

CONTENTS

2	Company Profile
3	Corporate Information
4	Directors' Profile
6	Board Audit & Risk Management Committee Report
8	Notice of Annual General Meeting
9	Statement Accompanying Notice of Annual General Meeting
10	Group Financial Highlights
11	Corporate Governance and Internal Control
14	Chairman's Statement
18	Directors' Report
22	Balance Sheets
23	Income Statements
24	Statements of Changes in Equity
25	Cash Flow Statements
27	Notes to the Financial Statements
42	Statement by Directors
42	Statutory Declaration
43	Report of the Auditors
44	Other Information
	Form of Proxy



COMPANY PROFILE

Malaysian Pacific Industries Berhad (“MPI”) is principally an investment holding company whilst the principal activities engaged by its subsidiary companies are that of manufacturing, testing and sale of integrated circuits, semiconductor devices, electronic components and leadframes to customers world-wide.

MPI is a public listed company and its shares are traded on the Main Board of the Kuala Lumpur Stock Exchange.

Directors

Mr Kwek Leng San
(Executive Chairman)

Mr David Edward Comley
(Group Managing Director)

Tuan Syed Zaid bin Syed Jaffar Albar

Mr Tan Keok Yin

YBhg Tan Sri Asmat bin Kamaludin

Secretaries

Ms Queek Chai Choo

Ms Joanne Leong Wei Yin

Auditors

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2095 3388
Fax: 03-2095 0971

Registrar

Hong Leong Nominees Sendirian Berhad
Level 5, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel: 03-2164 1818
Fax: 03-2164 3703

Registered Office

Level 9, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel: 03-2164 2631
Fax: 03-2164 2514

Country Of Incorporation

Malaysia

DIRECTORS' PROFILE

Mr Kwek Leng San

Executive Chairman/Non-Independent

Mr Kwek Leng San, aged 47, a Singaporean, graduated from University of London with a Bachelor of Science (Engineering) degree. He also holds a Master of Science (Finance) degree from City University, London. He was appointed as a Director of Malaysian Pacific Industries Berhad ("MPI") on 20 July 1990 and subsequently as the Group Managing Director of MPI from September 1990 to August 1993. Presently, he is the Executive Chairman of MPI and the President & Chief Executive Officer of Hong Leong Industries Berhad ("HLI") and Hume Industries (Malaysia) Berhad.

He is a member of the Executive Share Option Scheme ("ESOS") Committee, Share Transfer Committee and Board Audit & Risk Management Committee of MPI.

He is the Executive Chairman of Guolene Packaging Industries Berhad, Chairman of Industrial Concrete Products Berhad, Group Managing Director of Camerlin Group Berhad and a Director of Hume Cemboard Berhad ("HCB"), O.Y.L. Industries Bhd, Southern Steel Berhad and Hong Leong Company (Malaysia) Berhad.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2002.

Mr Kwek is a brother of YBhg Tan Sri Quek Leng Chan, a deemed major shareholder of MPI, has no conflict of interest with MPI and has no convictions for offences within the past ten years.

Mr David Edward Comley

Group Managing Director/Non-Independent

Mr David Edward Comley, aged 53, a British, graduated from Lanchester Polytechnic with a Bachelor of Science (Electrical Engineering) degree. He started his career with Plessey Semiconductors for 17 years with the last position held as the Worldwide Assembly Manager, responsible for the management of Plessey's UK Assembly Facility and the Offshore Subcontractors in Malaysia, Hong Kong, Philippines and Taiwan. Prior to joining MPI as a Director and subsequently as the Group Managing Director on 16 August 1993 and 1 May 1994 respectively, he was with ITEQ Europe and AMKOR ANAM Europe Ltd ("AMKOR"). In AMKOR, he was a Director of Operations before he was promoted to the position as Managing Director.

Mr David Comley is a member of the ESOS Committee and Share Transfer Committee of MPI. He is also a Director of HLI.

Mr David Comley attended all the Board meetings of MPI held during the financial year ended 30 June 2002.

Mr David Comley has no family relationship with other Directors or major shareholders of MPI, has no conflict of interest with MPI and has no convictions for offences within the past ten years.

Syed Zaid bin Syed Jaffar Albar

Non-Executive Director/Non-Independent

Syed Zaid bin Syed Jaffar Albar, aged 48, a Malaysian, qualified with a B.A. (Hons) in Law, United Kingdom and Barrister-at-Law from Lincoln's Inn. He has been in active legal practice for more than 22 years. Presently, he is the managing partner of a law firm in Kuala Lumpur.

