CME GROUP BERHAD | ANNUAL REPORT 2020

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TABLE OF CONTENTS

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting ("**AGM**") of **CME GROUP BERHAD** ("**the Company**") will be held at the Delima Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Monday, 30 November 2020, at 10.30 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon. — **Please refer to Note 2.**

2. To re-elect the following Directors who retire by rotation in accordance with Rule 144 of the Company's Constitution and who being eligible offer themselves for re-election:

   (i) Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj — **Ordinary Resolution 1**

   (ii) Ong Suan Pin — **Ordinary Resolution 2**

3. To approve the payment of Directors' fees up to an amount of RM180,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting. — **Ordinary Resolution 3**

4. To re-appoint Messrs Kreston John & Gan as Auditors of the Company for the financial year ending 30 June 2021 and to authorise the Board of Directors to fix their remuneration. — **Ordinary Resolution 4**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

5. AUTHORITY TO ISSUE AND ALLOT SHARES IN GENERAL PURSUANT TO THE COMPANIES ACT 2016 — **Ordinary Resolution 5**

   "THAT pursuant to the Companies Act 2016 and the Constitution of the Company and subject to the approvals by the relevant regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

   (a) "THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Ong Suan Pin, who has served as an Independent — **Ordinary Resolution 6**

Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

(b) "THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, to continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2017:

(i) Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj; and **Ordinary Resolution 7**

(ii) Y. Bhg. Dato' Khairi Bin Mohamad." **Ordinary Resolution 8**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

Cheam Tau Chern
PC No.: 201908000002
Company Secretary

Klang
30 October 2020

NOTES:

1. Proxy

1.1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

1.2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

1.3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

1.4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

1.5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at No. 22C, Jalan Gelugor, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of a poll, and in default the instrument of proxy shall not be treated as valid.

1.6. Only members whose names appear in the Record of Depositors as at 24th November 2020 will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

1.7 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 24th AGM will be put to vote by poll.

2. Audited Financial Statements for the financial year ended 30 June 2020

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. Ordinary Resolution 5 – Authority for Directors to Allot and Issue Shares

Ordinary Resolution 5, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the Twenty-Third (23rd) Annual General Meeting held on 29 November 2019, the mandate of which will lapse at the conclusion of the Twenty-Fourth (24th) Annual General Meeting to be held on 30 November 2020.

4. Ordinary Resolution 6 – Proposed Retention of Independent Non-Executive Director

The Board, through the Nominating Committee ("NC"), has determined that Ong Suan Pin is fair and impartial in carrying out his duties to the Company. As Director, she continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. She also possesses vast professional experience and brings the right mix of skills to the Board. The Board therefore endorsed the NC's recommendation for her to be retained as an Independent Director.

Shareholders' approval for Ordinary Resolution 6 will be sought on a single-tier voting basis.

5. Ordinary Resolutions 7 and 8 – Proposed Retention of Independent Non-Executive Directors

(i) Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj

The Board, through the NC, has assessed the independence of Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences will continue to contribute positively to the proceedings of the Board and the Board Committees. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

(ii) Y. Bhg. Dato' Khairi Bin Mohamad

The Board, through the NC, has determined that Y. Bhg. Dato' Khairi Bin Mohamad and is satisfied that he is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. He also possesses vast professional experience and brings the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

Shareholders' approval for Ordinary Resolutions 7 and 8 will be sought on a two-tier voting basis.

STATEMENT ACCOMPANYING NOTICE OF THE 24TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are offering themselves for re-election at the Twenty-Fourth (24th) Annual General Meeting of the Company are as follows:

- Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj, a Director retiring under Rule 144 of the Company's Constitution.
- Ong Suan Pin, a Director retiring under Rule 144 of the Company's Constitution.

2. DETAILS OF BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

The number of Board meeting attended by the respective Directors during the financial year are as follows:

Name of Directors	**No. of meetings attended/held**	**Percentage of Attendance (%)**
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4	100%
Azlan Omry Bin Omar	4/4	100%
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	3/4	75%
Y. Bhg. Dato' Khairi Bin Mohamad	4/4	100%
Ong Suan Pin	4/4	100%
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	2/4	50%

All Directors have complied with the minimum attendance at Board Meetings as stipulated in the Bursa Malaysia Securities Berhad Listing Requirements during the financial year under review.

3. ORDINARY RESOLUTION ON AUTHORITY TO ISSUE AND ALLOT NEW ORDINARY SHARES IN CME GROUP BERHAD ("CME SHARES")

Details of the general mandate to issue and allot CME Shares pursuant to the Companies Act 2016 are set out in the Explanatory Notes of the Notice of the 24th Annual General Meeting set out on pages 2 to 5 of this Annual Report.

Corporate Information

Corporate Profile

CME Group Berhad ("CME") was incorporated in Malaysia on 14 November 1979 under the Companies Act, 1965 as a private limited company under the name of Beijer (Malaysia) Sdn Bhd. The name was changed to Construction and Mining Equipment Holdings Sdn Bhd on 27 February 1984 to reflect its activities at that time. On 5 January 1991, the Company changed its name to CME Group Sdn Bhd.

The Company subsequently converted its status into a public company and assumed its present name on 26 December 1995. The Company was listed on the Second Board of the Kuala Lumpur Stock Exchange on the 3 October 1997.

The existing principal activity of the Group is providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. The Group designs and builds various types of fire fighting vehicles, specialist vehicles, airport crash tenders, hazmat vehicles, fuel transfer vehicles, riot control vehicles and fire rescue equipment.

CME of today has become an experience comprehensive solutions provider to the fire fighting industries with a reputation for delivering customized, value driven vehicle solutions that incorporate safety and reliability that comply with the highest standards such as NFPA, ICAO and CEN. The products manufactured by the Group's meet and comply with ISO 9001 certification. CME now stands proudly at the forefront of the industry in the country. The customers of CME Group are mainly from public sector and oil and gas industry.

In recent years, the Group has diversified into the property development, property investment and retail business. The diversification is intended to be part of a long term plan to move the Group forward by expanding the Group's income stream and further strengthening the Group's financial position.

Group Corporate Structure

CME Group Berhad

Investment holding company

CME Technologies Sdn Bhd	**100%**
Designing, Manufacturing and Sales of Specialised Mobility Vehicles, Fire Fighting Vehicles, Fire Engines, Specialist Vehicles, Airport Crash Tenders, Hazmat Vehicles, Aerial Access Ladder, Cranes, Fuel Transfer Vehicles including Refuellers, Riot Control Vehicles, Fire Fighting and Rescue Equipment and Fixed Installations	

CME Edaran Sdn Bhd	**100%**
Sales and Services of Specialised Mobility Vehicles, Fire Fighting Equipment, Fire Fighting Vehicles, Specialist Vehicles, Fuel Transfer Vehicles and the supply of related spare parts	

CME Industries Sdn Bhd	**100%**
Servicing Fire Fighting and Specialist Vehicles and supply of related spare parts	

CME Health Sdn Bhd *(formerly known as CME Properties Sdn Bhd)*	**100%**
Trade and deal in all types of pharmaceutical, medicinal, biological and health supplement products and related health care products	

CME Pyroshield Sdn Bhd	**100%**
Sale and Servicing of Fire Fighting Gas System and other safety related products	

CME Properties (Australia) Pty Ltd	**100%**
Property Development	

Jernih Iras Sdn Bhd	**100%**
An investment holding company to hold the Trademark of Modern Mum and Mom's Care	

Modern Mum Retail Sdn Bhd *(formerly known as Titi Sanjung Sdn Bhd)*	**100%**
Carry on the business of costumiers, robe, dress makers to include maternity wear and suppliers of general clothing, and franchises of boutiques	

Mom's Care Retail Sdn Bhd *(formerly known as Hati Takzim Sdn Bhd)*	**100%**
Retailing of baby products	

CORPORATE INFORMATION

BOARD OF DIRECTORS
Y.M. Tunku Nizamuddin Bin Tunku Dato'Seri Shahabuddin
Executive Director
Y.A.D. Dato'Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj
Independent Non-Executive Director
YAM Tengku Besar Tengku Kamil Bin Tengku Idris Shah
Independent Non-Executive Director
Y.Bhg. Dato'Khairi Bin Mohamad
Independent Non-Executive Director
En. Azlan Omry Bin Omar
Executive Director
Miss Ong Suan Pin
Independent Non-Executive Director

Company Secretary
Mr. Cheam Tau Chern
(PC No: 20190800002)

Key Management
Mr. Wong Chee Fatt
Chief Executive Officer
Mr. Tan Guan Tee
General Manager
Production and Service Division
Miss Loong Fong Lin
Deputy Financial Controller

Audit Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Miss Ong Suan Pin
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah

Nominating Committee
Y.Bhg. Dato' Khairi bin Mohamad
Chairman
Miss Ong Suan Pin
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj

Remuneration Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Chairman
Miss Ong Suan Pin
Esos Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Chairman
Miss Lim Bee Hong
Mr. Wong Chee Fatt

Corporate Office
Lot 19, Jalan Delima 1/1, Taman Perindustrian Teknologi Tinggi Subang
47500 Subang Jaya
Tel : 03-5633 1188 Fax : 03-5634 3838
Website : http://www.cme.com.my

Share Registrar
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony, No.5
Jalan Prof. Khoo Kay Sim, Seksyen 13
46200 Petaling Jaya, Selangor
Tel : 03-7890 4700 Fax : 03-7890 4670

Auditors
Messrs. Kreston John & Gan Chartered Accountants
Unit B-10-8, Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2381 2828

Registered Office
No. 22C, Jalan Gelugor
41050 Klang, Selangor
Tel : 03-3342 0608 Fax : 03-3342 7653

Principal Bankers
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad
Small Medium Enterprise Development Bank Malaysia Berhad

Stock Exchange Listing
The Main Market of Bursa Malaysia Securities Berhad
Stock Name : CME
Stock Code : 7018
Date of listing : 3 October 1997

Directors' Profile

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin
Executive Director

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin, aged 49, Malaysian, was appointed to the Board of the Company on 6 May 2009. He holds a Bachelor of Business in Tourism Management from University of New England, Lismore, Australia and MBA in International Management from Thunderbird, The Garvin School of International Management, Arizona, USA. Tunku has more than 20 years of experience in the field of advisory and consultancy in all business areas, of which more than 8 years were spent in the oil and gas industry.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He is deemed as a substantial shareholder in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

En. Azlan Omry Bin Omar
Executive Director

En. Azlan Omry Bin Omar, aged 54, Malaysian, was appointed to the Board of the Company on 6 July 2000 as Independent Non-Executive Director. He has re-designated as Executive Director on 1 July 2015. He holds a Bachelor of Science degree majoring in Civil Engineering from California State University and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. He started his career as a civil and structural engineer in 1990 before returning to England in 1993 to work for Warwich Manufacturing Group as a Research Associate. He returned to Malaysia and joined Composites Technology Research Malaysia Sdn Bhd ("CTRM") in 1994.

He has been in the business of distribution and retail of consumer and lifestyle products between 2003 and 2014.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He holds 50,000 shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj
Independent Non-Executive Director
Member of Nominating Committee

Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj, aged 69, Malaysian, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in the 1960's, Dato' Setia Tengku was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

Y. Bhg. Dato' Khairi Bin Mohamad

Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Nominating Committee
Chairman of Remuneration Committee
Chairman of ESOS Committee

Dato' Khairi Bin Mohamad, aged 80, Malaysian, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in 1959, he went on to obtain his Commercial Pilot Licence (CPL) and Airline Transport Pilot Licence (ATPL) in 1960 and 1968 respectively. Between 1962 to 1972, he worked for Malayan Airlines which was later renamed Malaysia-Singapore Airlines (MSA) as a First Officer and was promoted to Captain in 1968 when he obtained his ATPL. In 1972 he joined Malaysia Airlines System (MAS) and was involved in the establishment and setting up of the Airline. During his career with MAS, he has clocked a total Flying Hours of approximately 19,000 hours on multi-engine jets and he has held various senior positions in MAS namely, Senior Flight Instructor, Chief Pilot (Training) and Deputy Director of Flight Operations. He held the position as Director of Flight Operations for more than ten years until he retired. During his spell as Director of Flight Operations, he attended major courses conducted by reputable universities such as the Monash University in Australia, Harvard Business School, Asian Institute of Management and London Business School. The courses attended are Human Factors in Aviation, Senior Management Course, Air Transport Course, Civil Aviation Senior Management Programme and Senior Development Programme. He is also a member of the Harvard Business School Alumni Club of Malaysia.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.
He does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME. He lso sits on the Board of several other private limited companies.

Miss Ong Suan Pin

Independent Non-Executive Director
Member of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee

Miss Ong Suan Pin, aged 62, Malaysian, was appointed to the Board on 24 June 2011. She is a holder of ACCA (The Association of Chartered Certified Accountants) qualification and has more than 35 years of working experience in the field of accountancy. She started her career in 1981 as a lecturer for Institute Technology of Mara before moving to join a public accounting firm, gaining experience in auditing. Presently, she is the Financial Controller for a construction group of companies.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has she any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

She holds 7,666,000 shares in CME and has no interests in the securities of any subsidiary companies of CME.

YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah

Independent Non-Executive Director
Member of Audit Committee

YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah, aged 70, Malaysian, was appointed to the Board of the Company on 9 March 2015. He held the directorships in C.I Holdings Berhad, Berjaya Group Berhad and TAS Industries Sdn Bhd in the past years. Presently, he is the Chairman of Taman Positif Sdn Bhd. He is also the Chairman of Sultan Ahmad Shah Pekan Pahang Mosque. He is active in sport especially badminton. He is the president of Pahang Badminton Association for the past 30 years till todate. He is also the present Vice President of Badminton Association of Malaysia.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

Key Management

Mr. Wong Chee Fatt
Chief Executive Officer /Member of ESOS Committee

Mr. Wong holds a Bachelor of Engineering (Hons) in Mechanical Engineering from University of Westminster, United Kingdom and Diploma in Electrical Engineering Technician from City and Guilds of London Institute. Mr. Wong is a member of Institute of Fire Engineers (UK). Mr. Wong began his career as a Project Engineer with CME Edaran Sdn Bhd, a wholly owned subsidiary of CME in 1993, attached to the fire
fighting industry division and was subsequently promoted to Project Manager in 1995. He is primarily responsible for project tendering, implementation, strategic planning and all business development aspects of the fire fighting industry business segment. Mr. Wong was appointed as the Chief Operating Office of the Group on 1 June 2012 and then been appointed as the Chief Executive Officer of the Group on 31 October 2014.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

Mr. Tan Guan Tee
General Manager, Production and Service Division

Mr. Tan holds a Diploma in Mechanical Engineering from F.I.T. Mr. Tan began his career as a Technical Executive with CME Technologies Sdn Bhd, a wholly owned subsidiary of CME in 1989, attached to the Production and Service division and move up the ranks and became General Manager in 2014.

He is primarily responsible in manufacturing, product support, testing and after sales service.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company or nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

Miss Loong Fong Lin
Deputy Financial Controller

Ms Loong Fong Lin graduated with her professional qualification from Chartered Institute of Management Accountants (“CIMA”) and she has more than 30 years of working experience in the field of accountancy.

She is responsible for all financial and treasury related matters of the Group which covers the overall financial management and planning to support decision making on operational and strategic issues of the Group.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

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 year ended ("FYE") 30 June 2020

Financial Performance and Business Review

For the financial year under review, the Group registered a lower revenue of RM29.2 million, a drop of 22.8% as compared to the preceding financial year's revenue of RM37.8 million.
Profit before tax stood at RM0.9 million, an increment of RM24.6 million as compared to a loss of RM23.7 million for FYE 30 June 2019.

Business Outlook and Future Prospect

The local and global economy will continue to be challenging in 2020/2021. The Group has more than 20 years of experience in providing comprehensive solutions in relation to the designing, manufacturing and sales of various types of specialized mobility vehicles, firefighting and safety vehicles, as well as firefighting systems and other safety related products.

The Group's competitiveness is largely attributable to its established track record (ie more than 20 years of experience in automotive coachwork industry) with capability in delivery customized, value driven vehicle solutions that incorporate safety and reliability which comply with the international standards.

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 FYE 30 June 2020.

