



Cagamas Berhad

***FINANCIAL STATEMENTS
31 DECEMBER 2001***



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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the purchase of mortgage loans and hire purchase and leasing debts from primary lenders approved by the Company and the issue of bonds and notes to finance the purchases. The Company also purchases Islamic house financing debts and issues bonds under Islamic principles.

There has been no significant change in the nature of these activities during the year.

FINANCIAL RESULTS

	RM'000
Profit before taxation and zakat	165,072
Taxation	(46,629)
Zakat	(77)
<hr/>	
Net profit for the year	118,366
Retained earnings brought forward	268,446
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Profits available for appropriation	386,812
Transfer from general reserve	528,160
Final dividend (net of income tax of 28%) for financial year ended 31 December 2000	(18,360)
Interim dividend (net of income tax of 28%) for financial year ended 31 December 2001	(10,800)
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Retained earnings carried forward	885,812

DIVIDENDS

The dividends paid by the Company since 31 December 2000 were as follows:

	RM'000
In respect of the financial year ended 31 December 2000, as shown in the Directors' report of that year, final gross dividend of 17 sen per share on 150,000,000 ordinary shares, less income tax, paid on 25 April 2001	18,360
In respect of the financial year ended 31 December 2001, interim gross dividend of 10 sen per share on 150,000,000 ordinary shares, less income tax, paid on 25 October 2001	10,800
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	29,160

The directors now recommend the payment of a final gross dividend of 10 sen per share on 150,000,000 ordinary shares, less income tax, amounting to RM10,800,000 for the financial year ended 31 December 2001 which, subject to approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 10 April 2002 to shareholders registered on the Company's Register of Members as at the close of business on 20 March 2002.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the year are shown in the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dr. Zeti Akhtar Aziz (Chairman)

Tan Sri Dato' Azman Hashim

Datuk Tay Ah Lek

Dato' Tan Teong Hean

Datuk Amirsham A. Aziz

Lee Kam Chuen

Yvonne Chia

Dato' Huang Sin Cheng

Mohamed Azmi Mahmood

Md Agil Mohd Natt

Mohd Razif Abdul Kadir

Dr. Rozali Mohamed Ali

Kok Nam Soon

(resigned on 13.8.2001)

Kamal Batcha Dawood

(resigned on 18.9.2001)

Dato' Wan Ismail Abdul Rahman

(appointed on 18.1.2002)

In accordance with the Company's Articles of Association, the following Directors retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election:

Dato' Huang Sin Cheng

Tan Sri Dato' Azman Hashim

Datuk Tay Ah Lek

Mohamed Azmi Mahmood

In accordance with the Company's Articles of Association, Dato' Wan Ismail Abdul Rahman who vacates office at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than directors' remuneration disclosed in Note 19 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the year held any interest in shares in the Company and its related corporations.



STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statement and balance sheet were made out, the Directors took reasonable steps:

- (a) 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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and*
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.*

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or*
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or*
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.*

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 year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the year which secures the liability of any other person; or*
- (b) any contingent liability of the Company which has arisen since the end of the year.*

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and*
- (b) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.*

RELATED-PARTY TRANSACTIONS

Most of the transactions involving mortgage loans, hire purchase and leasing debts and Islamic house financing debts as well as issuance of unsecured debt securities are done at arm's length with related parties, namely the financial institutions who are related by virtue of these parties being the shareholders of Cagamas Berhad.



AUDITORS

Our auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 1 March 2002.

ZETI AKHTAR AZIZ
CHAIRMAN

AZMAN HASHIM
DIRECTOR



AS AT 31 DECEMBER 2001	Note	2001 RM'000	2000 RM'000
ASSETS			
<i>Cash and short-term funds</i>	3	305,985	59,943
<i>Deposits and placements with financial institutions</i>	4	6,740	-
<i>Amounts due from counter parties</i>	5	22,122,786	22,197,515
<i>Investment securities</i>	6	164,541	160,336
<i>Islamic financing debts</i>	7	142,954	212,966
<i>Other assets</i>	8	66,036	59,406
<i>Fixed assets</i>	9	2,628	2,216
TOTAL ASSETS		22,811,670	22,692,382
LIABILITIES			
<i>Unsecured bearer bonds and notes</i>	10	21,516,511	21,442,019
<i>Deferred taxation</i>	11	4,820	3,074
<i>Other liabilities</i>	12	254,527	300,683
TOTAL LIABILITIES		21,775,858	21,745,776
SHARE CAPITAL	13	150,000	150,000
RESERVES	14	885,812	796,606
SHAREHOLDERS' FUNDS		1,035,812	946,606
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		22,811,670	22,692,382
NET TANGIBLE ASSETS PER SHARE (RM)	21	6.91	6.31

