000)	416,000
12.12.2001	8.50	370,000	-	(121,000)	(12,000)	237,000
26.04.2002	12.40	790,000	-	-	-	790,000
25.02.2003	5.75	180,000	-	(58,000)	-	122,000
16.10.2003	8.30	2,675,000	-	(410,000)	(213,000)	2,052,000
17.12.2003	10.00	663,000	-	(6,400)	(39,600)	617,000
04.02.2004	10.80	-	3,500	-	-	3,500
		13,428,000	3,500	(912,400)	(518,600)	12,000,500

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who have been granted options under the ESOS for less than 120,000 ordinary shares each.

Eligible employees, other than the Executive Directors whose interest are disclosed separately in Directors' Interest, who have been granted options under the ESOS for and in excess of 120,000 ordinary shares each are as follows:

	No. of options over ordinary shares of RM1.00 each			Balance as of 31.12.2004
	Balance as of 1.1.2004	Granted	Exercised	
Ho Choon Seng	250,000	-	-	250,000
Lee Chay Chye @ Fairuz Al-Izafi Bin Abdullah	250,000	-	-	250,000
Loh Chee Cheong	250,000	-	-	250,000
Wong Hoe Cheong	200,000	-	-	200,000
Lai Wing Hong @ Haris Lai Abdullah	200,000	-	(10,000)	190,000
Yap Kam Weng	184,000	-	-	184,000
Cheng Kee Leang	200,000	-	-	200,000
Chua Tuck Choy	200,000	-	-	200,000
Chin Hock Yee	200,000	-	-	200,000
Tan Kim Heng	175,000	-	-	175,000
Gan Lim	140,000	-	-	140,000
Chai Chan Wah	120,000	-	-	120,000
Chew Kheong Onn	120,000	-	-	120,000

No. of options over ordinary shares of RM1.00 each

	Balance as of 1.1.2004	Granted	Exercised	Balance as of 31.12.2004
Chew Mun Kit	120,000	-	-	120,000
Kong Meng Yee	120,000	-	-	120,000
Lee Fook Fatt	120,000	-	-	120,000
Lee Thiam Siew	120,000	-	-	120,000
Liaw Teck Seong	120,000	-	-	120,000
Lim Koon Hoon	120,000	-	-	120,000
Ngiam Tee Yip	120,000	-	-	120,000
Tham Eng Huak	120,000	-	-	120,000
Wong Siew Boon	120,000	-	-	120,000
Wong Yoke Yen	120,000	-	-	120,000

The options granted to these option holders expire on September 6, 2005.

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 allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had 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 amount of allowance 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.

directors' report (contd.)

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
Mr. Ang Chye Hock
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad
Y. Bhg. Dato' Wong See Wah
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' Samshuri bin Arshad and Mr. Francis Chia Mong Tet 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 31.12.2004
	Balance as of 1.1.2004	Bought/ Transferred*	Sold/ Transferred*	
Shares in the Company				
Registered in the name of directors				
Mr. John Chia Sin Tet	-	400,000*	-	400,000
Mr. Ang Chye Hock	15,000	-	-	15,000
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	1,000,000	-	-	1,000,000
Mr. Colin Garfield MacDonald	1,161,049	-	-	1,161,049
Mr. Sundra Moorthi s/o V.M. Krishnasamy	9,000	-	-	9,000
Mr. Francis Chia Mong Tet	358,200	-	-	358,200
Mr. Tee Yee Loh	1,299,600	-	(850,000)*	449,600
Indirect interest by virtue of shares held by companies in which a director has interests				
Mr. John Chia Sin Tet	46,855,600	830,000	(400,000)*	47,285,600
Y. Bhg. Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	38,300	-	-	38,300
Y. Bhg. Tan Sri Dato' Samshuri bin Arshad	200,000	-	-	200,000
Mr. Colin Garfield MacDonald	4,250,000	-	-	4,250,000
Mr. Yen Woon @ Low Sau Chee	43,150,000	830,000	-	43,980,000
Mr. Sundra Moorthi s/o V.M. Krishnasamy	2,000	-	-	2,000
Mr. Francis Chia Mong Tet	3,100,000	-	-	3,100,000
Mr. Tee Yee Loh	1,000,000	850,000*	-	1,850,000
Mr. Chua Khing Chiew (Alternate to Mr. Yen Woon @ Low Sau Chee)	42,900,000	130,000	-	43,030,000

By virtue of their interests in the shares of the Company, Messrs. John Chia Sin Tet and Yen Woon @ Low Sau Chee are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company has interest.

directors' report (contd.)

In addition to the above, the following directors are deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company:

	No. of options over ordinary shares of RM1.00 each			Balance as of 31.12.2004
	Balance as of 1.1.2004	Granted	Exercised	
Mr. John Chia Sin Tet	400,000	-	-	400,000
Mr. Ang Chye Hock	350,000	-	-	350,000

Y. Bhg. Dato' Wong See Wah does not hold 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 amount 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 a company in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 17 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 24 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

TAN SRI DATO' DR. MOHD. RASHDAN BIN HAJI BABA

Kuala Lumpur,
February 17, 2005

report of the auditors

to the members of Unisem (M) Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2004 and the related statements of income, changes in equity and cash flows 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 December 31, 2004 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 companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 12 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies 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 companies were 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
787/3/05(J/PH)
Partner

February 17, 2005

income statements

for the year ended December 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue		493,900,209	281,603,755	445,727,489	281,603,755
Other operating income	5	6,380,518	1,671,499	4,676,304	1,671,499
Changes in inventories of finished goods and work-in-progress		(3,192,336)	2,233,594	(1,573,026)	2,233,594
Raw materials and consumables used		(142,142,621)	(84,034,860)	(130,548,081)	(84,034,860)
Directors' remuneration	6	(4,896,454)	(3,253,862)	(3,802,894)	(3,253,862)
Staff costs	5	(101,920,496)	(53,979,528)	(83,358,016)	(53,979,528)
Depreciation of property, plant and equipment	11	(92,427,602)	(78,706,278)	(85,882,885)	(78,632,926)
Amortisation of goodwill	14	(1,485,070)	-	-	-
Other operating expenses	5	(111,494,496)	(68,373,138)	(98,904,345)	(68,335,376)
Profit/(Loss) from operations		42,721,652	(2,838,818)	46,334,546	(2,727,704)
Finance costs	7	(15,785,955)	(1,220,019)	(14,482,095)	(1,220,019)
Income from other investments	8	6,697,626	50,288	6,427,034	50,288
Profit/(Loss) before tax		33,633,323	(4,008,549)	38,279,485	(3,897,435)
Income tax credit	9	644,300	701,291	644,300	701,291
Net profit/(loss) for the year		34,277,623	(3,307,258)	38,923,785	(3,196,144)
Profit/(Loss) per ordinary share					
Basic (sen)	10	23.30	(2.30)		
Diluted (sen)	10	23.26	(2.30)		

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

balance sheets

as of December 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
ASSETS					
Property, plant and equipment	11	691,856,778	605,513,273	613,907,383	598,355,629
Investment in subsidiary companies	12	-	-	69,188,635	300,000
Amount owing by subsidiary companies	17	-	-	30,468,772	7,020,468
Deferred expenditure	13	10,182,294	-	10,182,294	-
Goodwill on consolidation	14	57,917,740	-	-	-
Current Assets					
Inventories	15	53,554,205	33,754,947	43,886,365	33,754,947
Trade receivables	16	68,578,566	53,248,448	54,324,326	53,248,448
Other receivables, deposits and prepaid expenses	16	11,475,132	6,523,612	9,771,613	6,523,612
Tax recoverable		10,664,026	-	10,664,026	-
Cash and bank balances	18	288,517,140	7,708,479	287,715,567	7,708,477
Total Current Assets		432,789,069	101,235,486	406,361,897	101,235,484
Current Liabilities					
Trade payables	19	26,839,264	20,556,850	17,324,304	20,556,850
Other payables and accrued expenses	19	69,855,128	56,808,457	53,186,310	56,807,457
Borrowings	20	14,560,000	31,148,000	-	31,148,000
Deferred income	22	4,368,000	-	-	-
Tax liability		-	430,092	-	430,092
Total Current Liabilities		115,622,392	108,943,399	70,510,614	108,942,399
Net Current Assets/(Liabilities)		317,166,677	(7,707,913)	335,851,283	(7,706,915)
Long-term and Deferred Liabilities					
Amount owing to a subsidiary company	17	-	-	390,380,284	-
Borrowings - non-current portion	20	24,038,560	-	-	-
Guaranteed Convertible Bonds	21	380,000,000	-	-	-
Deferred income	22	8,372,000	-	-	-
Deferred tax liabilities	23	41,259,000	30,988,000	41,259,000	30,988,000
Total Long-term and Deferred Liabilities		(453,669,560)	(30,988,000)	(431,639,284)	(30,988,000)
Net Assets		623,453,929	566,817,360	627,959,083	566,981,182
Represented by:					
Share capital	24	148,969,185	143,819,000	148,969,185	143,819,000
Reserves	25	474,484,744	422,998,360	478,989,898	423,162,182
Shareholders' Equity		623,453,929	566,817,360	627,959,083	566,981,182