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

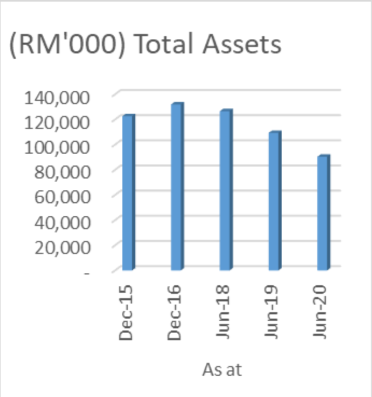
FIVE-YEAR FINANCIAL HIGHLIGHTS

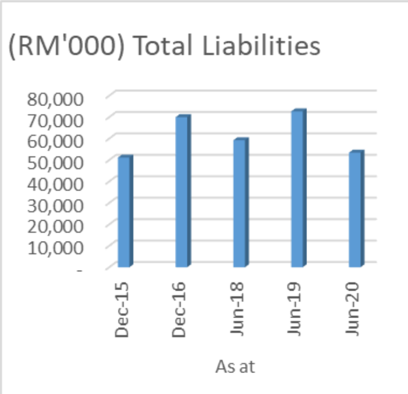
	Year ended 31 December		18 months Financial Period Ended 30 June	FYE 30 June	FYE 30 June
	2015	2016	2018	2019	2020
FINANCIAL PERFORMANCE (RM'000)					
Revenue	22,293	24,759	56,523	37,810	**29,173**
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	(11,410)	(11,655)	(10,100)	(21,725)	**2,612**
Profit/(Loss) Before Taxation	(13,667)	(14,719)	(13,800)	(23,735)	**896**
Profit/(Loss) After Taxation	(13,517)	(14,829)	(14,103)	(23,645)	**178**
Net Profit/(Loss) Attributed to Equity Holders	(13,517)	(14,829)	(14,103)	(23,645)	**178**
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	122,618	132,000	126,645	109,333	**90,445**
Total Liabilities	51,138	69,990	59,241	72,700	**53,446**
Equity Attributable to owners of the Company	71,480	65,010	67,404	36,663	**36,999**
SHARE INFORMATION					
Basic Earnings Per Share (sen)	-3.064	-3.362	-2.414	-4.047	**0.03**
Diluted Earnings Per Share (sen)	-3.064	-3.362	-2.414	-4.047	**0.01**
FINANCIAL RATIOS					
Current Ratio (times)	0.534	0.370	0.553	0.481	**0.356**
Net Assets Per Share (RM)	0.162	0.147	0.115	0.063	**0.063**

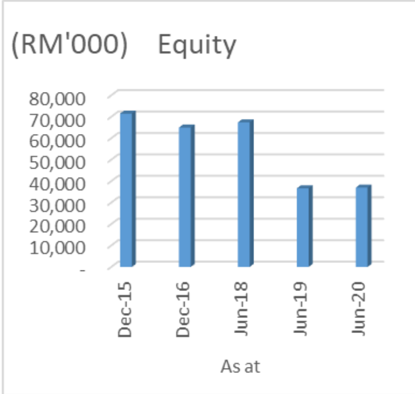
Notes:

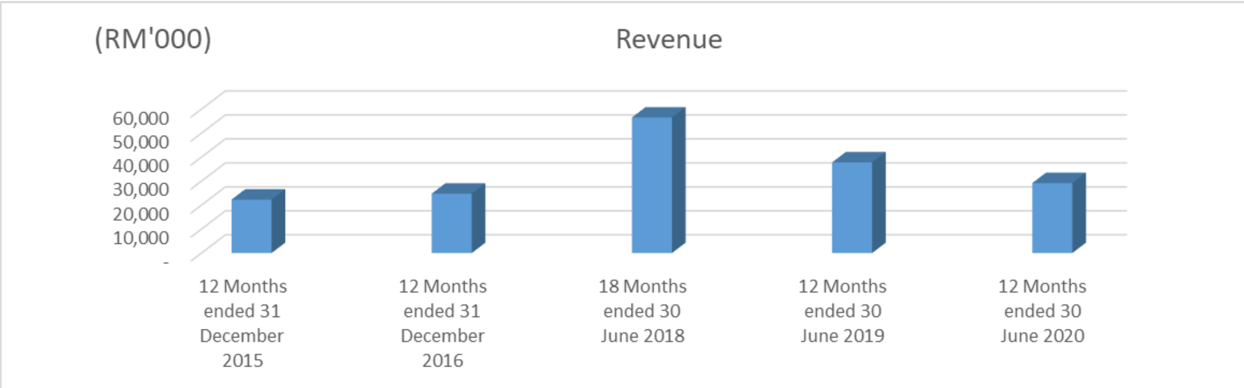
1 Earnings per share ("EPS") is computed by dividing the Net Profit/(Loss) Attributed to Equity Holders by the weighted average number of ordinary shares in issue during the financial year.

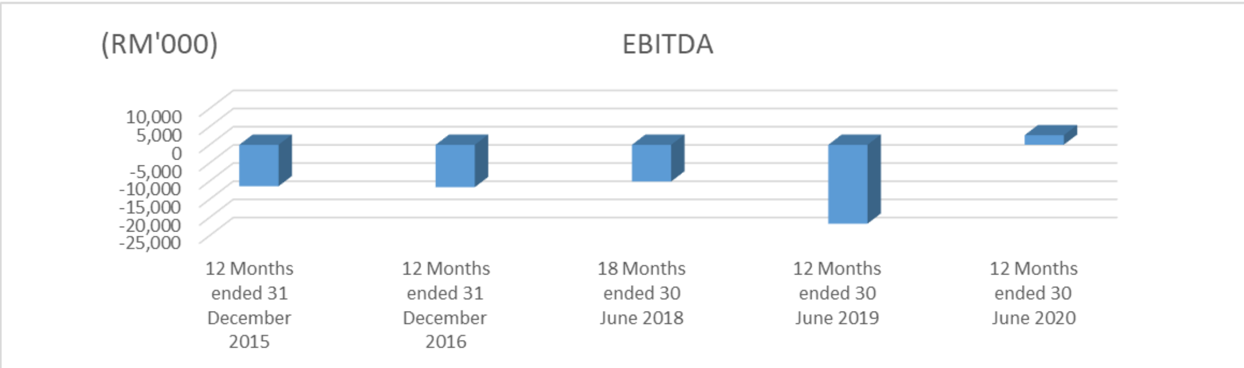
2 The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

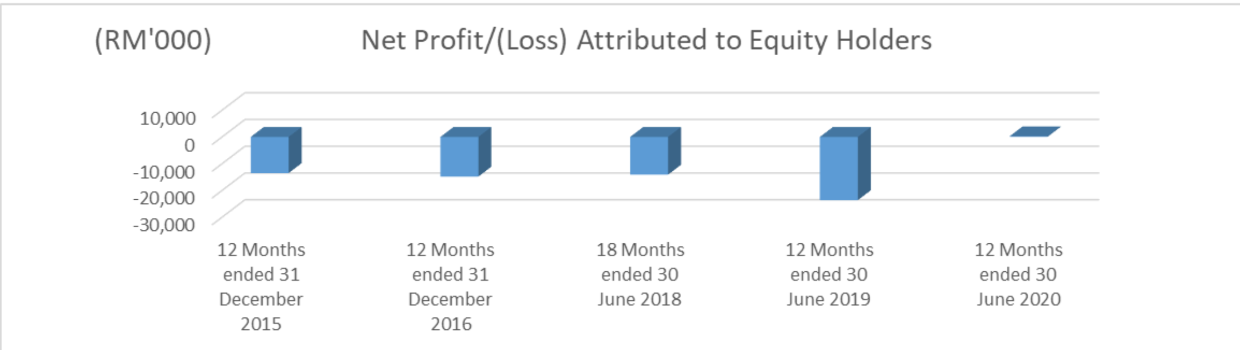

(RM'000) Total Assets
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
Dec-15
Dec-16
Jun-18
Jun-19
Jun-20
As at


(RM'000) Total Liabilities
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
Dec-15
Dec-16
Jun-18
Jun-19
Jun-20
As at


(RM'000) Equity
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
Dec-15
Dec-16
Jun-18
Jun-19
Jun-20
As at


(RM'000)
Revenue
60,000
50,000
40,000
30,000
20,000
10,000
-
12 Months ended 31 December 2015
12 Months ended 31 December 2016
18 Months ended 30 June 2018
12 Months ended 30 June 2019
12 Months ended 30 June 2020


(RM'000)
EBITDA
10,000
5,000
0
-5,000
-10,000
-15,000
-20,000
-25,000
12 Months ended 31 December 2015
12 Months ended 31 December 2016
18 Months ended 30 June 2018
12 Months ended 30 June 2019
12 Months ended 30 June 2020


(RM'000)
Net Profit/(Loss) Attributed to Equity Holders
10,000
0
-10,000
-20,000
-30,000
12 Months ended 31 December 2015
12 Months ended 31 December 2016
18 Months ended 30 June 2018
12 Months ended 30 June 2019
12 Months ended 30 June 2020

Management Discussion and Analysis

Overview

CME Group Berhad ("CME" or the "Company") and its subsidiaries ("CME Group" or "our Group") are principally involved in providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. Our Group has become an experienced comprehensive solutions provider to the fire fighting industries with a reputation for delivering customised, value driven vehicle solutions that incorporate safety and reliability that comply with the highest standards. Examples of our products are fire fighting vehicles, specialist vehicles, airport crash tenders, hazmat vehicles, fuel transfer vehicles, riot control vehicles and fire rescue equipment.

CME continues to focus on business development activities and is continuously seek market opportunities in the domestic and foreign markets to strengthen our market share and enhance profitability. The Group's products are expected to remain competitive in the market, largely attributable to our established tracked record (i.e. 20 years of experience in automotive coachwork industry) with our capability in delivering customised, value driven vehicle solutions that incorporate safety and reliability that comply with the international standards.

Performance

Our Group is involved in the manufacturing and sales of specialised mobility vehicles, fire fighting and safety vehicles and other safety related products. The Group's revenue for the financial year ended ("FYE") 30 June 2020 was recorded at RM29.2 million. The revenue was mainly from Specialised Mobility Vehicles ("SMV") Division of RM25.8 million or 88% out of the total revenue.

The Group reported a profit before tax of RM0.9 million. Profit before tax was an improvement of RM24.6 million as compared to a loss of RM23.7 million in FYE 30 June 2019.

The Group's cash and cash equivalents dropped slightly, RM0.79 million to RM5.97 million as at 30 June 2020 from RM6.76 million as at 30 June 2019. Total loans and borrowings decreased to RM25.13 million for the FYE 30 June 2020 as compared to RM 33.0 million as at 30 June 2019.

Business Segments Review

Investment Holding

Our Group owns 49 units of 3-storey shop offices in Bandar Indera Mahkota, Kuantan, Pahang under the Investment Holding segment which are held to earn rental income and/or capital appreciation. This segment accounted for 3.8% and 2.9% of our Group's revenue for the FYE 30 June 2020 and 30 June 2019, respectively.

The loss before tax for Investment Holding segment was RM2.1 million during 12 months for the FYE 30 June 2020 (FYE 30 June 2019: RM34.6 million).The reduction in the loss before tax for FYE 30 June 2020 was mainly attributable to lower expenses.

Currently, there is no plan to expand the portfolio of investment properties. As and when opportunities arise, our Group shall conduct assessment and reviews the potential development and portfolio of investment properties.

Manufacturing

Manufacturing, mainly SMV Division, is operated by its subsidiaries, CME Edaran Sdn Bhd and CME Technologies Sdn Bhd, which remain the core business of the Group and has accounted for 88.4% or RM25.8 million of the Group's total revenue for the FYE 30 June 2020 (FYE 30 June 2019: 91.1% or RM34.4 million).

Manufacturing segment has contributed positively to the Group's performance for FYE 30 June 2020 and recorded a profit before tax of RM2.3 million as compared to a profit before tax of RM0.7 million for FYE 30 June 2019.

Trading

Under this segment, our Group is involved in the sales and servicing of fire fighting gas system and other safety related products which accounted for 7.7% and 6% of our Group's revenue for the FYE 30 June 2020 and 30 June 2019, respectively. The revenue for FYE 30 June 2020 of RM2.3 million mainly from projects secured and completed by Fire Suppression and Prevention ("FSP") Division.

The segment recorded a profit before tax of RM0.5 million for the FYE 30 June 2020 as compared to a loss of RM0.3 million in the preceding year.

Others

Apart from manufacturing and trading activities, the Group also holds 2 parcels of land held for property development located on the South Western intersection of Mandurah Terrace and Henson Street in Mandurah, Australia. The land falls under the zonings of residential, tourism accommodation and mixed use and commercial.

Others segment recorded a profit before tax of RM0.5 million as compared to a loss of RM12 million in the preceding year mainly due to lower expenses.

Prospects

Amid rising global uncertainties, particularly with Covid-19 pandemic and fears of a looming recession, has induced tightening of spending power both in the government and the private sector.

The Group has taken the effort to consolidate the position of the Group through rationalizing and optimizing its current asset base and new ideas has been introduced to gain market share on existing products of the Group. In view of our Group's established track record in coachwork, steel body design and fabrication for fire trucks, our management believes that the positive outlook for the manufacturing of coachwork for fire trucks in Malaysia will provide opportunities to further enhance our financial performance.

The Directors will continue to exercise due care in order to preserve and enhance shareholders' values. Barring unforeseen circumstances, 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.

Dividends

The Board had not proposed any dividend for the FYE 30 June 2020.

Sustainability Statement

CME Group Berhad (“CME”) is pleased to present its Sustainability Statement for the financial year ended 30 June 2020. This statement is prepared in accordance with Practice Note 9 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

Structure

CME does not have a Sustainability Committee at the Board of Directors level. Our sustainability strategy is developed and directed by the Chief Executive Officer and Senior Management of the Group based on guidelines provided by the Board.

Scope

This report focuses on our core business activities that were conducted during the financial year in respect of manufacturing and sales of specialised mobility vehicles, fire fighting and safety vehicles and other safety related products.

Stakeholder

CME has identified the following stakeholders in the course of our core business operations. We regularly engage our key stakeholders to gain an external perspective on various aspects of our core business and work to constantly improve our sustainability practices to meet their expectations.

No.	Stakeholders	Engagement channel	Frequency of engagement	Stakeholders’ concerns
1	Customers	• Meetings • Customer feedback	As needed As needed	• Customers’specific preferences and requirements (Customer satisfactions) • Product quality • After sales services
2	Vendors/ Contractors	• Meetings	As needed	• Prompt payment
3	Employees	• Appraisals • Trainings • Open communications	Annual As needed	• Remunerations • Staff welfare • Career advancement
4	Regulators	• Statutory reporting	As required	• Compliance with legal regulations
5	Shareholders & Investors	• Annual General Meeting • Extraordinary Meeting	Annual As needed	• Profitability • Dividend

Identification of Material sustainability matters

The Group’s senior management had identified the following matters which are deemed material to the Group’s core business and stakeholders:

1. **Customer**

   i. **Customer satisfaction**

   Our Group core business are manufacturing and sales of specialised mobility vehicles, firefighting and safety vehicles and other safety related products. We recognizes that keeping customers satisfied is key factor for the sustainable success of the Group's business. Hence, engagement channels such as meeting, email, and phone calls with customers to get a deeper understanding of customers' needs. Our business goals is to develop and sell products that appeal to our customers. We will maintain our competitive advantage by ensuring prompt delivery, price competitiveness of our products and consistent quality.

ii. After sale services

Our Group has also provide after sale service to customers and is confident that we will maintain our good relationship. Although we have not conducted any former customer satisfaction surveys, our project team had always welcomed feedback which would provide us with insights into customers' expectations that enabled us to develop and deliver better products and services. Knowing what customers expect from us makes it easier for us to strengthen and market our product and services.

2. Employees

CME recognizes that our employees are a key assets that plays a major role in influencing the performance of the Group. Human capital is the most valuable asset, the Group committed to provide a safe working environment for all its employees and promotes a balance and healthy lifestyle.

In line with this objective, we committed to the following:

	Welfare	**Our Commitment**
i.	Health and safety	• Workplace safety is our utmost priority, we provide safety handbook to all level of employees to improve and enhance awareness amongst staff, especially those who work with the factory. • The Group, through CME Sport Club, promotes a balance and healthy lifestyle for the employees and their immediate family. We contributed to CME Sport Club for various outdoor activities, recreational and sport activities for the benefit of its members.
ii.	Employee welfare	• Equal opportunities for career advancement based on performance to all employees irrespective of gender, age or ethinicity. • Fair and competitive compensation and benefits. • Complies with local statutory requirement to contributes to the Employees' Provident Fund, social security protection and annual leave provision. • Provides medical benefits for outpatient, accident insurance, hospitalization and surgical insurance coverage to employees and their family members.
iii.	Continuous training	• We recognized that continuous training are important to increase the competency of our employees. We provided both internal training and also send employees for external training. Among the trainings attended were: i. Induction Training on ISO 9001:2015 Quality Management Systems ii. Niosh Oil & Gas Safety Passport iii. Niosh TNB Safety Passport

3. Environment

i. Environment friendly

We recognize the needs and important of environment protection. As a responsible corporate citizen, the Group has initiated various measures to promote a “greener” mindset among our employees and stakeholders. Employees are encouraged to cut down wastage on energy, water and paper consumption.

