Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 June 2002.

Financial Review

The financial year ended 30 June 2002 has been a most challenging one for MPI, with the business environment being tenuous for most of the year. The Group, however, managed to return to profitability in the last quarter of this financial year. This late turnaround, though, was not enough to prevent the Group from reporting an overall loss of RM33.3 million for the year.

For the year, turnover amounted to RM768.8 million, a decrease of over 42% from last year. Profit attributable to shareholders fell RM234.3 million into a loss of RM33.3 million, representing a loss per share of RM0.167, compared with earnings per share of RM1.006 for the previous year. Included in the loss were some one-off restructuring charges amounting to RM8.4 million.

In spite of the adverse business conditions, the Group's operations still generated healthy cash flows during the financial year, thus, enabling the Group to pay dividends of RM81.2 million.

Dividend

A second interim was paid during June 2002 in lieu of a final dividend. As such, the Board will not be recommending a final dividend. Total dividends paid for the financial year was 90%, comprising 60% tax exempt and 30% less tax.

Business Review

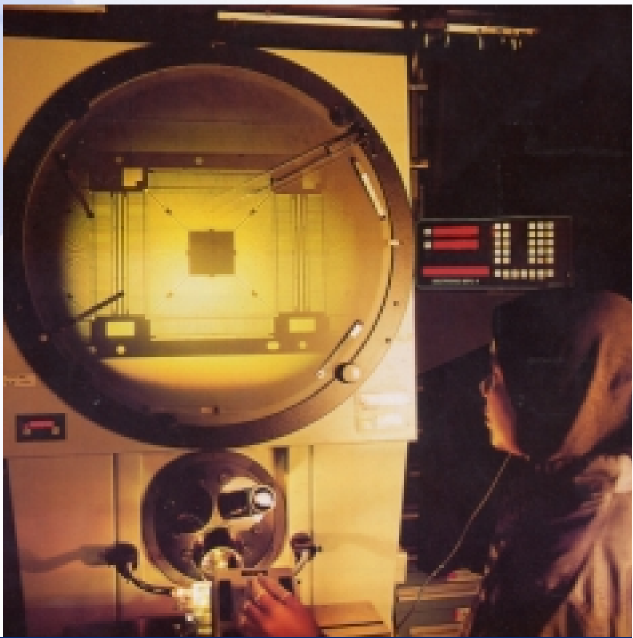
The exceptionally high inventory levels throughout the electronics sector that had caused revenues to drop so significantly from the beginning of calendar year 2001, continued to be a problem throughout the Group's financial year.

Revenues for the first three quarters were essentially flat with considerable variation and fluctuation in the different sectors. For example, the second quarter showed strong growth of components for cellphones but this was offset by declines in other sectors.

There were indications of an industry pick-up in March and this continued into the fourth quarter with revenue growth of 25% over the third quarter, thus returning the Group to profitability.

This year has been one of many challenges, with semiconductor companies making the most of excess capacities in the market to reduce selling prices and accelerate their demands for additional services. The Group responded by offering competitive selling prices and focused on cost reduction programmes to ensure that profitability is restored.

Emphasis on the development of new products, processes and technologies and aggressively promoting them in the USA and Europe, have continued to generate strong interest from customers, old and new. It was most heartening for the Group to witness significant increases in demand over the year for these new products and technologies.

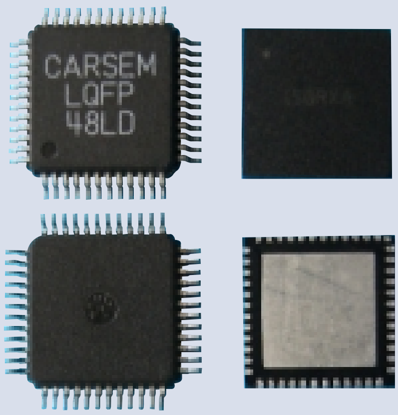


Other Developments

In an effort to expand its semiconductor assembly and test business into the People's Republic of China (PRC), the Group has, during the year, incorporated a wholly-owned subsidiary in the PRC, known as "Carsem Semiconductor (Suzhou) Co. Ltd.". The right to use a 60,000 square meter plot of land located in the Suzhou Industrial Park, about one and a half-hours drive west of Shanghai, was acquired. The plant is expected to be operational by the end of 2003.

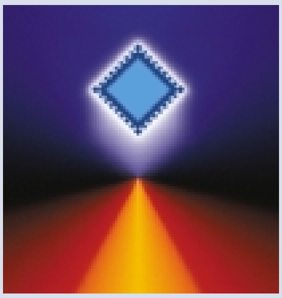
The Group underwent a restructuring which resulted in the closure of Dynacraft's USA operations and relocating the Cerdip manufacturing to Penang. This, coupled with a combination of higher capacity utilisation, yield and cost improvements, have returned Dynacraft Industries Sdn Bhd to profitability in the fourth quarter.

The Future



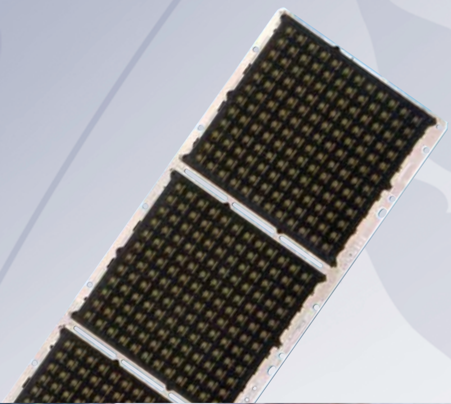
The Group has invested RM119 million into buildings, plant and equipment over the past twelve months. A substantial portion of these investments was into research and development, covering new products, processes and computer systems.