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

statement of changes in equity

for the year ended December 31, 2004

The Group	Note(s)	Non-distributable Reserves			Distributable Reserve	Total Shareholders' Equity RM
		Issued Capital RM	Share Premium RM	Translation Reserve RM	Unappropriated Profit RM	
Balance as of January 1, 2003		143,342,000	154,679,508	-	282,824,460	580,845,968
Net loss for the year		-	-	-	(3,307,258)	(3,307,258)
Dividends	26	-	-	-	(14,335,600)	(14,335,600)
Issue of shares from exercise of share options	24&25	477,000	3,137,250	-	-	3,614,250
Balance as of December 31, 2003		143,819,000	157,816,758	-	265,181,602	566,817,360
Net profit for the year		-	-	-	34,277,623	34,277,623
Dividends	26	-	-	-	(26,386,245)	(26,386,245)
Acquisition of subsidiary companies	24&25	4,237,785	37,008,576	-	-	41,246,361
Currency translation differences		-	-	304,830	-	304,830
Issue of shares from exercise of share options	24&25	912,400	6,281,600	-	-	7,194,000
Balance as of December 31, 2004		148,969,185	201,106,934	304,830	273,072,980	623,453,929

The Company	Note(s)	Non-distributable Reserves			Distributable Reserve	Total Shareholders' Equity RM
		Issued Capital RM	Share Premium RM	Reserve RM	Unappropriated Profit RM	
Balance as of January 1, 2003		143,342,000	154,679,508		282,877,168	580,898,676
Net loss for the year		-	-	-	(3,196,144)	(3,196,144)
Dividends	26	-	-	-	(14,335,600)	(14,335,600)
Issue of shares from exercise of share options	24&25	477,000	3,137,250		-	3,614,250
Balance as of December 31, 2003		143,819,000	157,816,758		265,345,424	566,981,182
Net profit for the year		-	-	-	38,923,785	38,923,785
Dividends	26	-	-	-	(26,386,245)	(26,386,245)
Acquisition of subsidiary companies	24&25	4,237,785	37,008,576		-	41,246,361
Issue of shares from exercise of share options	24&25	912,400	6,281,600		-	7,194,000
Balance as of December 31, 2004		148,969,185	201,106,934		277,882,964	627,959,083

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

cash flow statement

for the year ended December 31, 2004

The Group

Note	2004 RM	2003 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	33,633,323	(4,008,549)
Adjustments for:		
Depreciation of property, plant and equipment	92,427,602	78,706,278
Amortisation of deferred expenditure	2,028,163	-
Amortisation of goodwill	1,485,070	-
Bad debt written off	1,027,178	-
Loss/(Gain) on disposal of property, plant and equipment	18,878	(19,188)
Amortisation of deferred income	(1,493,130)	-
Interest income	(6,697,626)	(50,288)
Unrealised gain on foreign exchange	(1,153,939)	-
Finance costs	15,785,955	1,220,019
Operating Profit Before Working Capital Changes	137,061,474	75,848,272
(Increase)/Decrease in:		
Inventories	(9,862,058)	(9,688,177)
Trade receivables	1,951,904	(14,486,321)
Other receivables, deposits and prepaid expenses	(1,685,222)	(4,793,750)
Increase/(Decrease) in:		
Trade payables	(6,435,746)	10,372,829
Other payables and accrued expenses	(36,491,199)	(42,618,691)
Deferred income	7,280,000	-
Cash From Operations	91,819,153	14,634,162
Income tax paid	(178,818)	(61,336)
Net Cash From Operating Activities	91,640,335	14,572,826
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	2,738,005	50,288
Proceeds from disposal of property, plant and equipment	174,588	58,335
Withdrawal/(Placement) of fixed deposit	60,000	(60,000)
Additions to property, plant and equipment	(87,643,654)	(14,072,240)
Acquisition of subsidiary companies *	(48,833,549)	-
Net Cash Used In Investing Activities	(133,504,610)	(14,023,617)

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

cash flow statement (contd.)

			The Group	
	Note	2004 RM	2003 RM	
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from Guaranteed Convertible Bonds issued		380,000,000	-	
Proceeds from term loans		38,000,000	-	
Issue of shares	24	7,194,000	3,614,250	
Repayment of term loan		(29,780,880)	-	
Dividends paid	26	(26,386,245)	(14,335,600)	
Proceeds from/(Repayment of) revolving loan	20	(22,000,000)	12,000,000	
Guaranteed Convertible Bonds issue expenses		(10,411,127)	-	
Proceeds from/(Repayment of) bankers' acceptances - net	20	(9,148,000)	901,000	
Interest paid		(5,405,622)	(1,200,373)	
Finance lease paid		(691,600)	-	
Net Cash From Financing Activities		321,370,526	979,277	
NET INCREASE IN CASH AND CASH EQUIVALENTS		279,506,251	1,528,486	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,648,479	6,119,993	
Effect of exchange differences		183,050	-	
CASH AND CASH EQUIVALENTS AT END OF YEAR	28(b)	287,337,780	7,648,479	

			The Company	
	Note	2004 RM	2003 RM	
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax		38,279,485	(3,897,435)	
Adjustments for:				
Depreciation of property, plant and equipment		85,882,885	78,632,926	
Amortisation of deferred expenditure		2,028,163	-	
Bad debt written off		1,027,178	-	
Gain on disposal of property, plant and equipment		(691,404)	(19,188)	
Interest income		(6,427,034)	(50,288)	
Unrealised gain on foreign exchange		(1,153,939)	-	
Finance costs		14,482,095	1,220,019	
Operating Profit Before Working Capital Changes		133,427,429	75,886,034	

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

The Company		
Note	2004 RM	2003 RM
Increase in:		
Inventories	(10,131,418)	(9,688,177)
Trade receivables	(2,103,056)	(14,486,321)
Other receivables, deposits and prepaid expenses	(2,012,822)	(4,793,750)
Increase/(Decrease) in:		
Trade payables	(3,232,546)	10,372,829
Other payables and accrued expenses	(29,156,508)	(42,618,691)
Cash From Operations	86,791,079	14,671,924
Income tax paid	(178,818)	(61,336)
Net Cash From Operating Activities	86,612,261	14,610,588
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	2,467,413	50,288
Proceeds from disposal of property, plant and equipment	174,586	58,335
Withdrawal/(Placement) of fixed deposit	60,000	(60,000)
Additions to property, plant and equipment	(78,574,748)	(14,072,240)
Acquisition of subsidiary companies *	(27,642,269)	-
Advances to subsidiary companies	(18,176,965)	(37,762)
Investment in subsidiary companies	(5)	-
Net Cash Used In Investing Activities	(121,691,988)	(14,061,379)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Advances from a subsidiary company - net	379,999,951	-
Issue of shares	7,194,000	3,614,250
Dividends paid	(26,386,245)	(14,335,600)
Proceeds from/(Repayment of) revolving loan	(22,000,000)	12,000,000
Guaranteed Convertible Bonds issue expenses	(10,411,127)	-
Proceeds from/(Repayment of) bankers' acceptances - net	(9,148,000)	901,000
Interest paid	(4,101,762)	(1,200,373)
Net Cash From Financing Activities	315,146,817	979,277
NET INCREASE IN CASH AND CASH EQUIVALENTS	280,067,090	1,528,486
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,648,477	6,119,991
CASH AND CASH EQUIVALENTS AT END OF YEAR	287,715,567	7,648,477

cash flow statement (contd.)

* ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Company acquired Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited) and its subsidiary companies. The fair value of the assets acquired and the liabilities assumed are as follows:

	June 26, 2004 RM
Property, plant and equipment	62,282,540
Inventories	9,527,700
Trade receivables	17,554,700
Other receivables and prepaid expenses	1,947,420
Cash and bank balances	195,440
Trade payables	(12,194,060)
Other payables and accrued expenses	(13,059,580)
Term loan	(27,996,780)
Finance lease payable	(663,100)
Bank overdraft	(21,386,720)
Deferred income	(6,721,740)
Net assets acquired	9,485,820
Goodwill on consolidation	59,402,810
Total costs of acquisition	68,888,630
Less: Purchase consideration satisfied by issue of shares	(41,246,361)
Total cash outflow of the Company	27,642,269
Add: Cash and cash equivalent of subsidiary companies acquired	21,191,280
Cash flow on acquisition, net of cash acquired	48,833,549

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 Bursa Malaysia Securities Berhad.

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

The principal activities of the subsidiary companies are as set out in Note 12.

Other than as mentioned in Note 12 to the Financial Statements, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company at year end were 4,304 (2003: 3,721) and 4,069 (2003: 3,721) respectively.

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.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on February 17, 2005.

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 ("MASB").

During the financial year, the Group and the Company adopted MASB 31, Accounting for Government Grants and Disclosure of Government Assistance.

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 stated otherwise.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2004.

A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the Company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the company.

notes to the financial statements (contd.)

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Revenue Recognition

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 returns, trade discounts, allowances and value added tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

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

Foreign Currency

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, the assets and liabilities are converted at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate
Issued capital	- at historical rate
Revenue and expenses	- at average rate

The closing rates per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary companies' financial statements are as follows:

Currency	2004	2003
Sterling Pound	0.1374	0.1477
US Dollar	0.2632	0.2632

All translation gains or losses are taken up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations are disposed of.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Income Tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Property, Plant and Equipment

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

Freehold land and capital work-in-progress are not depreciated. Long-term leasehold land is amortised over the remaining period of the lease of 99 years from 1996. 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% to 33.33%
Electrical installation	10%
Office equipment	10% to 33.33%
Air-conditioners	10%
Motor vehicles	20%
Furniture and fittings	10% to 33.33%

Deferred Expenditure

Deferred expenditure represents expenditure attributable to the issue of the Guaranteed Convertible Bonds and is amortised over the tenure of the bonds.

Leases

Assets acquired under leases which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the differences between the total leasing commitments and the fair values of the assets acquired, are charged to the income statements over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statements on a straight-line basis over the terms of relevant lease.

Investment

Investment in subsidiary companies are stated in the Company's financial statements at cost less accumulated impairment losses.

notes to the financial statements (contd.)

Goodwill

Goodwill arising on the consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary company at the date of acquisition.