The notes on pages 127 to 143 form an integral part of these financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001	Note	2001 RM'000	2000 RM'000
INTEREST INCOME	15	1,130,548	1,277,579
INTEREST EXPENSE	16	(963,666)	(1,084,482)
NET INTEREST INCOME		166,882	193,097
ISLAMIC OPERATIONS INCOME	27	681	575
NON-INTEREST INCOME	17	5,130	11,316
NET INCOME		172,693	204,988
ADMINISTRATION AND GENERAL EXPENSES		(4,405)	(4,099)
PERSONNEL COST		(3,216)	(2,944)
PROFIT BEFORE TAXATION AND ZAKAT	18	165,072	197,945
TAXATION	20	(46,629)	(56,074)
ZAKAT		(77)	(130)
NET PROFIT FOR THE YEAR		118,366	141,741
EARNINGS PER SHARE (SEN)	21	78.9	94.5
DIVIDEND PER SHARE (SEN)	22	20	22

The notes on pages 127 to 143 form an integral part of these financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	<i>Issued and fully paid ordinary shares of RM1 each</i>		<i>Distributable</i>			<i>Total RM '000</i>
	<i>Number of Shares RM '000</i>	<i>Nominal Value RM '000</i>	<i>Capital Reserve RM '000</i>	<i>General Reserve RM '000</i>	<i>Retained Earnings RM '000</i>	
<i>Balance as at 1 January 2000</i>	100,000	100,000	9,160	444,000	257,105	810,265
<i>Net profit for the year</i>	-	-	-	-	141,741	141,741
<i>Capitalised for bonus share issue</i>	50,000	50,000	-	-	(50,000)	-
<i>Transfer to general reserve</i>	-	-	(9,160)	84,160	(75,000)	-
<i>Dividend</i>						
<i>Interim paid</i>						
- 5 sen per share, less income tax	-	-	-	-	(5,400)	(5,400)
<i>Balance as at 31 December 2000</i>	150,000	150,000	-	528,160	268,446	946,606
<i>Net profit for the year</i>	-	-	-	-	118,366	118,366
<i>Transfer to general reserve</i>	-	-	-	30,000	(30,000)	-
<i>Transfer to retained earnings</i>	-	-	-	(558,160)	558,160	-
<i>Dividends</i>						
<i>Final paid</i>						
- 17 sen per share, less income tax	-	-	-	-	(18,360)	(18,360)
<i>Interim paid</i>						
- 10 sen per share, less income tax	-	-	-	-	(10,800)	(10,800)
<i>Balance as at 31 December 2001</i>	150,000	150,000	-	-	885,812	1,035,812

The notes on pages 127 to 143 form an integral part of these financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	2001 RM'000	2000 RM'000
OPERATING ACTIVITIES		
<i>Profit before taxation and zakat</i>	165,072	197,945
<i>Adjustments for investment items and items not involving the movement of cash and cash equivalents:</i>		
<i>Income accrued from Islamic investments</i>	(5,276)	(11,491)
<i>Interest income accrued from investments</i>	(2,660)	(2,640)
<i>Interest income accrued from interest rate swaps</i>	(12,296)	(9,502)
<i>Depreciation of fixed assets</i>	617	503
<i>Amortisation of premium on Malaysian Government securities</i>	(247)	298
<i>Gain on disposal of fixed assets</i>	(90)	(95)
<i>Operating profit before working capital changes</i>	145,120	175,018
<i>Decrease/(Increase) in amounts due from counter parties</i>	144,742	(2,270,366)
<i>Increase in unsecured bearer bonds and notes</i>	74,493	2,071,987
<i>(Decrease)/Increase in creditors</i>	(46,103)	72,987
<i>Decrease in debtors</i>	5,836	2,647
<i>Cash generated from operations</i>	324,088	52,273
<i>Payment of zakat</i>	(130)	(118)
<i>Payment of taxation</i>	(57,078)	(61,436)
<i>Net cash generated from/(utilised in) operating activities</i>	266,880	(9,281)
INVESTING ACTIVITIES		
<i>Purchase of:</i>		
<i>Investments</i>	-	(13,349)
<i>Fixed assets</i>	(1,046)	(664)
<i>Income received from Islamic investments</i>	280	320
<i>Interest income received from investments</i>	2,660	2,640
<i>Interest income received from interest rate swaps</i>	12,025	7,565
<i>Proceeds from disposal of investments</i>	1,038	1,643
<i>Proceeds from disposal of fixed assets</i>	105	121
<i>Redemption of investments</i>	-	10,000
<i>Net cash generated from investing activities</i>	15,062	8,276


FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	2001 RM'000	2000 RM'000
FINANCING ACTIVITIES		
<i>Payment of dividends</i>	(29,160)	(20,400)
<i>Net cash utilised in financing activities</i>	(29,160)	(20,400)
<i>Net increase/(decrease) in cash and cash equivalents</i>	252,782	(21,405)
<i>Cash and cash equivalents as at beginning of the year</i>	59,943	81,348
<i>Cash and cash equivalents as at end of the year</i>	312,725	59,943
Analysis of cash and cash equivalents:		
<i>Cash and short-term funds</i>	305,985	59,943
<i>Deposits and placements with financial institutions maturing within three months</i>	6,740	-
	312,725	59,943

The notes on pages 127 to 143 form an integral part of these financial statements.

1 GENERAL INFORMATION

The principal activities of the Company consist of the purchase of mortgage loans, hire purchase and leasing debts from primary lenders approved by the Company and the issue of bonds and notes to finance the purchases. The Company also purchases Islamic house financing debts and issues bonds under Islamic principles.

There has been no significant change in the nature of these activities during the year.

The number of employees in the Company at the end of the year was 53 (2000: 52).

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

The address of the registered office and principal place of business of the Company is 19th Floor, West Wing, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The financial statements incorporate those activities relating to the Islamic operations of the Company.

The Islamic operations of the Company refer to the purchase of Islamic house financing debts from approved originators and issuance of debt securities under Islamic principles, and acquisition, investment in and trading of Islamic financial instruments. In the accounting for its Islamic operations, the Company has, whenever necessary, modified its accounting policies to comply with the Islamic Syariah principles.

(b) Amounts due from counter parties

Note 1 of the financial statements describes the principal activities of the Company, which are inter alia, the purchase of mortgage loans and hire purchase and leasing debts (the assets). These activities are also set out in the object clauses of the Memorandum and Articles of the Company.

Under legal agreements with various counter parties (including the financial institutions), the Company purchased the assets with full recourse. The purchased assets were previously classified as "Mortgage loans and hire purchase and leasing debts" on the face of the balance sheet.

On 31 July 2001, Bank Negara Malaysia issued to all financial institutions a guideline titled "Accounting treatment for loans sold to Cagamas with recourse". This guideline, which was effective from 1 September 2001, changes the way these purchases with recourse of the assets are accounted for and reflects them as financing transactions rather than as a sale of assets in the financial statements of the financial institutions.

Arising from the above, the Company has reclassified the amounts previously recognised under "Mortgage loans and hire purchase and leasing debts" as "Amounts due from counter parties". The reclassification does not have any financial impact on the Company.



(b) Amounts due from counter parties (continued)

The Board of Directors has obtained legal advice that this reclassification in itself should not result in the purchases of assets being recharacterised as financing transactions. The Company and the counter parties to these transactions still consider the transactions to be sales and purchases. As such, the Company and the relevant counter parties are in the process of executing Supplemental Agreements, which provides that any accounting reclassification is only to accommodate accounting convention and/or to comply with the directives of the regulatory authorities, and does not reflect or change the intention of the parties to effect true absolute sales.

As at the balance sheet date, amounts due from counter parties in respect of mortgage loans and hire purchase and leasing debts are stated at their unpaid principal balances due to the Company. Interest income on amounts due from counter parties is recognised on an accrual basis and computed at the respective interest rates based on monthly rest.

(c) Investments

Malaysian Government securities and long term private debt securities intended to be held to maturity, are stated at cost adjusted for amortisation of premium or accretion of discount over the period from acquisition to maturity of the investments.

Malaysian Government securities and other investments intended to be held on a short-term basis are stated at the lower of cost and market value and are included under current assets.

(d) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Office equipment	20%
Motor vehicles	20%
Furniture and fittings	10%

(e) Income recognition

Interest income is recognised on an accrual basis. As for Islamic operations, income is accounted for on the cash basis of accounting in accordance with the principles of Syariah. Receipts in advance are treated as liabilities in the balance sheet.

(f) Premium and discount on unsecured bearer bonds issued by the Company

Premium on unsecured bearer bonds representing the excess of the issue price over the redemption value of the bonds are accreted to the income statement evenly over the life of the bonds. Where the redemption value exceeds the issue price of the bonds, the difference, being the discount is amortised to the income statement evenly over the life of the bonds.

(g) Discount on unsecured bearer notes issued by the Company

Discount on unsecured bearer notes representing the excess of redemption value over the issue price of the notes are amortised to the income statement evenly over the life of the notes.

(h) Deferred taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks and other financial institutions and short-term investments in money market instruments maturing within three months.

