

Company No

LL10563

CAGAMAS GLOBAL P.L.C.

(Incorporated in Labuan, Malaysia, under the Labuan Companies Act, 1990)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Lodged by:

TRICOR TRUSTCO (LABUAN) LTD,

Level 15(A2), Main Office Tower,

Financial Park Labuan,

87000 Labuan FT, Malaysia.

Tel. +6087 443 118 Fax. +6087 441 288

Company No

LL10563

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

CONTENT	PAGES
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF COMPREHENSIVE INCOME	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 22
STATEMENT BY DIRECTORS	23
INDEPENDENT AUDITORS' REPORT	24 - 27

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
ASSETS			
Cash and bank balances	4	3,920	123
Loans to immediate holding company	5	5,871,572	4,737,807
Deposit and prepayment		52	43
TOTAL ASSETS		5,875,544	4,737,973
LIABILITIES			
Unsecured bearer bonds and notes	6	5,866,158	4,729,817
Other payables		962	1,243
Amount due to immediate holding company	7	1,820	3,814
Provision for taxation		20	20
TOTAL LIABILITIES		5,868,960	4,734,894
Share capital	8	-*	-*
Retained profits		6,584	3,079
SHAREHOLDER'S FUNDS		6,584	3,079
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		5,875,544	4,737,973

* Denotes USD1.

The accompanying notes form an integral part of these financial statements.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	2016 RM'000	2015 RM'000
Interest income	9	141,329	112,005
Interest expense	10	(137,582)	(108,320)
Non-interest expense		(1)	(30)
OPERATING PROFIT		3,746	3,655
Administrative and general expenses		(221)	(633)
PROFIT BEFORE TAXATION	11	3,525	3,022
Taxation	12	(20)	(20)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,505	3,002

The accompanying notes form an integral part of these financial statements.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<u>Share capital</u> RM'000	<u>Retained profits</u> RM'000	<u>Total</u> RM'000
At 1 January 2016	-*	3,079	3,079
Profit and total comprehensive income for the financial year	-	3,505	3,505
At 31 December 2016	-*	6,584	6,584
At 1 January 2015	-*	77	77
Profit and total comprehensive income for the financial year	-	3,002	3,002
At 31 December 2015	-*	3,079	3,079

* Denotes USD1.

The accompanying notes form an integral part of these financial statements.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES			
Profit for the financial period year		3,505	3,002
Adjustments for items not involving the movement in cash and cash equivalents:			
Interest income		(141,329)	(112,005)
Interest expense		137,582	108,320
Gain on unrealised foreign exchange		1,758	369
Taxation		20	20
Operating gain/(loss) before working capital changes		1,536	(294)
Increase in loans to immediate holding company		(920,043)	(960,000)
Increase in unsecured bearer bonds and notes		919,012	958,666
Increase in deposit and prepayment		(9)	(5)
Decrease in other payables		(281)	(1,995)
Decrease in amount due to immediate holding company		(1,994)	(2,419)
Interest received		136,630	109,818
Interest paid		(129,301)	(103,642)
Tax paid		(20)	(2)
Net cash generated from operating activities		5,530	127
Net increase in cash and cash equivalents		5,530	127
Effect of foreign exchange translation		(1,733)	(5)
Cash and cash equivalents as at 1 January		123	1
Cash and cash equivalents as at 31 December	4	3,920	123

* Denotes USD1.

The accompanying notes form an integral part of these financial statements.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS**1 GENERAL INFORMATION**

Cagamas Global P.L.C ("CGP") is a conventional fund raising vehicle incorporated in Labuan. Its main principal activity is to undertake the issuance of bonds and notes in foreign currency.

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

The address of the registered office and principal place of business of the Company are as follows:

Registered office

Level 15(A2), Main Office Tower,
Financial Park Labuan, Jalan Merdeka,
87000 Labuan FT, Malaysia.