Goodwill is recognised as an asset and amortised on a systematic basis following an assessment of the economic useful life of the assets, subject to a maximum of 20 years.

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to the income statements in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories, deferred tax assets and financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the income statements.

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. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Employee Benefits

(i) *Defined contribution plan*

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to the EPF are disclosed separately. The employees' contributions to the EPF are included in salaries and wages.

(ii) *Equity compensation benefits*

The Group's Employees Share Options Scheme ("ESOS") allows the employees to acquire shares of Unisem (M) Berhad. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Government Grants

Government grants are deferred and recognised as income in the income statement over the period necessary to match them with the related cost that they are intended to compensate.

Grants contributed towards the acquisition of property, plant and equipment are deducted from the cost of those assets.

Income relating to government grants is recognised as a deduction from the appropriate expenses.

Convertible Bonds

Convertible bonds are stated at the issue price. When the convertible bonds are converted, the amount recognised in the shareholders' funds in respect of the shares issued will be the amount at which the liabilities for the bonds is stated as at the date of conversion. No gain or loss will be recognised on conversion.

The premium over the principle amount arising from the put option of the bonds not previously redeemed, purchased and cancelled, or converted, is provided over the period from the date of initial issue to the date of option to redeem and is set aside to a non-distributable reserve.

Gains or losses on the redemption or purchase of bonds by the Company are taken to the income statements in the financial year it arises.

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

Business segment

The Group operates within one industry, in the manufacturing of semiconductor devices and other related services, which includes principally packaging and test services. As such, information by business segment on the Group's operations is not presented.

Geographical segment

The Group's operations are located in Malaysia and the United Kingdom.

notes to the financial statements (contd.)

In presenting information on the basis of geographical segments, segment revenue, results, assets and liabilities are based on the geographical location of assets.

Unallocated assets include items that cannot be reasonably allocated to individual segment. This includes goodwill on consolidation.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that expected to be used for more than one period.

The Group	Asia		Europe		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Geographical segments by location of assets						
Revenue						
External sales	445,727,489	281,603,775	48,172,720	-	493,900,209	281,603,775
Results						
Segment results	45,476,667	(2,838,818)	(1,269,945)	-	44,206,722	(2,838,818)
Unallocated corporate expenses					(1,485,070)	-
Finance costs					42,721,652	(2,838,818)
Income from other investments					(15,785,955)	(1,220,019)
					6,697,626	50,288
Profit/(Loss) before tax					33,633,323	(4,008,549)
Income tax credit					644,300	701,291
Net profit/(loss) for the year					34,277,623	(3,307,258)
Consolidated Balance Sheet						
Assets						
Segment assets	1,040,019,759	706,748,759	94,808,382	-	1,134,828,141	706,748,759
Unallocated corporate assets					57,917,740	-
Consolidated total assets					1,192,745,881	706,748,759

The Group	Asia		Europe		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Liabilities						
Segment liabilities	504,223,312	139,931,399	65,068,640	-	569,291,952	139,931,399
Unallocated corporate liabilities					-	-
Consolidated total liabilities					569,291,952	139,931,399
Other information						
Capital expenditure	107,922,294	61,022,054	6,980,201	-	114,902,495	61,022,054
Depreciation	85,956,237	78,706,278	6,471,365	-	92,427,602	78,706,278
Amortisation of deferred income/(expenditure)	(2,028,163)	-	1,493,130	-	(535,033)	-
Loss on disposal of property, plant and equipment	18,878	-	-	-	18,878	-

Revenue from sales to external customers by location of customers:

	The Group	
	2004 RM	2003 RM
North America	408,404,210	255,601,821
Europe	57,187,433	151,109
Asia	28,308,566	25,850,825
	493,900,209	281,603,755

notes to the financial statements (contd.)

5. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

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

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Realised gain on foreign exchange		2,210,716	89,716	1,289,350	89,716
Unrealised gain on foreign exchange		1,153,939	-	1,153,939	-
Amortisation of deferred income	22	1,493,130	-	-	-
Rental of warehouse		296,400	115,188	296,400	115,188
Rental of equipment		-	504,000	-	504,000
Gain/(Loss) on disposal of property, plant and equipment to:					
Subsidiary company	17	-	-	710,282	-
Third party		(18,878)	19,188	(18,878)	19,188
Research and development expenses		(3,451,673)	(3,102,671)	(3,451,673)	(3,102,671)
Amortisation of deferred expenditure	13	(2,028,163)	-	(2,028,163)	-
Bad debt written off		(1,027,178)	-	(1,027,178)	-
Rental of premises		(450,602)	(271,426)	(450,602)	(271,426)
Fees paid/payable to external auditors:					
Statutory audit:					
Current year		(147,150)	(42,000)	(42,000)	(41,000)
Prior year		4,500	-	4,500	-
Special audit		(6,000)	(9,200)	(6,000)	(9,200)
Rental of equipment		(98,140)	-	-	-

Included in the staff costs of the Group and of the Company are the following charges:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Defined contribution plan - Employees' Provident Fund contributions	5,732,329	4,392,037	5,732,329	4,392,037
Pension scheme	436,204	-	-	-
	6,168,533	4,392,037	5,732,329	4,392,037

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Fees	305,000	266,500	305,000	266,500
Other emoluments	2,226,450	1,888,478	2,226,450	1,888,478
Defined contribution plan:				
Employees' Provident Fund contributions	267,444	226,884	267,444	226,884
	2,798,894	2,381,862	2,798,894	2,381,862
Non-executive:				
Fees	1,004,000	872,000	1,004,000	872,000
	3,802,894	3,253,862	3,802,894	3,253,862
Other Directors				
Executive:				
Other emoluments	981,400	-	-	-
Pension scheme	112,160	-	-	-
	1,093,560	-	-	-
	4,896,454	3,253,862	3,802,894	3,253,862

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 RM70,025 (2003: RM129,779).

7. FINANCE COSTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest on:				
Guaranteed Convertible Bonds	14,180,333	-	-	-
Term loans	862,230	-	-	-
Bank overdraft	441,630	-	-	-
Revolving loan	243,080	830,592	243,080	830,592
Bankers' acceptances	58,682	389,427	58,682	389,427
Advances from a subsidiary company	-	-	14,180,333	-
	15,785,955	1,220,019	14,482,095	1,220,019

notes to the financial statements (contd.)

8. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest income from:				
Fixed and short-term deposits	6,697,626	50,288	6,376,849	50,288
Advances to subsidiary companies	-	-	50,185	-
	6,697,626	50,288	6,427,034	50,288

9. INCOME TAX CREDIT

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Malaysian current tax expense	(83,200)	(100,000)	(83,200)	(100,000)
Deferred tax expense:				
Relating to origination and reversal of temporary differences (Note 23)	(10,491,000)	800,000	(10,491,000)	800,000
Overprovision in prior years:				
Current tax	10,998,500	1,291	10,998,500	1,291
Deferred tax (Note 23)	220,000	-	220,000	-
	11,218,500	1,291	11,218,500	1,291
	644,300	701,291	644,300	701,291

Although the operations of the Group and of the Company for the previous financial year resulted in losses, income tax expense has been made due to interest and rental income received that are assessed separately.

Malaysian income tax is calculated at the statutory tax rate of 28% (2003: 28%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

On June 4, 2004, the Company received approval from Malaysia Industrial Development Authority for the surrender of its pioneer certificate issued under the Promotion of Investment Act, 1986. The surrender of the pioneer status resulted in an overprovision of tax in prior year due to reinvestment allowances being claimed retrospectively from February 1, 2000.

A numerical reconciliation of income tax expense at the applicable income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(Loss) before tax	33,633,323	(4,008,549)	38,279,485	(3,897,434)
Tax at the applicable tax rate of 28%	(9,417,000)	-	(10,718,000)	-
Tax effect of accounting loss available for set-off against chargeable income at the applicable tax rate of 28%	-	1,122,000	-	1,091,000
Tax effect of income that are not taxable in determining taxable profit	3,888,000	26,000	3,888,000	26,000
Tax effect of expenses that are not deductible in determining taxable profit	(5,045,200)	(448,000)	(3,744,200)	(417,000)
Overprovision in prior years	11,218,500	1,291	11,218,500	1,291
Tax credit for the year	644,300	701,291	644,300	701,291

As of December 31, 2004, subject to agreement by the tax authorities, the Group and the Company has tax-exempt income accounts arising from the following:

	2004 RM	2003 RM
Tax-exempt income arising from its pioneer profits	49,739,000	76,125,000
Reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967	58,144,000	58,144,000
Chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999	119,081,000	119,081,000
	226,964,000	253,350,000

The comparative figures for the Group and the Company in 2003 have been restated as a result of the surrender of the Company's pioneer status as mentioned above.

notes to the financial statements (contd.)

10. EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2004	2003
Basic		
Net profit/(loss) attributable to ordinary shareholders	RM 34,277,623	RM (3,307,258)
Number of ordinary shares in issue as of January 1	143,819,000	143,342,000
Effect of shares issued for acquisition of subsidiary companies	2,472,041	-
Effect of exercise of ESOS	825,717	67,833
Weighted average number of ordinary shares in issue	147,116,758	143,409,833
Basic earnings/(loss) per ordinary share (sen)	23.30	(2.30)
Diluted		
Net profit/(loss) attributable to ordinary shareholders	RM 34,277,623	RM (3,307,258)
Weighted average number of ordinary shares in issue	147,116,758	143,409,833
ESOS:		
Number of unissued shares	4,107,667	999,591
Number of shares that would have been issued at fair value	(3,832,763)	(930,452)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	147,391,662	143,478,972
Diluted earnings/(loss) per ordinary share (sen)	23.26	(2.30)

The above calculation reflects dilutive earnings per ordinary share for options offered on February 28, 2001, July 19, 2001, December 12, 2001, February 25, 2003 and October 16, 2003.