(j) Interest rate swaps (IRS)

Interest rate swaps are used as hedging tools to support issuance of fixed rate bonds to fund floating rate purchases of mortgage loans. By entering into IRS contracts, the Company is protected from adverse movements in interest rates since the Company pays the floating rate receipts on its floating rate purchases to, and receives fixed rate payments from the swap counter parties. These fixed rate payments will then be utilised to pay interest on the fixed rate bonds issued. Any differential to be paid or received on an IRS contract is recognised as a component of interest expense or revenue over the period of the agreement. Losses and gains on early termination of IRS are taken to the income statement.

3 CASH AND SHORT-TERM FUNDS

	2001 RM'000	2000 RM'000
Cash and balances with banks and other financial institutions	125	419
Money at call and deposit placements maturing within one month	304,550	52,960
Mudharabah money at call and deposit placements maturing within one month	1,310	6,564
	305,985	59,943

4 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

Licensed finance company	6,740	-
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5 AMOUNTS DUE FROM COUNTER PARTIES

Relating to:		
Housing loans	15,308,773	17,803,417
Industrial property loans	376,908	550,174
Hire purchase and leasing debts	6,437,105	3,843,925
	22,122,786	22,197,515

The maturity structure of amounts due from counter parties is as follows:

Maturing within one year	6,139,879	6,504,309
One year to three years	11,895,891	12,731,948
Three years to five years	3,255,905	2,896,247
More than five years	831,111	65,011
	22,122,786	22,197,515

6 INVESTMENT SECURITIES

	2001 RM'000	2000 RM'000
<i>Malaysian Government securities</i>	34,806	34,806
<i>Malaysian Government investment issues</i>	-	1,038
<i>Islamic debt securities</i>	114,164	114,164
	148,970	150,008
<i>Amortisation of premium less accretion of discount</i>	15,571	10,328
	164,541	160,336
<i>(a) Market value of investment securities is as follows:</i>		
<i>Malaysian Government securities</i>	36,531	35,142
<i>Malaysian Government investment issues</i>	-	1,039
<i>Islamic debt securities</i>	170,600	134,622
	207,131	170,803
<i>(b) The maturity structure of investment securities is as follows:</i>		
<i>One year to three years</i>	-	1,038
<i>Three years to five years</i>	34,806	-
<i>More than five years</i>	114,164	148,970
	148,970	150,008
7 ISLAMIC FINANCING DEBTS		
<i>Islamic house financing debts</i>	142,954	212,966
<i>The maturity structure of Islamic financing debts is as follows:</i>		
<i>Maturing within one year</i>	5,669	64,861
<i>One year to three years</i>	133,934	412
<i>Three years to five years</i>	3,351	147,693
	142,954	212,966

8 OTHER ASSETS

	2001 RM'000	2000 RM'000
<i>Accrued interest receivable</i>	43,006	49,125
<i>Other debtors, deposits and prepayments</i>	3,471	2,917
<i>Taxation recoverable</i>	19,559	7,364
	66,036	59,406

9 FIXED ASSETS

	As at 1.1.2001 RM'000	Additions RM'000	Disposals RM'000	As at 31.12.2001 RM'000
2001				
Cost				
<i>Office equipment</i>	3,319	748	(81)	3,986
<i>Furniture and fittings</i>	479	82	(5)	556
<i>Motor vehicles</i>	658	215	(164)	709
	4,456	1,045	(250)	5,251
Accumulated depreciation				
<i>Office equipment</i>	1,751	443	(80)	2,114
<i>Furniture and fittings</i>	146	69	(5)	210
<i>Motor vehicles</i>	343	105	(149)	299
	2,240	617	(234)	2,623
Net book value				
<i>Office equipment</i>				1,872
<i>Furniture and fittings</i>				346
<i>Motor vehicles</i>				410
				2,628

9 FIXED ASSETS (CONTINUED)

	<i>As at 1.1.2000 RM'000</i>	<i>Additions RM'000</i>	<i>Disposals RM'000</i>	<i>As at 31.12.2000 RM'000</i>
2000				
Cost				
<i>Office equipment</i>	3,046	273	-	3,319
<i>Furniture and fittings</i>	485	195	(201)	479
<i>Motor vehicles</i>	664	196	(202)	658
	4,195	664	(403)	4,456
Accumulated depreciation				
<i>Office equipment</i>	1,397	354	-	1,751
<i>Furniture and fittings</i>	317	30	(201)	146
<i>Motor vehicles</i>	400	119	(176)	343
	2,114	503	(377)	2,240
Net book value				
<i>Office equipment</i>				1,568
<i>Furniture and fittings</i>				333
<i>Motor vehicles</i>				315
				2,216

