

VISION for
STRATEGIC GROWTH

MALPAC HOLDINGS BERHAD 197424-V
2001 ANNUAL REPORT



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Board of Directors

Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM
Chairman - Independent Non-Executive Director

Mr Chew Loy Chee
Deputy-Chairman - Non-Independent Non-Executive Director

Mr Lim Hong Liang
Non-Independent Executive Director

Mr Kan Ah Chun
Non-Independent Executive Director

Mr Tan Chon Sing @ Tan Kim Tieng
Non-Independent Non-Executive Director

Mr Gan Teck Chong @ Gan Kwan Chong
Non-Independent Non-Executive Director

Mr Wong Yew Fai
Independent Non-Executive Director

Audit Committee

Tan Sri Dato' Haji Yahya Abdul Wahab,
PSM, DPMJ, JSM
Chairman

Mr Tan Chon Sing @ Tan Kim Tieng
Mr Wong Yew Fai
Members

Nomination Committee

Tan Sri Dato' Haji Yahya Abdul Wahab,
PSM, DPMJ, JSM
Chairman

Mr Chew Loy Chee
Mr Wong Yew Fai
Members

Remuneration Committee

Mr Wong Yew Fai
Chairman

Tan Sri Dato' Haji Yahya Abdul Wahab,
PSM, DPMJ, JSM
Mr Lim Hong Liang
Members

Company Secretary

Ng Bee Lian (MAICSA 7041392)

Registered Office

1st Floor, 275 Jalan Haruan 1,
Oakland Industrial Park, 70200 Seremban
Negeri Sembilan Darul Khusus.
Tel: 06-7625463
Fax: 06-7629693

Principal Place Of Business

2nd Floor, 23 Jalan Kong Sang,
70000 Seremban,
Negeri Sembilan Darul Khusus.
Tel: 06-7653816 & 7653836
Fax: 06-7653815

Principal Bankers

Maybank Berhad
Bumiputra Commerce Bank Berhad
Arab Malaysian Bank Berhad

Auditors

BDO Binder, Chartered Accountants (AF: 0206)
2nd Floor, 275 Jalan Haruan 1, Oakland Industrial Park
70200 Seremban, Negeri Sembilan Darul Khusus.

Tax Consultant

BDO Binder Tax Services Sdn Bhd (263930-P)
2nd Floor, 275 Jalan Haruan 1, Oakland Industrial Park
70200 Seremban, Negeri Sembilan Darul Khusus.

Solicitors

Fahrol, Pretam & Co
Tan, Goh & Associates

Share Registrar

Sectrar Services Sdn Bhd
No 28-1, Jalan Tun Sambanthan 3, Brickfields
50470 Kuala Lumpur.
Tel: 03-22746133
Fax: 03-22741016

Stock Exchange Listing

Kuala Lumpur Stock Exchange
Main Board

**TAN SRI DATO' HAJI YAHYA ABDUL WAHAB,
PSM, DPMJ, JSM***Chairman*

Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM, Malaysian, aged 68, is an Independent and Non-Executive Chairman of Malpac Holdings Berhad. He was appointed to the Board as Chairman on 18 October 1990. He is also the Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee of the Company.

He holds a Bachelor of Arts degree (Honours) in Economics from the University of Malaya and Master of Arts degree in Economics from the University of Vanderbilt, United States of America. He was in the Malaysian Government Administrative service for thirty one years from 1958 to 1989 and served in various capacities such as Director-General, Economic Planning Unit of the Prime Minister's Department; Secretary-General, Ministry of Education; Director-General, Implementation Coordination and Development Administration unit of the Prime Minister's Department; Secretary-General, Ministry of Housing and Local Government; Director-General, National Padi and Rice Board; and as Secretary, Finance Division of the Treasury. He also served on the Board of several Government statutory bodies and companies.

He is currently on the Board of John Hancock Life Insurance (Malaysia) Berhad, a company listed on the Main Board of the Kuala Lumpur Stock Exchange and also holds directorships in a few other private limited companies.

MR CHEW LOY CHEE, Deputy Chairman

Mr Chew Loy Chee, Singaporean/Malaysian Permanent Resident, aged 66, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990. He is a member of the Nomination Committee of the Company.

He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE from 1976 to 2001. He was a senior partner of Chew & Teo, a former member firm of the KLSE from 1976 to March 1987. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. in April 1987 (now known as Malpac Management Sdn. Bhd.) and he became its Executive Director until November 2001.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act 1983.

MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, aged 64, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Audit Committee of the Company.

He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in Chew & Teo, a former member firm of the KLSE. He was admitted as a member of KLSE in 1987 and appointed as an Executive Director of Seremban Securities Sdn. Bhd. (now known as Malpac Management Sdn. Bhd.) until November 2001.

He sits on the Board of several other companies within the Malpac Group as well as a number of other private limited companies. He currently holds a dealer's representative licence under the Securities Industry Act 1983.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, aged 55, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He has been in the stockbroking business for more than twenty years. He commenced his career as a remisier with Chua & Co., Melaka, and joined Chew & Teo in 1976 as Assistant Manager. He was admitted as a member of the KLSE in 1979 and was an Executive Director of Seremban Securities Sdn. Bhd. (now known as Malpac Management Sdn. Bhd.) until November 2001.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act 1983.

MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, aged 43, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is a member of the Remuneration Committee of the Company.

He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years.

He currently also sits on the Board of two other public listed companies, Hirotako Holdings Bhd and Kumpulan Powernet Bhd as well as several companies within the Malpac Group and other private limited companies.

MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, aged 49, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd. He also sits on the Board of a few other private limited companies.

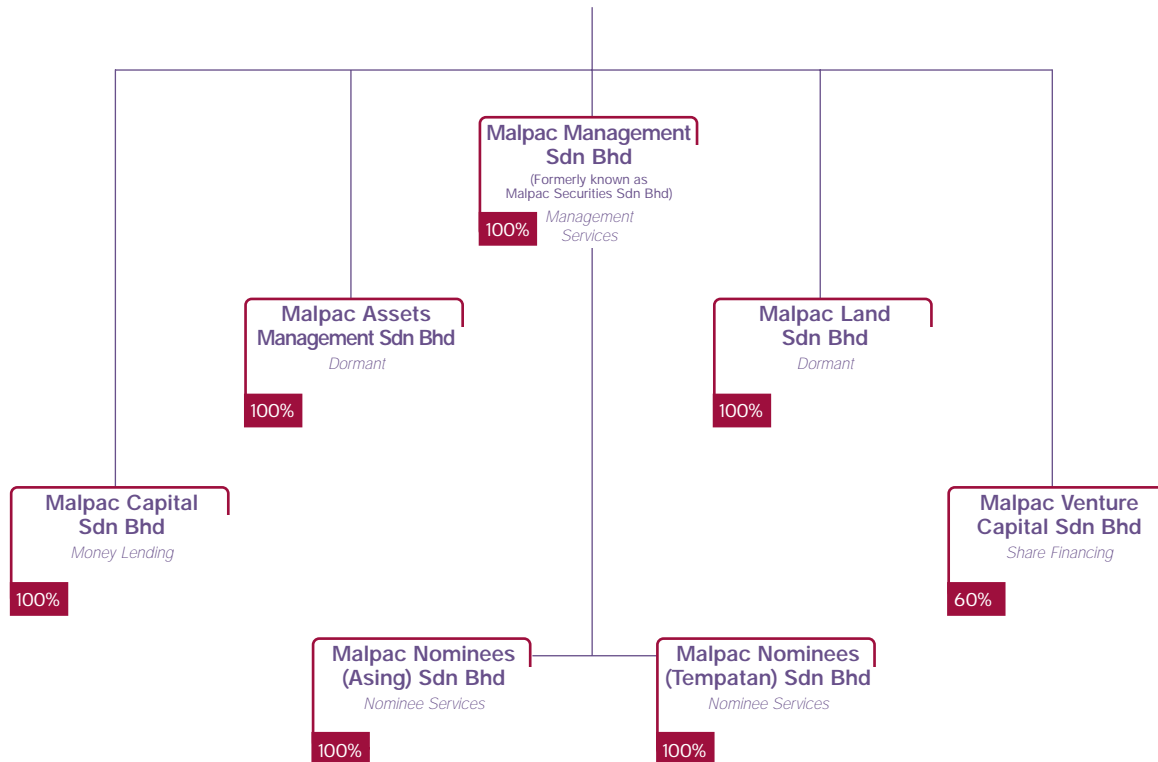
MR WONG YEW FAI

Mr Wong Yew Fai, Malaysian, aged 63, is an Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 21 July 1994. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees of the Company. An accountant by profession, he is a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He was attached to an accounting firm from 1966 to 1968. He then joined a major plantation group where he served as accountant and subsequently as Group Financial Controller. He left the plantation group in 1994 after which he joined a public listed company as an Executive Director until 1997. He also currently holds directorships in a few other private limited companies.

