

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 2018

Lodged by:

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STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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CAGAMAS GLOBAL P.L.C.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
ASSETS			
Cash and bank balances	4	14,707	10,400
Loans to immediate holding company	5	4,684,796	6,064,983
Deposit and prepayment		24	27
TOTAL ASSETS		4,699,527	6,075,410
LIABILITIES			
Unsecured bearer bonds and notes	6	4,680,942	6,059,657
Other payables		1,150	1,233
Amount due to immediate holding company	7	2,068	3,642
Provision for taxation		20	20
TOTAL LIABILITIES		4,684,180	6,064,552
Share capital	8	_*	_*
Retained profits		15,347	10,858
SHAREHOLDER'S FUNDS		15,347	10,858
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		4,699,527	6,075,410

* Denotes USD1.

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

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM'000	2017 RM'000
Interest income	9	136,318	168,269
Interest expense	10	(131,411)	(163,539)
Non-interest income/(expense)		-	6
OPERATING PROFIT		4,907	4,736
Administrative and general expenses		(398)	(442)
PROFIT BEFORE TAXATION	11	4,509	4,294
Taxation	12	(20)	(20)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,489	4,274

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<u>Share capital</u> RM'000	<u>Retained profits</u> RM'000	<u>Total</u> RM'000
At 1 January 2018	-*	10,858	10,858
Profit and total comprehensive income for the financial year	-	4,489	4,489
At 31 December 2018	-*	15,347	15,347
At 1 January 2017	-*	6,584	6,584
Profit and total comprehensive income for the financial year	-	4,274	4,274
At 31 December 2017	-*	10,858	10,858

* 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 2018

	Note	2018 RM'000	2017 RM'000
OPERATING ACTIVITIES			
Profit for the financial year		4,489	4,274
Adjustments for items not involving the movement in cash and cash equivalents:			
Interest income		(136,318)	(168,269)
Interest expense		131,411	163,539
Taxation		20	20
Operating loss before working capital changes		(398)	(436)
Increase/(decrease) in loans to immediate holding company		1,389,790	(708,285)
(Decrease)/increase in unsecured bearer bonds and notes		(1,390,336)	710,926
Increase in deferred financing fees		(1,438)	(4,039)
Decrease in deposit and prepayment		3	25
(Decrease)/increase in other payables		(83)	271
(Decrease)/increase in amount due to immediate holding company		(1,574)	1,822
Interest received		137,007	169,777
Interest paid		(129,190)	(160,983)
Tax paid		(20)	(20)
Net cash generated from operating activities		3,761	9,058
Net increase in cash and cash equivalents		3,761	9,058
Effect of foreign exchange translation		546	(2,578)
Cash and cash equivalents as at 1 January		10,400	3,920
Cash and cash equivalents as at 31 December	4	14,707	10,400

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 requirements of 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.

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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 Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The Company has adopted MFRS 9 and MFRS 15 for the first time in the 2018 financial statements, which resulted to the change in policies as set out in Note 2.2, Note 2.3 and Note 2.4 to the financial statements. The detailed impact of changes in accounting policies are set out in Note 18.

The adoption of amendments listed above did not have any impact on the current period or any prior period and is 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 2019.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

The initial application of the above accounting standards, amendments and interpretation are not expected to have any material financial impacts to the current and prior year's financial statements of the Company upon its first adoption.

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(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):

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2019.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in income statement, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in income statement when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

Other than stated above, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2.2 Financial assets

Financial assets of the Company comprise of cash and bank balances and loans to immediate holding as disclosed in Note 4 and Note 5. Accounting policy applied to the financial assets of the Company is as follows:

2.2.1 Accounting policies applied from 1 January 2018

Cash and bank balances are recognised at amortised cost. Loans to immediate holding company are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional loans disbursed to immediate holding company as it reflects the substance of the transaction.

Cash and bank balances and loans to immediate holding company are subsequently measured at amortised cost using the effective interest method, less loss allowance. Details on the Company's impairment policies are provided in Note 2.3.

2.2.2 Accounting policies applied until 31 December 2017

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Impairment of financial assets****2.3.1 Accounting policies applied from 1 January 2018**

The Company assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Under MFRS 9, the Company's loans to immediate holding company is subject to the to the ECL model of the Company are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored by the Company.

For both 31 December 2018 and 1 January 2018, the immediate holding company has sufficient assessable highly liquid assets to repay the loan if demanded, the ECL is likely to be immaterial. Hence, no ECL is made.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2.3.2 Accounting policies applied from 31 December 2017

The Company assesses at the end of the reporting year 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 year, 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Income recognition****2.4.1 Accounting policies applied from 1 January 2018**

Interest income for loans to immediate holding company is recognised using the effective interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.4.2 Accounting policies applied from 31 December 2017

Interest income from 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.