We promote and recommend to our customers environmentally friendly product namely “Pyroshield”. Pyroshield is an IG55 inert gas extinguishing system, complies to NFPA 2001 – Standard on Clean Agent Fire Extinguishing Systems, with zero ozone depleting potential, zero global warming potential and no atmospheric life. Technically, no decomposition by-products that will damage equipment, no thermal shock to sensitive electronic and electrical equipment and no clean-up after discharge.

Corporate Governance Overview Statement

The Board of Directors of CME GROUP BERHAD is fully committed to ensuring high standards of corporate governance being practiced throughout the Group to safeguard and promote the interests of all its stakeholders and for sustainable value creation. As such, the Board is committed to ensure that the relevant principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied throughout the Company and its subsidiaries.

The Board is pleased to present the following statement, which summaries the manner in which the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year under review.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability. The Board assured of a balanced and independent view at all Board deliberations.

To assist the Board in the discharge of its oversight function, the Board has established Board Committees namely an Audit Committee, Nominating Committee, Remuneration Committee and The Employees' Share Option Scheme Committee. The Board Committees operate within their own clearly defined terms of references and responsibilities as set out by the Board.

The following matters shall be reserved to the Board for determination and/or approval:

- Corporate plans and programmes;
- Annual budgets, including major capital commitments;
- Key matters such as approval of annual and quarterly results;
- Material new ventures;
- Material acquisitions and disposal of undertakings and properties; and
- Changes to the management and control structure within the Company and its subsidiaries.

Other than as specifically reserved for the Board, the Board delegates the responsibility of implementing the Board approved strategies, business plans, policies and decisions to the Management which is led by the Group Chief Executive Officer ("CEO").

The CEO and the management assumes, amongst others, the following duties and responsibilities:

- Putting in place its many measures to build on its core business of sales and services of Specialised Mobility Vehicles;
- Exploring new product range and opportunities within the specialised vehicle industry;
- Explore other viable and profitable business ventures to improve the Group's performance;
- Reviewing and monitor the performances of the Group's operating divisions;
- Review shared initiatives and update the operational policies; and
- Identify opportunities and risks affecting the Group's business and find ways of dealing with them.

The CEO shall attend Board Meetings by invitation. Non-Executive Directors may communicates with members of the management team at any time. The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from management.

1.2 Board Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

- Reviewing, monitoring and approving the overall strategies, direction and policies of the Group;

- Overseeing the conduct of the Company's business to evaluate and to ensure the business is being properly managed;
- Identifying principal risks and ensuring significant risks are appropriately managed, reviewed and addressed;
- Succession planning, including appointing and determining the compensation of where necessary replacing senior management if required and necessary;
- Considering management recommendations on key issues including acquisition, disposal, restricting and significant capital expenditure; and
- Reviews adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 Code of Conduct and Ethics and Whistleblowing Policy

The Code of Conduct was adopted for governing the performance of work and business practices of the Group which includes obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures.

The Board is alert to the possibility of potential conflicts of interest involving the Directors, its employees and the Company. In line with good corporate governance practices and with the introduction of Whistleblower Protection Act 2010, the Board recognises the important of formalising a Whistleblowing Policy and Procedures to provide an avenue for all employees of the Group or external party to raise concerns about any improper conduct within the Group.

The objective of the Whistleblowing Policy and Procedures is to ensure that whistleblower, through understanding the Whistleblowing Policy and Procedures, will come forward to express his or her concerns about a (suspected) malpractice, without fear of punishment or unfair treatment. The Whistleblowing Policy and Procedures is posted on the Company's website at www.cme.com.my.

1.4 Strategies that Promote Sustainability

The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the Sustainability Statement of this Annual Report.

1.5 Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the businesses and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the information, clarifications, necessary, at the meetings are focused and constructive to enable the Board to effectively discharge its function. Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation, and Directors may raise comments or seek clarifications on the minutes prior to the confirmation of the minutes.

In discharging their duties, all the Directors have full access to the advice and services of the Company Secretary and other senior management. The Directors may, if necessary, also seek external independent professional advice in the furtherance of their duties to the Group's expense.

The Directors are notified of all the Company's announcements to Bursa Malaysia. They are also notified of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial result announcement.

Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

1.6 Qualified and competent Company Secretary

The Company Secretary of the Group has legal qualification and qualified to act as company secretary. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary ensures that deliberations at the Board meetings are recorded in the minutes. The Company Secretary also ensures that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the company.

1.7 Board Charter

The Board is guided by Board Charter which provides reference for directors in relation to the Board's role, ensure the member acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practice of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

The Board Charter is reviewed periodically to ensure its relevance and compliance. The Board Charter can be viewed on the Company's website at www.cme.com.my.

2. STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nominating Committee

The Board has established a Nominating Committee consisting of the following Independent Non-Executive Directors:

Y.Bhg. Dato' Khairi Bin Mohamad	(Chairman)
Miss Ong Suan Pin	(Member)
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	(Member)

The Nominating Committee is empowered by the Board and its terms and reference are:

a. The members of the Nominating Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist of not less than two (2) members.

b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.

c. If the number of members for any reasons fall below two (2), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval to appoint the appropriate Director to fill the vacancy.

d. The term of office for all members of the Committee is subject to renewal on a yearly basis.

e. The Company Secretary shall be the Secretary of the Committee.

f. Directors do not participate in decisions on their own nomination.

2.1.1 Terms of Reference of Nominating Committee

a. To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.

b. The Committee shall also consider candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicality by any other senior executive or any director or shareholder.

c. To make recommendations to the Board of Directors to fill seats on Board Committees.

d. To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

e. To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

f. To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Company Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nominating Committee meeting.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

2.2.1 Appointment to the Board

The appointment of Directors is undertaken by the Board as a whole upon recommendation by the Nominating Committee with due consideration given to the mix of expertise and experience required for an effective Board.

2.2.2 Gender Diversity Policy

Currently, the Company does not have a policy on gender diversity but believes in providing equal opportunity to all candidates. The Board has one female director for the time being.

2.2.3 Annual Assessment

The Nominating Committee will carries out annual evaluation on the effectiveness of the Board and the Board Committees as a whole. The evaluation will be done at least once a year for assessing the effectiveness of the Board. During the year, the performance evaluation indicated that the Board continue to function effectively.

2.2.4 Assessment of Independent Directors

Pursuant to the Malaysian Code of Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of nine years unless an approval is sought from the Company's shareholders at the Annual General Meeting to retain the said director as an Independent Director.

The Board through the Nominating Committee assessed the independence of Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

i) They fulfill the criteria under the definition on Independent Director as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia;
ii) They are able to bring independent and objective judgment to the Board;
iii) They have been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history which enable them to participate actively and contribute positively during deliberations or discussions at Board meetings;
iv) They have contributed sufficient time and effort and attended the Committee and Board Meetings for an informed and balanced decision making;
v) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
vi) They have performed their duties diligently and in the best interest of the Company and provide broader views, independent and balanced assessment of proposals from the management.

2.2.5 Re-election of Directors

In accordance with the Constitution of the Company (the "Constitution"), at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office by rotation and all Directors shall retire from office at least once every three years but shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The Company Secretary ensure that all appointments are properly made, that all information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

The names and details of Directors seeking re-election and re-appointment are disclosed in the Notice of AGM in this Annual Report.

2.3 Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors:

Y.Bhg. Dato' Khairi Bin Mohamad	(Chairman)
Miss Ong Suan Pin	(Member)

a. The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executive Directors and shall consist of not less than two (2) members.
b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
c. If the number of members for any reasons fall below two (2), the Board shall, within three (3) months of that event, appoint such numbers of new members as may be required to make up the minimum number of two (2) members.
d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
e. The Company Secretary shall be the Secretary of the Committee.
f. Directors do not participate in decisions on their own remuneration packages.

2.3.1 Remuneration Policy

The responsibilities of Remuneration Committee are set out in the Term of Reference as below:

a. To review and recommend to the Board the remuneration of each of the Executive and Non-Executive Directors in all its forms, drawing from outside advice as necessary.

b. To recommend to the Board after reviewing the management's proposals on:

- Overall annual salary increment frameworks/policy.
- Annual bonus limits/guidelines and incentive scheme.
- Fees and basic salary levels.
- Remuneration, benefits in kinds and other terms and conditions of employment, which have to be introduced as part of the group's overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

2.3.2 Remuneration Procedures

Directors' remuneration is decided and reviewed in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for the Executive Directors is aligned to individual and corporate performance. Non-Executive Directors are paid fees for the responsibility they shoulder.

The Remuneration Committee recommends to the Board for approval the remuneration of the Executive Directors in accordance with the remuneration policy established. The Board as a whole determines the remuneration of the Non-Executive Directors. Each individual Director abstains from the Board decision on his own remuneration. The fees of the Directors are subject to the approval of the shareholders at the AGM.

2.3.3 Disclosure of Directors' Remuneration

The details of Directors' remuneration during the financial year disclosed by category are as follows:

Directors	**Fee (RM)**	**Salary (RM)**	**Statutory Contribution (RM)**	**Incentive (RM)**	**Total (RM)**
<u>From the Company</u> ***Executive Directors***					
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	20,000	-	-	-	20,000
En. Azlan Omry Bin Omar	20,000	70,875	9,475	-	100,350
Non-Executive Directors					
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	20,000	-	-	-	20,000
Y. Bhg. Dato' Khairi Bin Mohamad	40,000	-	-	-	40,000
Miss Ong Suan Pin	40,000	-	-	-	40,000
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	40,000	-	-	-	40,000
<u>From the Group</u> ***Executive Directors***					
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	20,000	-	-	-	20,000
En. Azlan Omry Bin Omar	20,000	141,750	18,950	-	180,700
Non-Executive Directors					
Y.A.D. Dato' Setia					

Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	20,000	-	-	-	20,000
Y. Bhg. Dato' Khairi Bin Mohamad	40,000	-	-	-	40,000
Miss Ong Suan Pin	40,000	-	-	-	40,000
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	40,000	-	-	-	40,000

The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.

However, the Company would endeavor to ensure that the remuneration packages of the employees are in line with the industry practices and the annual increments and bonuses pay-out are based on individual performance.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

The Board shall assess the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. All four Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

In compliance with the recommendation of the Code, the Nominating Committee has reviewed and assessed the Independent Director who has served a tenure of more than nine (9) years each in that capacity of the Company. Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and Y. Bhg. Dato' Khairi Bin Mohamad, who were appointed as Independent Non-Executive Directors on 19 June 2000, have exercised their objectives and independent judgments on all board deliberations and have not compromised their long relationship with other Board members. The Nominating Committee has recommended to the Board to seek shareholders' approval for Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and Y. Bhg. Dato' Khairi Bin Mohamad to be retained and re-appointed as Independent Non-Executive Directors of the Company at the forthcoming AGM.

3.3 Separation of positions of the Chairman and CEO

The roles and responsibilities of the Chairman and the CEO are distinct and separate; the Chairman being Non-Executive is not involved in the management and day-to-day operations of the Group. The Chairman position has been vacated and the Board will continue to assess the need to fill up the position from time to time.

The CEO has overall responsibilities for the day-to-day management of the business and is responsible for Group strategies, organisational effectiveness and implementation of Board policies and decisions.

Generally, the Executive Directors are responsible for developing, coordinating and implementing business and corporate policies and strategies for the Group. They are accountable to the Board for the profitability, operations and development of the Group, consistent with the primary objective of protecting and enhancing long term stakeholders' value and the financial performance of the Group whilst taking into account the interests of other stakeholders.

The Non-Executive Directors who possess the experience and business acumen contribute effectively to the Board's deliberation and decision making process. The Independent Directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision-making process, so as to safeguard the interests of the Group and its stakeholders whilst ensuring high standards of conduct and integrity are maintained.

3.4 Composition of the Board

The Board acknowledges the importance of age, nationality, professional background and gender diversity and recognises the benefits that such diversity can bring. The Company is led and managed by a well-balanced Board which consists of members with wide range of business, financial, legal experience and industry specific knowledge which is vital for the successful direction of the Group.

The Board is made up of six (6) members as follows:
• Four (4) Independent Non-Executive Directors
• Two (2) Executive Directors

The Board composition provides an effective check and balance in the functioning of the Board, and is in compliance with Listing Requirements of Bursa Malaysia which require one-third (1/3) of the Board to be independent directors.

A brief profile of each Director is presented on pages 10 to 12 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary. Meetings were scheduled at the start of the year to enable Board members to plan their appointment schedule. During the financial year, the Board met four (4) times and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia. At these meetings, all members of the Board are encouraged to conduct full deliberation on issues brought up. Senior management and external advisors are invited to attend the Board meetings to brief and advice on relevant agenda items to enable the Board to arrive at a considered decision. At these meetings, the Company Secretary are responsible for ensuring that all relevant procedures are complied with and that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of CME.

The details of the attendance of each Director at Board Meetings held during the financial year are set out below.

Name	Meetings Attended
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	3/4
Y. Bhg. Dato' Khairi Bin Mohamad	4/4
Miss Ong Suan Pin	4/4
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	2/4

4.2 Directors' Training

The Company is cognizant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices.

All Directors have attended the Mandatory Accreditation Programme prescribed by the Listing Requirements of Bursa Malaysia. From time to time, all directors are provided with reading materials and internal briefings pertaining to their roles ad responsibilities by Company Secretary.

The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

During the financial year under review, the Director attended the following training programme:

Name	Programme
Miss Ong Suan Pin	Seminar on Auditor's Responsibilities Relating To Fraud In An Audit Of Financial

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

5.1.1 Financial Reporting

The Board is responsible for ensuring that financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company's position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by Audit Committee and approved by the Board prior to release to Bursa Malaysia.

5.2 Assessment of suitability and independence of External Auditors

The Company's external auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements. The Audit Committee and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's external auditors from whom professional advice on financial reporting is sought.

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention and the Audit Committee Members meet with the External Auditors at least twice a year without the presence of the Executive Director and Management.

For the financial year under review, the External Auditors confirmed that they are and have been independent throughout the audit engagement.

6. RECOGNISE AND MANAGE RISK

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Board is aware that the Group's system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatements, fraud and loss.

The Statement on Risk Management and Internal Control set out on pages 37 to 40 of this Annual Report provides an overview of the state of risk management and internal controls of the Group and of the Company.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

The Board has in place a Corporate Disclosure Policy in line with the Main Market Listing Requirements of Bursa Securities to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and investors.

The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Executive Director work closely with the Board, Key Management and Company Secretary who are privy to the information to maintain strict confidentiality of the information.

Apart from the provisions relating to the 'closed period' for dealing in the company's shares, the directors and key management privy to price sensitive information are prohibited from dealing in the shares of the company until such information is publicly available.

7.2 Leverage on Information Technology for Effective Dissemination of Information

Shareholders and investors can obtain pertinent information on the Group's various activities by accessing its website at www.cme.com.my or through the Bursa Malaysia website at www.bursamalaysia.com. CME website has a dedicated online investor relation portal providing information about the Group including financials, Annual Report, announcements and media releases.

8. STRENGHTEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the important of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and major development via appropriate channels of communication.

Platforms for dissemination of information include the AGM and Extraordinary General meetings ("EGM"), if any, distribution of Annual Reports and relevant circulars and prospectuses. Information on the financial performance of the Group is communicated to the public via the announcement of its financial results to Bursa Securities on a quarterly basis.

The AGM is the principal forum for dialogue and interaction among shareholders, the Board and Management. At each AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments as well as receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxy/proxies to attend and vote on their behalf.

The Chairman will ensure that the Shareholders are informed of their rights to demand for poll voting at the commencement of each general meeting.

This statement was approved by the Board of Directors on 26.10.2020.

ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the FYE 30 June 2020.

1. **Utilisation of Proceeds**
   No proceed were raised by the Company from any corporate proposal during the financial year ended 30 June 2020.

2. **Audit and Non-Audit Fees**
   During the financial year, the amounts of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors are as follows:

	Company (RM'000)	**Group (RM'000)**
Audit Fees	33	94
Non-Audit Fees	-	-

3. **Material Contracts**
   There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

4. **Recurrent related party transactions of a revenue or trading nature**
   There were no recurrent transactions with related parties undertaken by the Group during the financial year under review.

Audit Committee Report

CONSTITUTION

The terms of reference of the Audit Committee are set out in pages 33 to 36 of the Annual Report.

COMPOSITION

The Audit Committee comprises three (3) members of the Board with three (3) Independent Non-Executive Directors.

MEMBERSHIP

Members of the Board who serve on the Audit Committee are as follows:

Name	Membership status
Y. Bhg. Dato Khairi Bin Mohamad	Chairman, Independent Non-Executive Director
Miss Ong Suan Pin	Independent Non-Executive Director
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	Independent Non-Executive Director

MEETINGS

The Committee met four (4) times during the FYE 30 June 2019. Details of the attendance of each member at the Audit Committee Meeting held during the year are as follows:

Name	No. of Meeting Attended
Y. Bhg. Dato Khairi Bin Mohamad	4/4
Miss Ong Suan Pin	4/4
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	2/4

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee conducted its activities in line with its terms of reference which include the followings:

1. Financial Results

(a) Reviewed the unaudited quarterly financial results and announcements before recommending to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia.