None of the above Directors has any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad and has not entered into any transactions, whether directly or indirectly, which has a conflict of interest with the Company. The above Directors had no convictions for any offences within the past ten years.



MALPAC HOLDINGS BERHAD
(197424-V)



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of the Malpac Group of Companies for the financial year ended 31st December 2001.



ECONOMIC REVIEW

The year 2001 saw the global economies being presented with extreme uncertainties. The greater than expected economic slowdown in the United States and the continuing weak performance of the Japanese economy, together with the tragic events of September 11, caused an extreme dampening of the world economic environment. The Malaysian economy was not spared, with the GDP seeing only a marginal growth in 2001.

In view of the challenges of the economic slowdown and its adverse impact on consumer confidence, the performance of most sectors of the local economy was affected. The stock market was also badly affected by the weak sentiments with extremely low turnovers for most months of the year.

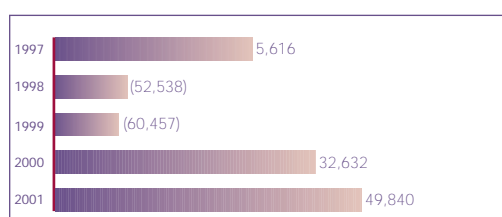
However, towards the end of the year, we begin to see some signs of reversal of trends in the economy and we hope the year ahead would bring better tidings to everyone.

FINANCIAL REVIEW

Amidst the weak economic and extremely bearish stock market conditions in 2001, the Group reported a pre-tax operating loss of RM30.16 million due mainly to additional provisions as a result of the drop in the value of collateral held as security for loans granted by the Group. However, the operating loss was more than offset by the proceeds from the disposal of the Group's stockbroking business operations amounting to RM80 million. As a result, the Group achieved a net pre-tax profit of RM49.8 million, which compares favourably to the pre-tax profit of RM32.6 million for financial year ending 31.12.2000.

I am happy to report that the Group's balance sheet has improved significantly. The Group's gearing was reduced from RM109.4 million as at end of last year to RM12.0 million currently and the total shareholders funds of the Group has increased from RM97.6 million as at 31.12.2000 to RM144.9 million as at reporting date.

PROFIT/LOSS BEFORE TAX (RM'000)



CORPORATE DEVELOPMENT

The financial year ended 31st December 2001 was a landmark year for the group with the completion of the disposal of its stockbroking business to PM Securities Sdn Bhd on 17th September 2001.

With the disposal, the Board is currently actively pursuing opportunities to acquire new core assets or business for injection into the company.

DIVIDEND

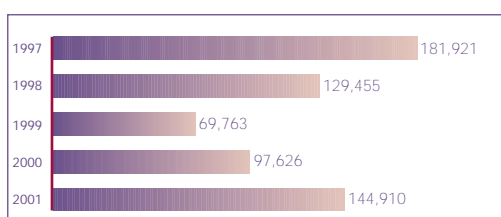
The Board of Directors does not propose any dividend for the year ended 31st December 2001.

APPRECIATION

On behalf of the Board, I take this opportunity to record our appreciation to our shareholders for their continuous support and undivided confidence.

The Board also wishes to record its appreciation to all our staff, past and present for their loyalty, dedication and commitment. To all our former remisiers and dealers and all our ex-clients we thank you for all your invaluable support in the past.

SHAREHOLDERS' FUND
(RM'000)



Tan Sri Dato' Haji Yahya Abdul Wahab,
PSM, DPMJ, JSM
Chairman

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to issue the following Report of the Audit Committee and its activities for the financial year ended 31 December 2001.

TERMS OF REFERENCE

Objective

The objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities especially on the following:

- To oversee and appraise the quality of the audits conducted both by the Company's external auditors.
- To determine the adequacy of the Company's administrative, operating and accounting controls.
- To maintain open lines of communications among the Board, the Company's employees and external auditors and to exchange views and information.
- To undertake any such duties and responsibilities as may be required by the Board.

Duties

The duties of the Committee shall be:

- To review the quarterly and annual financial statements before submission to the Board
- To identify and direct any special projects of investigations deemed necessary.
- To undertake any such duties and responsibilities as may be required by the Board.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).

COMPOSITION

The Audit Committee comprises the following:

Chairman

Tan Sri Dato' Haji Yahya Abdul Wahab
PSM, DPMJ, JSM

Independent Non-Executive Director

Members

Wong Yew Fai

Independent Non-Executive Director

Tan Chon Sing @ Tan Kim Tieng

Non-Independent Non-Executive Director (Became Non-Executive Director w.e.f. 30.11.2001)

- To keep under review the effectiveness of internal control system, and in particular review the external auditor's management letter and management's response.

Authority

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

Meetings

The Committee will meet at least four times in a year. A quorum shall consist of a majority of committee members.

Name of Committee Members	No. of Meetings Held During Appointment	No. of Meetings Attended
Tan Sri Dato' Haji Yahya Abdul Wahab PSM, DPMJ, JSM	5	5/5
Wong Yew Fai	5	5/5
Tan Chon Sing @ Tan Kim Tieng	5	5/5

MEETINGS

The Audit Committee held a total of four (4) meetings during the financial year ended 31 December 2001. The details of attendance of the Committee Members are as shown above.

The internal auditor, senior management staff of the Group and other staff and Directors are invited to attend Audit Committee Meeting whenever necessary.

SUMMARY OF ACTIVITIES

The following activities were carried out by members of the Audit Committee for the financial year under review:

- Reviewed the quarterly results and year end financial statements of the Group prior to presentation for the Board's approval
- Reviewed with the external auditors, the audit plan, and the nature and scope of audit
- Reviewed the programme and plans, and scope of work carried out by the internal auditor and the evaluation of the system of internal control
- Considered and appraised the results of audit and reports by the external and internal auditors, including issues and findings noted in the course of audit and the response of management

- Evaluated the audit fees payable to the external auditors and recommending the appointment/re-appointment of the external auditors
- Reviewed key business proposal in respect of the takeover of and disposal of certain major assets of one of its subsidiaries' stock-broking business.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2001, the Company had an in-house internal audit department which carried out a regular review of operations in various areas.

The internal audit team undertook internal audit functions based on approved audit plans which covered a review of operational controls, compliance with law and regulations, quality of assets and management efficiencies, amongst others.

The Company presently has no core business operations as it had disposed the core business of stock-broking in the financial year under review. Thus the internal audit team had resigned.

The Group's main source of income at present is interest gained on fixed deposits with licensed banks and from loan debtors.

The Malaysian Code on Corporate Governance (the Code) sets out basic principles and best practices on structures and processes that companies may adopt in their operations towards achieving the optimal governance framework.

The Board of Directors of Malpac Holdings Bhd is committed to ensure the highest standards of corporate governance throughout the Group as a fundamental basis in the discharge of their fiduciary duties and responsibilities to protect and enhance long term shareholder values whilst taking into account the interests of other stakeholders.

In line with the revamped Kuala Lumpur Stock Exchange Listing Requirements (KLSE LR), the Board of Directors presents herewith the report on how the Group has applied the principles of the Code and the extent of compliance with the best practices provision.

I. The Board Of Directors

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholder values.

1. Composition of the Board

The Board comprises of 7 members, of whom 5 were executive directors and 2 non-executive independent directors. Of the 5 executive directors, 3 were redesignated as non-executive recently. The company is in compliance with the revamped Listing Requirements of the KLSE which requires 1/3 of total number of directors being Independent Directors.

All Directors attended the Mandatory Accreditation Program (MAP) prescribed by the Kuala Lumpur Stock Exchange (KLSE) during the financial year under review. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

2. Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All Board members bring to bear an independent judgement on issues of strategy, performance, resources and standards of conduct.

The Board met 5 times during the financial year ended 31st December 2001. All directors, except Mr. Gan Teck Chong and Mr. Kan Ah Chun, maintained a record of 100% attendance for the 5 Board Meetings. Mr. Gan and Mr. Kan attended 4 of the 5 Board Meetings.