10 UNSECURED BEARER BONDS AND NOTES

		2001		2000	
	Year of Maturity	Amount Outstanding RM'000	Effective Rates %	Amount Outstanding RM'000	Effective Rates %
<i>Fixed rate bonds</i>	2001	-	-	5,245,000	4.009 - 9.671
	2002	5,367,000	4.023 - 8.979	5,367,000	4.023 - 8.979
	2003	5,152,000	3.131 - 4.894	4,299,000	3.983 - 4.894
	2004	4,602,000	3.133 - 6.054	1,087,000	5.054 - 6.054
	2005	1,710,000	3.690 - 5.449	1,100,000	5.302 - 5.449
	2006	1,102,000	3.311 - 3.875	-	-
	2007	130,000	4.351	-	-
	2011	220,000	3.912	-	-
		18,283,000		17,098,000	
<i>Add: Unaccreted premium</i>		7,805		6,852	
<i>Less: Unamortised discount</i>		(12,320)		(11,605)	
		18,278,485		17,093,247	
<i>Sanadat Mudharabah Cagamas</i>	2001	-	-	70,000	-
	2004	144,000	-	144,000	-
		144,000		214,000	
<i>Short-term notes</i>	2001	-	-	4,167,000	2.943 - 3.595
	2002	3,110,000	2.738 - 3.022	-	-
		3,110,000		4,167,000	
<i>Less: Unamortised discount</i>		(15,974)		(32,228)	
		3,094,026		4,134,772	
<i>Unsecured bearer bonds and notes</i>		21,516,511		21,442,019	

10 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

	2001 RM'000	2000 RM'000
<i>The maturity structure of unsecured bearer bonds and notes is as follows:</i>		
<i>Maturing within one year</i>	8,461,593	9,449,772
<i>One year to three years</i>	9,898,818	9,666,375
<i>Three years to five years</i>	2,806,102	2,325,872
<i>More than five years</i>	349,998	-
	21,516,511	21,442,019

The bonds and notes are redeemable at par on the due dates, unless previously redeemed, together with accrued interest where applicable except for the Sanadat Mudharabah Cagamas which are on a profit sharing basis and are redeemable at par on the due date unless there is principal diminution.

11 DEFERRED TAXATION

	2001 RM'000	2000 RM'000
<i>Balance as at beginning of the year</i>	3,074	-
<i>Transfer from income statement (Note 20)</i>	1,746	3,074
<i>Balance as at end of the year</i>	4,820	3,074
<i>The deferred taxation is in respect of the following:</i>		
<i>Excess of capital allowances over depreciation on fixed assets</i>	460	30
<i>Timing difference relating to the accretion of discount and amortisation of premium of investment securities</i>	4,360	3,044
	4,820	3,074

12 OTHER LIABILITIES

<i>Zakat</i>	77	130
<i>Accrued interest on bonds and notes</i>	252,093	298,768
<i>Other payables</i>	2,357	1,785
	254,527	300,683

13 SHARE CAPITAL

	2001 RM'000	2000 RM'000
<i>Ordinary shares of RM1 each:</i>		
<i>Authorised:</i>		
<i>Balance as at beginning of the year</i>	500,000	200,000
<i>Created during the year</i>	-	300,000
<i>Balance as at end of the year</i>	500,000	500,000
<i>Issued and fully paid-up:</i>		
<i>Balance as at beginning of the year</i>	150,000	100,000
<i>Issued during the year:</i>		
<i>Bonus issue (2000: 50,000,000 ordinary shares of RM1 each)</i>	-	50,000
<i>Balance as at end of the year</i>	150,000	150,000

14 RESERVES

<i>General reserve</i>	-	528,160
<i>Retained earnings</i>	885,812	268,446
	885,812	796,606

During the year, the Directors resolved to discontinue the use of a general reserve and have transferred the balance of the general reserve into retained earnings. Both reserves are distributable.

15 INTEREST INCOME

	2001 RM'000	2000 RM'000
<i>Amounts due from counter parties in relation to:</i>		
<i>Mortgage loans</i>	848,029	1,093,141
<i>Hire purchase and leasing debts</i>	265,699	169,034
<i>Investment securities</i>	2,580	2,580
<i>Money market instruments</i>	1,617	3,567
<i>Interest rate swaps (Note 25)</i>	12,296	9,502
<i>Others</i>	80	60
	1,130,301	1,277,884
<i>Amortisation of premium</i>	247	(298)
<i>Net interest suspended</i>	-	(7)
	1,130,548	1,277,579

16 INTEREST EXPENSE

	2001 RM'000	2000 RM'000
<i>Unsecured bearer bonds</i>	849,687	902,895
<i>Unsecured bearer notes</i>	108,210	175,933
<i>Amounts due to licensed financial institutions</i>	5,769	5,654
	963,666	1,084,482