The diluted earnings per ordinary share of the Company for the remaining options in 2000, 2001, 2002 and 2003 and the Guaranteed Convertible Bonds 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 and the conversion price of Tranche 1 of the Guaranteed Convertible Bonds to ordinary shares. The effect would be anti-dilutive to the earnings per ordinary share.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2004 consist of the following:

The Group	Cost						
	At beginning of year RM	Additions RM	Arising from acquisition of subsidiary companies RM	Translation reserve RM	Transfer	Disposals RM	At end of year RM
Freehold land	-	-	6,980,000	300,000	-	-	7,280,000
Long-term leasehold land	10,254,812	-	-	-	-	-	10,254,812
Buildings	64,787,751	7,542,134	13,960,000	600,000	-	-	86,889,885
Plant and machinery	823,847,192	102,818,817	110,870,320	4,765,200	10,272,080	(763,552)	1,051,810,057
Plant and machinery under finance lease	-	-	9,848,780	423,300	(10,272,080)	-	-
Electrical installation	9,437,518	1,059,272	-	-	-	(141,523)	10,355,267
Office equipment	9,126,139	1,273,075	3,336,440	143,400	-	-	13,879,054
Air-conditioners	4,210,352	566,165	-	-	-	-	4,776,517
Motor vehicles	3,841,027	844,401	-	-	-	(322,488)	4,362,940
Furniture and fittings	2,595,946	798,631	516,520	22,200	-	-	3,933,297
Total	928,100,737	114,902,495	145,512,060	6,254,100	-	(1,227,563)	1,193,541,829

The Group	Accumulated Depreciation						
	At beginning of year RM	Charge for the year RM	Arising from acquisition of subsidiary companies RM	Translation reserve RM	Transfer	Disposals RM	At end of year RM
Freehold land	-	-	-	-	-	-	-
Long-term leasehold land	352,078	103,583	-	-	-	-	455,661
Buildings	4,298,720	1,559,319	1,493,720	70,140	-	-	7,421,899
Plant and machinery	304,246,867	87,339,264	69,897,720	3,239,370	9,420,320	(116,480)	474,027,061
Plant and machinery under finance lease	-	-	9,032,120	388,200	(9,420,320)	-	-
Electrical installation	5,171,660	849,306	-	-	-	(48,353)	5,972,613
Office equipment	3,511,466	1,142,490	2,443,000	113,100	-	-	7,210,056
Air-conditioners	1,047,045	428,320	-	-	-	-	1,475,365
Motor vehicles	2,746,988	717,323	-	-	-	(222,192)	3,242,119
Furniture and fittings	1,212,640	287,997	362,960	16,680	-	-	1,880,277
Total	322,587,464	92,427,602	83,229,520	3,827,490	-	(387,025)	501,685,051

notes to the financial statements (contd.)

The Company	← Cost →			
	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Long-term leasehold land	2,992,941	-	-	2,992,941
Buildings	64,787,751	7,542,134	-	72,329,885
Plant and machinery	823,847,192	93,835,976	(4,905,102)	912,778,066
Electrical installation	9,437,518	1,059,272	(141,523)	10,355,267
Office equipment	9,126,139	1,207,555	-	10,333,694
Air-conditioners	4,210,352	566,165	-	4,776,517
Motor vehicles	3,841,027	844,401	(322,488)	4,362,940
Furniture and fittings	2,595,946	776,791	-	3,372,737
	920,838,866	105,832,294	(5,369,113)	1,021,302,047

	← Accumulated Depreciation →			
	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
Long-term leasehold land	247,851	30,231	-	278,082
Buildings	4,298,720	1,405,099	-	5,703,819
Plant and machinery	304,246,867	81,260,459	(700,913)	384,806,413
Electrical installation	5,171,660	849,306	(48,353)	5,972,613
Office equipment	3,511,466	932,190	-	4,443,656
Air-conditioners	1,047,045	428,320	-	1,475,365
Motor vehicles	2,746,988	717,323	(222,192)	3,242,119
Furniture and fittings	1,212,640	259,957	-	1,472,597
	322,483,237	85,882,885	(971,458)	407,394,664

The Group	← Net Book Value →	
	2004 RM	2003 RM
Freehold land	7,280,000	-
Long-term leasehold land	9,799,151	9,902,734
Buildings	79,467,986	60,489,031
Plant and machinery	577,782,996	519,600,325
Plant and machinery under finance lease	-	-
Electrical installation	4,382,654	4,265,858
Office equipment	6,668,998	5,614,673
Air-conditioners	3,301,152	3,163,307
Motor vehicles	1,120,821	1,094,039
Furniture and fittings	2,053,020	1,383,306
Total	691,856,778	605,513,273

The Company	← Net Book Value →	
	2004 RM	2003 RM
Long-term leasehold land	2,714,859	2,745,090
Buildings	66,626,066	60,489,031
Plant and machinery	527,971,653	519,600,325
Electrical installation	4,382,654	4,265,858
Office equipment	5,890,038	5,614,673
Air-conditioners	3,301,152	3,163,307
Motor vehicles	1,120,821	1,094,039
Furniture and fittings	1,900,140	1,383,306
Total	613,907,383	598,355,629

Property, plant and equipment of a foreign incorporated subsidiary company with total carrying amount of approximately RM68,775,000 in 2004 is pledged by way of fixed and floating debenture to a foreign bank for term loan facilities granted to the subsidiary company as disclosed in Note 20.

In 2003, long-term leasehold land of the Company with carrying value of RM2,745,090 was pledged by way of a registered lien holders caveat to a local licensed bank for banking facilities granted to the Company as disclosed in Note 20.

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Plant and machinery	96,052,802	45,447,525	52,685,842	45,447,525
Electrical installation	1,754,031	1,315,455	1,754,031	1,315,455
Office equipment	2,471,199	287,067	454,639	287,067
Air-conditioners	44,503	36,235	44,503	36,235
Motor vehicles	1,751,263	394,653	1,751,263	394,653
Furniture and fittings	619,134	341,022	408,014	341,022
	102,692,932	47,821,957	57,098,292	47,821,957

notes to the financial statements (contd.)

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004 RM	2003 RM
Unquoted shares, at cost	69,188,635	300,000

The subsidiary companies are as follows:

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004 %	2003 %	
<i>Direct subsidiary companies</i>				
Unisem II Sdn. Bhd.	Malaysia	100.00	100.00	Pre-operating.
Unisem-Advanpack Technologies Sdn. Bhd. [formerly known as Unisem Technologies Sdn. Bhd.] #	Malaysia	100.00	-	Wafer bumping and packaging and testing of semiconductor devices and other related services.
Unisem International (Labuan) Limited *	Malaysia	100.00	-	Issue of unsecured Guaranteed Convertible Bonds.
Unisem (Europe) Holdings Limited [formerly known as Atlantic Technology Holdings (UK) Limited] *	England and Wales	100.00	-	Investment holding.
Unisem (Europe) Limited [formerly known as Atlantic Technology (UK) Limited] *	England and Wales	100.00	-	Sub-contract assembly and test solutions.
Unisem Chengdu Co. Ltd. #*	People's Republic of China	100.00	-	Packaging and testing of semiconductor devices.

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004 %	2003 %	
Indirect subsidiary companies				
Atlantic Technology EBT Limited #*	England and Wales	100.00	-	Employee share ownership trust.
Atlantic Technology (USA) Inc #*	USA	100.00	-	Sales and distribution.
Briowave Limited *	England and Wales	51.00	-	Test development.

* The financial statements of these companies were examined by member firms of Deloitte KassimChan.

Dormant during the financial year.

On June 26, 2004, the Company completed the acquisition of the entire equity interest in Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited). The effect of this acquisition on the financial results of the Group for the year is as follows:

Post-acquisition results of subsidiary companies acquired:

	2004 RM
Revenue	48,172,720
Other operating income	2,418,450
Other operating expenses	(51,888,020)
Loss from operations	(1,296,850)
Finance costs	(1,373,960)
Loss before tax	(2,670,810)
Income tax expense	-
Net loss	(2,670,810)
Pre-acquisition profit	-
Decrease in Group profit attributable to shareholders	(2,670,810)

notes to the financial statements (contd.)

The effect of these acquisitions on the financial position of the Group as at year end is as follows:

	2004 RM
Property, plant and equipment	68,748,197
Inventories	9,667,840
Trade receivables	14,254,240
Other receivables and prepaid expenses	1,703,520
Cash and bank balances	407,680
Trade payables	(9,514,960)
Other payables and accrued expenses	(4,215,120)
Term loan	(37,419,200)
Bank overdraft	(1,179,360)
Deferred income	(12,740,000)
Group's share of net assets	29,712,837

13. DEFERRED EXPENDITURE

	The Group and The Company	
	2004 RM	2003 RM
At beginning of year	-	-
Additions	12,210,457	-
Amortised during the year	(2,028,163)	-
At end of year	10,182,294	-

The Guaranteed Convertible Bonds are in substance raised by the Company through its wholly-owned subsidiary, Unisem International (Labuan) Limited. As such, the directors are of the opinion that the bond issue expenses should be borne by the Company.

14. GOODWILL ON CONSOLIDATION

	The Group	
	2004 RM	2003 RM
At beginning of year	-	-
Goodwill arising from acquisition of a subsidiary companies	59,402,810	-
Amortised during the year	(1,485,070)	-
At end of year	57,917,740	-

15. INVENTORIES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Finished goods	725,264	213,378	725,264	213,378
Work-in-progress	4,088,984	4,776,136	2,691,224	4,776,136
Raw materials	31,775,748	20,739,905	27,786,308	20,739,905
Factory supplies	18,274,609	8,025,528	12,683,569	8,025,528
	54,864,605	33,754,947	43,886,365	33,754,947
Less: Allowance for slow- moving stocks	(1,310,400)	-	-	-
	53,554,205	33,754,947	43,886,365	33,754,947

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for sales of goods and services rendered. The credit terms granted ranges from 30 to 60 days (2003: 30 to 45 days).