3. Board Balance

The Board has a balanced composition of executive and non-executive directors so that no individual or small group of individuals can dominate the Board's decision making. Together, the Directors bring a wide range of business and financial experience relevant to the Group.

A brief description of the background of each Director is given on page 3 of the Annual Report. There is a clear division of responsibility between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority.

Represented on the Board, are 2 independent non-executive Directors who can exercise their independent judgement in the decision making process to ensure a fully balanced, objective and unbiased deliberation process that can safeguard the interests of other stakeholders.

4. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors, including the Managing Director, shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

For the forthcoming Annual General Meeting, Mr. Gan Teck Chong and Mr. Wong Yew Fai will retire by rotation, and being eligible, offer themselves for re-election.

5. Supply of information

Board members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance to the agenda for discussion. Where necessary, senior management staff are invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting their business areas.

The Directors have direct access to the advice and services of the Company Secretary who are responsible for ensuring that Board procedures are followed.

The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

6. Board Committees

In accordance with best practices of Corporate Governance, the Board had, in addition to the Audit Committee (which was established in 1994), set-up the Nomination Committee and the Remuneration Committee in November 2001.

These Committees have the authority to examine specific issues and report back to the Board with their recommendations. The ultimate decision on all matters however, lies with the Board.

(a) Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report.

(b) Nomination Committee

The Nomination Committee is responsible for :

- reviewing, recommending and considering candidates to the Board of the Company, subsidiaries and associates of the Group, including committees of the Board;
- reviewing succession planning and senior management development including nominations to the Board of Directors of the Company; and
- assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

(c) Remuneration Committee

The Remuneration Committee is responsible for :

- establishing and reviewing from time to time the scheme and conditions of service of staff in the Group;
- establishing and reviewing the terms and conditions of employment and remuneration of executive Directors and senior executives of the Group;

- reviewing and approving annual salary increments and bonuses of executive Directors and senior executives of the Group;
- approving the terms of service or re-employment of retiring senior executives; and
- formulating overall personnel and remuneration policies for the Group together with other functions as may be agreed to by the Remuneration Committee and the Board of Directors.

II. Directors' Remuneration

The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned. The aggregate remuneration for the Directors for the financial year ended 31 Dec. 2001 are as follows :-

	Executive Director	Non-Executive	Total
Fees (RM)	60,000	-	60,000
Salary & Allowance (RM)	480,000	33,500	513,500
Other Emoluments (RM)	848,807	-	848,807
Total (RM)	1,388,807	33,500	1,422,307

Range of Remuneration

0	-	RM 50,000	-	2	2
RM 50,001	-	RM100,000	-	-	-
RM100,001	-	RM150,000	2	-	2
RM150,001	-	RM350,000	-	-	-
RM350,001	-	RM400,000	3	-	3

III. Investor Relations & Shareholder Communication

The Group recognises the importance of accountability to its shareholders and investors through timely and proper communications. Press release and announcements for public dissemination are made as and when there are significant corporate events.

The Annual General Meeting of the Company also represents the principal forum for dialogue and interaction with all shareholders who are encouraged to participate in a question and answer session.

IV. Accountability and Audit

1. Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy.

2. Directors' Responsibility Statement for Preparing the Financial Statements

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards and give a true and fair view of the state of affairs of the Group and Company for the financial year.

In preparing the financial statements, the Directors have :

- * selected suitable accounting policies and applied them consistently;
- * made judgements and estimates that are reasonable and prudent;
- * ensured that all applicable accounting standards have been followed; and
- * prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

3. Internal Control Statement

The Board acknowledges its responsibility for the internal control systems in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. Internal control systems are designed to meet the particular needs of business units and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspects, whereby the cost of procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be completely eliminated and the effectiveness, adequacy and integrity of the system need to be continuously reviewed.

4. Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises of 2 independent non-executive Directors and one executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

The Audit Committee meets quarterly. Additional meeting are held as and when required. For financial year ended 31 Dec 2001, 5 meetings were held.

The Audit Committee is always held before the Board meeting. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis.

The Committee maintains a formal and transparent relationship with both external and internal auditors of the Group.

5. Internal Audit

The Group had an established Internal Audit Department which assisted the Audit Committee in the discharge of its duties and responsibilities. Its role was to provide independent and objective reports on the organisation's management, records, accounting policy and controls to the Board. The internal audit function reported directly to the Audit Committee and its findings and recommendations are communicated to the Board.

However, with the disposal of the Group's core business during the course of the reporting year, the Internal Audit team had resigned. Upon the identification and procurement of the new core business of the Group, a new Internal Audit team with experience relevant to the new core activity will be recruited.

V. Statement of Compliance with Best Practices in Corporate Governance

The Company is in general compliance with the Best practices in Corporate Governance set out in Part 2 of the Code, except for the Internal Audit function which shall be re-established immediately upon identification and procurement of the new core business of the Group.

In conformance with the Kuala Lumpur Stock Exchange Listing Requirements, the following information is provided:

1. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2001 or entered into since the end of the previous financial year.

2. Options, warrants or convertible securities

No options, warrants or convertible securities were issued by the Company during the financial year.

3. Imposition of sanctions/penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year.

4. Non-audit fees

There were no non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2001.

5. Profit guarantees

During the financial year, there were no profit guarantees given by the Company.

6. List of properties

All the properties of the Company have been disposed of together with the sale of its stockbroking business and the group does not own any properties as at 31 December 2001.

7. American Depositary Receipt ('ADR') or Global Depositary Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

8. Recurrent related party transactions ('RRPT') of revenue nature

All RRPT of revenue nature for the year were disclosed in note 29 to the financial statement..



FINANCIAL STATEMENTS

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25	Notes to the Financial Statements

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. During the financial year, a subsidiary company ceased its activities in dealing with securities as stockbrokers and commenced operations in provision of management services. There have been no other significant changes in the nature of these activities during the financial year.

RESULTS

	<i>Group RM</i>	<i>Company RM</i>
Profit/(loss) after taxation	47,400,193	(3,265,818)
Minority interests	(116,517)	-
Profit/(loss) attributable to shareholders	47,283,676	(3,265,818)
(Accumulated losses)/retained profits brought forward	(24,740,698)	9,113,953
Retained profits carried forward	22,542,978	5,848,135

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

The directors who held office since the date of last report are:-

Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM (Chairman)
Chew Loy Chee (Deputy Chairman)
Tan Chon Sing @ Tan Kim Tieng
Gan Teck Chong @ Gan Kwan Chong
Lim Hong Liang
Wong Yew Fai
Kan Ah Chun

In accordance with the Company's Articles of Association, Gan Teck Chong @ Gan Kwan Chong and Wong Yew Fai retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related companies during the financial year ended 31 December 2001 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:-

	<i>Number of ordinary shares of RM1 each</i>			
	<i>Balance as at 1.1.2001</i>	<i>Bought</i>	<i>Sold</i>	<i>Balance as at 31.12.2001</i>
Shares in the Company				
Direct interest				
Chew Loy Chee	4,893,500	-	-	4,893,500
Tan Chon Sing @ Tan Kim Tieng	11,196,000	121,000	(15,000)	11,302,000
Gan Teck Chong @ Gan Kwan Chong	5,750,532	36,000	-	5,786,532
Lim Hong Liang	7,818,000	367,208	-	8,185,208
Kan Ah Chun	1,465,646	10,000	-	1,475,646

Shares in a subsidiary company

Malpac Management Sdn. Bhd. (formerly known as Malpac Securities Sdn. Bhd.)

Direct interest

Chew Loy Chee	1	-	-	1
Tan Chon Sing @ Tan Kim Tieng	1	-	-	1
Gan Teck Chong @ Gan Kwan Chong	1	-	-	1

None of the other directors in office at the end of the financial year held any beneficial interests in the shares of the Company or its related companies.

Tan Chon Sing @ Tan Kim Tieng, by virtue of his substantial interest in the Company, is also deemed to have a beneficial interest in the shares of the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:-

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The directors are not aware of any circumstances:-
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the directors:-
 - (i) except as disclosed in Note 32 to the financial statements, there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D):-

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 27 November 2000, Malpac Securities Sdn Bhd ("Malpac Securities"), a subsidiary company, had entered into an agreement with PM Securities Sdn Bhd ("PM Securities") for the merger of its stockbroking business and associated activities with the existing business of PM Securities ("Business"). To effect the disposal of the entire stockbroking business, certain property, plant and equipment namely land, buildings, office equipment and computer equipment of the Company, Malpac Securities and another subsidiary company ("Disposed Business Assets") were disposed of during the financial year for a total consideration of RM85,755,799 satisfied entirely in cash which includes the value of the Disposed Business Assets upon completion of RM5,755,799.

