

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2003

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/06/2003 RM'000	Corresponding Quarter Ended 30/06/2002 RM'000	Current Year to date Ended 30/06/2003 RM'000	Corresponding Year to date Ended 30/06/2002 RM'000
Revenue	60,592	64,745	114,610	110,803
Operating expenses	(66,261)	(59,432)	(128,237)	(106,562)
Other operating income	401	354	887	889
Profit/(Loss) from operations	(5,268)	5,667	(12,740)	5,130
Finance cost	(258)	-	(506)	-
Profit/(Loss) before taxation	(5,526)	5,667	(13,246)	5,130
Taxation	500	(1,422)	1,000	(2,218)
Net profit/(loss) for the period	<u>(5,026)</u>	<u>4,245</u>	<u>(12,246)</u>	<u>2,912</u>
Profit/(Loss) per share (sen):				
(a) Basic	(3.51)	2.96	(8.54)	2.03
(b) Fully diluted	(3.51)	2.94	(8.54)	2.02

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

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at End of Current Quarter 30/06/2003 RM'000	(Audited) As at Preceding Financial Year end 31/12/2002 RM'000
Property, plant and equipment	600,556	623,237
Current Assets		
Inventories	27,165	24,067
Debtors	35,152	42,795
Cash and Cash Equivalents	15,072	6,120
	<u>77,389</u>	<u>72,982</u>
Current Liabilities		
Creditors	58,571	64,945
Overdraft and Short Term Borrowings	19,632	18,247

Taxation	343	393
	78,546	83,585
Net Current Liabilities	(1,157)	(10,603)
Net Assets Employed	599,399	612,634
Share Capital	143,344	143,342
Reserves	444,605	456,842
Shareholders' Funds	587,949	600,184
Deferred Tax Liabilities	11,450	12,450
Total Capital Employed	599,399	612,634
Net Tangible Assets Per Share (RM)	4.1017	4.1871

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 30/06/2003 RM'000
Operating Activities	
Loss Before Taxation	(13,246)
Adjustments- for non-cash flow items:	
Depreciation of property, plant and equipment	39,213
Loss on disposal of property, plant and equipment	14
Operating Profit Before Changes In Working Capital	25,981
Changes In Working Capital	
Net change in current assets	4,545
Tax paid	(50)
Net change in current liabilities	(6,374)
Net Cash Flows From Operating Activities	24,102
Investing Activities	
Additions to property, plant and equipment	(16,547)
Proceeds from disposal of property, plant and equipment	1
Net Cash Flows Used In Investing Activities	(16,546)
Financing Activities	
Proceeds from short term borrowings	1,385
Issue of shares	11
Net Cash Flows From Financing Activities	1,396
Net Change in Cash & Cash Equivalents	8,952
Cash And Cash Equivalents At Beginning Of Period	6,120
Cash And Cash Equivalents At End Of Period	15,072

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 31st 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
Current Year To Date Ended 30 June 2003				
Balance at beginning of year	143,342	154,679	302,163	600,184
Net loss for the financial year to date	-	-	(12,246)	(12,246)
Exercise of ESOS	2	9	-	11
Balance at end of period	143,344	154,688	289,917	587,949

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 31st 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.

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**

We are seeing a moderate recovery in global semiconductor sales. The recovery is likely to continue at the back of improvement in the global 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, save and except for the issue of 2,000 new shares pursuant to the Company's Employee Share Option Scheme ("ESOS").

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 Year To Date Ended 30 June 2003	North America RM'000	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	<u>101,317</u>	<u>13,240</u>	<u>53</u>	<u>114,610</u>
Loss before taxation				<u>(13,246)</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 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 RM60.592 million and a net loss of RM5.026 million for the quarter. These represent a sequential quarterly growth of 12.2% in revenue and 30.4% decline in net loss respectively. The improvement in revenue and decrease in net loss was mainly due to improvement in business volume and selling prices.

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 RM5.526 million for the quarter, which represents a decline in losses of RM2.194 million over a loss before tax of RM7.720 million for the immediate preceding quarter ended 31 March, 2003. Management attributes the decline in losses due to improvement in margin arising from increased business volume.

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 second quarter results were in line with the expectation of the Company. As the global semiconductor market is poised for a recovery in the second half of 2003, the Company expects business condition to improve and the demand for its services to grow significantly in the next two

quarters.

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**

	Current Quarter Ended 30/06/2003 RM'000	Current Year To Date Ended 30/06/2003 RM'000
Income tax payable	-	-
Transfer from deferred taxation	500	1,000
Total	500	1,000

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 17 July 2003.

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

There are no outstanding corporate proposals announced but not completed as at 17 July 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 30 June 2003 are as follows:

	RM'000
Short term borrowings	19,632
	=====

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 17 July 2003, 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	22,000 =====	83,897 =====

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 30 June 2003 (Nil for financial quarter ended 30 June 2002).

25. *Earnings per share*

Loss per share of 3.51 sen was calculated by dividing the Group's net loss for the current quarter of RM5.026 million by the weighted average number of ordinary shares in issue of 143,342,333. There was no dilution in the loss per share of the Group for the current 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 : 17 July 2003