

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2002

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/09/2002 RM'000	Corresponding Quarter Ended 30/09/2001 RM'000	Current Year to date Ended 30/09/2002 RM'000	Corresponding Year to date Ended 30/09/2001 RM'000
Revenue	54,159	32,560	164,962	142,087
Operating expenses	(61,570)	(41,587)	(168,132)	(147,021)
Other operating income	212	652	1,101	3,749
Loss from operations	(7,199)	(8,375)	(2,069)	(1,185)
Finance cost	(163)	-	(163)	-
Loss before income tax	(7,362)	(8,375)	(2,232)	(1,185)
Taxation	(1,802)	(1,700)	(4,020)	(7,265)
Net loss for the period	<u>(9,164)</u>	<u>(10,075)</u>	<u>(6,252)</u>	<u>(8,450)</u>
Loss per share (sen):				
(a) Basic	(6.40)	(7.05)	(4.37)	(5.91)
(b) Fully diluted	(6.36)	N/A	(4.34)	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2001)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at End of Current Quarter 30/09/2002 RM'000	As at Preceding Financial Year end 31/12/2001 RM'000
Property, plant and equipment	627,764	645,245
Current Assets		
Inventories	24,858	21,579
Debtors	48,059	37,338
Cash and bank balances	5,631	24,891
	<u>78,548</u>	<u>83,808</u>
Current Liabilities		
Creditors	68,710	101,310
Short Term Borrowings	18,369	-

Taxation	388	9,098
	<u>87,467</u>	<u>110,408</u>
Net Current Liabilities	(8,919)	(26,600)
Net Assets Employed	<u>618,845</u>	<u>618,645</u>
Share Capital	143,336	143,009
Reserves	463,059	467,136
Shareholders' Funds	606,395	610,145
Deferred tax liabilities	12,450	8,500
Total Capital Employed	<u>618,845</u>	<u>618,645</u>
Net tangible assets per share (RM)	4.2306	4.2665

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2001)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year to date Ended 30/09/2002 RM'000
Operating Activities	
Net Loss Before Taxation	(2,232)
Adjustment for non-cash flow items:	
Depreciation of property, plant and equipment	49,458
Loss on disposal of property, plant and equipment	(16)
Operating Profit Before Changes In Working Capital	47,210
Changes In Working Capital	
Net change in current assets	(14,000)
Tax paid	(8,780)
Net change in current liabilities	(18,300)
Net Cash Flows From/(Used In) Operating Activities	6,130
Investing Activities	
Dividends paid	(14,323)
Additions to property, plant and equipment	(32,039)
Proceeds from disposal of property, plant and equipment	79
Net Cash Flows Used In Operating Activities	(46,283)
Financing Activities	
Issue of shares	2,524
Proceeds from short term borrowings	18,369
Net Cash From Financing Activities	20,893
Net Change in Cash & Cash Equivalents	(19,260)
Cash And Cash Equivalents At Beginning Of Period	24,891

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with *MASB 26 Interim Financial Reporting*.

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2001)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Reserve Attributable to Capital RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000
Current Year to date Ended 30/09/2002				
Balance at beginning of year	143,009	152,446	314,690	610,145
Movements during the period	327	2,197	(6,274)	(3,750)
Balance at end of period	<u>143,336</u>	<u>154,643</u>	<u>308,416</u>	<u>606,395</u>

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with *MASB 26 Interim Financial Reporting*.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2001)

Notes:-

1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with *MASB 26 Interim Financial Reporting* and *Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange*. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the annual financial statement for the year ended 31 December 2001.

2. Declaration of audit qualification

The preceding annual financial statements of the Group were reported on without any qualification.

3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There are no extraordinary items for the current interim period.

4. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There are no changes in the estimates of amounts, which give a material effect in the current interim period.

5. Valuations of property, plant & equipment brought forward without amendment from the previous annual financial statements

The Group did not carry out any valuations on its property, plant & equipment.

6. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial year to date

	Current quarter ended 30/09/2002 RM'000	Current year to date ended 30/09/2002 RM'000
Income tax payable	2	70
Deferred tax liability	1,800	3,950
Total	1,802	4,020

Although the operations of the Group for the current quarter and financial year to date resulted in losses, provision for income tax payable has been made due to interest income which is assessed separately.

7. Amount of profits on sale of unquoted investments or properties

There is no sale of unquoted investments or properties for the current quarter and financial year to date.

8. Particulars of purchase or disposal of quoted securities

There are no purchases or disposals of quoted securities by the Group as at 17 October 2002.

9. Effect of changes in the composition of the Group

There are no changes in the composition of the Group for the current financial year to date.