The merger essentially allowed Malpac Securities to dispose of its Dealer's Licence and certain property, plant and equipment to PM Securities without PM Securities assuming any liabilities.

AUDITORS

The retiring auditors, Messrs. BDO Binder, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.



Tan Chon Sing @ Tan Kim Tieng

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)
) DIRECTORS
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)



Gan Teck Chong @ Gan Kwan Chong

Seremban
29 April 2002

In the opinion of the directors, the financial statements set out on pages 20 to 40 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 2001 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2001.

On behalf of the Board,



Tan Chon Sing @ Tan Kim Tieng



Gan Teck Chong @ Gan Kwan Chong

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)
)
) DIRECTORS
)
)

Seremban
29 April 2002

STATUTORY DECLARATION

I, Tan Chon Sing @ Tan Kim Tieng, being the director primarily responsible for the financial management of Malpac Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 20 to 40 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at Seremban,
Negeri Sembilan Darul Khusus
this 29 April 2002

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)
)

Before me:-


3, Tingkat 1, Jalan Rasah,
70 Seremban,
Negeri Sembilan D.K.



We have audited the financial statements set out on pages 20 to 40. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2001 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



BDO Binder

AF: 0206

Chartered Accountants



Siew Kah Toong

1045/3/04 (J)

Partner

Seremban
29 April 2002

	NOTE	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	5	414,014	5,463,152	215,587	1,581,927
INVESTMENT IN SUBSIDIARY COMPANIES	6	-	-	130,455,400	130,455,400
GOODWILL ON CONSOLIDATION	7	-	1,133,632	-	-
CURRENT ASSETS					
Amounts owing by brokers	-	-	2,065,680	-	-
Amounts owing by clients	8	32,354,270	100,423,793	-	-
Advances to clients	9	118,975,766	125,516,792	-	-
Loan receivables	10	8,046,204	7,242,758	-	-
Other receivables, deposits and prepayments		1,913,007	1,230,666	473,859	179,691
Amounts owing by subsidiary companies	11	-	-	29,518,112	719,127
Fixed deposits with licensed banks	12	4,549,063	5,027,595	-	-
Cash and bank balances	13	1,292,317	1,537,272	82,830	25,871
		167,130,627	243,044,556	30,074,801	924,689
LESS: CURRENT LIABILITIES					
Amounts owing to brokers		-	723,586	-	-
Amounts owing to clients		713	2,691,886	-	-
Other payables and accruals	14	10,371,587	31,402,708	1,396,219	20,143,860
Amount owing to a subsidiary company	15	-	-	52,099,173	1,352,864
Amounts owing to directors	16	100,000	4,967,573	-	-
Term loans - unsecured	17	-	28,899,956	-	-
Bank borrowings	18	12,037,333	80,504,469	2,035,668	2,970,746
Taxation		-	28,348	-	-
		22,509,633	149,218,526	55,531,060	24,467,470
NET CURRENT ASSETS/(LIABILITIES)		144,620,994	93,826,030	(25,456,259)	(23,542,781)
		145,035,008	100,422,814	105,214,728	108,494,546
FINANCED BY					
SHARE CAPITAL	19	75,000,000	75,000,000	75,000,000	75,000,000
RESERVES	20	69,909,571	22,625,895	30,214,728	33,480,546
SHAREHOLDERS' EQUITY		144,909,571	97,625,895	105,214,728	108,480,546
MINORITY INTERESTS		125,437	8,919	-	-
LONG TERM AND DEFERRED LIABILITIES					
Bank borrowings	18	-	2,750,000	-	-
Deferred taxation	21	-	38,000	-	14,000
		145,035,008	100,422,814	105,214,728	108,494,546

The attached notes form an integral part of the financial statements.

	<i>NOTE</i>	<i>Group</i>		<i>Company</i>	
		<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Revenue	22	4,480,502	53,748,452	31,854	210,066
Cost of sales		(5,196,543)	(19,119,056)	-	-
Gross (loss)/profit		(716,041)	34,629,396	31,854	210,066
Other operating income		2,701,375	16,101,082	-	-
Administration expenses		(10,351,375)	(10,092,787)	(2,242,328)	(1,197,252)
Other operating expenses		(19,639,869)	(6,354,546)	(35,775)	(48,743,841)
(Loss)/profit from operations		(28,005,910)	34,283,145	(2,246,249)	(49,731,027)
Finance costs		(2,154,389)	(1,651,526)	(1,235,569)	(269,688)
Proceeds from disposal of stockbroking business		80,000,000	-	-	-
Profit/(loss) before taxation	23	49,839,701	32,631,619	(3,481,818)	(50,000,715)
Taxation	24	(2,439,508)	(5,088,540)	216,000	(202,000)
Profit/(loss) after taxation		47,400,193	27,543,079	(3,265,818)	(50,202,715)
Minority interests		(116,517)	319,628	-	-
Net profit/(loss) for the financial year		47,283,676	27,862,707	(3,265,818)	(50,202,715)
		<i>SEN</i>	<i>SEN</i>		
Basic earnings per ordinary share	25	63.0	37.2		

The attached notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	<i>Share capital RM</i>	<i>Share premium RM</i>	<i>Other capital reserve RM</i>	<i>Retained profits/ (accumulated losses) RM</i>	<i>Total RM</i>
Group					
Balance as at 31 December 1999	75,000,000	24,366,593	23,000,000	(52,603,405)	69,763,188
Net profit for the financial year	-	-	-	27,862,707	27,862,707
Balance as at 31 December 2000	75,000,000	24,366,593	23,000,000	(24,740,698)	97,625,895
Net profit for the financial year	-	-	-	47,283,676	47,283,676
Balance as at 31 December 2001	75,000,000	24,366,593	23,000,000	22,542,978	144,909,571
Company					
Balance as at 31 December 1999	75,000,000	24,366,593	-	59,316,668	158,683,261
Net loss for the financial year	-	-	-	(50,202,715)	(50,202,715)
Balance as at 31 December 2000	75,000,000	24,366,593	-	9,113,953	108,480,546
Net loss for the financial year	-	-	-	(3,265,818)	(3,265,818)
Balance as at 31 December 2001	75,000,000	24,366,593	-	5,848,135	105,214,728

The attached notes form an integral part of the financial statements.

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	49,839,701	32,631,619	(3,481,818)	(50,000,715)
Adjustments for:-				
Property plant and equipment written off	213,671	-	-	-
Goodwill on consolidation written off	1,133,632	-	-	-
Provision for diminution in value of investment in subsidiary companies	-	-	-	6,774,799
Amortisation of goodwill on consolidation	-	226,726	-	-
Proceeds from disposal of stockbroking business	(80,000,000)	-	-	-
(Gain)/loss on disposal of property, plant and equipment	(1,699,304)	(19,349)	7,426	1,872
Amortisation of deferred expenditure	-	169,232	-	169,232
Gain on disposal of investments	(21,089)	(659,412)	-	-
Dividend income	(1,440)	(940)	-	-
Interest income	(657,361)	(19,844,422)	-	(96,066)
Interest expenses	5,888,955	11,424,901	1,235,569	326,908
Depreciation of property, plant and equipment	1,040,686	1,370,846	194,753	214,845
Allowance for doubtful debts	6,768,135	-	-	41,879,629
Bad debts written off	899,271	257,690	28,349	-
Preliminary expenses written off	-	5,156	-	-
Pre-operating expenses written off	-	11,721	-	-
Provision of gratuity payable to directors	3,000,000	-	1,200,000	-
Allowance for doubtful debts no longer required	-	(10,012,854)	-	-
Operating (loss)/profit before working capital changes	(13,595,143)	15,560,914	(815,721)	(729,496)
Decrease in amounts owing by brokers	2,065,680	1,958,011	-	-
Decrease in amounts owing by clients	68,331,483	13,060,298	-	-
(Increase)/decrease in loan receivables	(2,260,807)	22,740,379	-	-
Decrease/(increase) in other receivables, deposits and prepayments	206,632	1,149	(4,987)	549
Decrease in amounts owing to brokers	(723,586)	(3,658,809)	-	-
Decrease in amounts owing to clients	(2,691,173)	(7,449,417)	-	-
(Decrease)/increase in other payables and accruals	(24,031,121)	15,048,658	(19,947,641)	20,004,289
Cash generated from/(absorbed by) operations	27,301,965	57,261,183	(20,768,349)	19,275,342

The attached notes form an integral part of the financial statements.