The currency profile of trade receivables is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
US Dollar	68,578,566	49,934,830	54,324,326	49,934,830
Ringgit Malaysia	-	3,313,618	-	3,313,618
	68,578,566	53,248,448	54,324,326	53,248,448

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	8,654,079	3,599,924	8,333,759	3,599,924
Refundable deposits	202,789	144,639	202,789	144,639
Prepaid expenses	2,618,264	2,779,049	1,235,065	2,779,049
	11,475,132	6,523,612	9,771,613	6,523,612

notes to the financial statements (contd.)

Other receivables comprise mainly fixed deposits interest receivable, advances to sales agents and advance payments made for the purchase of plant and machinery.

The currency profile of other receivables is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
US Dollar	5,895,538	2,512,007	5,895,538	2,512,007
Ringgit Malaysia	2,429,512	1,087,279	2,429,512	1,087,279
Sterling Pound	320,320	-	-	-
Others	8,709	638	8,709	638
	8,654,079	3,599,924	8,333,759	3,599,924

17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies arose mainly from trade transactions, advances and sale of plant and machinery. The amount owing by certain subsidiary companies of RM4,267,400 and RM76,000 in 2004 bear interest at rates of 2.00% and 6.00% per annum respectively. The amount owing by subsidiary companies are not expected to be repaid within the next twelve months.

The amount owing to a subsidiary company of RM380,000,000 bears interest at 4.48% per annum, is unsecured and is expected to be repaid in year 2009.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Name of related party

Relationship

Hiti Engineering (M) Sdn. Bhd.

A company in which Messrs. Francis Chia Mong Tet and Tee Yee Loh, both directors of the Company, have substantial financial interests.

Adnan Sundra & Low

A firm of advocates and solicitors in which Mr. Sundra Moorthi s/o V.M. Krishnasamy, a director of the Company, is a partner.

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

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Subsidiary companies				
Advances granted	-	-	1,691,130	-
Advances received	-	-	380,000,000	-
Proceeds from disposal of plant and machinery resulting in a gain of RM710,282 as disclosed in Note 5	-	-	4,267,400	-
Interest paid/payable	-	-	14,180,333	-
Interest received/receivable	-	-	50,185	-
Related party				
Hiti Engineering (M) Sdn. Bhd. Construction and facilitization of plant expansion	6,941,768	2,138,688	6,491,768	2,138,688
Adnan Sundra & Low Legal fees paid	394,000	-	394,000	-

The outstanding balances as at the end of the financial year are as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Included in other payables				
Hiti Engineering (M) Sdn. Bhd.	125,065	521,233	125,065	521,233

The transactions with subsidiary companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

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.

notes to the financial statements (contd.)

18. CASH AND BANK BALANCES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed and short-term deposits with licensed banks	286,288,699	820,000	285,905,258	820,000
Cash on hand and at banks	2,228,441	6,888,479	1,810,309	6,888,477
	288,517,140	7,708,479	287,715,567	7,708,477

Fixed and short-term deposits of the Group and of the Company in 2003 included an amount of RM60,000 pledged to a local licensed bank for bank guarantee facilities granted to the Company as disclosed in Note 20.

The currency profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Ringgit Malaysia	260,182,195	2,399,443	259,798,750	2,399,441
US Dollar	27,927,265	5,309,036	27,916,817	5,309,036
Sterling Pound	407,680	-	-	-
	288,517,140	7,708,479	287,715,567	7,708,477

The average effective interest rates are as follows:

	The Group		The Company	
	2004 %	2003 %	2004 %	2003 %
Fixed deposits	3.20	3.70	3.20	3.70
Short-term deposits	1.35	0.70	1.93	0.70

The average maturities of deposits as at the end of the financial year are as follows:

	The Group		The Company	
	2004	2003	2004	2003
Fixed deposits (months)	6	12	6	12
Short-term deposits (days)	5	2	3	2

19. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit term granted to the Company ranges from 30 to 60 days (2003: 30 to 60 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
US Dollar	20,324,241	19,042,235	15,686,881	19,042,235
Sterling Pound	4,051,070	-	10,670	-
Ringgit Malaysia	1,620,178	1,495,618	1,620,178	1,495,618
Singapore Dollar	6,575	18,997	6,575	18,997
Others	837,200	-	-	-
	26,839,264	20,556,850	17,324,304	20,556,850

Other payables and accrued expenses consist of:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	43,859,749	49,912,814	39,870,309	49,912,814
Accrued expenses	25,995,379	6,895,643	13,316,001	6,894,643
	69,855,128	56,808,457	53,186,310	56,807,457

Other payables comprise mainly outstanding balances for purchases of plant and machinery and facilitization of cleanrooms. The amounts owing are interest-free. Transactions with related parties are disclosed in Note 17.

The currency profile of other payables is as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
US Dollar	24,564,034	21,444,603	23,129,874	21,444,603
Ringgit Malaysia	14,944,819	25,945,959	14,944,819	25,945,959
Sterling Pound	2,683,156	-	127,876	-
Singapore Dollar	1,651,582	1,673,024	1,651,582	1,673,024
Japanese Yen	9,426	710,000	9,426	710,000
Others	6,732	139,228	6,732	139,228
	43,859,749	49,912,814	39,870,309	49,912,814

notes to the financial statements (contd.)

20. BORROWINGS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Term loans (secured)	37,419,200	-	-	-
Bank overdraft	1,179,360	-	-	-
Revolving loan	-	22,000,000	-	22,000,000
Bankers' acceptances	-	9,148,000	-	9,148,000
	38,598,560	31,148,000	-	31,148,000
Less: Amount due within 12 months (shown under current liabilities)	(14,560,000)	(31,148,000)	-	(31,148,000)
Non-current portion	24,038,560	-	-	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Financial years ending December 31:				
2006	6,406,400	-	-	-
2007	6,406,400	-	-	-
2008	6,406,400	-	-	-
2009	4,819,360	-	-	-
	24,038,560	-	-	-

Analysis of borrowings by currency:

The Group 2004	Sterling Pound RM	US Dollar RM	Total RM
Term loans	-	37,419,200	37,419,200
Bank overdraft	1,179,360	-	1,179,360
	1,179,360	37,419,200	38,598,560

The currency profile of revolving loan and bankers' acceptances are entirely in Ringgit Malaysia.

The term loans and bank overdraft are arranged at floating rates.

The average effective interest rates are as follows:

Short-term loan	- 2.50% per annum above the London interbank offer rate.
Bank overdraft	- 1.75% per annum above a foreign bank's base rate.
Long-term loan	- 1.75% per annum above the London interbank offer rate.
Revolving loan	- 2.00% per annum above the lending bank's Effective Cost of Fund.
Bankers' acceptances	- 1.25% per annum above the face value of the bankers' acceptances.

One of the indirect subsidiary companies has a short-term loan and overdraft facility with a foreign bank to the extent of RM7,600,000 and RM5,096,000 respectively. The short-term loan is repayable by 12 equal monthly instalments commencing December 12, 2004.

The aforesaid subsidiary company also has long-term loan facility with the same foreign bank to the extent of RM30,400,000 which is repayable by 19 equal quarterly instalments commencing March 2, 2005.

The term loans and bank overdraft facilities are secured by a fixed and floating debenture on the entire assets of the aforesaid subsidiary company.

The revolving loan and bankers' acceptances in 2003 of the Group and of the Company were secured by the following:

- (i) lien holders' caveat over the Company's long-term leasehold land as disclosed in Note 11; and
- (ii) pledge of first and third party fixed deposit as disclosed in Note 18.

The revolving loan and bankers' acceptances facilities were fully settled during the financial year and the lien holders' caveat and pledge of fixed deposits have been uplifted.

21. GUARANTEED CONVERTIBLE BONDS ("CBs")

	The Group	
	2004 RM	2003 RM
2% Guaranteed Convertible Bonds due 2009	380,000,000	-

notes to the financial statements (contd.)

During the financial year, the Company successfully raised US Dollar 100 million from the issue of the Tranche 1 of the CBs through its wholly-owned subsidiary, Unisem International (Labuan) Limited ("the Issuer"). The CBs are convertible into fully-paid ordinary shares of RM1.00 each of the Company. The bonds are direct senior unsecured obligations of the Issuer and are unconditionally and irrevocably guaranteed by the Company.

The CBs are issued in 2 tranches:

Tranche 1: 2% Guaranteed US Dollar 100 million nominal value unsecured CB maturing on February 12, 2009; and

Tranche 2: 3% Guaranteed US Dollar 50 million nominal value unsecured CB maturing on February 12, 2009.