Principal place of business

Level 32, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

The immediate and ultimate holding companies are Cagamas Berhad ("Cagamas") and Cagamas Holdings Berhad ("CHB") respectively, both companies incorporated in Malaysia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to the financial year presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Labuan Companies Act, 1990 in Malaysia.

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 preparation of financial statements in conformity with MFRS requires the use of certain critical accounting 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 revenue and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)**

- (a) Standards, amendments to published standards and interpretations that are effective:

The new accounting standards, amendments and improvements to published standards and interpretation that are effective for the the Company's financial year beginning on 1 January 2016 are as follows:

- Amendments to MFRS 11 'Joint arrangements' - Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Amendments to MFRS 127 "Equity method in separate financial statements"
- Amendments to MFRS 10, 12 & 128 "Investment entities – Applying the consolidation exception"
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)**

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued):

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company has initiated the assessment of the potential impact of this standard. Due to complexity of this standard and its proposed changes, the financial impact of the adoption is still under assessment.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)**

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued):

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum
- Amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)**

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued):

The Company has initiated the assessment of the potential impact of this standard. Due to complexity of this standard and its proposed changes, the financial impact of the adoption is still under assessment.

2.2 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of loans to immediate holding company as disclosed in Note 5.

2.3 Impairment of financial assets

- (i) Assets carried at amortised cost

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Income recognition

Interest income for loans to immediate holding company is recognised using the effective interest rate method.

2.5 Current and deferred tax

Current tax expense represents taxation at the current rate based on taxable income earned during the financial year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

2.6 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalent comprise cash and bank balances.

2.7 Offsetting financial instrument

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.9 Share capital**(a) Classification**

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Dividends to the shareholder of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statement of financial position date. Upon the dividend becoming payable, it will be accounted for as a liability.

2.10 Currency translation**(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Unsecured bearer bonds and notes and deferred financing fees**

Unsecured bearer bonds and notes cost are recognised initially at cost, net of transaction costs incurred. All other cost that are not directly attributable to the issuance of unsecured bearer bonds and notes are recognised in statement of comprehensive income in the period in which they are incurred.

Fees paid on the establishment of unsecured bearer bonds and notes are recognised as transaction costs of the unsecured bearer bonds and notes and amortised using the effective interest rate method.

2.12 Financial instruments*(a) Description*

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity, a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

(b) Fair value estimation for disclosure purpose

Please refer to Note 18 for the detailed methods and assumptions needed to estimate the fair value for each type of financial instruments.

2.13 Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3 RISK MANAGEMENT OBJECTIVES AND POLICIES**

Risk management is a process which encompasses identification, measurement, analysing, controlling, monitoring and reporting of risks. It forms an integral part of the Company's business and operations and is independent from the risk taking activities.

The Company's risk management function is undertaken centrally by its immediate holding company and is overseen by the Management Executive Committee, Board Risk Committee and the Board of Directors of the Company.

4 CASH AND BANK BALANCES

Cash and bank balances with licensed banks are denominated in US Dollar ("USD") and Chinese Renminbi ("CNH").

5 LOANS TO IMMEDIATE HOLDING COMPANY

Loans to immediate holding company are unsecured, with interest rates ranging from 1.710% to 3.860% (2015: 1.880% to 3.860%) per annum.

The maturity structure of loans to immediate holding company are as follows:

	2016 RM'000	2015 RM'000
Maturing within one year	2,290,972	19,693
One year to three years	3,580,600	2,571,364
Three years to five years	-	2,146,750
	<u>5,871,572</u>	<u>4,737,807</u>

Loans to immediate holding company outstanding at financial year ended that are not in the functional currencies of the company are as follows:

	2016 RM'000	2015 RM'000
CNH	975,934	990,575
HKD	580,170	555,600
USD	3,282,148	2,580,140
SGD	1,033,320	611,492
	<u>5,871,572</u>	<u>4,737,807</u>

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 UNSECURED BEARER BONDS AND NOTES**

The EMTN are issued by the Company and are conditionally and irrevocably guaranteed by the immediate holding company.