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Interest received	181,083	19,796,051	-	96,066
Interest paid	(683,413)	(1,614,226)	(1,235,569)	(326,908)
Tax paid	(3,423,177)	(4,305,159)	(115,530)	-
Net cash from/(used in) operating activities	23,376,458	71,137,849	(22,119,448)	19,044,500
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	476,278	48,371	-	-
Repayment of/(advances to) clients	97,370	(10,882,946)	-	-
Dividends received	1,440	940	-	-
Withdrawal of fixed deposits	4,957,272	1,239,057	-	-
Proceeds from disposal of stockbroking business	80,000,000	-	-	-
Proceeds from disposal of investments	21,089	2,164,812	-	-
Proceeds from disposal of property, plant and equipment	5,862,449	123,350	1,515,435	1,980
Purchase of property, plant and equipment	(368,364)	(841,185)	(351,274)	(307,920)
Advances to subsidiary companies	-	-	(28,798,985)	(20,092,245)
Net cash from/(used in) investing activities	91,047,534	(8,147,601)	(27,634,824)	(20,398,185)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(5,205,542)	(9,810,675)	-	-
(Repayment to)/advances from directors	(4,867,573)	4,967,573	-	-
Repayment of term loans	(28,899,956)	(14,850,088)	-	-
Advances from a subsidiary company	-	-	50,746,309	1,352,864
Repayment of bank borrowings	(67,100,000)	(27,249,956)	-	-
Net cash (used in)/from financing activities	(106,073,071)	(46,943,146)	50,746,309	1,352,864
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,350,921	16,047,102	992,037	(821)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(4,571,874)	(20,618,976)	(2,944,875)	(2,944,054)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 26)	3,779,047	(4,571,874)	(1,952,838)	(2,944,875)

The attached notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at 1st Floor, 275, Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus.

The principal place of business of the Company is located at 2nd Floor, 23, Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus.

The financial statements are presented in Ringgit Malaysia.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. During the financial year, a subsidiary company ceased its activities in dealing with securities as stockbrokers and commenced operations in provision of management services. There have been no other significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the financial statements.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation. Goodwill or reserve on consolidation which has been amortised over fifteen years in prior years, is written off to the income statement during the financial year. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Building-in-progress is not depreciated.

All other property, plant and equipment are depreciated on a straight line basis at rates which are intended to write off their cost over their estimated useful lives. The principal annual rates of depreciation used are as follows:-

Freehold land and buildings	2%
Computer equipment	20%
Motor vehicles	20%
Renovation, electrical installation, office equipment etc.	10% - 12%

4.4 Deferred taxation

Deferred taxation is provided under the liability method at the current tax rate in respect of all material timing differences except where it is reasonably probable that such timing differences will not crystallise in the foreseeable future.

Deferred tax benefits are recognised in the financial statements only when there is reasonable assurance of their realisation.

4.5 Investments

(i) Subsidiary companies

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less provision for permanent diminution in value, if any.

(ii) Other investments

Investments in quoted shares held on a short term basis are stated at the lower of cost and market value on a portfolio basis.

4.6 Deferred expenditure

Expenditure incurred prior to the commencement of operations of subsidiary companies are capitalised as preliminary and pre-operating expenses. Preliminary and pre-operating expenses are stated at cost and are written off to the income statement in the current financial year.

Expenditure incurred in connection to share listing expenses and Kuala Lumpur Stock Exchange (KLSE) fees are deferred and amortised over 10 years.

4.7 Receivables

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

4.9 Revenue recognition

The brokerage, commissions, service charges and rental income are recognised on an accrual basis.

Interest income is recognised on a time proportion basis that takes into account the effective yield on the assets unless the collectibility is in doubt.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2001	Additions	Disposals	Written off	Reclassi- fication	Balance as at 31.12.2001
2001	RM	RM	RM	RM	RM	RM
Cost						
Freehold land and buildings	2,858,227	-	(3,459,998)	-	601,771	-
Building-in-progress	302,641	299,130	-	-	(601,771)	-
Computer equipment	2,946,470	8,890	(2,585,533)	(242,354)	-	127,473
Motor vehicles	3,416,081	-	(305,500)	-	-	3,110,581
Renovation, electrical installation, office equipment etc.	1,778,853	60,344	(1,102,088)	(406,821)	-	330,288
Total	11,302,272	368,364	(7,453,119)	(649,175)	-	3,568,342

	Balance as at 1.1.2001	Charge for the financial year	Disposals	Written off	Balance as at 31.12.2001
	RM	RM	RM	RM	RM
Accumulated depreciation					
Freehold land and buildings	285,447	28,817	(314,264)	-	-
Building-in-progress	-	-	-	-	-
Computer equipment	1,882,958	302,201	(1,892,936)	(194,851)	97,372
Motor vehicles	2,529,843	592,325	(285,159)	-	2,837,009
Renovation, electrical installation, office equipment etc.	1,140,872	117,343	(797,615)	(240,653)	219,947
Total	5,839,120	1,040,686	(3,289,974)	(435,504)	3,154,328

	Balance as at 1.1.2000	Additions	Disposals	Balance as at 31.12.2000
2000	RM	RM	RM	RM
Cost				
Freehold land and buildings	2,858,227	-	-	2,858,227
Building-in-progress	-	302,641	-	302,641
Computer equipment	2,550,577	516,313	(120,420)	2,946,470
Motor vehicles	3,420,424	-	(4,343)	3,416,081
Renovation, electrical installation, office equipment etc.	1,765,755	22,231	(9,133)	1,778,853
Total	10,594,983	841,185	(133,896)	11,302,272

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<i>Balance as at 1.1.2000</i>	<i>Charge for the financial year</i>	<i>Disposals</i>	<i>Balance as at 31.12.2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
2000				
Accumulated depreciation				
Freehold land and buildings	242,221	43,226	-	285,447
Building-in-progress	-	-	-	-
Computer equipment	1,442,070	466,379	(25,491)	1,882,958
Motor vehicles	1,854,884	677,637	(2,678)	2,529,843
Renovation, electrical installation, office equipment etc.	958,994	183,604	(1,726)	1,140,872
Total	4,498,169	1,370,846	(29,895)	5,839,120

	<i>RM Balance as at 1.1.2001</i>	<i>RM Additions</i>	<i>RM Reclassi- fication</i>	<i>RM Disposals</i>	<i>RM Balance as at 31.12.2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Company					
2001					
Cost					
Freehold land and buildings	973,823	-	601,771	(1,575,594)	-
Building-in-progress	302,641	299,130	(601,771)	-	-
Computer equipment	51,869	-	-	-	51,869
Motor vehicles	772,462	-	-	-	772,462
Renovation, electrical installation, office equipment etc.	235,609	52,144	-	(699)	287,054
Total	2,336,404	351,274	-	(1,576,293)	1,111,385

	<i>Balance as at 1.1.2001</i>	<i>Charge for the financial year</i>	<i>Disposals</i>	<i>Balance as at 31.12.2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Accumulated depreciation				
Freehold land and buildings	40,413	12,984	(53,397)	-
Building-in-progress	-	-	-	-
Computer equipment	46,990	4,877	-	51,867
Motor vehicles	498,145	154,491	-	652,636
Renovation, electrical installation, office equipment etc.	168,929	22,401	(35)	191,295
Total	754,477	194,753	(53,432)	895,798

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<i>Balance as at 1.1.2000</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance as at 31.12.2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Company 2000 Cost				
Freehold land and buildings	973,823	-	-	973,823
Building-in-progress	-	302,641	-	302,641
Computer equipment	51,869	-	-	51,869
Motor vehicles	776,805	-	(4,343)	772,462
Renovation, electrical installation, office equipment etc.	232,879	5,279	(2,549)	235,609
Total	2,035,376	307,920	(6,892)	2,336,404

	<i>Balance as at 1.1.2000</i>	<i>Charge for the financial year</i>	<i>Disposals</i>	<i>Balance as at 31.12.2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Accumulated depreciation				
Freehold land and buildings	20,936	19,477	-	40,413
Building-in-progress	-	-	-	-
Computer equipment	39,057	7,933	-	46,990
Motor vehicles	346,041	154,782	(2,678)	498,145
Renovation, electrical installation, office equipment etc.	136,638	32,653	(362)	168,929
Total	542,672	214,845	(3,040)	754,477

