

Statement By The Board of Directors

Dear valued shareholders,

On behalf of the Board of Directors (“Board”), we are pleased to present to you the financial results and business performance of CME Group Berhad (“CME” or “Company”) and its subsidiaries (“Group”) for the financial period ended (“FPE”) 30 June 2018. The previous financial year end (“FYE”) was 31 December 2016.

Financial Performance and Business Review

The Group’s revenue for the 18-month financial period ended 30 June 2018 recorded at RM56.5 million as compared to RM24.8 million for the 12-month financial year ended 31 December 2016, mainly due to completion and delivery of fire fighting vehicles, coupled with the timing of revenue recognition for on-going projects during the FPE 30 June 2018. Loss before tax has decreased to RM13.8 million for the FPE 30 June 2018 from loss before tax of RM14.7 million for the last FYE 31 December 2016.

The revenue from the Manufacturing Segment grew from RM20.2 million (12 months for FYE 31 December 2016) to RM45.8 million, an increase of RM25.6 million during the 18 months financial period ended 30 June 2018. The revenue from the Trading Segment for 18 months has also increased to RM9.2 million or 174.7% as compared to RM3.3 million in Year 2016.

Manufacturing Segment continues to be the main core business for the group in terms of revenue, which accounted for 81% of the total revenue, followed by Trading Segment which accounted for 16.2% of the total revenue for the FPE 30 June 2018.

Business Outlook and Future Prospect

The local and global economy will continue to be challenging in 2018/2019. However, the Group remains cautiously optimistic on the outlook of the Specialised Mobility Vehicles industry particularly in the after sales market. Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group’s financial performance and position. In order to maintain its market competitiveness, the Board will need to constantly review its price structure and react accordingly. The Group will continue its efforts to enhance operating efficiency programmes to mitigate as much as possible the impact of higher input costs.

The Management is leveraging on its strong track record, extensive customer networking and wider range of products in expanding and penetrating both existing and new markets, especially for both the Specialised Mobility Vehicles (“SMV”) Division and Fire Suppression and Prevention (“FSP”) Division, in view that both Divisions are contributing positively to the Group. While for the Retail Division, the management will continue to explore its marketing strategy to improve the performance.

The Directors will continue to exercise due care in order to preserve and enhance shareholders’ values. The Board and the management will continue to access all business opportunities with prudence and leverage on its core strengths and competencies built over the years, to improve the profitability of the Group.

Corporate Social Responsibility

The Group views corporate social responsibility as a continuing commitment for businesses to act ethically and contribute to economic and social development while improving the quality of workforce, stakeholders' value and the local community at large.

A variety of activities, such as festive celebration and sport activities were organised for promoting the wellbeing of employees. The Group continues to provide its employees with relevant training programs to help develop technical and soft skills among different level of employees.

Dividend

The Board, having made due consideration, is not recommending any dividend payment for the FPE 30 June 2018.

Appreciation and Acknowledgement

On behalf of the Board, I sincerely wish to extend my gratitude to our valued customers, financiers/bankers, business associates/partners and shareholders for their confidence, support and loyalty without which our success will not be possible and I look forward for their continuing support in the Group. I would also like to extend my appreciation and gratitude to the relevant regulatory authorities and agencies for their continued support, co-operation and advice.

To the management and staffs, thank you for your loyalty, dedication and commitment that has driven the Group into what it is today and to greater heights in the years ahead.

Last but not least, my sincere gratitude and thanks to my fellow board members for their strong support and invaluable advice and my special thanks to our shareholders for their continuing trust and confidence in the Group.

Y. BHG. DATO' KHAIRI BIN MOHAMAD
DIRECTOR