(b) Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were in compliance with:

- Main Market Listing Requirements of Bursa Malaysia;
- Provisions of Companies Act 2016 and other legal and regulatory requirements; and
- Applicable approved accounting standards of Malaysian Accounting Standards Board.

2. External Audit

(a) Reviewed and approved the external auditors' audit plan and scope of work for the annual audit.

(b) Reviewed the results from the external audit and highlighted the issues and reservations arising from the audit to the Committee.

(c) Recommended to the Board the appointment and remuneration of the external auditors.

(d) Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements and the extent of compliance.

(e) During the review of CME's twelve-month's financial results, the Group External Auditors, Messrs Kreston John & Gan was invited to discuss the Group's financial statements for the FYE 30 June 2020. The Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the Group's financial statement, together with recommendations in respect of the findings.

3. Internal Audit

(a) Reviewed and approved the internal audit plan for the year prepared by the internal auditors to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.

(b) Reviewed the performance, adequacy, resources and competency of the internal auditors.

(c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve system of internal control and procedures.

INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") of the Group is outsourced. The cost incurred for the outsourced of internal audit function in respect of the financial year 2020 amounted to RM21,000.00.

The IAF's primary role is to provide assurance to the Audit Committee on the adequacy and effectiveness of the risk, control and governance framework of the Group.

The IAF reports directly to the Audit Committee who reviews and approves the annual internal audit plan.

During the financial year, the activities carried out were as follows:

(a) Conducted internal audit reviews in accordance with the approved internal audit plan and reported to the Audit Committee on the findings and the actions taken by Management to address the matters highlighted.

(b) Reviewed the adequacy and effectiveness of the system of controls to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas in regard to:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations and contractual obligations within the Group's governance, operations and information systems.

(c) Reviewed and appraised the soundness, adequacy and application of controls in the area of adherence, efficiency and effectiveness.

(d) Identified opportunities to improve the operations and processes of the Group and recommend improvements to existing system of internal controls.

TERMS OF REFERENCE

The Audit Committee is guided by terms of reference, of which the salient points are as follows:

1. Objectives of the Audit Committee

The Audit Committee shall assist the Board:

(a) in complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;

(b) in presenting a balanced and understandable assessment of the Company's position and prospects;

(c) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and

(d) in maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

(e) ensure the independence of the external and internal audit functions.

2. Composition of the Audit Committee

(a) The Audit Committee shall comprise a minimum of three (3) members, of which a majority must be independent directors.

(b) All members of the Audit Committee shall be non-executive directors.

(c) At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements of the Listing Requirements.

(d) The Chairman of the Audit Committee shall be an Independent Director.

(e) All members of the Audit Committee shall hold office only for so long as they serve as Directors of the Company.

3. Duties and Responsibilities of the Audit Committee

(a) To nominate and recommend the appointment of the external auditors and considers the adequacy of experience, resources, audit fee and any issues regarding their re-appointment, resignation or dismissal;

(b) To discuss with the external auditors before the audit commences the nature and scope of the audit;

(c) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

(d) To review with external auditors, their audit report;

(e) To perform the following in respect of the IAF:

(i) reviews and reports to the Board on:

- the adequacy of the scope, authority, functions, resources and competency of the IAF;
- the internal audit programme, processes and the results of the internal audit programme, process or investigations undertaken and whether or not the management takes appropriate action on the recommendation of the IAF;

(ii) discuss and review the major findings of internal audit investigations and Management's response and where necessary, ensures that appropriate actions taken on the recommendations of the IAF;

(iii) reviews any appraisal or assessment of the performance of members of the IAF;

(iv) ensures the independence of the IAF and that it reports directly to the Audit Committee;

(f) To review with the management and the external auditors the quarterly and year-end financial statements before their submission to the Board, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions, and compliance with accounting standards and other statutory requirements;

(g) To review and report to the Board on any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(h) To report to the Board of Directors if there is any breach of Listing Requirements and recommends corrective measures;

(i) To promptly report to Bursa Malaysia where a matter reported by the Audit Committee to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements; and

(j) To consider other issues as defined by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement of Risk Management and Internal Control is made in accordance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia which requires Malaysian Public listed companies to outline the nature and scope of risk management and internal control, as a Group, in their Annual Report. The Board is pleased to provide the following statement which outlines the nature and scope of internal control of the Company.

BOARD RESPONSIBILITY

The Board of Directors of CME Group Berhad is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board is committed to maintain a sound system of internal control and risk management for the Group and is responsible for the establishment of an appropriate control environment, risk management framework, processes and structures, and continually reviewing its adequacy and integrity so as to safeguard shareholders' investment and the assets of the Group.

The Board and Management have implemented a sound system designed to identify and manage risks faced by the Group in pursuit of its business objective including updating the systems in line with changes to business environment, operating conditions and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures. As any system of internal control has inherent limitations, such systems are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group's business objectives. This internal control system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations. The Board has received assurance from the CEO that the Company's risk management and internal control systems are operating adequately and effectively in all material aspects.

RISK MANAGEMENT

The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions.

The Group has in place processes for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group. The risk management structure and control mechanism for financial, operational, environmental and compliance matters with Board's participation, is put in place and embedded throughout the Group during the financial year under review and up to the date of approval of this Statement, so as to manage the significant risks that may affect the Group's business objectives on a continuous basis and they also allow any new significant risk identified being subsequently evaluated and managed. The Board shall continue to evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

ERM framework

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the outsourced IA department, provides an independent assessment of the effectiveness of the Group's ERM framework and reports to the Board. The Group's ERM framework is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

GROUP'S ERM FRAMEWORK

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

All identified risks are displayed on a 1-to-3 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however, Financial Controller ("FC") work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

INTERNAL CONTROL SYSTEM

As more fully described in the Audit Committee Report, an independent internal audit function has been establishment which provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls, the Group in its efforts to provide adequate and effective internal control system had appointed T. H. Kuan & Co, ("TH Kuan"), an independent consulting firm to review the adequacy and integrity of its system of internal control. The internal auditor work closely with management to understand all aspects of CME Group's business environment and recommend measures to improve the internal controls, where appropriate. They concentrate on areas in which risk exposures are high and management's area of concern as well as areas which have significant financial impact to the Group. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

For the FYE 30 June 2020, the following subsidiaries of the Group were audited by TH Kuan:

i. CME Group Berhad;
ii. CME Edaran Sdn Bhd;
iii. CME Industries Sdn Bhd;
iv. CME Properties Sdn Bhd;
v. CME Technology Sdn Bhd;
vi. CME Pyroshield Sdn Bhd;
vii. Jernih Iras Sdn Bhd;
viii. Modern Mum Retail Sdn Bhd; and
ix. Mom's Care Retail Sdn Bhd.

The area of reviews include:

a) the sales and order management on machinery and services
    - certification of progress billings
    - pricing

- warranties
- documentation of contracts and agreements
- Warranties

b) property, plant & equipment management
   - approval of acquisition of assets
   - completeness of recording
   - safeguard measures

c) inventory management and logistic
   - stock count procedures and process
   - stock card system, recording system and security for storage of stocks
   - provision for stock obsolescence and securities for storage of inventories

d) payment
   - processing of payment
   - cost & expenses analysis

The findings of the internal audit reviews together with Management's responses are circulated to the Audit Committee and Board by TH Kuan. The objective of the internal audit review is to assist the board of directors in performing its oversight responsibilities, and to help increase shareholders' confidence in the Group's system of internal controls.

The review is to determine whether there are significant areas of non-compliance with controls and procedures as indicated in the policies and procedures of the Group that may be detrimental to the Group's financial position.

The Key Elements of The Group's Internal Control System include:

1. The roles and responsible are clearly defined with a clear organisation structure, line of accountability and delegated authority to facilitate the Group's daily operations consistently in line with its corporate objectives, strategies, budget, policies and business directions as approved by the Board;

2. Policy guidelines and authority limits are imposed on Executive Directors and Management within the Group in respect of the day to day banking and financing operations, investments, acquisition and disposal of assets. The limits are reviewed and updated regularly to reflect business, operational and structural changes. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures;

3. Quarterly Board meetings and monthly management meetings are held where information is provided to the Board and management covering financial performances and operations;

4. Training and development are provided as and when required by employees with the objective of enhancing their knowledge and competency; and

5. Management accounts and reports are prepared regularly for monitoring of actual performance.

Audits on quality accreditations of the Group by internal auditors and accreditation bodies to ensure compliance with certification and regulatory requirements were conducted. The Group has in place internal control systems at each level of responsibility supported by commitment of management. The Board believes that a sound internal control system reduces, though it cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Internal Control and Risk Management. Their limited assurance review was performed in accordance with ISAE 3000 (Revised), Assurance Engagements other than Audit or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagement to Report to the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines to be set out, nor is it factually inaccurate.

CONCLUSION

The CEO, being the person primarily responsible for the overseeing and managing of the operational affairs of the Company has provided assurance to the Board that the Group's risk management and internal control system, have been operated adequately and effectively, in all material aspects, based on the Group's policies and procedures. Under the purview of the CEO and the General Managers, the heads of department are empowered with the responsibility of managing their respective operations.

The Board is of the view that the risk management and internal control systems of the Group are satisfactory and have not resulted in material losses or contingencies to the Group for the financial year under review.

The Board has an ongoing commitment to ensure continuous improvement in the effectiveness and integrity of the Group's system of risk management and internal control.

This statement is made in accordance with the resolution of the Board of Directors dated 26 October 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible to ensure that financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the results and the cash flows of the Group and of the Company for the year then ended.

In preparing these financial statements for the year ended 30 June 2020, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgments that are reasonable and prudent;
- ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for the assets of the Group and of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Statements

30 June

2020

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

Principal activities

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year after taxation	178	(2,079)
Attributable to : -		
Owners of the Company	178	(2,079)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that 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 adequate allowance had been made for doubtful debts

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other liabilities

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

i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

Change of circumstances

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 of the Group and of the Company, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

Shares and debentures

The Company did not issue any shares or debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up the unissued shares of the Company during the financial year.

Directors of the Company

The directors of the Company in office at any time during the financial year and since the end of the financial year are : -

YAD Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj

YBHG Dato' Khairi Bin Mohamad

Azlan Omry Bin Omar

YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin

Ong Suan Pin

YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are : -

Nicola Lim Lian Li – Resigned on 9 July 2019

Datuk Abdul Rashid Bin Asari – Resigned on 9 July 2019

Sean Lian Siong Lim – Resigned on 9 July 2019

Lim Bee Hong – Resigned on 9 July 2019

Directors' interests

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows : -

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Direct interests : -				
Ong Suan Pin	15,900,000	-	-	15,900,000
Indirect interests : -				
YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin*	134,289,400	-	-	134,289,400

	Numbers of Warrants 2018/2028			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Direct interests : -				
Ong Suan Pin	4,375,000	-	-	4,375,000
Indirect interests : -				
YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin*	67,144,700	-	-	67,144,700

* By virtue of Section 8 of the Companies Act, 2016, YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin is deemed to be interested in the shares of the Company to the extent that Best Birdnest Sdn Bhd has interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Directors' benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a 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.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 28 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

Indemnifying Directors, Officers or Auditors

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company

Significant event

Details of significant event are disclosed in Note 38 to the financial statements.

Events after the reporting period

Details of events after the reporting period are disclosed in Note 39 to the financial statements.

Auditors

a) Detail of the auditors' remuneration for the Group and the Company is disclosed in Note 27 to the financial statements.

b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance
with a resolution of the directors

Azlan Omry Bin Omar

YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin

Kuala Lumpur,
Date : 26 October 2020

Independent Auditors' Report

to members of CME Group Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CME Group Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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 Group and 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (e) to the financial statements, which disclosed that the Group and the Company incurred accumulated losses of RM69,353,000 and RM69,605,000 respectively during the financial year ended 30 June 2020 and, as of that date, the Group and the Company's current liabilities exceeded their current assets by RM31,295,000 and RM52,190,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, plant and equipment, investment properties and inventories

Refer to Note 4, 5, and 6 – Property, plant and equipment, investment properties and inventories.

The Key Audit Matters

The carrying amount of the Group's property, plant and equipment, investment properties and land held for development (inventory) amounted to RM28,231,000, RM32,613,000 and RM11,929,000 respectively, represented 99% of the Group's total non-current assets as at 30 June 2020.

Property, plant and equipment, investment properties and inventories (Cont'd.)

The Key Audit Matters (Cont'd.)

The management has assessed if there are any indication of impairment and performed an assessment on the carrying amount of the freehold land and building, investment properties and land held for development (inventory)

We focused on this area due to complexities in determining the fair value of the property, plant and equipment, investment properties and inventories, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumption to be applied.

How our audit addresses this matter

Our procedures included, amongst others : -

- reviewing the valuation methodology on recoverable amount on adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets;
- comparing the Group's assumption to externally derived data as well as our assessment; and
- testing the mathematical accuracy of the impairment assessment.

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 the Directors' Report, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and 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 Group and 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 Group and 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 financial statements of the Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group or 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 Group and 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 : -

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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.

- 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Group's or 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 Group and 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 Group or the Company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied..

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

1. The comparative figures were audited by another firm of auditors who expressed unmodified opinion on those statements on 23 October 2019.
2. This report is made solely to the members 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 contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2022 J
Chartered Accountant

Kuala Lumpur,
Date : 26 October 2020

Consolidated Statement of Financial Position

30 June 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	4	**28,231**	28,586
Investment properties	5	**32,613**	36,113
Inventories	6	**11,929**	11,739
Intangible assets	7	**-**	-
Other investment	9	**342**	268
Total Non-Current Assets		**73,115**	76,706
Current Assets			
Inventories	6	**6,637**	17,462
Trade receivables	11	**548**	4,048
Other receivables, deposits and prepayments	12	**3,939**	4,108
Current tax assets		**240**	249
Cash and bank balances	14	**5,966**	6,760
Total Current Assets		**17,330**	32,627
Total Assets		**90,445**	109,333
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	15	**49,459**	49,459
ICULS	16	**31,370**	31,370
Reserves	17	**(43,830)**	(44,196)
Total Equity		**36,999**	36,633
Non-current Liabilities			
Borrowings	18	**850**	1,397
Lease liabilities	19	**194**	-
Provisions	20	**119**	150
Other payables	23	**-**	220
Deferred tax liabilities	21	**3,658**	3,088
Total Non-Current Assets		**4,821**	4,855
Current Liabilities			
Contract liabilities	10	**3,952**	14,410
Trade payables	22	**10,607**	10,762
Other payables and accruals	23	**9,770**	10,756
Provisions	20	**208**	223
Borrowings	18	**23,971**	31,640
Lease liabilities	19	**117**	-
Current tax liabilities		**-**	54
Total Current Liabilities		**48,625**	67,845
Total Liabilities		**53,446**	72,700
Total Equity and Liabilities		**90,445**	109,333

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2020

	Note	**2020 RM'000**	2019 RM'000
Revenue	24	**29,173**	37,810
Cost of sales		**(21,705)**	(32,094)
Gross profit		**7,468**	5,716
Other income	25	**727**	381
Administrative expenses		**(4,138)**	(6,382)
Other operating expenses		**(1,800)**	(21,951)
Profit/(Loss) from operations		**2,257**	(22,236)
Finance costs	26	**(1,361)**	(1,499)
Profit/(Loss) before taxation	27	**896**	(23,735)
Income tax expense	30	**(718)**	90
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		**178**	(23,645)
Other comprehensive income/(loss), net of tax : -			
Items that will not be reclassified subsequently to profit or loss			
Revaluation surplus on freehold land and building		**-**	235
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation		**188**	(506)
Total comprehensive income/(loss) for the financial year		**366**	(23,916)
Profit/(Loss) for the financial year attributable to : -			
Owners of the Company		**178**	(23,645)
Total comprehensive income for the financial year attributable to : -			
Owners of the Company		**366**	(23,916)
Basic earnings per share (sen)	31	**0.03**	(4.05)
Diluted earnings per share (sen)	31	**0.01**	N/A