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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.

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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 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.

3 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is a process which encompasses identifying, measuring, 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**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 2.58% to 3.25% (2017: 1.59% to 3.045%) per annum.

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

	2018 RM'000	2017 RM'000
Maturing within one year	2,089,296	2,607,948
One year to three years	2,595,500	3,457,035
	<u>4,684,796</u>	<u>6,064,983</u>

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

	2018 RM'000	2017 RM'000
HKD	354,123	521,812
USD	3,642,798	3,874,422
SGD	687,875	1,350,033
AUD	-	318,716
	<u>4,684,796</u>	<u>6,064,983</u>

For both 31 December 2018 and 1 January 2018, the immediate holding company has sufficient assessable highly liquid assets to repay the loan if demanded, the expected credit losses is likely to be immaterial. Hence, no expected credit loss was made during the financial year.

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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>2018 Effective interest rate</u> %	<u>Amount outstanding</u> RM'000	<u>2017 Effective interest rate</u> %
Multicurrency medium-term notes	2018	-	-	2,586,480	1.520-2.450
	2019	2,068,000	2.745	2,033,550	2.745
	2020	2,315,965	2.520-3.100	1,423,485	2.530
	2021	279,535	3.035-3.170	-	-
		<u>4,663,500</u>		<u>6,043,515</u>	
Add: Interest payable		20,631		20,684	
Less: Deferred financing fee		<u>(3,189)</u>		<u>(4,542)</u>	
		<u>4,680,942</u>		<u>6,059,657</u>	

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

	<u>2018</u> RM'000	<u>2017</u> RM'000
Maturing within one year	2,086,320	2,604,470
One year to three years	2,594,622	3,455,187
	<u>4,680,942</u>	<u>6,059,657</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>2018</u> RM'000	<u>2017</u> RM'000
HKD	353,648	521,812
USD	3,640,217	3,870,344
SGD	687,077	1,349,060
AUD	-	318,441
	<u>4,680,942</u>	<u>6,059,657</u>

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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 repayable on demand.

8 SHARE CAPITAL

	2018 RM'000	2017 RM'000
Ordinary shares of USD 1 each:		
Ordinary share issued:		
As at 31 December	_*	_*

* Denotes USD1.

9 INTEREST INCOME

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

10 INTEREST EXPENSE

	2018 RM'000	2017 RM'000
Unsecured bearer bonds and notes	128,621	159,671
Amortisation of deferred financing fees	2,790	3,868
	<u>131,411</u>	<u>163,539</u>

11 PROFIT BEFORE TAXATION

	2018 RM'000	2017 RM'000
Profit before taxation is stated after charging:		
Auditors' remuneration		
- Audit fees	14	14
- Non-audit fees	3	5

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 (2017: RM20,000) as tax charge for the current financial year.

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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>	
	2018	2017
	RM'000	RM'000
<u>Income</u>		
Interest income	136,318	168,269
	<u> </u>	<u> </u>
<u>Amount due from/(to)</u>		
Loans to immediate holding company	4,684,796	6,064,983
Deferred financing fees paid on behalf	(2,068)	(3,642)
	<u> </u>	<u> </u>

(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.

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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.

	Within <u>one year</u> RM'000	One year to <u>three years</u> RM'000	Three years to <u>five years</u> RM'000	More than <u>five years</u> RM'000	Non-interest <u>bearing</u> RM'000	<u>Total</u> RM'000
2018						
Financial assets						
Cash and bank balances	-	-	-	-	14,707	14,707
Loans to immediate holding company	2,089,296	2,595,500	-	-	-	4,684,796
Deposit and prepayment	-	-	-	-	24	24
	<u>2,089,296</u>	<u>2,595,500</u>	<u>-</u>	<u>-</u>	<u>14,731</u>	<u>4,699,527</u>
Financial liabilities						
Unsecured bearer bonds and notes	2,086,320	2,594,622	-	-	-	4,680,942
Amount due to immediate holding company	-	-	-	-	2,068	2,068
Others	-	-	-	-	1,170	1,170
	<u>2,086,320</u>	<u>2,594,622</u>	<u>-</u>	<u>-</u>	<u>3,238</u>	<u>4,684,180</u>
Total interest sensitivity gap	<u>2,976</u>	<u>878</u>	<u>-</u>	<u>-</u>		
Cumulative gap	<u>2,976</u>	<u>3,854</u>	<u>3,854</u>	<u>3,854</u>		