	<u>Year of maturity</u>	<u>Amount outstanding</u> RM'000	<u>2016 Effective interest rate</u> %	<u>Amount outstanding</u> RM'000	<u>2015 Effective interest rate</u> %
Multicurrency medium-term notes	2017	2,265,017	1.600-3.700	1,284,124	2.370-3.700
	2018	1,337,493	1.880-2.230	1,287,241	1.880-2.230
	2019	2,243,107	2.745	2,146,750	2.745
		<u>5,845,617</u>		<u>4,718,115</u>	
Add: Interest payable		24,913		18,957	
Less: Deferred financing fee		<u>(4,372)</u>		<u>(7,255)</u>	
		<u>5,866,158</u>		<u>4,729,817</u>	

The maturity structure of unsecured bearer bonds and notes are as follows:

	<u>2016</u> RM'000	<u>2015</u> RM'000
Maturing within one year	2,286,927	15,646
One year to three years	3,579,231	2,567,997
Three years to five years	-	2,146,174
	<u>5,866,158</u>	<u>4,729,817</u>

The multicurrency medium-term notes are redeemable at par on the due dates, unless previously redeemed, together with the accrued interest where applicable.

The unsecured bearer bonds and notes outstanding at financial year ended that are not in the functional currencies of the company and series of notes issued are as follows:

	<u>2016</u> RM'000	<u>2015</u> RM'000
CNH	974,256	986,794
HKD	580,170	555,600
USD	3,279,146	2,576,862
SGD	1,032,586	610,561
	<u>5,866,158</u>	<u>4,729,817</u>

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY**

The amount due to immediate holding company is non-trade in nature, denominated in Ringgit Malaysia, unsecured, non-interest bearing and has no fixed term of repayment.

8 SHARE CAPITAL

	2016 RM'000	2015 RM'000
Ordinary shares of USD 1 each:		
Authorised:		
As at 31 December	_*	_*
Issued and fully paid:		
As at 31 December	_*	_*

* Denotes USD1.

9 INTEREST INCOME

This amount represents interest income from loans to immediate holding company.

10 INTEREST EXPENSE

Unsecured bearer bonds and notes	133,668	105,388
Amortisation of deferred financing fees	3,914	2,932
	<u>137,582</u>	<u>108,320</u>

11 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

Auditors' remuneration		
- Audit fees	13	13
- Non-audit fees	5	5
	<u>18</u>	<u>18</u>

12 TAXATION

The Company is governed under the Labuan Business Activity Act, 1990. The tax charge for such company is based on 3% of net audited profit or at a fixed rate of RM20,000. The Company has elected to pay RM20,000 (2015: RM20,000) as tax charge for the current financial year.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**13 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES****(a) Related parties and relationships**

The related parties and their relationships with the Company are as follows:

<u>Related parties</u>	<u>Relationships</u>
CHB	Ultimate holding company
Cagamas	Immediate holding company
Bank Negara Malaysia ("BNM")	Other related party
Government of Malaysia ("GOM")	Other related party
Key management personnel	Other related party
Entities in which key management personnel have control	Other related party

BNM is regarded as a related party on the basis of having significant influence over the ultimate holding company.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company include all the Directors of the Company and its immediate and ultimate holding companies, certain members of senior management and their close family members.

The Company has no key management personnel compensation during the financial year.

(b) Significant related party transactions and balances

Set out below are significant related party transactions and balances which were conducted in the normal course of business.