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2020

	<------------------------ Non-distributable ----------------------				----------->	Distributable	
	Share captial RM'000	ICULS RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as at 1 July 2018	49,459	31,370	19,694	639	5,273	(45,886)	60,549
Loss for the financial year	-	-	-	-	-	(23,645)	(23,645)
Other comprehensive income/(loss) for the financial year	-	-	235	(506)	-	-	(271)
Total comprehensive income for the financial year	-	-	235	(506)	-	(23,645)	(23,916)
Balance as at 30 June 2019	49,459	31,370	19,929	133	5,273	(69,531)	36,633
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**178**	**178**
Other comprehensive loss for the financial Year	**-**	**-**	**-**	**188**	**-**	**-**	**188**
Total comprehensive income for the financial year	**-**	**-**	**-**	**188**	**-**	**178**	**366**
Balance as at 30 June 2020	**49,459**	**31,370**	**19,929**	**321**	**5,273**	**(69,353)**	**36,999**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit/(Loss) before taxation		**896**	(23,735)
Adjustments for : -			
Depreciation of property, plant and equipment		**355**	521
Finance costs		**1,361**	1,499
Fair value loss on investment properties		**-**	10,124
Fair value (gain)/loss on financial asset at fair value through profit or loss		**(74)**	355
Fair value loss on debt settlement		**1,000**	-
Write down of inventories		**-**	119
Write down of freehold land held for development		**-**	9,553
Inventories written off		**-**	14
Impairment loss on trade and other receivables		**215**	766
Property, plant and equipment written off		**-**	98
Provisions for warranties		**356**	668
Reversal of provision for warranties		**(312)**	(327)
Reversal of impairment loss on trade and other receivables		**-**	(36)
Reversal of inventories written down		**-**	(71)
Trade and other receivables written off		**2**	52
Unrealised gain on foreign exchange		**-**	(7)
Operating profit/(loss) before working capital changes		**3,799**	(407)
Changes in working capital : -			
Inventories		**10,635**	16,608
Contract liabilities		**(10,458)**	(8,447)
Trade receivables		**3,283**	(2,092)
Other receivables		**169**	669
Trade payables		**(155)**	920
Other payables and accruals		**(1,354)**	(189)
Provisions		**(90)**	(835)
Cash generated from operation		**5,829**	6,227
Interest paid		**(1,361)**	(1,499)
Tax paid		**(209)**	(148)
Tax refunded		**16**	17
Net cash from operating activities		**4,275**	4,597
Balance carried forward		**4,275**	4,597

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Balance brought forward		**4,275**	4,597
Cash flows from investing activities			
Proceeds from disposal of investment properties		**2,500**	-
Purchase of property, plant and equipment		**-**	(17)
Net cash from/(used in) investing activities		**2,500**	(17)
Cash flows from financing activities			
Drawndown/(Repayment) of advances to third parties		**148**	(464)
Placement of cash collateral		**(1,033)**	(1,048)
Repayment of bank borrowings		**(7,792)**	(2,719)
Repayment of lease/finance lease liabilities		**(147)**	(171)
Net cash used in financing activities		**(8,824)**	(4,402)
Net (decrease)/increase in cash and cash equivalents		**(2,049)**	178
Cash and cash equivalents at the beginning of the financial yea		**(9,179)**	(9,357)
Foreign exchange difference		**188**	-
Cash and cash equivalents at the end of the financial year		**(11,040)**	(9,179)
Analysis of cash and cash equivalents : -			
Cash and bank balances	14	**5,966**	6,760
Bank overdraft	18	**(11,294)**	(11,260)
		(5,328)	(4,500)
Less : Cash collateral	14	**(5,712)**	(4,679)
		(11,040)	(9,179)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

30 June 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**5**	12
Investment properties	5	**32,613**	36,113
Investment in subsidiaries	8	**36,131**	36,131
Other investment	9	**342**	268
Total Non-Current Assets		**69,091**	72,524
Current Assets			
Trade receivables	11	**195**	132
Other receivables, deposits and prepayments	12	**3,756**	3,714
Amount due from subsidiaries	13	**484**	7
Cash and bank balances	14	**40**	58
Total Current Assets		**4,475**	3,911
Total Assets		**73,566**	76,435
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	15	**49,459**	49,459
ICULS	16	**31,370**	31,370
Reserves	17	**5,273**	5,273
Accumulated losses	17	**(69,605)**	(67,526)
Total Equity		**16,497**	18,576
Non-current Liabilities			
Other payables	23	**-**	220
Deferred tax liabilities	21	**404**	404
Total Non-Current Assets		**404**	624
Current Liabilities			
Trade payables	22	**8,903**	8,807
Other payables and accruals	23	**7,627**	9,339
Borrowings	18	**3,692**	4,500
Amount due to subsidiaries	13	**36,443**	34,589
Total Current Liabilities		**56,665**	57,235
Total Liabilities		**57,069**	57,859
Total Equity and Liabilities		**73,566**	76,435

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2020

	Note	**2020** **RM'000**	2019 RM'000
Revenue	24	**1,118**	1,086
Cost of sales		**(443)**	(451)
Gross profit		**675**	635
Other income	25	**465**	27
Administrative expenses		**(1,279)**	(2,143)
Other operating expenses		**(1,131)**	(32,191)
Loss from operations		**(1,270)**	(33,672)
Finance costs	26	**(809)**	(908)
Loss before taxation	27	**(2,079)**	(34,580)
Income tax expense	30	**-**	306
Loss for the financial year, representing total comprehensive loss for the financial year		**(2,079)**	(34,274)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Changes in Equity

for the financial year ended 30 June 2020

	<--------- Non-distributable ---------->			Distributable	
	Share capital RM'000	ICULS RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance at 1 July 2018	49,459	31,370	5,273	(33,252)	52,850
Total comprehensive loss for the financial year	-	-	-	(34,274)	(34,274)
Balance at 30 June 2019	49,459	31,370	5,273	(67,526)	18,576
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(2,079)**	**(2,079)**
Balance at 30 June 2020	**49,459**	**31,370**	**5,273**	**(69,605)**	**(16,497)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statement

Statement of Cash Flows
for the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Loss before taxation		**(2,079)**	(34,580)
Adjustments for : -			
Depreciation of property, plant and equipment		**7**	11
Finance costs		**809**	908
Fair value loss on investment properties		**-**	10,124
Fair value loss on debt settlement		**1,000**	-
Fair value (gain)/loss on financial asset at fair value through profit or loss		**(74)**	355
Impairment loss on trade and other receivables		**107**	180
Impairment loss on investment in subsidiaries		**-**	16,809
Impairment loss on amount due from subsidiaries		**-**	4,736
Reversal of impairment loss on trade and other receivables		**-**	(35)
Operating loss before working capital changes		**(230)**	(1,492)
Changes in working capital : -			
Trade receivables		**(170)**	(70)
Other receivables		**(42)**	29
Amount due from subsidiaries		**(477)**	494
Trade payables		**96**	100
Other payables and accruals		**(1,932)**	1
Amount due to subsidiaries		**1,854**	1,554
Net cash (used in)/from operating activities		**(901)**	616
Cash flows from investing activities			
Proceeds from disposal of investment properties		**2,500**	-
Purchase of property, plant and equipment		**-**	(9)
Net cash generated from/(used in) investing activities		**2,500**	(9)
Cash flows from financing activities			
Repayment of advances to third parties		**-**	(464)
Finance costs paid		**(809)**	(908)
Net cash used in financing activities		**(809)**	(1,372)
Balance carried forward		**790**	(765)

Statement of Cash Flows
for the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Balance brought forward		**790**	(765)
Net increase/(decrease) in cash and cash equivalents		**790**	(765)
Cash and cash equivalents at the beginning of the financial yea		**(4,442)**	(3,677)
Cash and cash equivalents at the end of the financial year		**(3,652)**	(4,442)

Analysis of cash and cash equivalents : -

	Note	2020 RM'000	2019 RM'000
Cash and bank balances	14	**40**	58
Bank overdraft	18	**(3,692)**	(4,500)
		(3,652)	(4,442)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
30 June 2020

1. **General information**

CME Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

Principal place of business	:	Lot 19, Jalan Delima 1/1, Taman Perindustrian Teknologi Tinggi Subang, 47500 Subang Jaya, Selangor Darul Ehsan
Registered office	:	No. 22C, Jalan Gelugor, 41050 Klang, Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2020 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2020 do not included other entities.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 October 2020.

2. **Basis of preparation**

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The Group and the Company have applied the following accounting standards, interpretations and amendments of the MFRSs for the first-time for the financial year beginning on 1 July 2019 : -

- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 4, Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint and Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- MFRS 16, Leases

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

2. **Basis of preparation**

a) Statement of compliance (Cont'd.)

The Group and the Company have applied the following accounting standards, interpretations and amendments of the MFRSs for the first-time for the financial year beginning on 1 July 2019 : - (Cont'd)

- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Join Ventures – Long Term Interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

The Group and the Company have adopted the above accounting standards, interpretations and amendments of the MFRSs for the first time in the 2020 financial statements, which resulted in changes in accounting policies as follows : -

MFRS 16, Leases

The Group and the Company have adopted MFRS 16 for the first time in the 2020 financial statements, which the date of initial application of 1 July 2019 by applying the simplified retrospective transition method. The practical expedients elected and detailed impacts of the first-time adoption of MFRS 16, Leases are disclosed in Note 19 to the financial statements. The details of the accounting policies on leases are disclosed separately in Note 3(d) to the financial statements.

Other than that, the adoption of other accounting standards, interpretations and amendments of the MFRSs listed above did not have any material impact on the current period or any prior period and is not likely to have a material effect for future period.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

2. **Basis of preparation (Cont'd.)**

a) Statement of compliance (Cont'd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, Leases – Covid-19-Retaled Rent Concessions

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendment to MFRS 4, Insurance Contracts, MFRS 9, Financial Instruments, MFRS 16, Leases, MFRS 139, Financial Instruments : Recognition and Measurement and MFRS 7, Financial Instruments : Disclosures - Interest Rate Benchmark Reform – Phase 2

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combination – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendment to MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations : -

- from the annual period beginning on 1 July 2020 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2020;

2. **Basis of preparation (Cont'd.)**

a) Statement of compliance (Cont'd.)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed (Cont'd.)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations : - (Cont'd.)

- from the annual period beginning on 1 July 2020 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 June 2020;
- from the annual period beginning on 1 July 2021 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2021;
- from the annual period beginning on 1 July 2022 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 July 2023 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2023

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below : -

Amendment to MFRS 3, Business Combinations – Definition of a Business

The amendments revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be organized workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

In addition, the revised definition of the term "outputs" is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as "concentration test" that, if met, eliminates the need for further assessment. Under the concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments should be applied prospectively.

2. **Basis of preparation (Cont'd.)**

a) Statement of compliance (Cont'd.)

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that : -

- gains and losses resulting from transactions involving assets that do not constitute a business between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted.

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of "material" has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments also : -

- clarify that an entity assess materiality in the context of the financial statements as a whole;

- explain the concept of obscuring information in the new definition. Information is obscured if it have the effect similar as omitting or misstating of that information. For example, material transactions is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information; and

- clarify the meaning of "primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need.

The amendments shall be applied prospectively.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of amendments to MFRS 3, amendments to MFRS 10 and MFRS 128 and amendments to MFRS 101 and MFRS 108.

2. **Basis of preparation (Cont'd.)**

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items : -

i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over their useful life or the end of the lease term. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Measurement of Expected Credit Loss ("ECL") allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

2. **Basis of preparation (Cont'd.)**

d) Use of estimates and judgements (Cont'd.)

iv) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses, capital allowances and other temporary differences are as disclosed in Note 21 to the financial statements.

v) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

vi) Impairment of investment in subsidiary companies

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

The carrying amounts of investment in subsidiary companies of the Company as at 30 June 2020 are as disclosed in Note 8 to the financial statements.

e) Financial position of the Group and the Company

The financial statements of the Group and the Company have been prepared on a going concern basis, notwithstanding that the Group and the Company incurred accumulated losses of RM69,353,000 and RM69,605,000 respectively as at 30 June 2020, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM31,295,000 and RM52,190,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

2. **Basis of preparation (Cont'd.)**

e) Financial position of the Group and the Company (Cont'd.)

The ability of the Group and the Company to continue as a going concern is dependent on continuous financial support from its shareholders in order to enable it to meet its obligations and liabilities as and when they fall due.

3. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

Arising from the adoption of MFRS 16, leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 40 to the financial statements.

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3. **Significant accounting policies (Cont'd.)**

a) Basis of consolidation (Cont'd.)

ii) Business combinations (Cont'd.)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity,

iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discounted except to the extent that the Group has an obligation or has made payments on behalf of the associate.

3. **Significant accounting policies (Cont'd.)**

a) Basis of consolidation (Cont'd.)

v) Associates (Cont'd.)

When the Group ceases to have influence over an associate, any retained interest in the former associate at the date when significant influence is lost is managed at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

b) Financial instruments

i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement

Financial assets

The Group and the Company categorise financial instruments as follows : -

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(i)(i)).

Financial liabilities

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss : -

i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial liabilities (Cont'd.)

a) Fair value through profit or loss (Cont'd)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in the profit or loss.

iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of : -

a) the amount of the loss allowance; and

b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

iv) Regular way purchase or sales of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to : -

Trade date accounting refers to : -

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

c) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3. **Significant accounting policies (Cont'd.)**

c) Property, plant and equipment (Cont'd.)

i) Recognition and measurement (Cont'd.)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated as it has indefinite life.

The principal annual rates of depreciation for the property, plant and equipment are as follows : -

	Rate %
Buildings	2
Computers, furniture and fittings, office and workshop equipment and air conditioners	10 – 30
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

3. **Significant accounting policies (Cont'd.)**

c) Property, plant and equipment (Cont'd.)

iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

v) Revaluation of assets

Freehold land and building are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on building and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and building does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The revaluation reserve is transferred in full directly to retained earnings when the asset is derecognised.

d) Leases

Accounting policies applied from 1 July 2019

i) Accounting by lessee

From 1 July 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

3. **Significant accounting policies (Cont'd.)**

d) Leases (Cont'd.)

Accounting policies applied from 1 July 2019 (Cont'd)

i) Accounting by lessee (Cont'd)

Lease term (Cont'd.)

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and effects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in measurement of these liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following : -

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of lease liabilities.

The Group presents ROU asset that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented within property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the followings : -

- fixed payments (including in substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

3. **Significant accounting policies (Cont'd.)**

d) Leases (Cont'd.)

Accounting policies applied from 1 July 2019 (Cont'd.)

i) Accounting by lessee (Cont'd.)

Lease liabilities (Cont'd.)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the followings (Cont'd.) : -

- the exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset or similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities within borrowings in the statement of financial position. Interest expense on the lease liability is presented with the finance costs in profit or loss in the statement of profit or loss.

Short term leases and leases of low value assets

The Group has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Accounting by lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone prices.

3. **Significant accounting policies (Cont'd.)**

d) Leases (Cont'd.)

Accounting policies applied from 1 July 2019 (Cont'd.)

ii) Accounting by lessor (Cont'd.)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU assets arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease or low value assets to which the Group applies exemption described above, then it classifies the sublease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Accounting policies applied before 1 July 2019

As a lessee

i) Finance lease

Leases in terms of which the Group assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

ii) Operating lease

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. **Significant accounting policies (Cont'd.)**

e) Intangible assets

i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any assets, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

ii) Trademark

Trademark acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(i)(ii) to the financial statements.

f) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of properties, plant and equipment.

g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

3. **Significant accounting policies (Cont'd.)**

g) Inventories (Cont'd.)

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the goods sold and an allocation of any non-specific costs estimated, if any.

Land held for property development

Cost includes:
• freehold rights for land; and
• professional fees, stamp duties, commissions, conversion fees and other relevant levies.

h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

i) Impairment of assets

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 months expected credit loss.

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

3. **Significant accounting policies (Cont'd.)**

i) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd.)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

ii) Other assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. **Significant accounting policies (Cont'd.)**

i) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3. **Significant accounting policies (Cont'd.)**

j) Foreign currencies transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

l) Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation can be estimated reliably.

ii) State plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

3. **Significant accounting policies (Cont'd.)**

m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met : -

- the customer simultaneously receives and consumes the benefits provided as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

i) Goods sold

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts.

Deferred costs are recognised when the goods delivered to customers but pending installation and /or testing rendered to customers.

ii) Contract revenue

Contract revenue with customers include contracts relating to manufacturing and selling of firefighting and specialist vehicles.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

3. **Significant accounting policies (Cont'd.)**

n) Revenue and other income (Cont'd)

ii) Contract revenue (Cont'd)

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance : -

- creates and enhances an asset that the customer controls as the services are being performed; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. No element of financing is deemed present as the payment schedule and credit terms of 30 days to 60 days are consistent with the market practice.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer or the negotiations on the variation claims have reached an advanced stage such that it is probable that the customer will accept the claims and the claims are capable of being reliably measured. The 'percentage-of-completion method' is used to determine the appropriate amount to be recognised as revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

iii) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

3. **Significant accounting policies (Cont'd.)**

n) Revenue and other income (Cont'd)

iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. **Significant accounting policies (Cont'd.)**

p) Income tax (Cont'd.)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reserve, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

q) Operating segments

An operating segment is a component of the Group and the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's and the Company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

r) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise full conversion of the ICULS and warrants.