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Net book value				
Freehold land and buildings	-	2,572,780	-	933,410
Building-in-progress	-	302,641	-	302,641
Computer equipment	30,101	1,063,512	2	4,879
Motor vehicles	273,572	886,238	119,826	274,317
Renovation, electrical installation, office equipment etc.	110,341	637,981	95,759	66,680
Total	414,014	5,463,152	215,587	1,581,927

Certain motor vehicles of the Group and of the Company with net book value of RM119,608 (2000: RM352,731) and RM119,607 (2000: RM273,231) respectively have been registered under the name of the directors.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 RM
Unquoted shares - at cost	137,230,199	137,230,199
Less: Provision for diminution in value of investment	(6,774,799)	(6,774,799)
	130,455,400	130,455,400

The subsidiary companies, all incorporated in Malaysia, are as follows:-

Name of Company	Effective Group Interest		Principal activities
	2001	2000	
Malpac Management Sdn. Bhd. (formerly known as Malpac Securities Sdn. Bhd.)	100%	100%	Management services
Malpac Venture Capital Sdn. Bhd.	60%	60%	Share financing
Malpac Capital Sdn. Bhd.	100%	100%	Money lending
Malpac Assets Management Sdn. Bhd.	100%	100%	Dormant
Malpac Land Sdn. Bhd.	100%	100%	Dormant
<i>Subsidiary companies of Malpac Management Sdn. Bhd. (formerly known as Malpac Securities Sdn. Bhd.)</i>			
Malpac Nominees (Asing) Sdn. Bhd.	100%	100%	Nominee services
Malpac Nominees (Tempatan) Sdn. Bhd.	100%	100%	Nominee services

The financial statements of all the subsidiary companies are audited by BDO Binder.

7. GOODWILL ON CONSOLIDATION

	Group	
	2001 RM	2000 RM
Goodwill on consolidation, at cost	3,400,892	3,400,892
Accumulated amortisation		
Balance as at 1 January	(2,267,260)	(2,040,534)
Current amortisation	-	(226,726)
Balance as at 31 December	(2,267,260)	(2,267,260)
Amount written off	(1,133,632)	-
	-	1,133,632

8. AMOUNTS OWING BY CLIENTS

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Amounts owing by clients	136,649,009	205,850,389
Less: Allowance for doubtful debts	(104,294,739)	(105,426,596)
	32,354,270	100,423,793

9. ADVANCES TO CLIENTS

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Advances to clients	151,703,924	151,801,294
Less: Allowance for doubtful debts	(32,728,158)	(26,284,502)
	118,975,766	125,516,792

10. LOAN RECEIVABLES

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Loan receivables	36,926,035	34,666,253
Less: Allowance for doubtful debts	(28,879,831)	(27,423,495)
	8,046,204	7,242,758

11. AMOUNTS OWING BY SUBSIDIARY COMPANIES

	<i>Company</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Amounts owing by subsidiary companies	71,397,741	42,598,756
Less: Allowance for doubtful debts	(41,879,629)	(41,879,629)
	29,518,112	719,127

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured with no fixed terms of repayment and interest-free, except for certain advances amounting to RM Nil (2000: RM704,307) which bear interest at the rate of Nil (2000: 7%) per annum.

12. FIXED DEPOSITS WITH LICENSED BANKS - Group

Included in fixed deposits with licensed banks are:-

- (i) fixed deposits totalling RM25,000 (2000: RM519,272) which have been pledged to licensed banks for banking facilities granted to a subsidiary company; and
- (ii) fixed deposits totalling Nil (2000: RM4,463,000) which have been maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange.

13. CASH AND BANK BALANCES - Group

Cash and bank balances amounting to RM292,778 (2000: RM1,076,775) have been maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange.

14. OTHER PAYABLES AND ACCRUALS

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Included in other payables and accruals are:-				
Deposit received in relation to the Proposal (Note 32)	-	20,000,000	-	20,000,000
Remisiers' deposits	-	4,463,000	-	-

15. AMOUNT OWING TO A SUBSIDIARY COMPANY

The amount owing to a subsidiary company represents advances and payments made on behalf which are unsecured with no fixed terms of repayment and bear interest at the rate of Nil (2000: 12%) per annum.

16. AMOUNTS OWING TO DIRECTORS

The amounts owing to directors represent advances which are unsecured, interest-free and have no fixed terms of repayment.

17. TERM LOANS - UNSECURED

	<i>Group</i>	
	<i>2001 RM</i>	<i>2000 RM</i>
Current	-	28,899,956

The term loans bear interest at the rate of Nil (2000: 2.5%) per annum above the banks' base lending rates.

18. BANK BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current				
Revolving credits				
- secured	10,000,000	10,000,000	-	-
- unsecured	-	64,350,000	-	-
Bank overdrafts				
- secured	-	1,244,852	-	-
- unsecured	2,037,333	4,909,617	2,035,668	2,970,746
Included under current liabilities	12,037,333	80,504,469	2,035,668	2,970,746
Non-current				
Revolving credits:-				
- unsecured	-	2,750,000	-	-
Included under long term liabilities	-	2,750,000	-	-
	12,037,333	83,254,469	2,035,668	2,970,746
Maturity of bank borrowings				
- not later than 1 year	12,037,333	80,504,469	2,035,668	2,970,746
- later than 1 year and not later than 5 years	-	2,750,000	-	-
	12,037,333	83,254,469	2,035,668	2,970,746

The secured revolving credits are secured by a registered memorandum of charge on quoted shares and are guaranteed by the Company. The revolving credits bear interest at various rates ranging from 1.5% to 2.5% (2000: 1.5% to 2.5%) per annum above the banks' base lending rate.

The secured bank overdrafts are secured by a registered memorandum of charge on quoted shares. The bank overdrafts bear interest at various rates ranging from 2.0% to 2.5% (2000: 2.0% to 2.5%) per annum above the banks' base lending rate.

19. SHARE CAPITAL

	Group and Company	
	2001 RM	2000 RM
Authorised:- 200,000,000 ordinary shares of RM1 each	200,000,000	200,000,000
Issued and fully paid:- 75,000,000 ordinary shares of RM1 each	75,000,000	75,000,000

20. RESERVES

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Non-distributable:-				
Share premium	24,366,593	24,366,593	24,366,593	24,366,593
Other capital reserve	23,000,000	23,000,000	-	-
	47,366,593	47,366,593	24,366,593	24,366,593
Distributable:-				
(Accumulated losses)/Retained profits	22,542,978	(24,740,698)	5,848,135	9,113,953
	69,909,571	22,625,895	30,214,728	33,480,546

The other capital reserve represents the capitalisation of post-acquisition retained profits for bonus issue by a subsidiary company.

Subject to the agreement by the Inland Revenue Board, the Company has:-

- (i) sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its retained profits as at 31 December 2001 without incurring additional tax liability; and
- (ii) approximately RM708,300 (2000: RM708,300) in tax exempt income available for the distribution of tax exempt dividends.

21. DEFERRED TAXATION

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Balance as at 1 January	38,000	14,000	14,000	14,000
Transferred (to)/from income statement (Note 24)	(38,000)	24,000	(14,000)	-
Balance as at 31 December	-	38,000	-	14,000
Tax effect on timing differences arising from the excess of capital allowances over the corresponding depreciation	-	38,000	-	14,000

22. REVENUE

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Brokerage	4,153,478	32,758,631	-	-
Commissions	37,978	1,049,487	-	-
Interest receivable	181,083	19,796,051	-	-
Interest received from subsidiary companies	-	-	-	96,066
Rental income	95,393	107,916	31,854	114,000
Service charges	12,570	36,367	-	-
	4,480,502	53,748,452	31,854	210,066

23. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Profit/(loss) before taxation is stated after charging:-				
Allowance for doubtful debts	6,768,135	-	-	41,879,629
Amortisation of deferred expenditure	-	169,232	-	169,232
Amortisation of goodwill on consolidation	-	226,726	-	-
Auditors' remuneration:-				
- statutory audit	57,400	56,950	15,000	15,000
- others	4,503	10,000	-	-
Bad debts written off	899,271	257,690	28,349	-
Depreciation of property, plant and equipment	1,040,686	1,370,846	194,753	214,845
Directors' remuneration:-				
- fees	65,000	65,000	60,000	60,000
- other emoluments	1,773,207	2,870,440	264,540	225,000
Interest expenses:-				
- bank overdrafts	683,413	1,614,226	247,003	269,194
- subsidiary companies	-	-	-	57,714
- term loans and revolving credits	5,205,542	-	988,566	-
Lease rental	294,339	205,229	-	-
Loss on disposal of property, plant and equipment	-	-	7,426	1,872
Preliminary expenses written off	-	5,156	-	-
Pre-operating expenses written off	-	11,721	-	-
Property, plant and equipment written off	213,671	-	-	-
Provision for diminution in value of investment in subsidiary companies	-	-	-	6,774,799
Provision of gratuity payable to directors	3,000,000	-	1,200,000	-
Rental of:-				
- premises	131,764	135,756	124,164	135,756
- computer	144,640	200,434	9,840	9,600
Goodwill on consolidation written off	1,133,632	-	-	-
Interest in suspense	3,636,236	-	-	-
Interest income written off	6,387,309	-	-	-

23. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
And crediting:-				
Allowance for doubtful debts no longer required	-	10,012,854	-	-
Bad debts recovered	-	13,100	-	-
Gain on disposal of property, plant and equipment	1,699,304	19,349	-	-
Gain on disposal of investments	21,089	659,412	-	-
Gross dividend income	1,440	940	-	-
Interest income:-				
- clients	181,083	19,796,051	-	-
- fixed deposits	476,278	48,371	-	-
- subsidiary companies	-	-	-	96,066
Realised gain on foreign exchange	6,475	-	-	-
Proceeds from disposal of stockbroking business	80,000,000	-	-	-
Rental income	95,393	107,916	31,854	114,000

24. TAXATION

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Current financial year's provision	270	5,064,540	-	202,000
Transferred (from)/to deferred taxation (Note 21)	(38,000)	24,000	(14,000)	-
	(37,730)	5,088,540	(14,000)	202,000
Under/(over) provision in prior year	2,477,238	-	(202,000)	-
	2,439,508	5,088,540	(216,000)	202,000

No provision for taxation has been made in 2001 due mainly to the proceeds from disposal of stockbroking business is not subject to income tax. The provision in 2001 is in respect of interest income.

The effective tax rate of the Group in 2000 is lower than the statutory tax rate due mainly to allowance for doubtful debts no longer required which is not subject to income tax and the utilisation of unabsorbed tax losses and unutilised capital allowances brought forward which resulted in a tax saving of approximately RM13,700,000.

The effective tax rate of the Company in 2000 is higher than the statutory tax rate due mainly to certain expenses being disallowed for tax purposes.

Subject to the agreement by the Inland Revenue Board, the Company has unabsorbed tax losses and unutilised capital allowances amounting to RM1,831,000 and RM110,000 (2000: RM826,000 and RM81,000) respectively available for set-off against its future taxable income.

25. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated based on the consolidated profit after taxation and minority interests of RM47,283,676 (2000: RM27,862,707) divided by the number of ordinary shares of 75,000,000 (2000: 75,000,000).

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Fixed deposits with licensed banks	4,549,063	5,027,595	-	-
Cash and bank balances	1,292,317	1,537,272	82,830	25,871
Bank overdrafts	(2,037,333)	(6,154,469)	(2,035,668)	(2,970,746)
	3,804,047	410,398	(1,952,838)	(2,944,875)
Less: Fixed deposits pledged to licensed banks	(25,000)	(519,272)	-	-
Fixed deposits held as trust monies	-	(4,463,000)	-	-
	3,779,047	(4,571,874)	(1,952,838)	(2,944,875)

Included in the cash and cash equivalents of the Group are cash and bank balances of RM292,778 (2000: RM1,076,775) which are maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange and are not available for use by the Group.

27. DEFERRED EXPENDITURE

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Share listing expenses and Kuala Lumpur Stock Exchange fees, at cost	-	1,699,787	1,699,787	1,699,787
Accumulated amortisation				
Balance as at 1 January	-	1,530,555	1,699,787	1,530,555
Current amortisation	-	169,232	-	169,232
Balance as at 31 December	-	(1,699,787)	(1,699,787)	(1,699,787)
Preliminary and pre-operating expenses, at cost	-	-	-	-
Less: Amount written off	-	16,877	-	-
	-	(16,877)	-	-
	-	-	-	-

28. LEASE COMMITMENT

Operating lease agreements for computer equipment are as follows:-

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Payable within the next 12 months	-	110,860
Payable after the next 12 months:-		
- Between one to two years	-	101,622
	-	212,482

29. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Directors' fees payable to:-				
- Chew Loy Chee	12,000	12,000	12,000	12,000
- Tan Chon Sing @ Tan Kim Tieng	12,000	12,000	12,000	12,000
- Gan Teck Chong @ Gan Kwan Chong	12,000	12,000	12,000	12,000
- Lim Hong Liang	12,000	12,000	12,000	12,000
- Kan Ah Chun	12,000	12,000	12,000	12,000
Directors' allowances paid to:-				
- Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM	24,000	24,000	24,000	24,000
- Wong Yew Fai	9,500	9,000	9,500	9,000
Directors' salaries paid to:-				
- Lim Hong Liang	115,520	104,520	115,520	104,000
- Kan Ah Chun	115,520	88,000	115,520	88,000
- Chew Loy Chee	368,960	618,197	-	-
- Gan Teck Chong @ Gan Kwan Chong	353,272	774,242	-	-
- Tan Chong Sing @ Tan Kim Tieng	375,535	857,000	-	-
Rental received from subsidiary company				
- Malpac Management Sdn. Bhd. (formerly known as Malpac Securities Sdn. Bhd.)	-	-	31,854	-

The terms, conditions and prices of the above transactions are not materially different from those obtainable in transactions with unrelated parties.

30. CAPITAL COMMITMENT

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Capital expenditure:- - approved and contracted for	-	325,668	-	325,668

31. CONTINGENT LIABILITIES - Unsecured

As at 31 December 2001, the Company has given corporate guarantees for banking facilities granted to certain subsidiary companies amounting to RM11,970,000 (2000: RM136,950,000).

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 27 November 2000, Malpac Securities Sdn Bhd ("Malpac Securities"), a subsidiary company, had entered into an agreement with PM Securities Sdn Bhd ("PM Securities") for the merger of its stockbroking business and associated activities with the existing business of PM Securities ("Business"). To effect the disposal of the entire stockbroking business, certain property, plant and equipment namely land, buildings, office equipment and computer equipment of the Company, Malpac Securities and another subsidiary company ("Disposed Business Assets") were disposed of during the financial year for a total consideration of RM85,755,799 satisfied entirely in cash which includes the value of the Disposed Business Assets upon completion of RM5,755,799.

The merger essentially allowed Malpac Securities to dispose of its Dealer's Licence and certain property, plant and equipment to PM Securities without PM Securities assuming any liabilities.

33. SEGMENTAL REPORTING

Segmental information is not provided as the activities of the Group comprise principally of stockbroking and related services in Malaysia.

34. NUMBER OF EMPLOYEES AND STAFF COSTS

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Number of employees including executive directors, at the end of the financial year	17	115	6	7
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Staff costs	6,029,940	6,091,543	402,645	368,023

35. COMPARATIVE FIGURES

Certain comparative figures of the Group have been reclassified to conform with the current financial year's presentation, as follows:-

	<i>Term loans</i> <i>RM</i>	<i>Bank</i> <i>borrowings</i> <i>RM</i>
Amount as previously reported	-	109,404,425
Reclassification	28,899,956	(28,899,956)
Amount as restated	28,899,956	80,504,469

SHARE CAPITAL

Authorised share capital	:	RM200,000,000.00
Issued and paid-up capital	:	RM 75,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

SIZE OF SHAREHOLDINGS

Size Of Holdings	No. Of Shareholders	%	No. Of Shares Held	%
1 - 999	22	0.40	7,964	0.01
1,000 - 10,000	4,993	91.08	14,438,500	19.25
10,001 - 100,000	422	7.70	10,674,107	14.23
100,001 - 3,749,999*	44	0.80	25,204,429	33.61
3,750,000 - and above**	1	0.02	24,675,000	32.90
	5,482	100.00	75,000,000	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