	<u>Immediate holding company</u>	
	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Income</u>		
Interest income	141,329	112,005
<u>Amount due from/(to)</u>		
Loans to immediate holding company	5,871,572	4,737,807
Deferred financing fees paid on behalf	(1,820)	(3,814)

(c) Transaction with the GOM and its related parties

As BNM has significant influence over the ultimate holding company, the GOM and entities controlled, jointly controlled or has significant influence by the GOM are related parties of the Company. However, there is no transaction entered by the Company with the GOM and its related parties.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14 INTEREST RATE RISK**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

The following tables summarise the Company's exposure to interest rate risks. Included in the tables are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2016	Within one year RM'000	One year to three years RM'000	Three years to five years RM'000	More than five years RM'000	Non-interest bearing RM'000	Total RM'000
Financial assets						
Cash and bank balances	-	-	-	-	3,920	3,920
Loans to immediate holding company	2,290,972	3,580,600	-	-	-	5,871,572
Deposit and prepayment	-	-	-	-	52	52
	<u>2,290,972</u>	<u>3,580,600</u>	<u>-</u>	<u>-</u>	<u>3,972</u>	<u>5,875,544</u>
Financial liabilities						
Unsecured bearer bonds and notes	2,286,927	3,579,231	-	-	-	5,866,158
Amount due to immediate holding company	-	-	-	-	1,820	1,820
Others	-	-	-	-	982	982
	<u>2,286,927</u>	<u>3,579,231</u>	<u>-</u>	<u>-</u>	<u>2,802</u>	<u>5,868,960</u>
Total interest sensitivity gap	<u>4,045</u>	<u>1,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative gap	<u>4,045</u>	<u>5,414</u>	<u>5,414</u>	<u>5,414</u>	<u>-</u>	<u>-</u>

CAGAMAS GLOBAL P.L.C.

(Incorporated in Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14 INTEREST RATE RISK (CONTINUED)**

2015	Within one year RM'000	One year to three years RM'000	Three years to five years RM'000	More than five years RM'000	Non-interest bearing RM'000	Total RM'000
Financial assets						
Cash and bank balances	-	-	-	-	123	123
Loans to immediate holding company	19,693	2,571,364	2,146,750	-	-	4,737,807
Deposit and prepayment	-	-	-	-	43	43
	<u>19,693</u>	<u>2,571,364</u>	<u>2,146,750</u>	<u>-</u>	<u>166</u>	<u>4,737,973</u>
Financial liabilities						
Unsecured bearer bonds and notes	15,646	2,567,997	2,146,174	-	-	4,729,817
Amount due to immediate holding company	-	-	-	-	3,814	3,814
Others	-	-	-	-	1,263	1,263
	<u>15,646</u>	<u>2,567,997</u>	<u>2,146,174</u>	<u>-</u>	<u>5,077</u>	<u>4,734,894</u>
Total interest sensitivity gap	<u>4,047</u>	<u>3,367</u>	<u>576</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative gap	<u>4,047</u>	<u>7,414</u>	<u>7,990</u>	<u>7,990</u>	<u>-</u>	<u>-</u>

The Company does not carry any interest/profit rate sensitive assets or liabilities in the financial position as at 31 December 2016 and as at 31 December 2015.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15 CREDIT RISK**

The Company's exposure to credit risk as at the date of statement of financial position mainly arises from interest bearing cash and bank balances which are placed in a AAA and AA2 rated financial institutions and loans provided to its immediate holding company. None of these loans are impaired nor past due but not impaired.

16 LIQUIDITY RISK**Contractual maturity of financial liabilities**

The table below presents the cash flow payable by the Company under the non-derivative financial liabilities and asset held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are contractual undiscounted cash flows.

	On demand up to one month RM'000	One to three months RM'000	Three to twelve months RM'000	One to five years RM'000	Contractual maturity dates		
					Over five years RM'000	No-specific maturity RM'000	Total RM'000
2016							
Financial liabilities							
Unsecured bearer bonds and notes	-	439,003	1,971,524	3,720,498	-	-	6,131,025
Accruals	-	-	19	-	-	943	962
Amount due to immediate holding company	-	-	-	-	-	1,820	1,820
Provision for taxation	-	-	20	-	-	-	20
	-	439,003	1,971,563	3,720,498	-	2,763	6,133,827
Assets held for managing liquidity risk	-	440,203	1,978,199	3,731,074	-	-	6,149,476

CAGAMAS GLOBAL P.L.C.