3. **Significant accounting policies (Cont'd.)**

s) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows : -

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. **Property, plant and equipment**

Group	Freehold land RM'000	Building RM'000	Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Right-of-use Motor vehicles RM'000	Total RM'000
	<----------At Revaluation----- --->		<---------------------- At Cost ---------------- --------->			
2020						
Balance as at 1.7.2019 (As previously stated)	**21,150**	**7,050**	**1,274**	**1,966**	**-**	**31,440**
Reclassification upon initial adoption of MFRS 16	**-**	**-**	**-**	**(1,406)**	**1,406**	**-**
Balance as at 1.7.2019 (As restated) / 30.6.2020	**21,150**	**7,050**	**1,274**	**560**	**1,406**	**31,440**
	<------------------------------------ Accumulated depreciation ----------------------------------- >					
Balance as at 1.7.2019 (As previously stated)	**-**	**-**	**1,185**	**1,669**	**-**	**2,854**
Reclassification upon initial adoption of MFRS 16	**-**	**-**	**-**	**(1,110)**	**1,110**	**-**
Balance as at 1.7.2019 (As restated)	**-**	**-**	**1,185**	**559**	**1,110**	**2,854**
Charge for the financial year	**-**	**141**	**46**	**-**	**168**	**355**
Balance as at 30.6.2020	**-**	**141**	**1,231**	**559**	**1,278**	**3,209**

4. **Property, plant and equipment (Cont'd.)**

Group	Freehold land RM'000	Building RM'000	Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
	<----------At Revaluation------->		<---------------- At Cost------------>		
2019					
Balance as at 1.7.2018	20,610	6,391	1,387	1,966	30,354
Additions	-	-	17	-	17
Revaluation surplus	540	906	-	-	1,446
Written off	-	-	(130)	-	(130)
Transfer/Reclassification from accumulated depreciation	-	(247)	-	-	(247)
Balance at 30.6.2019	21,150	7,050	1,274	1,966	31,440
	<----------------------------------- Accumulated depreciation ----------------------------------->				
Balance as at 1.7.2018	-	19	1,134	1,459	2,612
Charge for the financial year	-	228	83	210	521
Written off	-	-	(32)	-	(32)
Transfer/Reclassification to cost	-	(247)	-	-	(247)
Balance at 30.6.2019	-	-	1,185	1,669	2,854

4. **Property, plant and equipment (Cont'd.)**

Group	Carrying amount **2020** **RM'000**	2019 RM'000
Freehold land	**21,150**	21,150
Building	**6,909**	7,050
Computers, furniture, fittings, office and workshop equipment and air conditioners	**43**	89
Motor vehicles	**1**	297
Right-of-use		
- Motor vehicles	**128**	-
Total	**28,231**	28,586

Company	Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000
At cost	
Balance at 1.7.2019/30.6.2020	**121**
Accumulated depreciation	
Balance at 1.7.2019	**109**
Charge for the financial year	**7**
Balance at 30.6.2020	**116**
At cost	
Balance at 1.7.2018	112
Additions	9
Balance at 30.6.2019	121
Accumulated depreciation	
Balance at 1.7.2018	98
Charge for the financial year	11
Balance at 30.6.2019	109
Carrying amount	
At 30.6.2020	**5**
At 30.6.2019	12

4. **Property, plant and equipment (Cont'd.)**

i) Assets under finance leases

The carrying amount of assets under finance lease arrangements are as follows : -

	Group	
	2020	2019
	RM'000	RM'000
Motor vehicles	**-**	296

ii) Assets pledged as security

Freehold land and buildings with carrying amount of RM28,059,000 (2019 – RM28,200,000), have been pledged to licensed banks as securities for credit facilities granted to a subsidiary as disclosed in Note 18(iii), Note 18(iv) and Note 18(v) to the financial statements.

iii) Revaluation of freehold land and building

Had the revalued freehold land and building been carried at historical cost less accumulated depreciation, the net carrying amount would have been as follows : -

Group	**Cost RM'000**	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
2020			
Freehold land	**1,820**	**-**	**1,820**
Building	**7,261**	**(3,483)**	**3,778**
	9,081	**(3,483)**	**5,598**
2019			
Freehold land	1,820	-	1,820
Building	7,261	(3,337)	3,924
	9,081	(3,337)	5,744

4. **Property, plant and equipment (Cont'd.)**

iv) Fair value information

The fair value of property, plant and equipment of the Group is categorised as follows : -

Group	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020			
Freehold land	**-**	**21,150**	**21,150**
Buildings	**-**	**6,909**	**6,909**
2019			
Freehold land	21,150	-	21,150
Buildings	7,050	-	7,050

The fair value in total was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

The fair values of the investment properties have been determined based on valuation report dated 8 August 2019 using comparison and investment method of valuation. The valuation is carried out by external independent valuers, TZP Property Consultancy, a member of the Institute of Valuers in Malaysia. The most significant input into this valuation approach is price per square feet of comparable properties.

5. **Investment properties**

	Group and Company	
	2020 RM'000	2019 RM'000
At fair value		
As at 1 July	**36,113**	46,237
Fair value loss recognised in profit or loss (Note 27)	**-**	(10,124)
Disposal	**(3,500)**	-
As at 30 June	**32,613**	36,113

5. **Investment properties (Cont'd.)**

Investment properties of the Group and the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged.

Investment properties of the Group and the Company with carrying amount of RM20,438,000 (2019 - RM20,438,000) have been pledged as securities for banking facilities and advances granted to the Group and the Company as mentioned in Note 18(ii), Note18(iii) and Note 23 to the financial statements respectively.

As at the reporting date, the title of an investment property with carrying amount of RM NIL (2019: RM3,500,000) has yet to be transferred to the Company's name.

Rental income of RM1,118,238 (2019 – RM1,085,881) is recognised in profit or loss in respect of the investment properties. The direct operating expenses of RM442,984 (2019 – RM451,111) to generate rental income is recognised in profit or loss in respect of investment properties.

Fair value information

The fair value of investment properties of the Group and Company is categorised as follows : -

Group and Company	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020			
Investment properties	**-**	**32,613**	**32,613**
2019			
Investment properties	36,113	-	36,113

The fair value in total was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

The fair values of the investment properties have been determined based on valuation report dated 8 August 2019 using comparison and investment method of valuation. The valuation is carried out by external independent valuers, TZP Property Consultancy, a member of the Institute of Valuers in Malaysia. The most significant input into this valuation approach is price per square feet of comparable properties.

6. **Inventories**

	2020 RM'000	2019 RM'000
Non-current : -		
At net realisable value		
- Freehold land held for development	**11,929**	11,739

6. **Inventories (Cont'd.)**

	2020 RM'000	2019 RM'000
Current : -		
At costs		
- Raw material	**3,500**	3,265
- Work-in-progress	**2,511**	13,302
- Trading merchandise	**626**	895
	6,637	17,462
	18,566	29,201

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM31,594,506 (2019 - RM30,304,000).

The cost of inventories of the Group recognised as an expense in other expenses during the financial year in respect of write-down of inventories to net realisable value was RM NIL (2019: RM9,672,000).

The fair value of freehold land held for development of AUD4,050,000 (approximately RM11,929,000) was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

7. **Intangible assets**

Group	**Goodwill RM'000**	**Trademarks RM'000**	**Total RM'000**
Cost			
At 1.7.2018/30.6.2019/30.6.2020	121	450	571
Accumulated impairment losses			
At 1.7.2018/30.6.2019/30.6.2020	121	450	571
Carrying amount			
At 1.7.2018/30.6.2019/30.6.2020	-	-	-

8. **Investment in subsidiaries**

Company	**2020 RM'000**	2019 RM'000
Unquoted shares, at cost	**10,338**	10,338
Quasi loans	**65,556**	65,556
	75,894	75,894
Less: Impairment loss	**(39,763)**	(39,763)
	36,131	36,131

8. **Investment in subsidiaries (Cont'd.)**

Quasi loans represent amount owing by subsidiary companies which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary company. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

The details of the subsidiary companies are as follows : -

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest **2020** **%**	2019 %
CME Industries Sdn. Bhd.	Malaysia	Servicing of firefighting and specialist vehicles and sale of related spare parts	**100**	100
CME Edaran Sdn. Bhd.	Malaysia	Sale and servicing of firefighting equipment and specialist vehicles and sale of related spare parts	**100**	100
CME Technologies Sdn. Bhd.	Malaysia	Designing, manufacturing and sale of firefighting equipment, fire engines and specialist vehicles	**100**	100
CME Health Sdn. Bhd. (Formerly known as CME Properties Sdn. Bhd.)	Malaysia	Trade and deal in all types of pharmaceutical, medicinal, biological and health supplement products and related health care products	**100**	100
CME Pyroshield Sdn. Bhd.	Malaysia	Sale and servicing of firefighting gas system and other safety related products	**100**	100
CME Properties (Australia) Pty Ltd*#	Australia	Property development	**100**	100
Jernih Iras Sdn. Bhd.*#	Malaysia	Dormant	**100**	100
Mom's Care Retail Sdn. Bhd.*#	Malaysia	Trading of baby products	**100**	100
Modern Mum Retail Sdn. Bhd.*#	Malaysia	Trading of maternity wear	**100**	100

* The auditors' report of the subsidiary companies contains an emphasis of material uncertainty related to going concern.

\# Audited by a firm other than Kreston John & Gan.

9. **Other investment**

	Group	
	2020	2019
	RM	RM
At fair value		
- Quoted equity investment	**342**	268

10. **Contract assets /(Contract liabilities)**

	Group	
	2020	2019
	RM	RM
Contract liabilities		
- Consideration received or billed for goods or services not yet rendered	**(3,952)**	(14,410)

Significant changes in contract balances

	Group Increase/(Decrease)	
	2020	2019
	RM'000	RM'000
Contract assets		
Transfer from contract assets recognised at the beginning of the financial year to receivables	**-**	(17,316)
Contract liabilities		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	**(23,815)**	(117)
Increase due to consideration received or billed, but revenue not recognised	**3,952**	14,410

11. **Trade receivables**

	Group		Company	
	2020	2019	**2020**	2019
Current	**RM'000**	RM'000	**RM'000**	RM'000
Trade receivables	**6,686**	9,882	**6,136**	5,996
Less: Impairment loss (Note 34)	**(6,138)**	(5,834)	**(5,941)**	(5,834)
	548	4,048	**195**	132

The normal credit terms of trade receivables range from 30 to 90 days (2019 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

12. **Other receivables**

Non-trade	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Other receivables	**1,028**	1,369	**320**	554
Less: Impairment losses	**(585)**	(878)	**-**	(300)
	443	491	**320**	254
Deposits	**3,496**	3,617	**3,436**	3,460
	3,939	4,108	**3,756**	3,714

13. **Amount due from/(to) subsidiaries**

Non-trade	Company 2020 RM'000	2019 RM'000
Amount due from subsidiaries	**484**	7,746
Less: Impairment losses	**-**	(7,739)
	484	7
Non-trade		
Amount due to subsidiaries	**(36,443)**	(34,589)

The non-trade amount due from subsidiaries is unsecured, non-interest bearing, repayable on demand on cash and cash equivalents.

The non-trade amount due to subsidiaries is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash except for an amount due to a subsidiary of RM3,687,000 (2019 - RM3,928,000) which bears interest at rate ranging from 7.42% to 8.75% (2019 - 7.97% to 9%) per annum.

14. **Cash and bank balances**

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Cash and bank balances	**5,966**	6,760	**40**	58

Included in the cash and bank balances of the Group is an amount of RM5,712,000 (2019 - RM4,679,000) charged to a licensed bank as cash collateral for banking facilities granted to a subsidiary as disclosed in Note 18 to the financial statement and therefore, restricted from use in other operations.

15. **Share capital**

	Group and Company			
	2020	2019	**2020**	2019
	Number of ordinary shares		**RM'000**	RM'000
Issued and fully paid				
As at 1 July/30 June	**584,236**	584,236	**49,459**	49,459

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

16. **Irredeemable convertible unsecured loan stocks ("ICULS")**

On 28 November 2014, the Company issued 784,250,715 ICULS.

The ICULS are constituted by a Trust Deed Dated 15 October 2014 as varied in the Supplemental Trust Deed dated 13 March 2018. The ICULS at the nominal amount of RM0.04 each issued by the Company have a tenure of ten (10) years from the date of issue and are not redeemable in cash. Unless converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares of the Company ("CME Shares") at the conversion price applicable on the maturity date (i.e. 27 November 2024).

The ICULS may be converted into new CME Shares by:

(i) surrendering the ICULS with an aggregate nominal value equivalent to RM0.10 for every one (1) new CME Share (subject to adjustments in accordance with the provisions of the Trust Deed) ("Conversion Price"); or
(ii) surrendering one (1) ICULS together with the necessary cash payment constituting the difference between the Conversion Price and the nominal value of the ICULS surrendered, for one (1) new CME Share. For avoidance of doubt, for every one (1) ICULS surrendered together with the required cash payment, the holder will only be entitled to subscribe for one (1) new CME Share.

The new CME Shares to be issued upon conversion of the ICULS will, upon allotment and issuance, rank pari passu in all respects with the then existing CME Shares save that they will not be entitled for any dividends, rights, allotments, and/or other distributions, the entitlement date of which is before the date of allotment of the new CME Shares pursuant to the conversion of the ICULS.

The interest on the ICULS is at zero coupon rate per annum on the nominal value of the outstanding ICULS.

17. **Reserves**

	Note	Group		Company	
		2020	2019	**2020**	2019
		RM'000	RM'000	**RM'000**	RM'000
Foreign currency translation reserve	**(i)**	**321**	133	**-**	-
Revaluation reserve	**(ii)**	**19,929**	19,929	**-**	-
Warrant reserve	**(iii)**	**5,273**	5,273	**5,273**	5,273
Accumulated losses	**(iv)**	**(69,353)**	(69,531)	**(69,605)**	(67,526)
		(43,830)	(44,196)	**(64,332)**	(62,253)

(i) **Foreign currency translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(ii) **Revaluation reserve**

Revaluation reserve represents the surplus on the revaluation of freehold land and building of the Group.

(iii) **Warrant reserve**

On 14 May 2018, the Company issued 123,783,023 free warrants to all subscribers of the rights issue on the basis of five (5) free warrants for every four (4) right shares subscribed. The warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 14 May 2018. The warrants are constituted under a Deed Poll executed on 13 March 2018.

The salient features of the warrants are as follows:

a) Each warrant entitles the registered holder the right at any time during the exercise period of 10 years from 14 May 2018 to 13 May 2028 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.01 each (subject to adjustments in accordance with the provisions of the Deed Poll);

b) Upon the expiry of the exercise period, warrants which have not been exercised will lapse and cease to be valid for any purposes; and

c) The holders of the warrants are not entitled to any voting right or participation in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the warrants become a shareholder of the Company by exercising his warrants into new shares.

17. **Reserves (Cont'd.)**

(iii) **Warrant reserve (Cont'd.)**

The number of outstanding Warrants 2018/2028 are 934,100,905 (2018 – 934,100,905).

The fair value of the warrants is RM0.0426 each estimated using the Trinomial option model, taking into account the terms and conditions upon which the warrants are issued. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Valuation model	Trinomial
Exercise type	American
Tenure	10 years
Risk-free rate	4.18%
Conversion price	RM0.01
Volatility rate	97.57%
Period of volatility assessment	Past 10 years up to and including 14 May 2018

(iv) **Accumulated losses**

The company may distribute dividend out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

18. **Borrowings**

	Note	Group		Company	
		2020	2019	**2020**	2019
		RM'000	RM'000	**RM'000**	RM'000
Non-current : -					
Finance lease liabilities		**-**	278	**-**	-
Term loan		**850**	1,119	**-**	-
		850	1,397	**-**	-
Current : -					
Finance lease liabilities		**-**	180	**-**	-
Term loans and project loans		**8,456**	16,000	**-**	-
Bank overdrafts		**11,294**	11,260	**3,692**	4,500
Banker acceptances and trust receipts		**1,200**	4,200	**-**	-
Short term loan		**3,021**	-	**-**	-
		23,971	31,640	**3,692**	4,500
Total borrowings					
Finance lease liabilities	**(i)**	**-**	458	**-**	-
Term loans and project loans	**(ii)**	**9,306**	17,119	**-**	-
Bank overdrafts	**(iii)**	**11,294**	11,260	**3,692**	4,500
Banker acceptances and trust receipts	**(iv)**	**1,200**	4,200	**-**	-
Short term loan	**(v)**	**3,021**	-	**-**	-
		24,821	33,037	**3,692**	4,500

18. **Borrowings (Cont'd.)**

(i) Finance lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows : -

	Group	
	2020	2019
	RM'000	RM'000
Minimum lease payments : -		
- Not later than one year	**-**	198
- Later than one year and not later than five years	**-**	295
- Later than five years	**-**	4
	-	497
Less: Future finance charges	**-**	(39)
Present value of minimum lease payments	**-**	458
Repayable as follows : -:		
Current		
- Not later than one year	**-**	180
Non-current		
- Later than one year and not later than five years	**-**	274
- Later than five years	**-**	4
	-	458

The weighted average effective interest rate of the finance lease liabilities of the Group and the Company is NIL% (2019 – 4.95%) per annum.

