

Company No.

1092135

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CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 31 DECEMBER 2018

Lodged by:

CAGAMAS GLOBAL SUKUK BERHAD (1092135-D)

Level 32, The Gardens North Tower,

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(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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Company No.

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CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to undertake the issuance of Sukuk in foreign currency.

FINANCIAL RESULTS

	RM
Loss for the financial year	205,984

DIVIDEND

No dividend has been paid, declared or proposed by the Company during the financial year.

The Directors do not recommend the payment of any dividend in respect of the current financial period.

RESERVES AND PROVISIONS

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

RELATED PARTY TRANSACTIONS

The Company's related party transactions are disclosed in Note 13 to the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to date of the report are:

Datuk Chung Chee Leong
Encik Azizi bin Ali

In accordance with Articles 69 and 70 of the Company's Constitution, Encik Azizi Ali retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS AND REMUNERATION

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit and remuneration by reason of a contract made by the Company or by related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the Directors in office at the end of the financial year did not hold any interest in shares or options over shares in the Company or its holding company or subsidiaries of the holding company during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were prepared, 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets 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 to be written off for bad debts or the amount of the allowance 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.

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CAGAMAS GLOBAL SUKUK BERHAD
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 financial 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 financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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 or inappropriate.

In the opinion of the Directors:

- (a) the results of the operations of the Company during the financial 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 financial 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 period in which this report is made.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

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

Company No.

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CAGAMAS GLOBAL SUKUK BERHAD
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DIRECTORS' REPORT (CONTINUED)

AUDITORS REMUNERATION

Details of the auditors' remuneration are set in Note 11 to the financial statements

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 14 March 2019.

Signed on behalf of the Board of Directors



DATUK CHUNG CHEE LEONG
CHAIRMAN



AZIZI BIN ALI
DIRECTOR

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
ASSETS			
Cash and bank balances	4	38,946	6,198
Financing to immediate holding company	5	-	152,882,081
TOTAL ASSETS		<u>38,946</u>	<u>152,888,279</u>
LIABILITIES			
Sukuk	6	-	152,843,173
Other liabilities	7	3,364,039	3,164,215
TOTAL LIABILITIES		<u>3,364,039</u>	<u>156,007,388</u>
REPRESENTED BY:			
Share capital	8	2	2
Reserves		(3,325,095)	(3,119,111)
SHAREHOLDER'S FUNDS		<u>(3,325,093)</u>	<u>(3,119,109)</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		<u>38,946</u>	<u>152,888,279</u>

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

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

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

	Note	2018 RM	2017 RM
Profit income	9	572,293	4,567,570
Profit expense	10	(568,096)	(4,549,058)
Non-profit expense		(120,906)	(171,509)
OPERATING LOSS		(116,709)	(152,997)
Administration and general expenses		(89,275)	(23,920)
LOSS BEFORE TAXATION	11	(205,984)	(176,917)
Taxation	12	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(205,984)	(176,917)

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

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

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

	<u>Share capital</u> RM	<u>Accumulated losses</u> RM	<u>Total</u> RM
As at 1 January 2018	2	(3,119,111)	(3,119,109)
Loss and total comprehensive loss for the financial year	-	(205,984)	(205,984)
Balance as at 31 December 2018	<u>2</u>	<u>(3,325,095)</u>	<u>(3,325,093)</u>
As at 1 January 2017	2	(2,942,194)	(2,942,192)
Loss and total comprehensive loss for the financial year	-	(176,917)	(176,917)
Balance as at 31 December 2017	<u>2</u>	<u>(3,119,111)</u>	<u>(3,119,109)</u>

