

UNISEM (M) BERHAD (Company No. 183314-V)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2005

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/06/2005 RM'000	Corresponding Quarter Ended 30/06/2004 RM'000	Current Year to date Ended 30/06/2005 RM'000	Corresponding Year to date Ended 30/06/2004 RM'000
Revenue	132,228	121,430	246,536	222,032
Operating expenses	(122,932)	(108,039)	(237,231)	(199,692)
Other operating income	3,105	2,811	5,798	3,889
Profit from operations	12,401	16,202	15,103	26,229
Finance cost	(7,369)	(4,254)	(13,954)	(5,974)
Profit before taxation	5,032	11,948	1,149	20,255
Taxation	(3,430)	7,063	(4,716)	4,396
Net profit/(loss) for the period	1,602	19,011	(3,567)	24,651
Minority Interest	30	-	70	-
Net profit/(loss) attributable	1,632	19,011	(3,497)	24,651
Profit/(Loss) per share (sen):				
(a) Basic	0.36	4.36 *	(0.80)	5.66 *
(b) Fully diluted	0.36	4.33 *	(0.80)	5.61 *

* 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 30/06/2005 RM'000	(Audited) As at Preceding Financial Year end 31/12/2004 RM'000
Property, plant and equipment	697,521	691,858
Deferred expenditure	12,567	10,182
Goodwill on consolidation	56,433	57,918
Intangible assets	15,397	-
Current Assets		
Inventories	59,809	53,554
Debtors	86,873	80,053
Cash and Cash Equivalents	416,154	288,517
Tax Recoverable	10,635	10,664
	573,471	432,788
Current Liabilities		
Creditors	116,551	96,694
Current portion of Deferred Income	4,155	4,368
Current portion Long term Loan	-	6,406
Short Term Borrowing	2,147	8,154
	122,853	115,622
Net Current Assets	450,618	317,166
Net Assets Employed	1,232,536	1,077,124
Share Capital	223,463	148,969
Reserves	374,047	474,485
Shareholders' Funds	597,510	623,454
Minority Interests	13,230	-
Non-Current Liabilities		
Guaranteed Convertible Bonds Due 2009	570,000	380,000
Long Term Borrowings	-	24,039
Deferred Income	5,886	8,372
Deferred Tax Liabilities	45,910	41,259
Total Capital Employed	1,232,536	1,077,124
Net Tangible Assets Per Share (RM)	1.1481	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 30/06/2005 RM'000	Corresponding Year To Date Ended 30/06/2004 RM'000
Operating Activities		
Profit Before Taxation	1,149	20,255
Adjustments for non-cash flow items:		
Depreciation of property, plant and equipment	52,263	41,522
Amortisation of deferred expenditure	1,622	-
Amortisation of goodwill on consolidation	1,484	-
(Gain)/Loss on disposal of property, plant and equipment	(159)	(88)
Amortisation of deferred income	(2,078)	-
Operating Profit Before Changes In Working Capital	54,281	61,689
Changes In Working Capital		
Net change in current assets	(5,044)	(37,270)
Tax paid	(37)	(33)
Net change in current liabilities	12,967	1,807
Net Cash Flows From Operating Activities	62,167	26,193
Investing Activities		
Additions to property, plant and equipment	(64,941)	(59,233)
Proceeds from disposal of property, plant and equipment	-	122
Net Cash Flows Used In Investing Activities	(64,941)	(59,111)
Financing Activities		
Proceeds from issue of guaranteed convertible bonds	190,000	380,000
Issue of shares	35	48,292
Uplift of fixed deposit	-	60
Acquisition of a subsidiary company	-	(85,239)
Repayment of short and long term borrowings	(34,235)	(31,148)
Dividend paid	(22,346)	(14,470)
Bond issue expense	(4,007)	-
Net Cash Flows From Financing Activities	129,447	297,495
Net Change in Cash & Cash Equivalents	126,673	264,577
Cash And Cash Equivalents At Beginning Of Period	287,338	7,648
Effect of exchange rate differences	(3)	-
	287,335	7,648
Cash And Cash Equivalents At End Of Period	414,008	272,225

(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 30 June 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	-	(136)	-	(136)
Dividend paid	-	-	(22,346)	(22,346)
Net loss for the financial year to date	-	-	(3,497)	(3,497)
Balance at end of period	<u>223,463</u>	<u>126,817</u>	<u>247,230</u>	<u>597,510</u>

	Share Capital RM'000	Non Distributable Reserves RM'000	Distributable Reserves RM'000	Total Shareholders' Equity RM'000
Corresponding Year To Date Ended 30 June 2004				
Balance at beginning of year	143,819	157,816	265,182	566,817
Exercise of ESOS	888	6,158	-	7,046
Issuance of shares	4,238	37,008	-	41,246
Dividends paid	-	-	(14,470)	(14,470)
Net profit for the financial year to date	-	-	24,651	24,651
Balance at end of period	<u>148,945</u>	<u>200,982</u>	<u>275,363</u>	<u>625,290</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 4 February 2005; and
 - (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***
A final dividend of 10%, tax exempt, amounting to RM22,346,278 in respect of ordinary shares in the previous financial year was paid by the Company on 27 May 2005.