Syed Zaid was appointed to the Board of MPI on 7 July 1994. He is the Chairman of the Board Audit & Risk Management Committee of MPI. He is also a Director of HCB, Cycle & Carriage Bintang Berhad and Malaysia Building Society Berhad.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2002.

Syed Zaid has no family relationship with other Directors or major shareholders of MPI, has no conflict of interest with MPI and has no convictions for offences within the past ten years.

DIRECTORS' PROFILE

(continued)

Mr Tan Keok Yin

Non-Executive Director/Independent

Mr Tan Keok Yin, aged 58, a Malaysian, graduated from University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also completed an Executive Program in Management at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966 and served in various capacities in the Economics and Investments Departments and the Penang Branch of BNM for eleven (11) years. In 1977, he joined the Federation of Malaysian Manufacturers ("FMM") as Deputy Director and assumed the position of Chief Executive Officer ("CEO") in 1981 till 1999. As CEO of FMM, he represented the organisation on various Government boards and committees and internationally at the World Economic Forum (WEF) East Asian Conference and ASEAN Chambers of Commerce and Industry on trade and industrial cooperation. He also served as a Management Board member of EAN International located in Brussels, which develops and promotes the commercial usage of the EAN – UCC bar codes and product numbering system in over 98 countries and regions.

Mr Tan was appointed to the Board of MPI on 3 July 1995 and is a member of the Board Audit & Risk Management Committee of MPI.

He is also a Director of Hong Leong Bank Berhad, Hong Leong Properties Berhad ("HLPB"), Hong Leong Assurance Berhad and Hong Leong Finance Berhad.

Mr Tan has attended all the Board meetings of MPI held during the financial year ended 30 June 2002.

Mr Tan has no family relationship with other Directors or major shareholders of MPI, has no conflict of interest with MPI and has no convictions for any offences within the past ten years.

YBhg Tan Sri Asmat bin Kamaludin

Non-Executive Director/Non-Independent

Tan Sri Asmat bin Kamaludin, aged 58, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam. Tan Sri Asmat has vast experience of over 35 years in various capacities in the public service and his last post in the public service was as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five years prior to his retirement in February 2001, Tan Sri Asmat served as a board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Tan Sri Asmat was appointed to the Board of MPI on 2 February 2001. He does not sit on any committees of MPI.

He is the Non-Executive Chairman of UMW Holdings Berhad and Matsushita Electric Company (Malaysia) Berhad, the Non-Executive Vice Chairman of YTL Cement Berhad and a Director of HLPB, Carlsberg Brewery Malaysia Berhad, Shangri-La Hotels Malaysia Berhad, Lion Land Berhad and Commerce Asset-Holding Berhad.

He attended three (3) out of four (4) Board meetings of MPI held during the financial year ended 30 June 2002.

Tan Sri Asmat has no family relationship with other Directors or major shareholders of MPI, has no conflict of interest with MPI and has no convictions for offences within the past ten years.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Constitution

The Board Audit Committee of Malaysian Pacific Industries Berhad ("MPI" or "the Company") has been established since 12 July 1994.

During the financial year ended 30 June 2002, the Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee ("the Committee").

Composition

Tuan Syed Zaid bin Syed Jaffar Albar
(Chairman, Non-Independent Non-Executive Director)

Mr Tan Keok Yin
(Independent Non-Executive Director)

Mr Kwek Leng San
(Non-Independent Executive Director)

Secretary

The Secretary to the Committee is Ms Queek Chai Choo, who is the Joint Company Secretary of MPI.

Terms Of Reference

The terms of reference of the Committee have been revised to conform to the Listing Requirements of the Kuala Lumpur Stock Exchange.

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions and resources of the internal audit functions.
- To review the report and findings of the internal audit department including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.
- To review any related party transactions that may arise within the Company or the Group.
- Other functions as may be agreed to by the Committee and the Board.

Authority

The Committee is authorised by the Board to review any activity of MPI and its subsidiaries ("the Group") within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

(continued)

Meetings

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit and external auditors are invited to attend Committee meetings. At least once a year, the Committee will have a separate session with the external auditors without the presence of executive directors.

Two (2) members of the Committee shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

Activities

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2002, four (4) Committee meetings were held and all the meetings were attended by all the Committee members.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed and approved various related party transactions carried out by the Group.