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

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 31 DECEMBER 2018

	Note	2018 RM	2017 RM
OPERATING ACTIVITIES			
Loss for the financial year		(205,984)	(176,917)
Adjustments for items not involving the movement of cash and cash equivalents:			
Profit income		(572,293)	(4,567,570)
Profit expense		600,710	4,549,058
Operating loss before working capital changes		(177,567)	(195,429)
Decrease in financing to immediate holding company		152,024,640	157,700,000
Increase in deferred financing fees		(3,557)	(174,262)
Decrease in Sukuk		(152,024,640)	(157,700,000)
Increase in other liabilities		199,824	3,462
Net cash generated from/(utilised in) operating activities		18,700	(366,229)
Profit received		1,429,734	7,168,267
Profit paid		(1,415,686)	(6,795,933)
Net cash generated from operating activities		32,748	6,105
Net increase in cash and cash equivalents		32,748	6,105
Cash and cash equivalents as at 1 January		6,198	93
Cash and cash equivalents as at 31 December	4	38,946	6,198

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

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is to undertake the issuance of Sukuk 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 is Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The immediate and ultimate holding companies are Cagamas and 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 all the financial years 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 Companies Act, 2016 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.

At the end of the financial year, the Company had net liabilities of RM3,325,093 (2017: RM3,119,109). The immediate holding company, Cagamas, has confirmed its intention to waive amounts owing to Cagamas as and when necessary to enable the Company to continue its business without any significant curtailment as disclosed in Note 20 to the financial statements.

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

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 2.5 to the financial statements. The detailed impact of changes in accounting policies are set out in Note 19.

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.

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

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. None of these is expected to have an effect on the consolidated financial statements of the Company, except the following set out below (continued):

- 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 profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss 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 financing to immediate holding company as disclosed in 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

Financing to immediate holding company is 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 financing disbursed by immediate holding company as it reflects the substance of the transaction.

Financing to immediate holding company is subsequently measured at amortised cost using the effective interest method, less loss allowance. Details on the Company's impairment policies of financial assets 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.

CAGAMAS GLOBAL SUKUK BERHAD
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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 financing to immediate holding company carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Under MFRS 9, the Company's financing to immediate holding company is subject 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.

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 until 31 December 2017

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 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 SUKUK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Current and deferred tax

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

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 profits 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.

2.5 Income recognition

2.5.1 Accounting policies applied from 1 January 2018

Profit income from financing to immediate holding company is recognised using the effective profit rate method. Profit income is calculated by applying the effective profit 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 profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.5.2 Accounting policies applied until 31 December 2017

Profit income from financing to immediate holding company is recognised using the effective profit rate method.

2.6 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

2.7 Offsetting financial instruments

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 SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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.

2.9 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.

2.10 Sukuk and deferred financing fees

Sukuk is recognised initially at cost, net of transaction costs incurred. All other cost that are not directly attributable to the issuance of Sukuk are recognised in statement of comprehensive income in the period in which they are incurred.

Fees paid on the establishment of Sukuk are recognised as transaction costs of the Sukuk and amortised using the effective interest rate method.

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

4 CASH AND BANK BALANCES

	2018 RM	2017 RM
Cash in hand	2	2
Bank balances	38,944	6,196
	<u>38,946</u>	<u>6,198</u>

CAGAMAS GLOBAL SUKUK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 FINANCING TO IMMEDIATE HOLDING COMPANY

There are no financing to immediate holding company during the financial year. Financing to immediate holding company as at 31 December 2017 are unsecured with profit rate of 1.85% per annum.

The maturity structure of financing to immediate holding company is as follows:

	2018 RM	2017 RM
Maturing within one year	-	152,882,081

Financing to immediate holding company is denominated in Singapore Dollar.

6 SUKUK

	Year of <u>maturity</u>	Effective <u>profit rate</u> %	2018 Amount <u>outstanding</u> RM	Year of <u>maturity</u>	Effective <u>profit rate</u> %	2017 Amount <u>outstanding</u> RM
Islamic fixed medium-term notes			-	2018	1.85	152,024,640
Add: Profit payable			-			847,590
						152,872,230
Less: Deferred financing fees			-			(29,057)
			-			152,843,173

The maturity structure of Sukuk are as follows:

	2018 RM	2017 RM
Maturing within one year	-	152,843,173

The Islamic medium term note is redeemable at par on the due dates together with the accrued profit rate where applicable and is denominated in Singapore Dollars.

The Sukuk has matured and fully redeemed on 13 March 2018.