17 NON-INTEREST INCOME

<i>Investment Income:</i>		
<i>Income from Islamic debt securities</i>	4,996	11,171
<i>Other Income:</i>		
<i>Other non-operating income</i>	44	50
<i>Gain on disposal of fixed assets</i>	90	95
	5,130	11,316

18 PROFIT BEFORE TAXATION AND ZAKAT

The following items have been charged in arriving at profit before taxation and zakat:

<i>Directors' remuneration (Note 19)</i>	92	84
<i>Rental of premises</i>	526	572
<i>Hire of equipment</i>	78	89
<i>Auditors' remuneration</i>	40	36
<i>Depreciation</i>	617	503

19 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all Directors charged to the profit for the year are as follows:

<i>Fees</i>	55	53
<i>Other remuneration</i>	37	31
	92	84

20 TAXATION

	2001 RM'000	2000 RM'000
Income tax - current	44,883	53,000
Deferred taxation (Note 11)	1,746	3,074
	46,629	56,074

21 NET TANGIBLE ASSETS AND EARNINGS PER SHARE

The net tangible assets per share is calculated by dividing the net tangible assets of RM1,035,812,000 (2000: RM946,606,000) by the 150,000,000 shares of the Company in issue.

Earnings per share is calculated by dividing the net profit for the financial year of RM118,366,000 (2000: RM141,741,000) by the 150,000,000 shares of the Company in issue.

22 DIVIDENDS

Dividends paid or proposed are as follows:

	2001		2000	
	Gross per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Amount of dividend net of tax RM'000
Interim dividend paid	10	10,800	5	5,400
Final dividend proposed	10	10,800	17	18,360
	20	21,600	22	23,760

At the forthcoming Annual General Meeting on 27 March 2002, a final gross dividend in respect of the financial year ended 31 December 2001 of 10 sen per share (2000: 17 sen per share) amounting to RM10,800,000 (2000: RM18,360,000) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2002 when approved by shareholders.

23 CAPITAL COMMITMENTS

	2001 RM'000	2000 RM'000
<i>Capital expenditure:</i>		
<i>Authorised and contracted for</i>	165	36
<i>Authorised but not contracted for</i>	65	8
	230	64
<i>Analysed as follows:</i>		
<i>Fixed assets</i>	230	64

24 LEASE COMMITMENTS

The Company has lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:

<i>Year</i>	RM'000
2002	604
2003	210
	814

25 INTEREST RATE SWAPS

The Company has entered into the interest rate swaps (IRS) contracts that entitle it to receive interest at fixed rates on notional principal amounts and oblige it to pay interest at floating rates on the same amounts. Under the IRS, the Company agrees with other parties to exchange, at quarterly intervals, the differences between fixed rate and floating rate interests amounts calculated by reference to the agreed notional principal amounts.

The remaining terms and notional principal amounts of the outstanding IRS contracts of the Company at the balance sheet date were:

	2001 RM'000	2000 RM'000
<i>One year to three years</i>	881,000	614,000

26 CAPITAL ADEQUACY

	2001 RM'000	2000 RM'000
<i>The capital adequacy ratios are as follows:</i>		
<i>Paid-up capital</i>	150,000	150,000
<i>Other reserves</i>	885,812	796,606
<i>Tier 1 capital</i>	1,035,812	946,606
<i>Total capital base</i>	1,035,812	946,606
<i>Capital ratios:</i>		
<i>Core capital ratio</i>	24.2%	22.4%
<i>Risk-weighted capital ratio</i>	24.2%	22.4%
<i>Breakdown of risk-weighted assets in the various categories of risk-weights is as follows:</i>		
<i>0%</i>	1,662,339	2,337,024
<i>20%</i>	21,020,390	19,865,744
<i>50%</i>	103,282	477,117
<i>100%</i>	25,659	12,497
	22,811,670	22,692,382
<i>Total risk-weighted assets</i>	4,281,378	4,224,204

The above capital adequacy ratio calculations are based on the guidelines issued by Bank Negara Malaysia to the banking institutions. Although the Company is not subject to the above guidelines, disclosure of the capital adequacy ratios is made on a voluntary basis for information.

