

UNISEM (M) BERHAD (Company No. 183314-V)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31/03/2005 RM'000	Corresponding Quarter Ended 31/03/2004 RM'000	Current Year to date Ended 31/03/2005 RM'000	Corresponding Year to date Ended 31/03/2004 RM'000
Revenue	114,308	100,602	114,308	100,602
Operating expenses	(114,299)	(91,654)	(114,299)	(91,654)
Other operating income	2,693	1,078	2,693	1,078
Profit from operations	2,702	10,026	2,702	10,026
Finance cost	(6,585)	(1,720)	(6,585)	(1,720)
Profit/(Loss) before taxation	(3,883)	8,306	(3,883)	8,306
Taxation	(1,286)	(2,667)	(1,286)	(2,667)
Net profit/(loss) for the period	(5,169)	5,639	(5,169)	5,639
Minority Interest	40	-	40	-
Net profit/(loss) attributable	(5,129)	5,639	(5,129)	5,639
Profit/(Loss) per share (sen):				
(a) Basic	(1.15)	1.30 *	(1.15)	1.30 *
(b) Fully diluted	(1.15)	1.29 *	(1.15)	1.29 *

** Adjusted for the share split and bonus issue for purposes of comparison.*

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual
 Financial Report for the year ended 31st December 2004)**

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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at End Of Current Quarter 31/03/2005 RM'000	(Audited) As at Preceding Financial Year end 31/12/2004 RM'000
Property, plant and equipment	685,538	691,858
Deferred expenditure	13,208	10,182
Goodwill on consolidation	57,177	57,918
Intangible assets	14,443	-
Current Assets		
Inventories	52,759	53,554
Debtors	92,278	80,053
Cash and Cash Equivalents	448,078	288,517
Tax Recoverable	10,655	10,664
	603,770	432,788
Current Liabilities		
Creditors	89,570	96,694
Current portion of Deferred Income	-	4,368
Current portion Long term Loan	29,043	6,406
Short Term Borrowing	-	8,154
	118,613	115,622
Net Current Assets	485,157	317,166
Net Assets Employed	1,255,523	1,077,124
Share Capital	223,463	148,969
Reserves	394,800	474,485
Shareholders' Funds	618,263	623,454
Minority Interests	13,260	-
Non-Current Liabilities		
Guaranteed Convertible Bonds Due 2009	570,000	380,000
Long Term Borrowings	-	24,039
Deferred Income	11,487	8,372
Deferred Tax Liabilities	42,513	41,259
Total Capital Employed	1,255,523	1,077,124
Net Tangible Assets Per Share (RM)	1.1936	1.2426 *

* Adjusted for the share split and bonus issue for purposes of comparison.

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 31/03/2005 RM'000	Corresponding Year To Date Ended 31/03/2004 RM'000
Operating Activities		
Profit/(Loss) Before Taxation	(3,883)	8,306
Adjustments for non-cash flow items:		
Depreciation of property, plant and equipment	26,188	20,484
Amortisation of deferred expenditure	767	-
Amortisation of goodwill on consolidation	741	-
(Gain)/Loss on disposal of property, plant and equipment	(159)	-
Amortisation of deferred income	(1,077)	-
Operating Profit Before Changes In Working Capital	22,577	28,790
Changes In Working Capital		
Net change in current assets	(11,781)	(32,136)
Tax paid	(23)	(17)
Net change in current liabilities	(6,359)	4,039
Net Cash Flows From Operating Activities	4,414	676
Investing Activities		
Additions to property, plant and equipment	(22,385)	(32,945)
Net Cash Flows Used In Investing Activities	(22,385)	(32,945)
Financing Activities		
Proceeds from issue of guaranteed convertible bonds	190,000	380,000
Issue of shares	35	6,107
Repayment of short and long term borrowings	(7,862)	(31,148)
Bond issue expense	(3,793)	-
Net Cash Flows From Financing Activities	178,380	354,959
Net Change in Cash & Cash Equivalents	160,409	322,690
Cash And Cash Equivalents At Beginning Of Period	287,338	7,648
Effect of exchange rate differences	331	-
	287,669	7,648
Cash And Cash Equivalents At End Of Period	448,078	330,338

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable Reserves RM'000	Distributable Reserves RM'000	Total Shareholders' Equity RM'000
Current Year To Date Ended 31 March 2005				
Balance at beginning of year	148,969	201,412	273,073	623,454
Exercise of ESOS	6	29	-	35
Issuance of Bonus shares	74,488	(74,488)	-	-
Exchange Fluctuation Reserve		(97)	-	(97)
Net loss for the financial year to date	-	-	(5,129)	(5,129)
Balance at end of period	<u>223,463</u>	<u>126,856</u>	<u>267,944</u>	<u>618,263</u>

	Share Capital RM'000	Non Distributable Reserves RM'000	Distributable Reserves RM'000	Total Shareholders' Equity RM'000
Corresponding Year To Date Ended 31 March 2004				
Balance at beginning of year	143,819	157,816	265,182	566,817
Exercise of ESOS	767	5,341	-	6,108
Net profit for the financial year to date	-	-	5,639	5,639
Balance at end of period	<u>144,586</u>	<u>163,157</u>	<u>270,821</u>	<u>578,564</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the
 Annual Financial Report for the year ended 31st December 2004)

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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 Bursa Securities Malaysia Berhad*. 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 2004.
- 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***
There have been no material seasonal or cyclical factors affecting the results of the quarter under review.
- 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

 - (i) the issue of 6,000 new shares pursuant to the Company's Employee Share Option Scheme ("ESOS").
 - (ii) the issue of US\$50 million 3% unsecured convertible bonds due 2009 by the Company's wholly-owned subsidiary, Unisem International (Labuan) Limited, convertible into ordinary shares of, and guaranteed by the Company ("Guaranteed Convertible Bonds Due 2009") on 3 February 2005.
 - (iii) the subdivision of 148,975,185 existing ordinary share of RM1.00 each into 297,950,370 new ordinary shares of RM0.50 each pursuant to the share split and the bonus issue of 148,975,185 new ordinary shares of RM0.50 each in the Company on 14 February 2005. The 446,925,555 new ordinary shares of RM0.50 each in the Company were quoted on the Bursa Securities Malaysia Berhad on 23 February 2005.
- 7. *Dividend Paid***
No dividend was paid in respect of the current financial year to date.