Internal Audit

During the financial year ended 30 June 2002, the internal audit department carried out its duties covering business audit, system and financial audit.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-first Annual General Meeting of Malaysian Pacific Industries Berhad ("the Company") will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 12 November 2002 at 2.00 p.m. in order:-

1. to receive and consider the audited financial statements together with the reports of the Directors and Auditors thereon for the year ended 30 June 2002;
2. to approve the payment of Directors' fees of RM170,000/- to be divided amongst the Directors in such manner as the Directors may determine;
3. to re-elect Syed Zaid bin Syed Jaffar Albar, the retiring Director;
4. to re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to fix their remuneration;
5. as a special business, to consider and, if thought fit, pass the following ordinary motion:-

Authority To Directors To Issue Shares

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."; and

6. to consider any other business of which due notice shall have been given.

By Order of the Board,

OUEEK CHAI CHOO

JOANNE LEONG WEI YIN

Secretaries

Kuala Lumpur

21 October 2002

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting.
3. **Ordinary Resolution On Authority To Directors To Issue Shares**
The Ordinary Resolution, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. Directors who are standing for re-election at the Forty-first Annual General Meeting of the Company

[Pursuant to Article 115 of the Company's Articles of Association](#)

Syed Zaid bin Syed Jaffar Albar

NOTE:

Mr David Edward Comley, the Group Managing Director of the Company, is employed on a three-year contract, the expiry of which falls on 11 November 2003. As such, he is not subject to retirement by rotation at the Forty-first Annual General Meeting.

2. Details of attendance of Directors at Board Meetings

There were four (4) Board meetings held during the financial year ended 30 June 2002. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 4 to 5 of the Annual Report.

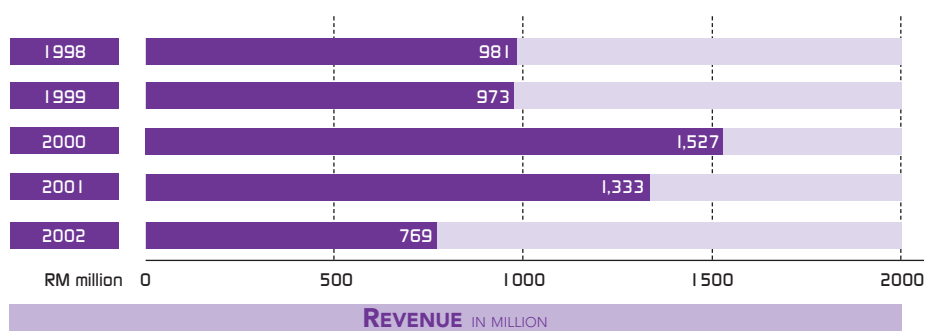
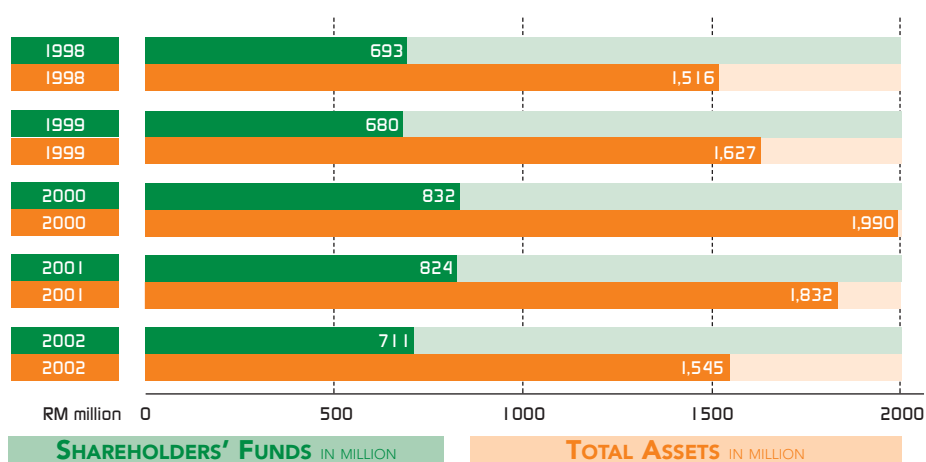
3. Place, Date and Time of Forty-first Annual General Meeting

The Forty-first Annual General Meeting of the Company will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 12 November 2002 at 2.00 p.m.

4. Further details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the Forty-first Annual General Meeting of the Company.