27 ISLAMIC OPERATIONS**BALANCE SHEET AS AT 31 DECEMBER 2001**

	<i>Note</i>	2001 RM'000	2000 RM'000
ASSETS			
<i>Cash and short-term funds</i>	<i>(a)</i>	1,319	6,568
<i>Deposits and placements with financial institutions</i>	<i>(b)</i>	6,740	-
<i>Investment securities</i>	<i>(c)</i>	-	1,038
<i>Islamic financing debts</i>	<i>(d)</i>	142,954	212,966
<i>Other assets</i>		43	-
TOTAL ASSETS		151,056	220,572
LIABILITIES			
<i>Unsecured bearer bonds</i>	<i>(e)</i>	144,000	214,000
<i>Other liabilities</i>	<i>(f)</i>	665	713
TOTAL LIABILITIES		144,665	214,713
ISLAMIC OPERATIONS' FUNDS	<i>(g)</i>	6,391	5,859
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		151,056	220,572
INCOME STATEMENT			
<i>FOR THE YEAR ENDED 31 DECEMBER 2001</i>			
NET INCOME	<i>(h)</i>	681	589
OVERHEAD EXPENSES	<i>(i)</i>	-	(14)
PROFIT BEFORE TAXATION AND ZAKAT		681	575
TAXATION		(170)	(125)
ZAKAT		(77)	(130)
NET PROFIT FOR THE YEAR		434	320
RETAINED EARNINGS BROUGHT FORWARD		1,942	1,622
RETAINED EARNINGS CARRIED FORWARD		2,376	1,942

27 ISLAMIC OPERATIONS (CONTINUED)**(a) CASH AND SHORT-TERM FUNDS**

	2001 RM'000	2000 RM'000
<i>Cash and balances with banks and other financial institutions</i>	9	4
<i>Mudharabah money at call and deposit placements maturing within one month</i>	1,310	6,564
	1,319	6,568

(b) DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

<i>Licensed finance company</i>	6,740	-
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(c) INVESTMENT SECURITIES

<i>Malaysian Government investment issues</i>	-	1,038
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The maturity structure of investment securities is as follows:

<i>One year to three years</i>	-	1,038
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(d) ISLAMIC FINANCING DEBTS

<i>Islamic house financing debts</i>	142,954	212,966
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The maturity structure of Islamic financing debts is as follows:

<i>Maturing within one year</i>	5,669	64,861
<i>One year to three years</i>	133,934	412
<i>Three years to five years</i>	3,351	147,693
	142,954	212,966

27 ISLAMIC OPERATIONS (CONTINUED)**(e) UNSECURED BEARER BONDS**

	2001 RM'000	2000 RM'000
<i>Sanadat Mudharabah Cagamas</i>	144,000	214,000
<i>The maturity structure of unsecured bearer bonds is as follows:</i>		
<i>Maturing within one year</i>	-	70,000
<i>Three years to five years</i>	144,000	144,000
	144,000	214,000
(f) OTHER LIABILITIES		
<i>Zakat</i>	77	130
<i>Other liabilities</i>	588	583
	665	713
(g) ISLAMIC OPERATIONS' FUNDS		
<i>Allocated capital funds</i>	4,015	3,917
<i>Retained earnings</i>	2,376	1,942
	6,391	5,859
(h) NET INCOME		
<i>Income from Islamic operations</i>	10,620	9,818
<i>Income attributable to bondholders</i>	(9,939)	(9,229)
<i>Income attributable to shareholders</i>	681	589

27 ISLAMIC OPERATIONS (CONTINUED)**(h) NET INCOME (CONTINUED)**

Details of income from Islamic operations are as follows:

	Bondholders' Funds RM'000	Islamic Operations' Funds RM'000
2001		
Income from Islamic financing debts	9,714	626
Income from investment securities	225	55
	9,939	681
2000		
Income from Islamic financing debts	8,994	504
Income from investment securities	235	85
	9,229	589
(i) OVERHEAD EXPENSES		
	2001 RM'000	2000 RM'000
Administration and general expenses	-	14

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Zeti Akhtar Aziz and Azman Hashim, two of the Directors of Cagamas Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 122 to 143 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2001 and of its results and cash flows for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 1 March 2002.



ZETI AKHTAR AZIZ
CHAIRMAN



AZMAN HASHIM
DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Ahmad Fakar Abdul Ghaffar, the officer primarily responsible for the financial management of Cagamas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 122 to 143 are, in my opinion, 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.



AHMAD FAKAR ABDUL GHAFFAR

Subscribed and solemnly declared by the abovenamed Ahmad Fakar Abdul Ghaffar at Kuala Lumpur in Malaysia on 1 March 2002, before me.