The salient features of Tranche 1 of the CBs are as follows:

- (i) the CBs bear fixed interest rate of two percent (2%) per annum on the nominal amount of the CBs and interest is payable semi-annually on February 12 and August 12 of each year during the five (5) years in which the CBs remain outstanding. The first interest payment was made on August 12, 2004. The last payment of interest shall be made on the maturity date of the CBs;
- (ii) each CB may be converted, at the option of the holder, into ordinary shares of RM1.00 each at an initial conversion price of RM14.00 per ordinary shares of RM1.00 each (the "Conversion Price") at any time on or after March 13, 2004 and up to and including February 5, 2009;
- (iii) the Conversion Price will be adjusted on each reset date, which are February 12, 2005, February 12, 2006, February 12, 2007 and February 12, 2008 (each a "Reset Date") if (a) the product of (i) the Average Closing Price (the average of the closing prices of the Company's shares on Bursa Securities for the period of 30 consecutive trading days immediately prior to the Reset Date) converted into US dollars at the prevailing rate; and (ii) the principal amount of one bond, divided by (b) the Conversion Price in effect on the Reset Date converted into US dollars at the fixed exchange rate of RM3.80: USD1.00 shall be less than the principal amount of one bond. Any adjustment to the Conversion Price shall be limited so that the adjusted Conversion Price shall not be less than 80% of the initial Conversion Price and any adjustments so made shall only be downward adjustments;
- (iv) holders of the CBs have the right to require the Issuer to redeem all or some only of the CBs at 107.12% of their principal amount plus interest accrued thereon on February 12, 2007; and
- (v) unless previously converted, redeemed or purchased and cancelled, the CBs will be redeemed at 112.39% of their outstanding principal amount on February 12, 2009.

Tranche 1 of the CBs is not rated and the directors are of the opinion that it is not practicable and cost effective to measure the component parts of the CBs at this point of time. The directors opined that it would be more appropriate to do so only upon the completion of Tranche 2.

The salient features of Tranche 2 of the CBs are as follows:

- (i) the CBs bear fixed interest rate of three percent (3%) per annum on the nominal amount of the CBs and interest is payable semi-annually on February 12 and August 12 of each year during the four (4) years in which the CBs remain outstanding. The first interest payment will be made on August 12, 2005. The last payment of interest shall be made on the maturity date of the CBs;
- (ii) each CB may be converted, at the option of the holder, into ordinary shares of RM1.00 each at an initial Conversion Price of RM7.75 per ordinary shares of RM1.00 each at any time on or after March 5, 2005 and up to and including February 5, 2009;
- (iii) the Conversion Price will be adjusted on each Tranche 2 reset dates, which are February 3, 2006, February 3, 2007 and February 3, 2008 (each a "Tranche 2 Reset Date") so that the Conversion Price shall be reset to 94% of the Average Closing Price (the average of the closing prices of the Company's shares on Bursa Securities for the period of 30 consecutive trading days immediately prior to the relevant Tranche 2 Reset Date) converted into US dollars at the prevailing rate and multiplied by the fixed exchange rate. Any adjustment to the Conversion Price shall be limited so that the adjusted Conversion Price shall not be less than 80% nor more than 115% of the initial Conversion Price;
- (iv) holders of the CBs have the right to require the Issuer to redeem all or some only of the CBs at 106.60% and 109.50% of their principal amount plus interest accrued thereon on August 3, 2007 and August 3, 2008 respectively; and
- (v) unless previously converted, redeemed or purchased and cancelled, the CBs will be redeemed at 111.09% of their outstanding principal amount on February 12, 2009.

22. DEFERRED INCOME

	The Group	
	2004 RM	2003 RM
At beginning of year	-	-
Acquired through subsidiary companies	6,721,740	-
Additions	7,010,000	-
Translation reserve	501,390	-
Amortisation	(1,493,130)	-
At end of year	12,740,000	-
Less: Amount due within 12 months (shown under current liabilities)	(4,368,000)	-
Non-current portion	8,372,000	-

The deferred income arose mainly from government grants received in respect of capital investment by an indirect subsidiary company.

notes to the financial statements (contd.)

23. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At beginning of year	30,988,000	31,788,000	30,988,000	31,788,000
Transfer to the income statements (Note 9)	10,271,000	(800,000)	10,271,000	(800,000)
At end of year	41,259,000	30,988,000	41,259,000	30,988,000

The deferred tax liabilities are in respect of the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	91,457,000	81,306,000	91,457,000	81,306,000
Unabsorbed capital allowances	(50,198,000)	(50,318,000)	(50,198,000)	(50,318,000)
	41,259,000	30,988,000	41,259,000	30,988,000

The components of deferred tax asset of a subsidiary not recognised for during the financial year prior to offsetting are as follows:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax asset:				
Depreciation in excess of capital allowances	27,203,000	-	-	-
Provisions	102,000	-	-	-
Unutilised tax losses	12,308,000	-	-	-
Grant income	840,000	-	-	-
	40,453,000	-	-	-

The unabsorbed tax capital allowances and unutilised tax losses are subject to agreement by the tax authorities.

24. SHARE CAPITAL

	The Group and The Company		The Group and The Company	
	2004 No. of shares	2003 No. of shares	2004 RM	2003 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	143,819,000	143,342,000	143,819,000	143,342,000
Acquired of subsidiary company	4,237,785	-	4,237,785	-
Issued pursuant to the ESOS	912,400	477,000	912,400	477,000
At end of year	148,969,185	143,819,000	148,969,185	143,819,000

As approved by shareholders at the Annual General Meeting held on April 29, 2004, the issued and paid-up ordinary share capital of the Company was increased from RM143,819,000 to RM148,969,185 during the financial year by the issue of 5,150,185 new ordinary shares of RM1 as follows:

- (i) Issue of 4,237,785 new ordinary shares of RM1.00 each at an issue price of RM9.733 per share, for the purpose of the acquisition of equity interest in Unisem (Europe) Holdings Limited (formerly known as Atlantic Technology Holdings (UK) Limited); and
- (ii) Issue of 912,400 new ordinary shares of RM1.00 each for cash issued at various exercise prices pursuant to the Employee Share Option Scheme of the Company.

The resultant premium arising from the shares issued above of RM43,290,176 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.

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

	2004	2003
Outstanding at January 1	13,428,000	10,805,000
Granted	3,500	3,673,000
Exercised	(912,400)	(477,000)
Lapsed	(518,600)	(573,000)
Outstanding at December 31	12,000,500	13,428,000

notes to the financial statements (contd.)

Details of share options granted during the period:

	2004 RM	2003 RM
Exercise price per share	10.80	5.75 - 10.00
Aggregate proceeds if shares are issued	37,800	31,064,750

Details of share options exercised during the period:

	2004 RM	2003 RM
Exercise price per share	5.75 - 10.00	5.75 - 8.50
Aggregate issue proceeds	7,194,000	3,614,250

Details of share options held by the Company's directors and senior management staffs during the year are as follows:

	2004 Number	2003 Number
At January 1	2,999,000	2,684,000
Granted	-	315,000
Exercised	(10,000)	-
At December 31	2,989,000	2,999,000

Terms of options outstanding at December 31:

Exercise price RM	Proforma			
	2004 Number	2003 Number	Exercise price * RM	2004 Number
14.80	6,655,000	6,810,000	4.93	19,965,000
13.50	95,000	95,000	4.50	285,000
10.20	25,000	25,000	3.40	75,000
8.00	988,000	1,191,000	2.66	2,964,000
7.00	416,000	629,000	2.33	1,248,000
8.50	237,000	370,000	2.83	711,000
12.40	790,000	790,000	4.13	2,370,000
5.75	122,000	180,000	1.91	366,000
8.30	2,052,000	2,675,000	2.76	6,156,000
10.00	617,000	663,000	3.33	1,851,000
10.80	3,500	-	3.60	10,500
	12,000,500	13,428,000		36,001,500

* Based on the enlarged share capital after the bonus issue and share split on February 14, 2005.

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 ESOS;
- (c) Eligible Malaysian employees (including full-time Executive Directors of the Company and its subsidiary companies) are those who have been confirmed in service while a non-Malaysian employee (including full-time foreign Executive Director) whose contribution is vital to any company in the Group and serving under an employment contract of not less than 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 category of the eligible employee in consideration, with due regard to the seniority and length of service of the eligible employee. The number of new ordinary shares so offered under the ESOS shall not be less than a board lot (or 100 ordinary shares) nor more than the maximum allowable allocation applicable to such eligible employee as set out in the ESOS Bye-Laws;
- (e) The price at which the grantee is entitled to subscribe for each ordinary share under the ESOS shall be set at a discount of not more than ten (10) per centum from the weighted average of the market prices of the ordinary shares of the Company for the five (5) market days immediately preceding the date of the offer, or the par value of such share of the Company, whichever is higher;

notes to the financial statements (contd.)

- (f) The ESOS shall be in force for a period of five (5) years commencing September 7, 2000 and expire on September 6, 2005;
- (g) The options granted may be exercised on any market day during the option period subject to the maximum percentages applicable to such eligible employee as set out in the ESOS Bye-Laws;
- (h) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of ordinary shares of the Company or otherwise (excluding the purchase by the Company of its own shares) howsoever taking place, such corresponding alterations (if any) shall be made to (a) the number of new ordinary shares relating to the options so far as unexercised; and (b) the option price; and
- (i) The Option Committee is appointed by the Board of Directors of the Company to administer the scheme.

25. RESERVES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable reserve:				
Share premium	201,106,934	157,816,758	201,106,934	157,816,758
Translation reserve	304,830	-	-	-
Distributable reserve:				
Unappropriated profit	273,072,980	265,181,602	277,882,964	265,345,424
	474,484,744	422,998,360	478,989,898	423,162,182

Share premium

Share premium arose from the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Public issue 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 in 2001	54,000	54,000	54,000	54,000
Exercise of share options of 333,000 ordinary shares in 2002	2,233,200	2,233,200	2,233,200	2,233,200
Exercise of share options of 477,000 ordinary shares in 2003	3,137,250	3,137,250	3,137,250	3,137,250
Acquisition of subsidiary companies	37,008,576	-	37,008,576	-
Exercise of share options of 912,400 ordinary shares in 2004	6,281,600	-	6,281,600	-
	201,106,934	157,816,758	201,106,934	157,816,758

Translation reserve

All translation gains and losses are taken-up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expense in the income statements, in the period in which the operations are disposed of.