30 LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%
1.	HDM Nominees (Tempatan) Sdn. Bhd. Qualifier: DBS Vickers Secs (S) Pte Ltd for United Merchant Group Berhad	24,675,000	32.9
2.	Pengkalan Nominees (Tempatan) Sdn. Bhd. Qualifier: Menara Tiara Sdn. Bhd.	2,941,000	3.92
3.	TA Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
4.	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tan Chon Sing @ Tan Kim Tieng (SBN)	1,978,250	2.64
5.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Omega Securities Sdn. Bhd. (SAM)	1,724,000	2.30
6.	Chiong Kiau	1,659,000	2.21
7.	Lim Hong Liang	1,607,436	2.14
8.	Ten Ah Man	1,303,000	1.74
9.	Gan Teck Chong @ Gan Kwan Chong	1,220,010	1.63
10.	Pengkalan Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Tan Chon Sing @ Tan Kim Tieng	1,000,000	1.33
11.	HDM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Lee Soon Huat (Memo)	887,000	1.18
12.	Chew Loy Chee	855,838	1.14
13.	Chong Wann Kuen	849,000	1.13
14.	OSK Nominees (Tempatan) Sdn. Berhad Qualifier: Lim Hong Liang	500,000	0.67
15.	Top Pioneer Sdn. Bhd.	458,000	0.61
16.	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Hai Soon Holdings Sdn. Bhd. (PGB)	422,500	0.56
17.	Pengkalan Nominees (Tempatan) Sdn. Bhd. Qualifier: Malpac Securities Sdn. Bhd. For Tan Kim Tee	376,000	0.50

No.	Names	No. of Shares	%
18.	Lee Soon Huat	374,000	0.50
19.	TA Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Soh Chee Wen	365,000	0.49
20.	Chua Akau @ Chua Chang Chen	315,000	0.42
21.	Lee Wei Tat	300,000	0.40
22.	Foong Ah Yu @ Foong Tuck Ping	294,000	0.39
23.	United Overseas Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Tee Jin Gee Enterprise Sdn. Bhd. (MKU)	245,000	0.33
24.	Siew Tong Chee	243,000	0.32
25.	Goh Swee Kin	216,000	0.29
26.	Affin-UOB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Phng Hooi Siang @ Fong Hooi Siang	210,000	0.28
27.	Gan Ah Kow	192,000	0.26
28.	Ng Moh Chee @ Ng Chee Yang	191,000	0.25
29.	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Lee Soon Huat (PGB)	190,000	0.25
30.	Razman Bin Abdul Rahman	184,395	0.24
	Total	47,776,429	63.70

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	Held in the Name of Nominee(s)	Total	%
Tan Chon Sing @ Tan Kim Tieng	98,310	11,203,690	11,302,000	15.07
Lim Hong Liang	1,607,436	6,675,772	8,283,208	11.04
Gan Teck Chong @ Gan Kwan Chong	1,220,010	4,566,522	5,786,532	7.72
Chew Loy Chee	855,838	4,037,662	4,893,500	6.53

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	Held in the Name of Nominee(s)	Total	%
Chew Loy Chee	855,838	4,037,662	4,893,500	6.53
Gan Teck Chong @ Gan Kwan Chong	1,220,010	4,566,522	5,786,532	7.72
Kan Ah Chun	68,708	1,406,938	1,475,646	1.97
Lim Hong Liang	1,607,436	6,675,772	8,283,208	11.04
Tan Chon Sing @ Tan Kim Tieng	98,310	11,203,690	11,302,000	15.07
Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM	-	-	-	-
Wong Yew Fai	-	-	-	-

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Sri Merawan Room of Allison Klana Resort, PT 4388, Jalan Penghulu Cantik, Taman Tasik Seremban, 70100 Seremban, Negeri Sembilan Darul Khusus on Thursday, 20 June 2002 at 10.00 a.m. for the transaction of the following business:

Business:

1. To receive and adopt the financial statements for the year ended 31 December 2001 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve Directors' Remuneration of RM1,362,307 for the year ended 31 December 2001 (year 2000: RM2,474,959). **(Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Articles 80 and 82 of the Company's Articles of Association:
 - (i) Mr Gan Teck Chong @ Gan Kwan Chong **(Resolution 3)**
 - (ii) Mr Wong Yew Fai **(Resolution 4)**
4. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. As Special Business, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
 Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965. (Ordinary Resolution)
 "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the 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 to be in force until conclusion of the next annual general meeting of the Company." **(Resolution 6)**
6. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN

Company Secretary

Seremban.
29 May 2002

Notes:

1. A member of the Company who is entitled to attend and vote in the meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. However, in accordance with Section 149(1)(b) of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his/her proxy unless that person is a qualified legal practitioner, an approved company auditor or a person appointed by the Registrar of Companies.
2. The Form of Proxy must be deposited at the Registered Office of the Company, 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus, not less than forty-eight hours before the time appointed for holding the Meeting.

Explanatory Notes

Ordinary Resolution No 6

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.28(2) OF THE KUALA LUMPUR STOCK EXCHANGE LISTING REQUIREMENTS)

1. Details of the Board meetings held during the financial year ended 31 December 2001 :-

There were five (5) Board meetings held during the financial year ended 31 December 2001. The date, venue and time of the Board meetings are as follows :-

<i>Date of meetings</i>	<i>Venue</i>	<i>Time</i>
26 February 2001	1st Floor, President Room Royal Selangor Club, Jalan Raja, 50050 Kuala Lumpur	11.30 a.m.
9 April 2001	4th Floor, Wisma Concorde No. 2 Jalan Sultan Ismail 50250 Kuala Lumpur	5.00 p.m.
30 May 2001	1st Floor, President Room Royal Selangor Club, Jalan Raja 50050 Kuala Lumpur	11.30 a.m.
29 August 2001	Tournament Room, Kuala Lumpur Golf & Country Club No. 10 Jalan 1/70D, Off Jalan Bukit Kiara 60000 Kuala Lumpur	11.00 a.m.
30 November 2001	1st Floor, President Room Royal Selangor Club, Jalan Raja 50050 Kuala Lumpur	9.30 a.m.

2. Details of attendance of Directors at Board meetings:-

The attendance record of Directors at Board meetings held during the financial year ended 31 December 2001 are as follows:-

<i>Name of Directors</i>	<i>Attendance</i>
Tan Sri Dato' Haji Yahya Abdul Wahab, PSM,DPMJ,JSM	5/5
Chew Loy Chee	5/5
Tan Chon Sing @ Tan Kim Tieng	5/5
Gan Teck Chong @ Gan Kwan Chong	4/5
Lim Hong Liang	5/5
Kan Ah Chun	4/5
Wong Yew Fai	5/5

3. Details of Directors who are standing for re-election

The Directors who are offering themselves for re-election at the Annual General Meeting of the Company are as follows:-

<i>Name of Directors</i>	<i>Shareholdings in the Company as at 31.12.2001</i>	
	<i>Direct</i>	<i>Indirect</i>
Gan Teck Chong @Gan Kwan Chong	1,220,010	4,566,522
Wong Yew Fai	-	-

Details of the above Directors are set out in the Board of Directors and Profile on Page 3 of this Annual Report.



MALPAC
Malpac Holdings Berhad (197424-V)

Proxy Form

Number of Shares Held	
--------------------------	--

I/We, _____

(PLEASE USE BLOCK LETTERS)

of _____

being a member(s) of MALPAC HOLDINGS BERHAD, hereby appoint _____

_____ of _____

or the Chairman of the meeting to be my/our proxy/proxies to attend and on a poll to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Sri Merawan Room of Allson Klana Resort, PT 4388, Jalan Penghulu Cantik, Taman Tasik Seremban, 70100 Seremban, Negeri Sembilan Darul Khusus on Thursday, 20 June 2002 at 10.00 a.m. or at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below:

Resolution		For	Against
1.	To receive and adopt the financial statements for the financial year ended 31 December 2001 together with the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' Remuneration of RM1,362,307 for the financial year ended 31 December 2001.		
3.	To re-elect Mr Gan Teck Chong @ Gan Kwan Chong who retires pursuant to Article 80 and 82 of the Company's Articles of Association.		
4.	To re-elect Mr Wong Yew Fai who retires pursuant to Article 80 and 82 of the Company's Articles of Association.		
5.	To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	Special Business: Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965. (Ordinary Resolution)		

Date _____ day of _____, 2002.

.....
Signature/Common Seal

Notes:

1. A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies in a particular case.

The Form of proxy, a copy of which is enclosed, must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time fixed for the Meeting.

2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation must be executed under its common seal or under the hand of its duly authorised officer or attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
4. Please indicate with an "X" in the appropriate box how you wish your proxy to vote. If this Proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain at his discretion.
5. Any alteration made in this form must be initialed by the person who signs it.