10. (a) Status of corporate proposals announced but not completed

There are no outstanding corporate proposals announced but not completed as at 17 October 2002 save and except for the proposed issue by the Company or an appropriate special purpose company of up to USD150 million nominal value of unsecured 5-year Euro-convertible bonds. On 28 August 2002, the Company announced that the approvals from the Securities Commission and the Ministry of International Trade and Industry were obtained. All other approvals for the proposed Euro-convertible bonds issue are still pending.

(b) Status of utilisation of proceeds raised from any corporate proposal

Not applicable.

11. Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities

There are no issue, cancellation, repurchases, resale and repayment of debt or equity securities for the current financial year to date, save and except for the issue of 327,000 new shares pursuant to the Company's Employee Share Option Scheme ("ESOS").

12. Borrowings and debt securities as at the end of the reporting period

Details of the Group's borrowings as at 30 September 2002 are as follows:

	RM'000
Short term borrowings	18,369
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The short term borrowings comprise banker acceptances and revolving credit facilities which are unsecured and bear interest rates ranging from 5.00% to 6.00% per annum.

13. Changes in contingent liabilities or contingent assets

Save and except as set out in Note 15, there are no contingent liabilities for the current financial year to date.

14. Summary of off balance sheet financial instruments by type and maturity profile

As at 17 October 2002, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade receivables are as follows:

Currency	Contracts amount (in thousands)	Equivalent amount in RM'000
US Dollars	21,800	83,058

All of these contracts mature within six months.

There are no cash requirement risks as the Group only uses forward foreign currency contracts as its hedging instrument.

15. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

There is no material litigation pending as at 17 October 2002, save and except for a claim in the Industrial Court by a former executive of the Company, in relation to summary termination and dismissal from the Company in 1999, who is seeking reinstatement. The amount of the claim, in lieu of reinstatement, has yet to be determined but is estimated to be about RM1.1 million. The claim is being defended by the Company.

16. Segment revenue, segment result and segment assets employed for business segments or geographical segments

The Group operates within one industry and one geographical area, as such segment analysis is not presented.

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

The Group recorded a loss before taxation of RM7.362 million for the quarter, which represents a decline of RM13.029 million over a profit before tax of RM5.667 million for the immediate preceding quarter ended 30 June 2002. Management attributes the decline in pre-tax profit to decreased revenue, low utilisation of the installed capacity, and increased depreciation charges in the quarter under review.

18. Review of the performance of the Group, setting out material factors affecting the earnings and /or revenue of the Group for the current quarter and financial year to date

The Group recorded a revenue of RM54.159 million and a net loss of RM9.164 million for the quarter. These represent a sequential quarterly decline of 16% and 315% in revenue and net profit respectively. The decrease in revenue was mainly due to the decline in business volume and lower average selling prices of the Company's products and services.

19. Material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period.

20. Explanatory comment about the seasonality or cyclicity of operations

There has only been a mild recovery in the semiconductor industry since late last year. The much anticipated ramp-up in the second half of 2002 did not materialise. With the deteriorating world economy, a strong recovery in the industry is unlikely in the next two/three quarters.

21. Commentary on the prospects, including the factors that are likely to influence the Group's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter

The demand for the Company's products and services remain uncertain as the expected recovery did not materialise in the third quarter. In view of the continued slowing down of the global economy, the Company does not expect business conditions to improve in the next two/three quarters.

22. (a) Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)

Not applicable

(b) Explanatory note for any shortfall in the profit guarantee

Not applicable

23. Dividend

A final dividend of 10%, tax-exempt, amounting to RM14,323,300 proposed in respect of ordinary shares in the previous financial year was paid by the Company on 31 May 2002.

The Directors have not recommended any dividend for the third financial quarter ended 30 September 2002.

24. Earnings per share

	Current quarter ended 30/09/2002
Basic	
Net loss attributable to ordinary shareholders (RM'000)	<u>(9,164)</u>
Number of ordinary shares in issue as of 1 January 2002	143,009,000
Effect of exercise of ESOS	194,667
Weighted average number of ordinary shares in issue	<u>143,203,667</u>
Basic loss per ordinary share (sen)	<u>(6.40)</u>
Diluted	
Net loss attributable to ordinary shareholders (RM'000)	<u>(9,164)</u>
Weighted average number of ordinary shares in issue	143,203,667
ESOS:	
Weighted average number of unissued shares	3,044,666
Weighted average number of shares that would have been issued at fair value	(2,208,500)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>144,039,833</u>
Diluted loss per ordinary share (sen)	<u>(6.36)</u>

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS NO. 8245)

Company Secretaries

DATED : 17 OCTOBER 2002