GROUP FINANCIAL HIGHLIGHTS



	2002	2001	2000	1999	1998
	RM Million	RM Million	RM Million	RM Million	RM Million
Revenue	769	1,333	1,527	973	981
(Loss)/Profit Before Taxation	(18)	318	501	101	125
Net (Loss)/Profit	(33)	201	327	39	85
Net (Loss)/ Earnings Per Share (sen)	(17)	101	161	19	41
Net Dividend Per Share (sen)	41	66	56	19	12
Shareholders' Funds	711	824	832	680	693
Total Assets	1,545	1,832	1,990	1,627	1,516
Capital Expenditure	115	338	424	188	272

CORPORATE GOVERNANCE AND INTERNAL CONTROL

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~Finance Committee on Corporate Governance

The Board of Directors has reviewed the manner in which the Malaysian Code on Corporate Governance ("the Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A. Directors

I The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility.

II Board Balance

The Board of Directors comprises five (5) directors, three (3) of whom are non-executive. Of the non-executive directors, one (1) is independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Company.

The Board met four (4) times during the financial year ended 30 June 2002.

The Board has identified the Company Secretaries of the Company to whom concerns may be conveyed, who would bring the same to the attention of the Board.

III Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, performance of the Company and of the Group and management proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretaries as well as to independent professional advice, including the internal auditors.

IV Appointments to the Board

The Company does not have a Nomination Committee as all new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board.

The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, the Company has developed a Directors' Manual and each new director will be given a copy at the point of his appointment. The Directors' Manual highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. The new director will be given briefing on the business of the Group and regulatory issues. Directors of the Company will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

During the financial year just ended, all directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM"), an affiliate company of the Kuala Lumpur Stock Exchange. Subsequently, all directors are required to attend the Continuous Education Programme conducted by RIIAM.

V Re-election

All directors are required to submit themselves for re-election every three years.

B. Directors' Remuneration

I Level and make-up of Remuneration

The Company does not have a Remuneration Committee.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual business plan and budget.

For non-executive directors, the level of remuneration reflects the level of responsibilities undertaken by them.

Directors' Remuneration (continued)

II Procedure

The remuneration packages of all executives of the Group including executive directors are laid out in the Group's Human Resources Manual that is reviewed from time to time to align with market/industry practices.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting.

III Disclosure

The aggregate remuneration of directors for the financial year ended 30 June 2002 is as follows:-

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	163,000	2,544,000	2,707,000
Non-Executive Directors	90,000	35,000	125,000

The number of directors whose remuneration falls into the following bands is as follows:-

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	3
50,001 – 350,000	-	-
350,001 – 400,000	1	-
400,001 – 2,700,000	-	-
2,700,001 – 2,750,000	1	-

C. Shareholders

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circular to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

II Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

D. Accountability and Audit

The Board Audit Committee was established on 12 July 1994. The Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee ("the Audit & Risk Committee") on 27 August 2001. The financial reporting and internal control system of the Group is overseen by the Audit & Risk Committee which comprises a majority of non-executive directors. The primary responsibilities of the Audit & Risk Committee are set out in the Board Audit & Risk Management Committee Report.

The Audit & Risk Committee met four (4) times during the financial year ended 30 June 2002. All meetings were attended by all members of the Audit & Risk Committee.

The Head of Internal Audit reports directly to the Audit & Risk Committee and provides the Audit & Risk Committee and management with an independent assessment of the adequacy of risk management practices. Significant breaches and deficiencies identified are discussed at the Audit & Risk Committee and the relevant management meetings where appropriate actions are taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the Audit & Risk Committee which assesses the financial statements with the assistance of the external auditors.

Accountability and Audit (continued)

II Internal Control

The Statement on Internal Control as detailed under paragraph E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the Audit & Risk Committee which determines the remuneration of the external auditors. The external auditors meet with the Audit & Risk Committee to:-

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

E. Statement On Internal Control

The Board of Directors, recognising its responsibilities in ensuring sound internal controls, has developed a risk management framework for the Group to assist it in:-

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures to manage these risks; and
- monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the newly designated Board Audit & Risk Management Committee ("the Audit & Risk Committee") with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the Audit & Risk Committee, has appointed a Risk Manager ("RM") to administer the risk management framework. The RM is responsible to:-

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
- assess adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- regularly report to the Committee on the state of internal controls and the management of risks throughout the Group.

The Audit & Risk Committee, assisted by the Internal Audit Department, provides oversight on the proper functioning of the risk management framework as part of its function of monitoring compliance with the business objectives, policies, reporting standards and control procedures of the Group.

These on going processes have been in place for the year under review and reviewed regularly by the Audit & Risk Committee.

The controls built into the risk management framework are not expected to eliminate all risks of failure to achieve business objectives but to provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

F. Directors' Responsibility In Financial Reporting

The Listing Requirements of the Kuala Lumpur Stock Exchange require the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2002, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.