Unappropriated profit

As of December 31, 2004, subject to agreement with the Inland Revenue Board, the Company has a Section 108 tax credit of RM12,933,000 (2003: RM12,760,000). Based on the prevailing tax rate applicable to dividends and the estimated tax credit and tax-exempt account balances as mentioned in Note 9, the Company may distribute RM260,220,000 out of its unappropriated profit as of December 31, 2004 by way of cash dividends without additional tax liabilities being incurred.

26. DIVIDENDS

	The Group and The Company	
	2004 RM	2003 RM
Interim dividend paid:		
8% for 2004, tax-exempt	11,916,495	-
Final dividend paid:		
10% for 2003 (10% for 2002), tax-exempt	14,335,600	14,334,200
Additional dividend paid due to the exercise of options under ESOS	134,150	1,400
	26,386,245	14,335,600

The directors have proposed a final dividend of 10%, tax-exempt, in respect of the current financial year. The proposed final dividend which amounts to RM22,346,278 (based on the enlarged share capital after the bonus issue and share split as at the date of this report) is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Dividends per share for the year are as follows:

	The Group and The Company	
	2004 Sen	2003 Sen
Interim dividend paid - 8%, tax-exempt	8	-
Final dividend proposed - 10%, tax-exempt	5	10
	13	10

The proposed final dividend in 2004 has taken into consideration the enlarged share capital after the bonus issue and share split.

notes to the financial statements (contd.)

27. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(a) Financial risk management objectives and policies

The operations of the Group is subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments. The Group also utilises foreign currency forward contracts to hedge certain risk exposure; it does not utilise these foreign currency forward contracts for trading or other speculative purposes.

(i) Foreign currency risk

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sales and assets purchase transactions denominated in foreign currencies.

(ii) Interest rate risk

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The respective interest rate on borrowings are as disclosed in Note 20.

(iii) Credit risk

The Group are exposed to credit risk mainly from trade receivables, cash and bank balances and foreign currency forward contracts. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Management believes that the Group's and the Company's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

The Group is exposed to credit with respect to foreign currency forward contracts and commodity contracts in the event of non-performance by the counterparties to these financial instruments which are major financial institutions. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

(iv) Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(b) Financial assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

(c) Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Debt instruments issued which carry a right to convert into equity that is dependent on the outcome of uncertainties beyond the control of the Group and the holder are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include trade and other payables, convertible bonds, term loans, overdraft, revolving loan and bankers' acceptances.

Convertible bonds, term loans, overdraft, revolving loan and bankers' acceptances are recorded at the proceeds received. Finance charges, including premium payable on settlement or redemption, are accounted for on accrual basis.

Debts and equity instruments are recorded at the proceeds received net of direct issue costs.

(d) Foreign currency forward contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts. Gains and losses on foreign exchange contracts designated as hedges of identified exposure are offset against the foreign exchange gains and losses on the hedged financial assets and liabilities.

Where the instrument is used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

At the balance sheet date, the Group had entered into forward foreign exchange contracts to sell in US dollars at the following notional amounts:

	Average Exchange Rate per unit of Ringgit Malaysia			
	2004 RM	2003 RM	2004	2003
US Dollar	331,424,780	95,716,000	0.2628	0.2622

All of these contracts mature within six months of the balance sheet date.

The net deferred gain arising on such contracts as of December 31, 2004 of approximately RM294,780 (2003: RM8,000) will be recognised in the underlying transactions in the first half of 2005.

notes to the financial statements (contd.)

(e) Credit risk

The financial instruments which potentially subject the Group to credit risk are trade receivables and foreign currency forward contracts. Concentration of credit risk with respect to trade receivables is limited due to a large number of customers in various industries and geographical locations. The Group is exposed to credit risk with respect to foreign currency forward contracts in the event of non-performance by the counterparties to these financial instruments which are major financial institutions. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

(f) Fair values

The notional amounts and the estimated fair values of the Group's and the Company's financial instruments as of December 31, 2004 are as follows:

	Notional Amount RM	Fair Value RM
Off Balance Sheets Items		
Foreign currency forward contracts	331,424,780	331,040,970

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, revolving loan and bankers' acceptances approximate fair value because of the short maturity of these instruments.

The fair value of foreign currency forward contracts is calculated by reference to the current rate for contracts with similar maturity profiles.

It is not practical to estimate the fair value of the Guaranteed Convertible Bonds as the Guaranteed Convertible Bonds has no rating as mentioned in Note 21 to the Financial Statements.

No disclosure is made for the amount owing by subsidiary company as it is impracticable to determine the fair value with sufficient reliability given that the balance has no fixed term of repayment.

28. CASH FLOW STATEMENTS

(a) Additions to property, plant and equipment

During the year, property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash payment	87,643,654	14,072,240	78,574,748	14,072,240
Transferred from deposits	1,075,112	2,298,279	1,075,112	2,298,279
Included in other payables	26,183,729	44,651,535	26,182,434	44,651,535
	114,902,495	61,022,054	105,832,294	61,022,054

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed and short-term deposits	286,288,699	820,000	285,905,258	820,000
Cash and bank balances	2,228,441	6,888,479	1,810,309	6,888,477
Bank overdrafts	(1,179,360)	-	-	-
	287,337,780	7,708,479	287,715,567	7,708,477
Less: Fixed deposit pledged to a licensed bank (Note 18)	-	(60,000)	-	(60,000)
	287,337,780	7,648,479	287,715,567	7,648,477

29. CAPITAL COMMITMENTS

As of December 31, 2004, the Group and the Company have the following capital expenditure in respect of property, plant and equipment:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Contracted but not provided for	27,208,825	48,296,000	23,852,745	48,296,000
Approved but not contracted for	1,449,182	-	1,449,182	-
	28,658,007	48,296,000	25,301,927	48,296,000

30. CONTINGENT LIABILITY

There is a litigation in respect of a claim in the Industrial Court by a former executive of the Company, who is seeking reinstatement, in relation to summary termination and dismissal from the Company in 1999. The amount of the claim, in lieu of reinstatement, has yet to be determined but is estimated to be approximately RM1.1 million. The claim is being defended by the Company.

31. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the following events occurred:

- (i) The shareholders of the Company at an Extraordinary General Meeting held on January 13, 2005 approved the proposed bonus issue of up to 202,252,072 new ordinary shares of RM0.50 each on the basis of one (1) bonus share for every two (2) existing ordinary shares held and the proposed share split of every one (1) existing share held into two (2) new ordinary shares of RM0.50 each.

notes to the financial statements (contd.)

Proforma earnings per share information in respect of changes in capital structure as a result of the bonus issue and share split are as follows:

	The Group	
	2004	2003
Basic		
Net profit/(loss) attributable to ordinary shareholders	RM 34,277,623	RM (3,307,258)
Number of ordinary shares in issue as of January 1	143,819,000	143,342,000
Effect of shares issued for acquisition of subsidiary companies	2,472,041	-
Effect of exercise of ESOS	825,717	67,833
Effect of share split	147,116,758	143,409,833
Effect of bonus issue	147,116,758	143,409,833
Proforma weighted average number of ordinary shares in issue	441,350,274	430,229,499
Proforma basic earnings/(loss) per ordinary share (sen)	7.77	(0.77)

	The Group	
	2004	2003
Diluted		
Net profit/(loss) attributable to ordinary shareholders	RM 34,277,623	RM (3,307,258)
Proforma weighted average number of ordinary shares in issue	441,350,274	430,229,499
ESOS:		
Proforma number of unissued shares	12,323,001	2,998,773
Proforma number of shares that would have been issued at fair value	(11,498,289)	(2,791,356)
Adjusted proforma weighted average number of ordinary shares for calculating diluted earnings per ordinary share	442,174,986	430,436,916
Proforma diluted earnings/(loss) per ordinary share (sen)	7.75	(0.77)

- (ii) The second tranche of US Dollar 50 million nominal value of the CBs was successfully completed on February 3, 2005.

statement by directors

The directors of **UNISEM (M) BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows 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 December 31, 2004 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

TAN SRI DATO' DR. MOHD. RASHDAN BIN HAJI BABA

Kuala Lumpur,
February 17, 2005

declaration by the officer

primarily responsible for the financial management of the company

I, **LOH CHEE CHEONG**, the officer primarily responsible for the financial management of **UNISEM (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows 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.

LOH CHEE CHEONG

Subscribed and solemnly declared by the abovenamed
LOH CHEE CHEONG at **IPOH** this 17th day
of February, 2005.

Before me,

ABD. RAHIM BIN HAJI MAT TAIB, AMN., AMP. (No. A010)
COMMISSIONER FOR OATHS

shareholding statistics

as at 11 March 2005

1. Authorised Share Capital : RM500,000,000
 Issued and paid-up Share Capital : RM223,462,777.50
 Class of Shares : Ordinary shares of RM0.50 each
 Voting Right : 1 vote per share
2. Distribution of shareholders

No. of holders	Holdings	Total holdings	%
36	Less than 100 shares	702	0.00
318	100 to 1,000 shares	233,833	0.05
3,848	1,001 to 10,000 shares	16,363,646	3.66
1,022	10,001 to 100,000 shares	28,791,053	6.44
231	100,001 to less than 5% of issued shares	241,312,021	54.00
2	5% and above of issued shares	160,224,300	35.85
5,457		446,925,555	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	129,090,000	28.88	-	-
Employees Provident Fund Board	31,134,300	6.97	22,641,600	5.07 ^(a)
Jayvest Holdings Sdn Bhd	10,666,800	2.39	129,090,000	28.88 ^(b)
John Chia Sin Tet	1,200,000	0.27	142,162,600	31.81 ^(c)
The estate of Soo Yut Kuan	-	-	139,756,800	31.27 ^(d)
Noadwood Sdn Bhd	-	-	129,090,000	28.88 ^(b)
Yen Woon @ Low Sau Chee	-	-	132,245,800	29.59 ^(e)
Chua Khing Chiew	-	-	129,090,000	28.88 ^(f)

Notes:

(a) Shares managed by portfolio managers.