CAGAMAS GLOBAL SUKUK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 OTHER LIABILITIES

	2018 RM	2017 RM
Amount due to immediate holding company	3,311,934	3,112,838
Other payable and accruals	52,105	51,377
	<u>3,364,039</u>	<u>3,164,215</u>

The amount due to immediate holding company is non-trade in nature, denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

8 SHARE CAPITAL

	2018 RM	2017 RM
Ordinary share issued: As at 31 December	<u>2</u>	<u>2</u>

9 PROFIT INCOME

This amount represents profit income from financing to immediate holding company.

10 PROFIT EXPENSE

	2018 RM	2017 RM
Sukuk	535,482	4,328,824
Amortisation of deferred financing fees	32,614	220,234
	<u>568,096</u>	<u>4,549,058</u>

CAGAMAS GLOBAL SUKUK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 LOSS BEFORE TAXATION

The following items have been charged in arriving at loss for the financial year:

	2018 RM	2017 RM
Auditor's remuneration		
- Audit fee	13,780	13,780

For the financial year ended 31 December 2018, insurance premium paid for directors and officers of the Company were borne by Cagamas Berhad.

12 TAXATION

(a) Tax charge for the financial year

There is no tax expense as the Company is assessed in a combined assessment with Cagamas.

The amount of unutilised tax losses of which there is expiry date of 7 years for which no deferred tax assets is recognised in the statement of financial position is as follows:

	2018 RM	2017 RM
Unutilised tax losses	176,062	112,588

The unutilised tax losses will be utilised by the Group in the combined tax assessment with Cagamas.

(b) Reconciliation of income tax expense

The explanation of the relationship between tax expense and loss before tax is as follows:

	2018 RM	2017 RM
Loss before taxation	(205,984)	(176,917)
Tax calculated at Malaysian tax rate of 24% (2017: 24%)	(49,436)	(42,460)
Expenses not deductible for tax purpose	7,181	15,439
Deferred tax asset not recognised	42,255	27,021
	-	-

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

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.

Entities in which key management personnel have control are defined as entities that are controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel.

(b) Significant related party transactions and balances

Set out below are significant related party balance which was conducted in the normal course of business.

	<u>Immediate holding company</u>	
	2018	2017
	RM	RM
<u>Income</u>		
Profit income	572,293	4,567,570
	<u>572,293</u>	<u>4,567,570</u>
<u>Amount due from/(to)</u>		
Financing to immediate holding company	-	152,882,081
Deferred financing fees paid on behalf	(3,364,039)	(3,164,215)
	<u>(3,364,039)</u>	<u>(3,164,215)</u>

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transaction with the GOM and its related parties

As BNM has significant influence over the ultimate holding company, the GOM and an entity 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.

14 PROFIT RATE RISK

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

The following table summarise the Company's exposure to profit 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	Non-profit <u>bearing</u> RM	<u>Total</u> RM
2018			
Financial assets			
Cash and bank balances	-	38,946	38,946
	<u>-</u>	<u>38,946</u>	<u>38,946</u>
Financial liabilities			
Other liabilities	-	3,364,039	3,364,039
	<u>-</u>	<u>3,364,039</u>	<u>3,364,039</u>
Total profit sensitivity gap	<u>-</u>		
Cumulative gap	<u>-</u>		

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 PROFIT RATE RISK (CONTINUED)

The following tables summarise the Company's exposure to profit 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 (continued).

	Within <u>one year</u> RM	Non-profit <u>bearing</u> RM	<u>Total</u> RM
2017			
Financial assets			
Cash and bank balances	-	6,198	6,198
Financing to immediate holding Company	152,882,081	-	152,882,081
	<u>152,882,081</u>	<u>6,198</u>	<u>152,888,279</u>
Financial liabilities			
Sukuk	152,843,173	-	152,843,173
Other liabilities	-	3,164,215	3,164,215
	<u>152,843,173</u>	<u>3,164,215</u>	<u>156,007,388</u>
Total profit sensitivity gap	<u>38,908</u>		
Cumulative gap	<u>38,908</u>		

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

15 CREDIT RISK

The Company's exposure to credit risk as at the date of statement of financial position mainly arises from financing provided to its immediate holding company.