Carsem's capabilities on the Micro Lead Package (MLP) and System-In-a-Package (SIP) families, together with the patented flip-chip process, were expanded. The Group believes that many of its customers have accepted these technologies and have designed their usage into their next generation applications. Sales of these new products showed encouraging improvement during the last few months of the financial year, thus setting a good base for further growth next year.

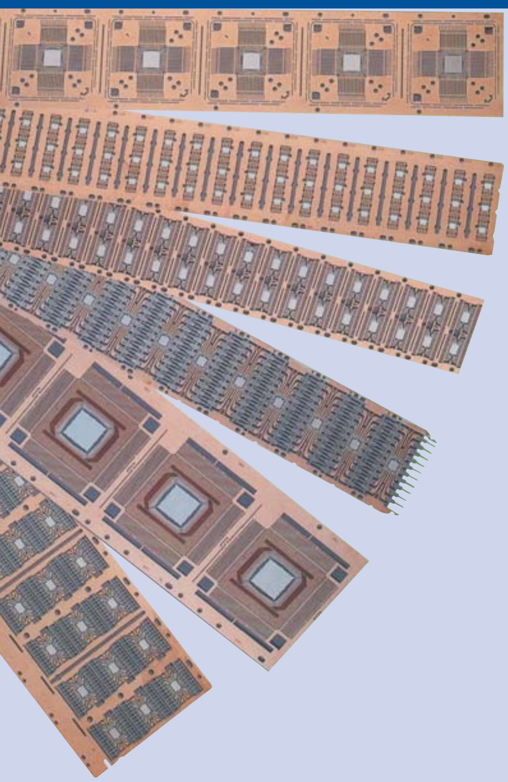


The business model is changing in that, an increasing number of customers today demand full turnkey assembly and test solutions, such that without test capability, subcontractors would not get to assemble the products. The demand for test is also rising as more customers chose to outsource more operations to reduce cost and delivery time. With its investments into test over the last few years, Carsem (M) Sdn Bhd and Carsem Semiconductor Sdn Bhd are well positioned for this change.

The highly advanced computerised integrated manufacturing and planning system, which went live at Carsem Semiconductor Sdn Bhd last year, lived up to expectations in bringing quantum leap improvements to productivity, cycle-time and production data visibility. It allows the company to go paperless, produce data that will drive the many productivity programmes and allow customers to access information on their product from anywhere in the world. The pilot run in Carsem (M) Sdn Bhd has also delivered encouraging results.



The Group's leadframe design and manufacturing arm ("Dynacraft") continues to provide the latest product innovations to meet customers' and industry's demands. Utilising advanced materials, designs and manufacturing technologies,



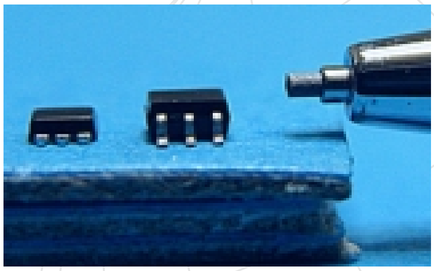
Dynacraft ensures the highest quality stamped and etched leadframes. Dynacraft is an industry leader in preplated leadframe (PPF) technology and is in the process of perfecting a lead-free PPF solution to meet future industry environmental standards and requirements. Its success in developing and promoting this technology has paved the way for it to increase its market share with a number of key customers.

Prospects

Notwithstanding poor visibility, the new financial year is expected to start slowly before building momentum from September in preparation for the year-end festive season. Beyond that, the Board believes that the industry is still in recovery mode and much would depend on an overall sustained global recovery.

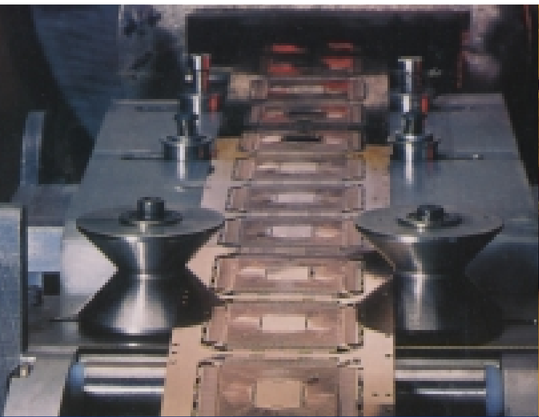
Solid business fundamentals, an experienced management team, a strong balance sheet, healthy cash flow and being a leader in new packaging technologies would ensure that the prospects of the Group remain sound. The Group is well positioned with its new offerings, which continue to gain acceptance in the electronics industry as more applications are discovered in different markets, thus providing a certain degree of optimism.

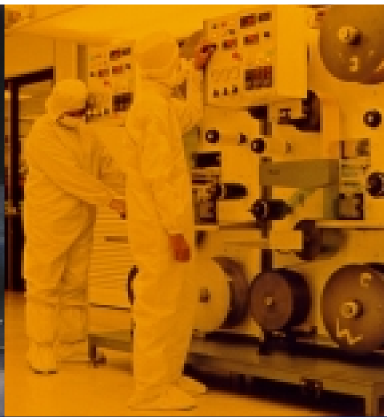
Barring any unforeseen circumstances, the Board expects the Group to perform satisfactorily in the next financial year.



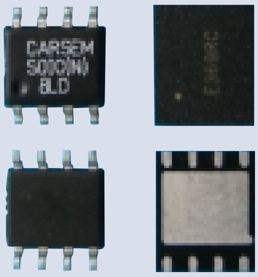
APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all employees of the Group for their contribution, commitment and dedication.





Our appreciation also goes to our valued customers, business associates, vendors, financiers, shareholders and the Government for their continuous support and confidence in the Group.



KWEK LENG SAN

Chairman

Kuala Lumpur

15 August 2002