

**UNISEM (M) BERHAD** (Company No. 183314-V)  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2003

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Current Quarter Ended 31/03/2003 RM'000	Corresponding Quarter Ended 31/03/2002 RM'000	Current Year to date Ended 31/03/2003 RM'000	Corresponding Year to date Ended 31/03/2002 RM'000
Revenue	54,018	46,058	54,018	46,058
Operating expenses	(61,976)	(47,129)	(61,976)	(47,129)
Other operating income	486	535	486	535
Loss from operations	(7,472)	(536)	(7,472)	(536)
Finance cost	(248)	-	(248)	-
Loss before income tax	(7,720)	(536)	(7,720)	(536)
Taxation	500	(796)	500	(796)
Net loss for the period	<u>(7,220)</u>	<u>(1,332)</u>	<u>(7,220)</u>	<u>(1,332)</u>
Loss per share (sen):				
(a) Basic	(5.04)	(0.93)	(5.04)	(0.93)
(b) Fully diluted	(5.04)	(0.93)	(5.04)	(0.93)

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2002)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	As at End of Current Quarter 31/03/2003 RM'000	(Audited) As at Preceding Financial Year end 31/12/2002 RM'000
Property, plant and equipment	612,201	623,237
Current Assets		
Inventories	26,121	24,067
Debtors	36,272	42,795
Cash and Cash Equivalent	9,778	6,120
	<u>72,171</u>	<u>72,982</u>
Current Liabilities		
Creditors	59,694	64,945
Overdraft and Short Term Borrowings	19,405	18,247

Taxation	359	393
	79,458	83,585
Net Current Liabilities	(7,287)	(10,603)
Net Assets Employed	604,914	612,634
Share Capital	143,342	143,342
Reserves	449,622	456,842
Shareholders' Funds	592,964	600,184
Deferred tax liabilities	11,950	12,450
Total Capital Employed	604,914	612,634
Net tangible assets per share (RM)	4.1367	4.1871

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2002)**

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Current Year to date Ended 31/03/2003 RM'000</b>
<b>Operating Activities</b>	
Net Loss Before Taxation	(7,720)
Adjustment for non-cash flow items:	
Depreciation of property, plant and equipment	19,595
Operating Profit Before Changes In Working Capital	11,875
Changes In Working Capital	
Net change in current assets	4,469
Tax paid	(34)
Net change in current liabilities	(5,251)
Net Cash Flows From Operating Activities	11,059
<b>Investing Activities</b>	
Additions to property, plant and equipment	(8,559)
<b>Financing Activities</b>	
Proceeds from short term borrowings	1,158
Net Change in Cash & Cash Equivalent	3,658
Cash And Cash Equivalent At Beginning Of Period	6,120
Cash And Cash Equivalent At End Of Period	9,778

Note : There are no comparative figures as the first interim financial report prepared in accordance with *MASB 26 Interim Financial Reporting* only took effect in the third quarter 2002.

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2002)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Reserve Attributable to Capital RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000
<b>Current Year to date ended 31 March 2002</b>				
Balance at beginning of year	143,342	154,679	302,163	600,184
Net loss for the financial year to date	-	-	(7,220)	(7,220)
Balance at end of period	<u>143,342</u>	<u>154,679</u>	<u>294,943</u>	<u>592,964</u>

Note : There are no comparative figures as the first interim financial report prepared in accordance with *MASB 26 Interim Financial Reporting* only took effect in the third quarter 2002.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2002)

## EXPLANATORY NOTES AND ADDITIONAL INFORMATION

### 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 statements for the year ended 31 December 2002 except for the adoption of MASB 25 "Income Taxes".

There is no material effect on the computation of income taxes upon adoption of MASB 25.

### 2. **Declaration of audit qualification**

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

### 3. **Explanatory comment about the seasonality or cyclicity of operations**

The Company continues to be affected by the soft business/industry cycle and the uncertainty of the US economy.

### 4. **Nature and amount of unusual items**

There are no extraordinary items for the current interim period.

### 5. **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.

6. **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.

7. **Dividend Paid**

No dividend was paid for the current financial year to date.

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

Current Quarter Ended 31/03/2003	North America RM'000	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	<u>47,985</u>	<u>6,008</u>	<u>25</u>	<u>54,018</u>
Loss before taxation				<u>(7,220)</u>

The loss before taxation of the Group by reportable segments are not presented as it is impracticable to allocate the profit from operations to the respective segments.

9. **Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements**

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

10. **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.

11. **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.

12. **Changes in contingent liabilities or contingent assets**

There are no changes in the contingent liabilities since the last annual balance sheet date.

13. **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 RM54.018 million and a net loss of RM7.220 million for the quarter. These represent a sequential quarterly decline of 6.3% in revenue and 15.5% increase in net loss respectively. The decrease in revenue and increase in net loss was in line with the decline in business volume, a result of seasonality and continued market uncertainty.

14. **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 RM7.720 million for the quarter, which represents an increase of RM1.472 million over a loss before tax of RM6.248 million for the immediate preceding quarter ended 31 December 2002. Management attributes the increase in losses to decline in revenue.

15. **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 first quarter results were within the expectation of the Company. However, as the overall industry conditions remain challenging, the Company does not expect business conditions to improve significantly in the short term.

16. **(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

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

	<b>Current quarter ended 31/03/2003 RM'000</b>	<b>Current year to date ended 31/03/2003 RM'000</b>
Income tax payable	-	-
Transfer from deferred taxation	500	500
Total	500	500

As the operations of the Group for the current quarter and financial year to date resulted in losses, no provision of taxation is required to be made.

**18. 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.

**19. Particulars of purchase or disposal of quoted securities**

There are no purchases or disposals of quoted securities by the Group as at 28 April 2003.

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

There are no outstanding corporate proposals announced but not completed as at 28 April 2003 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 3 March 2003, the Company announced that the Securities Commission has approved the extension of time for a period of 6 months up to 26 August 2003 to complete the proposed Euro-convertible bond issue.

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

Not applicable.

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

Details of the Group's borrowings as at 31 March 2003 are as follows:

	<b>RM'000</b>
Short term borrowings	19,405
	=====

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.

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

In order to hedge its exposure to foreign exchange risks, the Group has entered 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 recognized until the transaction occurs.

As at 28 April 2003, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade receivables are as follows:

<b>Currency</b>	<b>Contracts amount (in thousands)</b>	<b>Equivalent amount in RM'000</b>
US Dollars	17,200 =====	65,551 =====

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. 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. However, the risk of incurring material losses related to this credit risk is remote.

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

There are no changes in material litigation since the last annual balance sheet date.

**24. *Dividend***

The Directors have not recommended any dividend for the current financial quarter ended 31 March 2003 (Nil for financial quarter ended 31 March 2002).

**25. *Earnings per share***

Loss per share of 5.04 sen was calculated by dividing the Group's net loss for the current financial year to date of RM7.220 million by the weighted average number of ordinary shares in issue of 143,342,000. There was no dilution in the loss per share of the Group for the first quarter as the average fair value of the shares of the Company was lower than the exercise price for the conversion of options to ordinary shares under the Company's Employee Share Option Scheme. Therefore, there are no shares deemed issued under the Employee Share Option Scheme with no consideration for adjustment in the form of an increase in the number of shares which will result in a dilutive effect.

BY ORDER OF THE BOARD

**CHUA HENG FATT** (MACS 00264)

**CHIN HOCK YEE** (LS NO. 8245)

Company Secretaries

DATED : 28 April 2003