CAGAMAS GLOBAL SUKUK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 LIQUIDITY RISK

Contractual maturity of financial liability

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 date within one year RM	No specific maturity date RM	Total RM
2018			
Financial liabilities			
Accruals	52,105	-	52,105
Amount due to immediate holding company	-	3,311,934	3,311,934
	<u>52,105</u>	<u>3,311,934</u>	<u>3,364,039</u>
2017			
Financial liabilities			
Accruals	51,377	-	51,377
Amount due to immediate holding company	-	3,112,838	3,112,838
Sukuk	152,843,173	-	152,843,173
	<u>152,894,550</u>	<u>3,112,838</u>	<u>156,007,388</u>

The Company aims to maintain sufficient cash and availability of funding through its operations. When required, financing is obtained from its immediate holding company.

17 FOREIGN EXCHANGE RISK

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

CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Fair value of financial instrument carried other than fair value.

The fair value of the Company's financial instruments, which are cash and bank balances, 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.

	Carrying <u>value</u> RM	Fair <u>value</u> RM
2017		
Financial assets		
Financing to immediate holding company	152,882,081	153,207,021
Financial liabilities		
Sukuk	152,843,173	151,548,339

The fair value of the Company's financial instruments as at 31 December 2018 is RM Nil.

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

The fair value of the Sukuk is 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.

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CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 CHANGES IN ACCOUNTING POLICIES

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

<u>Company</u>	<u>MFRS 139 measurement category</u>	<u>MFRS 9 measurement category</u>	<u>MFRS 139 carrying amount as at 31 Dec 2017 RM'000</u>	<u>Re- classification RM'000</u>	<u>Re- measurement RM'000</u>	<u>MFRS 9 carrying amount as at 1 Jan 2018 RM'000</u>	<u>Retained profits impact (net of tax) as at 1 Jan 2018 RM'000</u>
<u>Asset</u>							
Cash and short-term funds	Receivables	Amortised cost	6,198	-	-	6,198	-
Total change to financial asset balances, reclassification and remeasurement at 1 Jan 2018			6,198	-	-	6,198	-

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CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 FINANCIAL SUPPORT

The immediate holding company has confirmed its intention to continue to provide financial support to the Company to enable the Company to meet its liabilities and obligations as and when they fall due and to provide necessary financial support as and when required.

21 APPROVAL OF FINANCIAL STATEMENTS

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

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CAGAMAS GLOBAL SUKUK BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Datuk Chung Chee Leong and Azizi bin Ali, the two Directors of Cagamas Global Sukuk Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 5 to 25 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.



DATUK CHUNG CHEE LEONG
CHAIRMAN



AZIZI BIN ALI
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Norazilla Md Tahir, the Officer primarily responsible for the financial management of Cagamas Global Sukuk Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 25 are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



NORAZILLA MD TAHIR

Subscribed and solemnly declared by the abovenamed Norazilla Md Tahir at Kuala Lumpur in Malaysia on 19 March 2019.



Before me,
COMMISSIONER FOR OATHS



Official stamp of the Commissioner for Oaths, Malaysia. The stamp is circular with the text 'PESURUHJAYA SUMPAH' at the top and 'MALAYSIA' at the bottom. Inside the circle, it reads: 'No: W 681', 'RAJEEV SAIGAL A/L', 'RAMLABAYA SAIGAL', 'BC/R/548', and '1 JAN 2019 - 31 DIS 2021'.

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL SUKUK BERHAD**
(Incorporated in Malaysia)
(Company No. 1092135-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Cagamas Global Sukuk Berhad ("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 Companies Act 2016 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 5 to 25.

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 SUKUK BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 1092135-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Companies Act 2016 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.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS GLOBAL SUKUK BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 1092135-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.
- (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 SUKUK BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 1092135-D)

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 member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized handwritten signature of PricewaterhouseCoopers PLT.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A stylized handwritten signature of Ong Ching Chuan.

ONG CHING CHUAN
02907/11/2019 J
Chartered Accountant

Kuala Lumpur
19 March 2019