The finance lease liabilities are secured on the rights of assets under finance lease as disclosed in Note 4 to the financial statements.

(ii) Term loan and project loans

i. Term loan

The term loans of the Group and the Company bear interest rate of 7.50% to 8.75% (2019 – 8.75% to 9%) per annum and are secured by way of:

(a) corporate guarantee by the Company;
(b) legal charge over property held by third party.

18. **Borrowings (Cont'd.)**

(ii) Term loan and project loans (Cont'd.)

ii. Project loans

Project loan 1

The project loan 1 is secured by following : -

(a) corporate guarantee by the Company;
(b) specific Deed of Assignment of particular project proceeds and charge over the project account to be executed between the Company and the bank;
(c) cash collateral as disclosed in Note 14 to the financial statements.

Project loan 2

The project loan 2 is secured by following : -

(a) corporate guarantee by the Company;
(b) specific Deed of Assignment of particular project proceeds and charge over the project account to be executed between the Company and the bank; and
(c) cash collateral as disclosed in Note 14 to the financial statements.

Project loan 3

The project loan 3 is secured by following : -

(a) corporate guarantee by the Company;
(b) 30% cash margin placed in form of cash deposit; and
(c) legal charge over the investment properties of the Company.

(iii) Bank overdrafts

The bank overdrafts of the Group and the Company bear interest at rate range from 7.82% to 8.45% (2019 – 7.97% to 8.45%) per annum and are secured by way of:

(a) corporate guarantee by the Company;
(b) legal charge over the investment properties of the Company; and
(c) legal charge over the freehold land and building of subsidiary company.

(iv) Bankers' acceptance and trust receipts

Bankers' acceptance and trust receipts of the Group and the Company bear interest at rate of 3.64% to 4.42% (2019 – 3.84% to 4.09%) per annum and are secured by way of:

(a) corporate guarantee by the Company; and
(b) legal charge over the freehold land and building of subsidiary company.

18. **Borrowings (Cont'd.)**

(v) Short-term loan

The short term loan of the Group and the Company bear interest at rate of 3.64% to 4.42% (2019 - 3.84% to 4.09%) per annum and are secured by way of:

(a) corporate guarantee by the Company; and
(b) legal charge over the freehold land and building of subsidiary company.

19. **Lease liabilities**

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Minimum lease payments : -		
- Not later than one year	**137**	-
- Later than one year and not later than five years	**219**	-
	356	-
Less: Future finance charges	**(45)**	-
Present value of minimum lease payments	**311**	-
Repayable as follows : -:		
Current		
- Not later than one year	**117**	-
Non-current		
- Later than one year and not later than five years	**194**	-
	311	-

The weighted average effective interest rate of the lease liabilities of the Group is 4.95% (2019 – NIL) per annum.

20. **Provisions**

	Warranties RM'000	Liquidated Ascertained Damages RM'000	Total RM'000
Group			
At 1 July 2018	84	783	867
Recognised in profit or loss	668	-	668
Repayment/Utilised during the financial year	(52)	(783)	(835)
Reversal during financial year	(327)	-	(327)
At 30 June 2019	373	-	373
Recognised in profit or loss	**355**	**-**	**355**
Repayment/Utilised during the financial year	**(89)**	**-**	**(89)**
Reversal during financial year	**(312)**	**-**	**(312)**
At 30 June 2020	**327**	**-**	**327**
2020			
Non-current	**119**	**-**	**119**
Current	**208**	**-**	**208**
	327	**-**	**327**
2019			
Non-current	150	-	150
Current	223	-	223
	373	-	373

(i) Warranties

The provision for warranties represent the present value of the directors' best estimates of future economic obligation that will be required under the Company's obligation for warranties at the reporting date. The provision is recognised based on estimation made from warranty costs experienced over the years.

(ii) Liquidated ascertained damages

The provision for liquidated ascertained damages ("LAD") represents the possible penalties that may arise from the late delivery of contract deliverables. The provision is recognised for expected LAD claims based on directors' best estimation and had been fully settled in current financial year.

21. **Deferred tax liabilities**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
As at 1 July	**3,088**	2,202	**404**	710
Recognised in profit or loss (Note 30)				
- Property, plant and equipment	**570**	(19)	**-**	-
- Investment properties	**-**	(306)	**-**	(306)
- Unused tax losses	**-**	-		-
Recognised in other comprehensive income				
- Property, plant and equipment	**-**	1,211	**-**	-
As at 30 June	**3,658**	3,088	**404**	404

Unrecognised deferred tax assets

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Unused tax losses	**9,573**	12,959	**-**	-
Unabsorbed capital allowance	**38**	40	**-**	-
Other temporary differences	**(18)**	(917)	**-**	-
	9,593	12,082	**-**	-
Potential deferred tax asset not recognised at 24%	**2,302**	2,899	**-**	-

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised tax losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 onwards.

22. **Trade payables**

The normal credit terms of trade receivables range from 30 to 60 days (2019 – 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade payables are as follows : -

	Group	
	2020	2019
	RM'000	RM'000
European Dollar	**3**	6
Great Britain Pound	**33**	2
United Stated Dollar	**134**	421

23. **Other payables**

	Group		Company	
	2020	2019	**2020**	2019
Non-current	**RM'000**	RM'000	**RM'000**	RM'000
Other payables	**-**	220	**-**	220
Current				
Other payables	**7,862**	9,392	**6,515**	8,171
Accruals	**1,444**	592	**755**	441
Deposits received	**464**	772	**357**	727
	9,770	10,756	**7,627**	9,339

Included in other payables of the Group and of the Company consist of advances from third parties amounted to RM4,652,875 (2019 - RM7,005,000) of which RM220,000 (2019 - RM440,000) bear interest at rate of 18% (2019 - 18%) per annum and secured by way of legal charge over the investment properties of the Group and the Company as disclosed in Note 5 to the financial statements.

24. **Revenue**

(i) Disaggregation of revenue

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Primary geographical markets				
- Malaysia	**29,173**	37,810	**1,118**	1,086
Major products				
- Manufacturing of fire fighting and specialist vehicles	**23,574**	31,570	**-**	-
- Servicing of fire fighting vehicles and equipment	**1,936**	1,820	**-**	-
- Sale of fire fighting equipment gas systems and accessories	**2,545**	3,087	**-**	-
- Sale of maternity and baby products	**-**	247	**-**	-
- Rental income from investment properties	**1,118**	1,086	**1,118**	1,086
	29,173	37,810	**1,118**	1,086
Timing of revenue recognition :				
At a point in time	**28,055**	36,724	**-**	-

(ii) Nature of goods

Nature of goods	**Timing of recognition or method used to recognise revenue**	**Significant payment terms**	**Variable element in consideration**	**Obligation for returns or refunds**	**Warranty**
Manufacturing of firefighting and specialist vehicles	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	The group allows return only for modification of fire truck (i.e. no cash refund are offered).	Defect liability period of 0 – 24 months is given to the purchaser.

24. **Revenue (Cont'd.)**

(ii) Nature of goods (Cont'd.)

Nature of goods	**Timing of recognition or method used to recognise revenue**	**Significant payment terms**	**Variable element in consideration**	**Obligation for returns or refunds**	**Warranty**
Servicing of fire fighting vehicles and equipment	Revenue is recognised at a point in time when the services are rendered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	Not applicable.	Not applicable.
Sale of firefighting equipment gas systems and accessories	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	The group allows return only for exchange with new goods (i.e. no cash refund are offered).	Not applicable.
Sale of maternity and baby products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	Not applicable.	Not applicable.
Rental income from investment properties	Revenue is recognised on a straight-line basis over the term of the lease.	Credit period of 30 to 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

(iii) Transaction price allocated to the remaining performance obligations

The Group apply the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

24. **Revenue (Cont'd.)**

(iv) Significant judgements and assumptions arising from revenue recognition

The company did not apply significant judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

25. **Other income**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Other income : -				
Bad debt recovered	**108**	-	**-**	-
Deposit received	**391**	-	**391**	-
Fair value gain on other investment	**74**	-	**74**	-
Gain on foreign exchange	**47**	79		
Other income	**-**	222	**-**	27
Over provision of project cost	**107**	2	**-**	-
Slow moving inventory recovered	**-**	71	**-**	-
Unrealised gain on foreign exchange	**-**	7	**-**	-
	727	381	**465**	27

26. **Finance costs**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on : -				
- Finance lease liabilities	**-**	48	**-**	-
- Lease liabilities	**26**	-	**-**	-
- Term loans and project loans	**108**	140	**108**	-
- Bank overdraft	**711**	958	**320**	393
- Bankers' acceptance and trust receipts	**114**	155	**-**	-
- Other payables	**198**	198	**198**	198
- Other borrowings	**204**	-	**183**	317
	1,361	1,499	**809**	908

27. **Profit/(Loss) before taxation**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
After charging :				
Auditor remuneration				
- Current year	**94**	149	**33**	36
- Underprovision in prior year	**23**	-	**7**	-
Depreciation of property, plant and equipment	**355**	521	**7**	11
Directors' remuneration (Note 28)	**340**	464	**260**	322
Fair value loss on investment properties	**-**	10,124	**-**	10,124
Fair value loss on financial asset at fair value through profit or loss	**-**	355	**-**	355
Write down of :				
- inventories	**-**	119	**-**	-
- freehold land held for development	**-**	9,553	**-**	-
Inventories written off	**-**	14	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**-**	16,809
Impairment loss on amount due from subsidiaries	**-**	-	**-**	4,736
Impairment loss on trade and other receivables	**215**	766	**107**	180
Loss on realised foreign exchange	**11**	-	**-**	-
Fair value loss on debt settlement	**1,000**	-	**1,000**	-
Property, plant and equipment written off		98	**-**	-
Provision for warranties	**356**	668	**-**	-
Rental of premises	**44**	-	**-**	-
Trade and other receivables written off	**2**	52	**-**	-
Employee benefits expenses (Note 29)	**2,430**	3,296	**634**	955

27. **Profit/(Loss) before taxation (Cont'd.)**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
And crediting :				
Fair value gain on other investment	**74**	-	**74**	-
Gain on foreign exchange:				
- realised	**47**	79	**-**	-
- unrealised	**-**	7	**-**	-
GST refunded	**108**	-	**-**	-
Overprovision of project cost	**107**	-	**-**	-
Reversal of impairment loss on trade receivables and other receivables	**-**	36	**-**	35
Reversal of inventories written down	**-**	71	**-**	-

28. **Director remuneration**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Director remuneration				
- fees	**180**	180	**180**	180
- other emoluments	**142**	254	**71**	127
- defined contribution plan	**18**	30	**9**	15
	340	464	**260**	322

29. **Employee benefits expenses**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Salaries and other staff benefit	**2,194**	2,902	**567**	829
Defined contribution plan	**236**	394	**67**	126
	2,430	3,296	**634**	955

30. **Income tax expense**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Income tax expense				
- current year	**156**	8	**-**	-
- prior years	**(8)**	227	**-**	-
	148	235	**-**	-
Deferred tax (Note 21)				
- current year	**16**	(325)	**-**	(306)
- prior years	**554**	-	**-**	-
	718	(90)	**-**	(306)

Income tax is calculated at the Malaysian statutory tax rates of 24% (2019 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Australia is 30% (2019 - 30%).

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows :
-

	Group		Company	
	2020	2019	**2020**	2019
	%	%	**%**	%
Applicable tax rate	**24**	24	**24**	24
Different tax rate in foreign jurisdiction	**(3)**	3	**-**	-
Non-allowable expenses	**50**	(27)	**(18)**	(23)
Non-taxable income		4	**-**	-
Crystallisation of deferred tax liabilities arising from revaluation	**-**	*	**-**	-
Reversal of temporary differences	**(17)**	-	**-**	-
Utilisation of previous year deferred tax assets not recognised	**(35)**	(3)	**(6)**	-
Under/(Over) provision in prior years	**61**	(1)	**-**	-
Effective tax rate	**80**	-	**-**	1

** Less than 1%*

31. **Earnings/(Loss) per share**

Basic Earnings/(Loss) Per Ordinary Share

Basic earnings per share is calculated by dividing the earnings / loss for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows : -

	Group	
	2020	2019
	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company	**178**	(23,645)
Weighted average number of ordinary shares in issue ('000)	**584,236**	584,236
Basic earnings per share (sen)	**0.03**	(4.05)

Diluted Earnings Per Ordinary Share

Diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Group by weighted average number of ordinary shares in issue during the financial year after adjustments for dilutive effects of all potential ordinary shares as follows : -

	Group	
	2020	2019
	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company	**178**	N/A
Weighted average number of ordinary shares in issue ('000)	**584,236**	N/A
Adjusted for assumed exercise of : -		
- ICULS	**784,251**	N/A
- Warrants	**934,101**	N/A
	2,302,588	N/A
Basic earnings per share (sen)	**0.01**	N/A

No diluted earnings per share was calculated in previous year as the group incurred a loss after tax.

32. **Changes in liabilities arising from financing activities**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows : -

Group	At 1 July RM'000	Net change from financing cash flow RM'000	Reclassification RM'000	At 30 June RM'000
2020				
Term loans and project loans	**17,119**	**(7,813)**	**-**	**9,306**
Finance lease liabilities	**458**	**-**	**(458)**	**-**
Lease liabilities	**-**	**(147)**	**458**	**311**
Bankers' acceptance or trust receipt and short term loan	**4,200**	**21**	**-**	**4,221**
	21,777	**7,939**	**-**	**13,838**
2019				
Term loans and project loans	23,222	(6,103)	-	17,119
Finance lease liabilities	629	(171)	-	458
Lease liabilities				
Bankers' acceptance or trust receipt and short term loan	816	3,384	-	4,200
	24,667	(2,890)	-	21,777

33. **Segment information**

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

<u>Segments</u>

Investment holding	Investment holding
Manufacturing	Designing, manufacturing, sales and servicing of firefighting and specialist vehicles
Trading	Servicing of firefighting and specialist vehicles Sales of firefighting equipment and related spare parts Sales and servicing of firefighting gas systems and related accessories Sales of maternity and baby products
Others	Dormant

Inter-segment pricing is determined on negotiated basis.

<u>Segment profit</u>

Segment performance is used to measure performance as Group's chief operating decision maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

33. **Segment information (Cont'd)**

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group's chief operating decision maker.