(Incorporated in Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**16 LIQUIDITY RISK (CONTINUED)****Contractual maturity of financial liabilities (continued)**

	On demand up to one month RM'000	One to three months RM'000	Three to twelve months RM'000	One to five years RM'000	Contractual maturity dates		
					Over five years RM'000	No-specific maturity RM'000	Total RM'000
2015							
Financial liabilities							
Unsecured bearer bonds and notes	-	3,398	20,709	104,104	4,980,472	-	5,108,683
Accruals	-	-	19	-	-	1,224	1,243
Amount due to immediate holding company	-	-	-	-	-	3,814	3,814
Provision for taxation	-	-	20	-	-	-	20
	-	3,398	20,748	104,104	4,980,472	5,038	5,113,760
Assets held for managing liquidity risk	-	3,468	21,341	110,544	4,998,129	-	5,113,482

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17 FOREIGN EXCHANGE RISK**

The Company is exposed to translation foreign exchange rate on its other receivable and payable balances denominated in currencies other than the functional currency of the Company. The Company's exposure to receivables and payables balances denominated in foreign currencies are disclosed in Note 5 and Note 6.

The Company has minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The table below shows the sensitivity of the Company's profit and reserves to movement in foreign exchange rates:

	1% <u>depreciation</u> RM'000	1% <u>appreciation</u> RM'000
2016		
Impact to : Equity	7	(7)
	<u> </u>	<u> </u>
2015		
Impact to : Equity	6	(6)
	<u> </u>	<u> </u>

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

18.1 Fair value of financial instrument carried other than fair value.

The fair value of the Company's financial instruments, which are cash in hand, amount due to immediate holding company and accruals at the date of the statement of financial position is estimated at their carrying amount due to the short tenure of less than one year. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**18 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	<u>2016</u>		<u>2015</u>	
	<u>Carrying value</u> RM'000	<u>Fair value</u> RM'000	<u>Carrying value</u> RM'000	<u>Fair value</u> RM'000
Financial assets				
Loans to immediate holding company	<u>5,871,572</u>	<u>5,783,929</u>	<u>4,737,807</u>	<u>4,591,603</u>
Financial liabilities				
Unsecured bearer bonds and notes	<u>5,866,158</u>	<u>5,765,257</u>	<u>4,729,817</u>	<u>4,566,068</u>

The fair value of the loans to immediate holding company is derived at using the present value of the cash flows discounted based on the interest rate at the statement of financial position date and is therefore within Level 3 of the fair value hierarchy.

The fair value of the unsecured bearer bonds and notes are derived at using the present value of future cash flows discounted based on the coupon rate at the statement of financial position date and is therefore within Level 3 of the fair value hierarchy.

19 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors.

CAGAMAS GLOBAL P.L.C.

(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)

STATEMENT BY DIRECTORS

We, Datuk Chung Chee Leong and Azizi bin Ali, the two Directors of Cagamas Global P.L.C., state that, in the opinion of the Directors, the financial statements set out on pages 1 to 22 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2016 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Labuan Companies Act, 1990 in Malaysia.

Signed in accordance with their resolution.



DATUK CHUNG CHEE LEONG
CHAIRMAN



AZIZI BIN ALI
DIRECTOR



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL P.L.C.**
(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)
(Company No. LL10563)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Cagamas Global P.L.C. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 22.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL P.L.C. (CONTINUED)**
(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)
(Company No. LL10563)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL P.L.C. (CONTINUED)**
(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)
(Company No. LL10563)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL P.L.C. (CONTINUED)
(Incorporated In Labuan, Malaysia, under the Labuan Companies Act, 1990)
(Company No. LL10563)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 117 of the Labuan Companies Act, 1990 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'Price Waterhouse Coopers'.

PRICEWATERHOUSECOOPERS
(No. AAL: 0017)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Soo Hoo Khoon Yeap'.

SOO HOO KHOON YEAP
(No. 2682/10/17 (J))
Chartered Accountant

Labuan
24 March 2017