(b) Held indirectly through Bandar Rasah Sdn Bhd.

(c) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd and Lancar Indah Sdn Bhd.

(d) Held indirectly through Bandar Rasah Sdn Bhd and Jayvest Holdings Sdn Bhd.

(e) Held indirectly through his spouse, Noadwood Sdn Bhd and Lancar Indah 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	1,200,000	0.27	142,162,600	31.81 ^(a)
Ang Chye Hock	45,000	0.01	-	-
Tan Sri Dato' Dr. Mohd. Rashdan bin Haji Baba	3,000,000	0.67	114,900	0.03 ^(b)
Tan Sri Dato' Samshuri bin Arshad	-	-	600,000	0.13 ^(b)
Dato' Wong See Wah	-	-	-	-
Colin Garfield MacDonald	3,483,147	0.78	12,750,000	2.85 ^(b)
Yen Woon @ Low Sau Chee	-	-	132,245,800	29.59 ^(c)
Sundra Moorthi s/o V.M. Krishnasamy	27,000	0.01	6,000	0.00 ^(d)
Francis Chia Mong Tet	1,074,600	0.24	9,300,000	2.08 ^(b)
Tee Yee Loh	1,348,800	0.30	5,550,000	1.24 ^(e)
Chua Khing Chiew	-	-	129,090,000	28.88 ^(f)

Notes:

(a) Held indirectly through Bandar Rasah Sdn Bhd, Jayvest Holdings Sdn Bhd and Lancar Indah Sdn Bhd.

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

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

(d) Held indirectly through his spouse.

(e) Held indirectly through his spouse and nominee companies under pledged securities accounts.

(f) 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 accounts belonging to the same person)

Shareholders	No. of shares held (direct interest)	% of issued shares
1. Bandar Rasah Sdn Bhd	129,090,000	28.88
2. Employees Provident Fund Board	31,134,300	6.97
3. Lembaga Tabung Haji	12,404,600	2.78
4. Jayvest Holdings Sdn Bhd	10,666,800	2.39
5. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Chia Mong Tet	9,300,000	2.08
6. Koo Hong @ Ku Hong Hai	9,249,189	2.07

shareholding statistics (contd.)

Shareholders	No. of shares held (direct interest)	% of issued shares
7. SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,210,000	2.06
8. Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account for Colin Garfield MacDonald (50801082296A)	9,000,000	2.01
9. HSBC Nominees (Asing) Sdn Bhd SEB Stockholm for Mandatum Emerging Markets Asia Fund	8,085,000	1.81
10. AM Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (A/C1)	7,685,100	1.72
11. Universal Trustee (Malaysia) Berhad SBB Crystal Equity Fund	6,928,800	1.55
12. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	5,745,000	1.29
13. Malaysia National Insurance Berhad	4,890,000	1.09
14. Universal Trustee (Malaysia) Berhad SBB Premium Capital Fund	4,800,000	1.07
15. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Didik	4,767,900	1.07
16. Low Kim Bee @ Lau Kim Bee	3,993,000	0.89
17. HSBC Nominees (Asing) Sdn Bhd Pledged Securities Account for Colin Garfield MacDonald (381-272111-089)	3,750,000	0.84
18. Permodalan Nasional Berhad	3,600,000	0.81
19. HSBC Nominees (Asing) Sdn Bhd Abu Dhabi Investment Authority	3,546,981	0.79
20. Saleem Abdullatif Mustafa	3,540,600	0.79
21. Colin Garfield MacDonald	3,483,147	0.78
22. Universal Trustee (Malaysia) Berhad SBB Savings Fund	3,429,600	0.77

Shareholders	No. of shares held (direct interest)	% of issued shares
23. Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	3,000,300	0.67
24. Mohamed Rashdan bin Baba	3,000,000	0.67
25. HSBC Nominees (Asing) Sdn Bhd Stichting Pensioenfonds ABP.	2,867,700	0.64
26. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund JY74 for The Pacific Basin Equity Fund (FRIC PLC)	2,817,600	0.63
27. Lancar Indah Sdn Bhd	2,405,800	0.54
28. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Yee Loh	2,400,000	0.54
29. Amanah Raya Berhad Amittikal	2,322,000	0.52
30. Alliancegroup Nominees (Tempatan) Sdn Bhd Alliance Capital Asset Management Sdn Bhd for Employees Provident Fund	2,284,500	0.51

list of properties

held by the group as at 31 December 2004

Location	Description	Existing Use	Tenure	Land area/ Build-up area (approximate)	Date of acquisition/ completion	Approximate age of Building	Book Value as at 31 Dec 2004 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	-	2,714,859
	Factory building Phase I	Factory	-	130,000 sq ft	March 1992	13	8,608,239
	Factory building Phase II	Factory	-	110,000 sq ft	August 1996	9	11,595,029
	Factory building Phase III	Factory	-	330,000 sq ft	September 2000	4	46,422,798
PT 4376 Mukim Sungai Raya, Daerah Kinta, Perak	Industrial land	Vacant	99 years leasehold expiring 2100	10.598 hectare	October 2000	-	7,084,292
Parkway, Pen-y-fan Industrial Estate, Croespenmaen, Crumlin, Gwent, United Kingdom NP11 3XT	Industrial land	Factory	Freehold	9.915 hectare	February 1994	-	7,280,000
	Factory building	Factory	-	130,000 sq ft	July 1995	9	12,841,920

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 28 April 2005 at 10.00 a.m. to transact the following businesses:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2004 and the Reports of the Directors and the Auditors thereon.
2. To approve the declaration of a final dividend of 10% tax-exempt for the financial year ended 31 December 2004.
3. To approve the payment of Directors' fees amounting to RM1,309,000 for the financial year ended 31 December 2004, representing an increase of RM170,500 from RM1,138,500 in 2003.
4. To re-elect the following Directors who retire pursuant to Article 124 of the Company's Articles of Association:-
 - (i) Mr John Chia Sin Tet
 - (ii) Y. Bhg. Tan Sri Dato' Samshuri bin Arshad
 - (iii) Mr Francis Chia Mong Tet
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.
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 Bursa Malaysia Securities Berhad 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."

7. To transact any other ordinary business for which due notice has been given.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

Resolution 7

Resolution 8

notice of annual general meeting (contd.)

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the register of members will be closed from 6 May 2005 to determine shareholders' entitlement to the final dividend of 10% tax-exempt for the financial year ended 31 December 2004. The dividend, if approved, will be paid on 27 May 2005.

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 6 May, 2005 in respect of ordinary transfers;
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA HENG FATT (MACS 00264)

Company Secretary

6 April 2005
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 Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

statement accompanying notice of annual general meeting

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

1. Mr John Chia Sin Tet
2. Y. Bhg. Tan Sri Dato' Samshuri bin Arshad
3. Mr Francis Chia Mong Tet

The profiles of the above Directors are provided in pages 5 to 8 whilst their shareholdings in the Company are set out in page 93 of the Annual Report.

B. Details of attendance of Directors at Board Meetings:-

There were five Board Meetings held during the financial year. The details of the attendance of the directors at the Board Meetings are set out in page 16 of the Annual Report.

C. Date, Time and Venue of the Board Meetings:-

Date	Time	Venue
4 February 2004	12.00 noon	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
27 February 2004	11.30 a.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
29 April 2004	12.00 noon	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
21 July 2004	3.30 p.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur
28 October 2004	11.00 a.m.	The registered office of Unisem (M) Berhad at 9 th Floor, UBN Tower, 10 Jalan P Ramlee, 50250 Kuala Lumpur

This page has been left blank intentionally

Proxy Form



UNISEM (M) BERHAD
(183314-V)
(Incorporated in Malaysia)

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 Sixteenth Annual General Meeting of the Company to be held at Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 28 April 2005 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 Financial Statements for the financial year ended 31 December 2004 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 2004		
Resolution 3	To approve the payment of Directors' fees amounting to RM1,309,000 for the financial year ended 31 December 2004, representing an increase of RM170,500 from RM1,138,500 in 2003		
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' Samshuri bin Arshad as a Director who retires pursuant to Article 124 of the Company's Articles of Association		
Resolution 6	To re-elect Mr Francis Chia Mong Tet 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 _____ 2005

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.

UNISEM (M) BERHAD (183314-V)

Letter Box #95,
9th Floor, UBN Tower,
10, Jalan P. Ramlee,
50250 Kuala Lumpur.

S T A M P

corporate information

BOARD OF DIRECTORS

Mr John Chia Sin Tet
(Chairman/Managing Director)

Mr Ang Chye Hock
(Executive Director)

Y. Bhg. Tan Sri Dato' Dr.
Mohd. Rashdan bin Haji Baba
(Independent Director)

Y. Bhg. Tan Sri Dato' Samshuri bin Arshad
(Independent Director)

Y. Bhg. Dato' Wong See Wah
(Independent Director)

Mr Colin Garfield MacDonald
(Non-Executive Director)

Mr Yen Woon @ Low Sau Chee
(Non-Executive Director)

Mr Sundra Moorthi s/o V.M. 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)

Y. Bhg. Dato' Wong See Wah
(Member/Independent Director)

Mr Francis Chia Mong Tet
(Member/Non-Executive Director)

COMPANY SECRETARY

Mr Chua Heng Fatt (MACS 00264)

REGISTERED OFFICE

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

AUDITORS

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

SHARE REGISTRARS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board