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

Current Quarter Ended 30/06/2005	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	113,698	18,530	132,228
Profit/(Loss) before taxation	7,919	(2,887)	5,032
Current Year To Date Ended 30/06/2005	Asia RM'000	Europe RM'000	Consolidated RM'000
Revenue	212,239	34,297	246,536
Profit/(Loss) before taxation	8,884	(7,735)	1,149

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 a revenue of RM132.228 million and net profit of RM1.632 million for the current quarter ended 30 June 2005. These represent a corresponding quarterly growth of 9.0% in revenue and a corresponding quarterly decline of RM17.379 million in net profit as compared to the same of the corresponding quarter ended 30 June 2004. The increase in revenue for the quarter under review was mainly due to the additional revenue contribution from Unisem (Europe) Limited arising from its acquisition in end-June 2004. The net profit for the quarter under review was comparatively lower as there was a write-back of an overprovision of taxation in prior year of RM11 million which was recognised in the corresponding quarter ended 30 June 2004 and the net losses consolidated from Unisem (Europe) Limited.

For the current year-to-date ended 30 June 2005 the Group recorded revenue of RM246.536 million and net loss of RM3.497 million. These represent a corresponding year-to-date increase of 11.0% in revenue and a decrease in net profit of RM28.148 million as compared to the same of the corresponding year-to-date ended 30 June 2004. The increase in revenue was mainly due to the additional revenue contribution from Unisem (Europe) Limited. The net

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profit for the current year-to-date was comparatively lower and mainly due to the RM11 million write-back of an overprovision of taxation recognised in the quarter ended 30 June 2004; the net losses consolidated from Unisem (Europe) Limited; higher depreciation charges for the Company; as well as additional finance costs arising from the issuance of the US\$50 million 3% Guaranteed Convertible Bonds Due 2009 issued in February 2005.

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 profit before taxation of RM5.032 million for the second quarter ended 30 June 2005 as compared to the loss before taxation of RM3.883 million for the immediate preceding quarter ended 31 March 2005. The improvement was in line with the increased revenue and higher capacity utilization.

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 Group saw a sequential quarterly growth of 15.7% in revenue for the quarter under review. The Board expects the Group's revenue and earnings to further improve for the remaining period till 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 30/06/2005 RM'000	Current Year To Date Ended 30/06/2005 RM'000
Income tax payable		
- Current	(33)	(65)
- Overprovision in prior year	-	-
Transfer (to)/from deferred taxation	(3,397)	(4,651)
Total	(3,430)	(4,716)

Income tax expense for the current quarter and financial year to date arose from rental income received which is assessed separately.

The effective tax rate is higher than the statutory tax rate for the current quarter and 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 25 July 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 25 July 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 as at 30/06/2005 RM'000	Unutilised balance as at 30/06/2005 RM'000
Capital expenditure	500,000	171,942	328,058
Working capital	51,000	46,626	4,374
Expenses relating to the convertible bonds issues	19,000	15,795	3,205
Total	570,000	234,363	335,637

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
<u>Short Term Borrowings</u>		
Bank Overdraft (Secured)	£310	2,147*
- denominated in Pound Sterling ("£")		<u>2,147</u>
<u>Long Term Borrowings</u>		
2% Guaranteed Convertible Bonds due 2009	USD100,000	380,000
- denominated in USD		
3% Guaranteed Convertible Bonds due 2009	USD50,000	190,000
- denominated in USD		<u>570,000</u>
Total		<u><u>572,147</u></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 30 June 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	37,600 =====	142,683 =====

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 2005 (nil for the financial quarter ended 30 June 2004).

25. Earnings per share

The basic earnings per share of 0.36 sen was calculated by dividing the Group's net profit for the current quarter of RM1.602 million by the weighted average number of ordinary shares in issue of 446,925,555. The diluted earnings per share of 0.36 sen was calculated by dividing the Group's net profit for the current quarter of RM1.602 million by the adjusted weighted average number of ordinary shares in issue of 446,932,755.

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)
 Company Secretary

DATED : 25 July 2005