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

Current Quarter Ended 31/03/2005	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	<u>98,541</u>	<u>15,767</u>	<u>114,308</u>
Profit/(Loss) before taxation	<u>1,796</u>	<u>(5,679)</u>	<u>(3,883)</u>
Current Year To Date Ended 31/03/2005	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	<u>98,541</u>	<u>15,767</u>	<u>114,308</u>
Profit/(Loss) before taxation	<u>1,796</u>	<u>(5,679)</u>	<u>(3,883)</u>

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 materials 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.

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 revenue of RM114.308 million and net loss of RM5.129 million for the first quarter ended 31 Mar 2005. These represent a marginal sequential quarterly decline of 5.3% in revenue compared to the revenue of RM120.710 million and a decrease in net profit of RM5.697 million compared to the profit before taxation of RM0.568 million for the immediate preceding quarter ended 31 December 2004. The decline in net profit was mainly due to the decrease in gains on foreign exchange, higher finance cost arising from the US\$50 million 3% Guaranteed Convertible Bonds Due 2009 issued in February 2005 and provision of deferred taxation arising from certain expense items being considered as non-deductible for income tax purposes.

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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 RM3.883 million for the first quarter ended 31 March 2005, which represents an increase in loss before taxation of RM2.026 million as compared to the loss before taxation of RM1.857 million for the immediate preceding quarter ended 31 December 2004. This was attributable to decrease in gains on foreign exchange and higher finance cost.

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 revenue was generally in-line with the Group's estimates. The Board expects to see moderate growth in revenue for the remaining period to the end of the financial year.

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 31/03/2005 RM'000	Current Year To Date Ended 31/03/2005 RM'000
Income tax payable		
- Current	(32)	(32)
- Overprovision in prior year	-	-
Transfer (to)/from deferred taxation	(1,254)	(1,254)
Total	(1,286)	(1,286)

Income tax expense for the current quarter and financial year to date arose from rental income received which is assessed separately. No provision for taxation was required for the current quarter as the operations resulted in losses.

The effective tax rate is higher than the statutory tax rate for the current financial year to date mainly due to certain expense items being considered as non-deductible for income tax purposes.

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 2005.

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

There are no outstanding corporate proposals announced but not completed as at 28 April 2005

(b) *Status of utilisation of proceeds raised from any corporate proposal for the quarter under review*

The status of utilisation of proceeds of RM570 million raised from the US\$100 million 2% Guaranteed Convertible Bonds due 2009 and the US\$50 million 3% Guaranteed Convertible Bonds due 2009 is as follows:

	Approved utilisation for the proceeds RM'000	Utilisation of proceeds in the current quarter ended 31/03/2005 RM'000	Unutilised balance as at 31/03/2005 RM'000
Capital expenditure	500,000	137,493	362,507
Working capital	51,000	46,626	4,374
Expenses relating to the convertible bonds issues	19,000	15,795	3,205
Total	570,000	199,914	370,086

The unutilised balance of the proceeds is currently placed under fixed and short-term deposits with licensed banks.

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

The details of the Group's borrowings as at end of current quarter are as follows:

	Foreign Currency '000	RM Equivalent '000
Current Portion of Long Term Loan (Secured) - denominated in USD	USD7,577	29,043 *
		<u>29,043</u>
<u>Long Term Borrowings</u>		
2% Guaranteed Convertible Bonds due 2009 - denominated in USD	USD100,000	380,000
3% Guaranteed Convertible Bonds due 2009 - denominated in USD	USD50,000	190,000
		<u>570,000</u>
Total		<u>599,043</u>

* *The Ringgit equivalent amount is translated from subsidiary's financial statement which is stated in Pound Sterling.*

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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 31 March 2005, 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 '000)	Equivalent amount in RM'000
US Dollars	32,800 =====	124,674 =====

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 2005 (nil for the financial quarter ended 31 March 2004).

25. Earnings per share

Basic	Current quarter ended 31/03/2005
Net loss attributable to ordinary shareholders (RM'000)	<u>(5,129)</u>
Number of ordinary shares in issue as of 1 January 2005	148,969,185
Effect of exercise of ESOS	6,000
Effect of share split	148,975,185
Effect of bonus issue	<u>148,975,185</u>
Weighted average number of ordinary shares in issue	<u>446,925,555</u>
Basic loss per ordinary share (sen)	<u>(1.15)</u>

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Diluted

Net loss attributable to ordinary shareholders (RM'000)	<u><u>(5,129)</u></u>
Weighted average number of ordinary shares in issue	446,925,555
ESOS:	
Weighted average number of unissued shares	4,143,445
Weighted average number of shares that would have been issued at fair value	<u>(3,764,890)</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u><u>447,304,110</u></u>
Diluted loss per ordinary share (sen)	<u><u>(1.15)</u></u>

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)
Company Secretary

DATED : 28 April 2005