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

	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
2017						
Financial assets						
Cash and bank balances	-	-	-	-	10,400	10,400
Loans to immediate holding company	2,607,948	3,457,035	-	-	-	6,064,983
Deposit and prepayment	-	-	-	-	27	27
	<u>2,607,948</u>	<u>3,457,035</u>	<u>-</u>	<u>-</u>	<u>10,427</u>	<u>6,075,410</u>
Financial liabilities						
Unsecured bearer bonds and notes	2,604,470	3,455,187	-	-	-	6,059,657
Amount due to immediate holding company	-	-	-	-	3,642	3,642
Others	-	-	-	-	1,253	1,253
	<u>2,604,470</u>	<u>3,455,187</u>	<u>-</u>	<u>-</u>	<u>4,895</u>	<u>6,064,552</u>
Total interest sensitivity gap	<u>3,478</u>	<u>1,848</u>	<u>-</u>	<u>-</u>		
Cumulative gap	<u>3,478</u>	<u>5,326</u>	<u>5,326</u>	<u>5,326</u>		

The Company does not carry any interest/profit rate sensitive assets or liabilities in the financial position as at 31 December 2018 and as at 31 December 2017.

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 loans provided to its immediate holding company.

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.

	Contractual maturity dates					No-specific maturity	Total
	On demand up to one month	One to three months	Three to twelve months	One to five years	Over five years		
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities							
Unsecured bearer bonds and notes	970	2,520	2,191,185	2,655,094	-	-	4,849,769
Accruals	-	17	-	-	-	1,133	1,150
Amount due to immediate holding company	-	-	-	-	-	2,068	2,068
Provision for taxation	-	20	-	-	-	-	20
	<u>970</u>	<u>2,557</u>	<u>2,191,185</u>	<u>2,655,094</u>	<u>-</u>	<u>3,201</u>	<u>4,853,007</u>
Assets held for managing liquidity risk							
	<u>1,147</u>	<u>2,549</u>	<u>2,198,043</u>	<u>2,656,532</u>	<u>-</u>	<u>-</u>	<u>4,858,271</u>

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)

	<u>Contractual maturity dates</u>						<u>Total</u> RM'000
	<u>On demand up to one month</u> RM'000	<u>One to three months</u> RM'000	<u>Three to twelve months</u> RM'000	<u>One to five years</u> RM'000	<u>Over five years</u> RM'000	<u>No-specific maturity</u> RM'000	
2017							
Financial liabilities							
Unsecured bearer bonds and notes	6,331	7,022	2,702,042	3,566,878	-	-	6,282,273
Accruals	-	19	-	-	-	1,214	1,233
Amount due to immediate holding company	-	-	-	-	-	3,642	3,642
Provision for taxation	-	20	-	-	-	-	20
	<u>6,331</u>	<u>7,061</u>	<u>2,702,042</u>	<u>3,566,878</u>	<u>-</u>	<u>4,856</u>	<u>6,287,168</u>
Assets held for managing liquidity risk	<u>6,440</u>	<u>7,222</u>	<u>2,709,434</u>	<u>3,573,677</u>	<u>-</u>	<u>-</u>	<u>6,296,773</u>

17 FOREIGN EXCHANGE RISK

The Company has no exposure to the effect of fluctuations in the prevailing foreign currency exchange rates during the financial year.

CAGAMAS GLOBAL P.L.C.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CHANGES IN ACCOUNTING POLICIES

Reconciliation of statement of financial position balances from MFRS 139 to MFRS 9

	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 Dec 2017 RM'000	Re- classification RM'000	Re- measurement RM'000	MFRS 9 carrying amount as at 1 Jan 2018 RM'000	Retained profits impact as at 1 Jan 2018 RM'000
<u>Assets</u>							
Cash and bank balances	Receivables	Amortised cost	10,400	-	-	10,400	-
Loans to immediate holding company	Loans and receivables	FVTPL	6,064,983	-	-	6,064,983	-
Deposits and prepayment	Receivables	Amortised cost	27	-	-	27	-
Total change to financial asset balances, reclassification and remeasurement at 1 Jan 2018			6,075,410	-	-	6,075,410	-

CAGAMAS GLOBAL P.L.C.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19 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.

19.1 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).

	<u>2018</u>		<u>2017</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>4,684,796</u>	<u>4,729,936</u>	<u>6,064,983</u>	<u>5,993,411</u>
Financial liabilities				
Unsecured bearer bonds and notes	<u>4,680,942</u>	<u>4,679,712</u>	<u>6,059,657</u>	<u>5,943,353</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.

20 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 21 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2018 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 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 ("the Act") in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2018, 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 21.

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, International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia. 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.

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.



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

- (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.

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 member 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.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AAL 0017
Chartered Accountants

ONG CHING CHUAN

ONG CHING CHUAN
02907/11/2019 J
Chartered Accountant

Labuan
19 March 2019