LIANG HIEN TIEN
COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS TO THE MEMBERS OF CAGAMAS BERHAD (Company No.: 157931-A)

We have audited the financial statements set out on pages 122 to 143. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company as at 31 December 2001 and of the results and cashflows of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



PRICEWATERHOUSECOOPERS

(No. AF:1146)

Chartered Accountants



DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN

(No. 1867/9/02(J))

Partner of the firm

1 March 2002



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Saya/Kami
(NAMA PENUH DI DALAM HURUF BESAR)

dari
(NAMA SYARIKAT)

dari
(ALAMAT PENUH)

sebagai ahli CAGAMAS BERHAD, dengan ini melantik Pengerusi bagi Mesyuarat atau

.....
(NAMA PENUH DI DALAM HURUF BESAR)

dari
(ALAMAT PENUH)

atau jika beliau tidak dapat hadir
(NAMA PENUH DI DALAM HURUF BESAR)

dari
(ALAMAT PENUH)

sebagai proksi saya/kami untuk mengundi bagi pihak saya/kami di Mesyuarat Agung Tahunan Kelima Belas Syarikat, yang akan diadakan di Bilik Persidangan, Tingkat 16, Blok A, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur pada hari Rabu, 27 Mac 2002 dan pada sebarang penangguhannya.

Proksi saya/kami akan mengundi sama ada dengan mengangkat tangan atau dengan membuang undi dengan menandakan "X" seperti di bawah:

NO.	RESOLUSI BIASA	SETUJU	BANGKANG
1.	Penerimaan Penyata Kewangan yang telah diaudit dan Laporan-Laporan (Resolusi No. 1)		
2.	Pengisytiharan Dividen (Resolusi No. 2)		
3.	Pembayaran Ganjaran Pengarah (Resolusi No. 3)		
4.	Pelantikan Semula Pengarah di bawah Artikel 19.13 dan 19.14 (Resolusi No. 4)		
5.	Pelantikan Semula Pengarah di bawah Artikel 19.10 (Resolusi No. 5)		
6.	Pelantikan Semula Juruaudit (Resolusi No. 6)		

Pada haribulan 2002

Tandatangan Ahli

Nota

- Seorang ahli yang berhak menghadiri dan mengundi di Mesyuarat yang dinyatakan di atas boleh melantik seorang proksi untuk hadir dan mengundi bagi pihaknya.
- Seorang proksi tidak semestinya seorang ahli Syarikat, dan sekiranya proksi itu bukan ahli Syarikat, proksi tersebut mestilah seorang peguam yang berkecualan, seorang juruaudit syarikat yang bertauliah ataupun seorang yang dibenarkan oleh Pendaftar Syarikat (menurut Seksyen 149(1)(b) Akta Syarikat, 1965).
- Sekiranya ahli syarikat adalah sebuah badan korporat, borang proksi ini mestilah dimeterai ataupun ditandatangani oleh wakil mutlaknya yang telah diberikuasa.
- Kesemua borang proksi mestilah diserahkan kepada Pejabat Berdaftar Syarikat di Tingkat 19, Bahagian Barat, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur tidak lewat dari 48 jam sebelum masa yang ditetapkan untuk Mesyuarat berkenaan atau untuk Mesyuarat yang ditangguhkan mengikut mana yang berkenaan.

Dilipat

SETEM

SETIAUSAHA SYARIKAT
CAGAMAS BERHAD
TINGKAT 19, BAHAGIAN BARAT
MENARA MAYBANK
100 JALAN TUN PERAK
50050 KUALA LUMPUR

Dilipat



I/We
(FULL NAME IN BLOCK CAPITALS)

from
(NAME OF COMPANY)

of
(FULL ADDRESS)

being a member/members of CAGAMAS BERHAD, hereby appoint Chairman of the Meeting or

.....
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

or failing him/her
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held at the Conference Room, 16th Floor, Block A, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur on Wednesday, 27 March 2002 and at any adjournment thereof.

My/Our Proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports (Resolution No. 1)		
2.	Declaration of Dividend (Resolution No. 2)		
3.	Payment of Directors' Remuneration (Resolution No. 3)		
4.	Re-election of Directors under Article 19.13 and 19.14 (Resolution No. 4)		
5.	Re-election of Director under Article 19.10 (Resolution No. 5)		
6.	Re-appointment of Auditors (Resolution No. 6)		

Dated this day of 2002
Signature of Member(s)

Notes

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his behalf.
2. A proxy need not be a member of the Company but, if not a member of the Company, he must be a qualified legal practitioner, an approved company auditor or a person approved by the Registry of Companies in the particular case (Section 149(1)(b) of the Companies Act, 1965).
3. In the case where a member is a corporation, this Form of Proxy must be executed under its common seal or under the hand of its attorney.
4. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at 19th Floor, West Wing, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting as the case may be.

Fold

STAMP

COMPANY SECRETARY
CAGAMAS BERHAD
19TH FLOOR, WEST WING
MENARA MAYBANK
100 JALAN TUN PERAK
50050 KUALA LUMPUR

Fold