(i) Operating segment

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
2020							
Revenue : -							
External sales	**1,118**	**25,796**	**2,259**	**-**	**-**		**29,173**
Inter-segment sales	**-**	**10,192**	**1,772**	**-**	**(11,964)**	A	**-**
Total revenue	**1,118**	**35,988**	**4,031**	**-**	**(11,964)**		**29,173**
Results : -							
Segment results	**(236)**	**2,866**	**580**	**508**	**(318)**	B	**3,400**

33. **Segment information (Cont'd)**

(i) Operating segment (Cont'd)

	Investment holding RM'000	Manufactu-ring RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
2020							
Impairment loss on trade and other receivables	**(107)**	**-**	**(108)**	**-**	**-**		**(215)**
Written off of other receivables				**(2)**	**-**		**(2)**
Fair value loss on financial assets at FVPL	**74**	**-**	**-**	**-**	**-**		**74**
Fair value loss on debt settlement agreement	**(1,000)**	**-**	**-**	**-**	**-**		**(1,000)**
Finance costs	**(809)**	**(549)**	**(3)**	**-**	**-**		**(1,361)**
Segment (loss)/profit	**(2,078)**	**2,317**	**469**	**506**	**(318)**	B	**896**
Income tax expense	**-**	**(105)**	**(613)**	**-**	**-**		**(718)**
(Loss)/Profit for the financial year	**(2,078)**	**2,212**	**(144)**	**506**	**(318)**	B	**178**

33. **Segment information (Cont'd)**

(i) Operating segment (Cont'd)

	Investment holding RM'000	Manufactu-ring RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
2020							
Other information : -							
Investment properties	**32,613**	**-**	**-**	**-**	**-**		**32,613**
Depreciation of plant, property and equipment	**7**	**179**	**169**	**-**	**-**		**355**
Assets : -							
Segment assets	**73,224**	**55,358**	**35,189**	**16,662**	**(90,330)**		**90,103**
Other investment	**342**	**-**	**-**	**-**	**-**		**342**
Segment assets	**73,566**	**55,358**	**35,189**	**16,662**	**(90,330)**	C	**90,445**
Liabilities : -							
Segment liabilities	**57,069**	**41,306**	**11,935**	**56,122**	**(112,986)**	C	**53,446**

33. **Segment information (Cont'd)**

(i) Operating segment (Cont'd)

2019	Investment holding RM'000	Manufactu-ring RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Revenue : -							
External sales	1,066	34,448	2,276	-	-		37,810
Inter-segment sales	-	25,407	1,846	-	(27,253)	A	-
Total revenue	1,066	59,855	4,122	-	(27,253)		37,810
Results : -							
Segment results	(6,204)	1,298	(173)	(1,877)	5,637	B	(1,319)

33. **Segment information (Cont'd)**

(i) Operating segment (Cont'd)

2019	Investment holding RM'000	Manufactu-ring RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Impairment loss on trade and other receivables	(180)	(2)	-	(584)	-		(766)
Inventories written down	-	-	(119)	(9,553)	-		(9,672)
Fair value loss on financial assets at FVPL	(355)	-	-	-	-		(355)
Impairment loss on investment in subsidiaries	(16,809)	-	-	-	16,809		-
Fair value loss on investment properties	(10,124)	-	-	-	-		(10,124)
Finance costs	(908)	(589)	(2)	-	-		(1,499)
Segment (loss)/profit	(34,580)	707	(294)	(12,014)	22,446	B	(23,735)
Income tax expense	306	(258)	42	-	-		90
(Loss)/Profit for the financial year	(34,274)	449	(252)	(12,014)	22,446	B	(23,645)

33. **Segment information (Cont'd)**

(ii) Operating segment (Cont'd)

2019	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Other information : -							
Investment properties	36,113	-	-	-	-		36,113
Capital additions	9	7	1	-	-		17
Depreciation of plant, property and equipment	11	223	286	1	-		521
Assets : -							
Segment assets	76,167	65,411	34,467	16,476	(83,456)		109,065
Other investment	268	-	-	-	-		268
Segment assets	76,435	65,411	34,467	16,476	(83,456)	C	109,333
Liabilities : -							
Segment liabilities	57,859	53,570	10,950	55,814	(105,493)	C	72,700

33. **Segment information (Cont'd)**

(i) Operating segment (Cont'd)

Nature of elimination to arrive at amounts reported in the consolidated financial statements : -

A. Inter-segment revenues are eliminated on consolidation;

B. Inter-segment revenues and expenses are eliminated on consolidation; and

C. Inter-segment balances are eliminated on consolidation.

(ii) Information about major customer

Major customers' information is revenue from transaction with a single external customer amount to ten percent or more of the Group's revenue.

The following is major customer with revenue equal or more than 10% of the Group's or the Company's total revenue : -

	2020 RM'000	2019 RM'000
Manufacturing		
Customer A	8,880	26,972

(iii) Geographical information

The Group is principally operating in Malaysia and hence, no geographical segment is presented.

34. **Financial instruments**

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows : -
(i) Financial assets measured at fair value through profit or loss ("FVTPL").
(ii) Financial assets measured at amortised cost ("FAAC").
(iii) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM'000	FVTPL RM'000	FAAC RM'000	FLAC RM'000
<u>**Group**</u>				
2020				
Financial assets				
Other investment	**342**	**342**	**-**	**-**
Trade receivables	**548**	**-**	**548**	**-**
Other receivables and deposits	**3,939**	**-**	**3,939**	**-**
Cash and bank balances	**5,966**	**-**	**5,966**	**-**
	10,795	**342**	**10,453**	**-**
Financial liabilities				
Trade payables	**(10,607)**	**-**	**-**	**(10,607)**
Contract liabilities	**(3,952)**	**-**	**-**	**(3,952)**
Other payables and accruals	**(9,770)**	**-**	**-**	**(9,770)**
Borrowings	**(24,821)**	**-**	**-**	**(24,821)**
Lease liabilities	**(311)**	**-**	**-**	**(311)**
	(49,461)	**-**	**-**	**(49,461)**
2019				
Financial assets				
Other investment	268	268	-	-
Trade receivables	4,048	-	4,048	-
Other receivables and deposits	4,108	-	4,108	-
Cash and bank balances	6,760	-	6,760	-
	15,184	268	14,916	-
Financial liabilities				
Trade payables	(10,762)	-	-	(10,762)
Contract liabilities	(14,410)	-	-	(14,410)
Other payables and accruals	(10,756)	-	-	(10,756)
Borrowings	(33,037)	-	-	(33,037)
	(68,965)	-	-	(68,965)

34. **Financial instruments (Cont'd.)**

a) Categories of financial instruments (Cont'd.)

The table below provides an analysis of financial instruments categorised as follows : - (Cont'd.)

	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVTPL RM'000
<u>Company</u>				
2020				
Financial assets				
Other investment	**342**	**-**	**-**	**342**
Trade receivables	**195**	**195**	**-**	**-**
Other receivables and deposits	**3,756**	**3,756**	**-**	**-**
Amount due from subsidiaries	**484**	**484**	**-**	**-**
Cash and bank balances	**40**	**40**	**-**	**-**
	4,817	**4,475**	**-**	**342**
Financial liabilities				
Trade payables	**(8,903)**	**-**	**(8,903)**	**-**
Other payables and accruals	**(7,627)**	**-**	**(7,627)**	**-**
Amount due to subsidiaries	**(36,443)**	**-**	**(36,443)**	**-**
Borrowings	**(3,692)**	**-**	**(3,692)**	**-**
	(56,665)	**-**	**(56,665)**	**-**
2019				
Financial assets				
Other investment	268	-	-	268
Trade receivables	132	132	-	-
Other receivables and deposits	3,714	3,714	-	-
Cash and bank balances	7	7	-	-
	4,121	3,853	-	268
Financial liabilities				
Trade payables	(8,807)	-	(8,807)	-
Other payables and accruals	(9,559)	-	(9,559)	-
Amount due to subsidiaries	(34,589)	-	(34,589)	-
Borrowings	(4,500)	-	(4,500)	-
	(57,455)	-	(57,455)	-

34. **Financial instruments (Cont'd.)**

b) Gains and losses arising from financial instruments

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Net gains/(losses) on : -				
Financial liabilities measured at amortised costs	**(1,361)**	(1,499)	**(809)**	(908)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments : -

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit valuations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements.

Concentration of credit risk

As at 30 June 2020, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM211,000 due from five trade receivable which represents 39% of the total trade receivables of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECLs") of trade receivables and contract assets for all segments, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables and contract assets have been grouped based on credit risk and days past due.

Where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2020 which are grouped together as they are expected to have similar risk nature : -

	Gross RM'000	Loss allowance RM'000	Net RM'000
2020			
Group			
Not past due	**-**	**-**	**-**
Past due 0 – 30 days	**194**	**-**	**194**
Past due 31 – 60 days	**148**	**-**	**148**
Past due 61 – 90 days	**206**	**-**	**206**
Past due more than 90 days	**6,138**	**(6,138)**	**-**
	6,686	**(6,138)**	**548**
Company			
Not past due	**-**	**-**	**-**
Past due 0 – 30 days	**61**	**-**	**61**
Past due 31 – 60 days	**47**	**-**	**47**
Past due 61 – 90 days	**42**	**-**	**42**
Past due more than 90 days	**5,986**	**(5,941)**	**45**
	6,136	**(5,941)**	**195**

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd)

	Gross RM'000	Loss allowance RM'000	Net RM'000
2019			
Group			
Not past due	2,152	-	2,152
Past due 0 – 30 days	1,674	-	1,674
Past due 31 – 60 days	39	-	39
Past due 61 – 90 days	19	-	19
Past due more than 90 days	5,998	(5,834)	164
	9,882	(5,834)	4,048
Company			
Not past due	6	-	6
Past due 0 – 30 days	49	-	49
Past due 31 – 60 days	31	-	31
Past due 61 – 90 days	19	-	19
Past due more than 90 days	5,861	(5,834)	27
	5,966	(5,834)	132

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when : -

- The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- The subsidiary company's loan or advance is overdue for more than 365 days; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, the Company did not recognised any allowance for impairment losses.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 years RM'000	1 – 2 years RM'000	2 – 5 years RM'000
2020						
Non-derivative financial liabilities						
Trade payables	**10,607**	**-**	**10,607**	**10,607**	**-**	**-**
Contract liabilities	**3,952**	**-**	**3,952**	**3,952**	**-**	**-**
Other payables and accruals	**9,550**	**-**	**9,550**	**9,550**	**-**	**-**
Other payable	**220**	**18.00**	**220**	**220**	**-**	**-**
Borrowings	**24,821**	**3.64 – 8.75**	**24,984**	**24,050**	**415**	**519**
Lease liabilities	**311**	**4.84 – 5.06**	**356**	**137**	**219**	**356**
	49,461		**49,669**	**48,516**	**634**	**875**

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 years RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2019							
Non-derivative financial liabilities							
Trade payables	10,762	-	10,762	10,762	-	-	-
Contract liabilities	14,410	-	14,410	14,410	-	-	-
Other payables and accruals	10,536	-	10,536	10,536	-	-	-
Other payable	440	18.00	440	220	220	-	-
Borrowings	33,037	4.95 – 9.00	33,297	31,726	675	892	4
	69,185		69,445	67,654	895	892	4

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 years RM'000	1 – 2 years RM'000
2020					
Non-derivative financial liabilities					
Trade payables	**8,903**	**-**	**8,903**	**8,903**	**-**
Other payables and accruals	**7,407**	**-**	**7,407**	**7,407**	**-**
Other payable	**220**	**18.00**	**220**	**220**	**-**
Borrowings	**3,692**	**7.82**	**3,692**	**3,692**	**-**
Amount due to subsidiaries					
- Interest bearing	**3,687**	**7.42 – 8.75**	**3,964**	**3,964**	**-**
- Non-Interest bearing	**32,756**	**-**	**32,756**	**32,756**	**-**
	56,665		**56,942**	**56,942**	**-**
2019					
Non-derivative financial liabilities					
Trade payables	8,807	-	8,807	8,807	-
Other payables and accruals	9,119	-	9,119	9,119	-
Other payable	440	18.00	440	220	220
Borrowings	4,500	7.82	4,500	4,500	-
Amount due to subsidiaries	34,589	-	34,589	34,589	-
- Interest bearing	3,928	7.97 – 9.00	4,242	4,242	-
- Non-Interest bearing	30,661	-	30,661	30,661	-
	57,455		92,358	92,138	220

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. Other than foreign exchange rate risk and interest rates risk, the Group is not exposed to other prices risk.

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Euro ("EURO"), British Pound ("GBP") and US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The exposure to currency risk is monitored by the management and it is not expected to have a material impact on the financial performance of the Group.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows : -

	Group	
	2020	2019
	RM'000	RM'000
Financial liabilities not held in functional currency :		
Trade payables		
- USD	**(134)**	(421)
- GBP	**(33)**	(2)
- EURO	**(3)**	(6)
	(170)	(429)

Currency risk sensitivity analysis

A 10% strengthening of RM against the following currencies at the end of the reporting period would have increased /(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Currency risk (Cont'd.)

Exposure to foreign currency risk (Cont'd)

	2020		2019	
	Equity RM	Profit or Loss RM	Equity RM	Profit or Loss RM
Group				
USD	**(10)**	**(10)**	(32)	(32)
GBP	**(3)**	**(3)**	-	-
EURO	**-**	**-**	-	-
	(13)	**(13)**	(32)	(32)

A 10% of weakening of RM against the above foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest / Expense rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest /expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest /expense rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

34. **Financial instruments (Cont'd.)**

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest / Expense rate risk (Cont'd)

Exposure to interest / expense rate risk

The interest / expense rate profile of the Group's and the Company's significant interest / expense-bearing financial instruments, based on carrying amounts as at the end of the reporting period was : -

	2020	**Interest rate**	2019	Interest rate
Group	**RM'000**	**%**	RM'000	%
Fixed rate instruments				
Finance lease liabilities	**-**	**-**	(458)	4.84 – 5.06
Lease liabilities	**(311)**	**4.84 – 5.06**	-	-
Floating rate instruments				
Bank overdraft	**(11,294)**	**7.82 – 8.45**	(11,260)	7.82 – 8.45
Banker acceptance and trust receipt	**(1,200)**	**3.64 -4.42**	(4,200)	3.84 – 4.09
Short term loan	**(3,021)**	**3.64 -4.42**	-	-
Term loan and project loans	**(9,306)**	**7.50 – 8.75**	(17,119)	8.75 – 9.00
Company				
Floating rate instruments				
Bank overdraft	**(3,692)**	**7.82**	(4,500)	7.82

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower / higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM189,000 and RM28,000 (2019 – RM248,000 and RM34,000) respectively higher / lower, arising mainly as a result of lower / higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. **Financial instruments**

c) Financial risk management (Cont'd.)

iv) Operational risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

34. **Financial instruments (Cont'd.)**

d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020										
Financial assets										
Other investment	**342**	**-**	**-**	**342**	**-**	**-**	**-**	**-**	**342**	**342**
Financial liabilitie										
Other payables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**(194)**	**(194)**	**(194)**	**(194)**
Term loan	**-**	**-**	**-**	**-**	**-**	**-**	**(1,187)**	**(1,187)**	**(1,187)**	**(1,187)**
	-	**-**	**-**	**-**	**-**	**-**	**(1,381)**	**(1,381)**	**(1,381)**	**(1,381)**

34. **Financial instruments (Cont'd.)**

d) Fair value information (Cont'd.)

Group	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2019										
Financial assets										
Other investment	268	-	-	268	-	-	-	-	268	268
Financial liabilitie										
Other payables	-	-	-	-	-	-	(398)	(398)	(398)	(220)
Lease liabilities	-	-	-	-	-	-	(286)	(286)	(286)	(278)
Term loan	-	-	-	-	-	-	(1,428)	(1,428)	(1,428)	(1,428)
	-	-	-	-	-	-	(2,112)	(2,112)	(2,112)	(1,926)

34. **Financial instruments (Cont'd.)**

d) Fair value information (Cont'd.)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020										
Financial assets										
Other investment	**342**	**-**	**-**	**342**	**-**	**-**	**-**	**-**	**342**	**342**

34. **Financial instruments (Cont'd.)**

d) Fair value information (Cont'd.)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019										
Financial assets										
Other investment	268	-	-	268	-	-	-	-	268	268
Financial liabilitie										
Other payables	-	-	-	-	-	-	(398)	(398)	(398)	(220)

35. **Capital management**

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Total borrowings	**25,132**	33,037	**3,692**	4,500
Total equity	**36,999**	36,633	**16,497**	18,576
Debt-to-equity ratio	**0.68**	0.90	**0.22**	0.24

There was no change in the Group's and the Company's approach to capital management during the financial year.

36. **Related parties**

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

The Group and the Company have related party relationship with their directors and key management personnel.

36. **Related parties (Cont'd)**

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 13 to the financial statements.

	Group	
	2020	2019
	RM'000	RM'000
Revenue.(CME Industries Sdn. Bhd. to CME Edaran Sdn. Bhd.)	**1,772**	1,829
Revenue.(CME Technologies Sdn. Bhd. to CME Edaran Sdn. Bhd.)	**10,192**	25,170
Revenue.(CME Pyroshield Sdn. Bhd. to CME Edaran Sdn. Bhd.)	**-**	3
Revenue.(CME Edaran Sdn. Bhd. to CME Pyroshield Sdn. Bhd.)	**-**	237
Revenue.(Modern Mum Retail Sdn. Bhd. to Mom's Care Retail Sdn. Bhd.)	**-**	14
	11,964	27,253

	Company	
	2020	2019
	RM'000	RM'000
CME Edaran Sdn. Bhd.		
Term loan interest expenses	**290**	317

Compensation of key management personnel

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Director remuneration (Note 28)	**340**	464	**261**	322
Other key management personnel				
- short term employee benefits	**228**	993	**7**	576
- defined contribution plan	**27**	119	**1**	37
	595	1,576	**269**	967

37. **Material litigation**

On On 12 May 2014, Bellajade Sdn. Bhd. ("Bellajade") commenced a legal action against the Company ("CME") arising from the disputes in relation to a Tenancy Agreement dated 21 February 2013 whereby CME agree to rent a premise for a rental of RM1,018,750 per month, commencing from 20 February 2013, for tenancy term of 3 years.

On 20 May 2015, the Kuala Lumpur High Court dismissed Bellajade's claims of RM8,401,757 to CME and allowed CME's counterclaim that the Tenancy Agreement for the sum of RM9,411,062 with interest of 4% on the pre-judgment sum and 5% on the post judgment sum, along with the cost of RM30,000 ("FC Order").

On 3 June 2015, Bellajade filed the Notice of Appeal.

On 24 August 2016, the Court of Appeal allowed Bellajade's appeal and set aside High Court Order dated 20 May 2015. The Court of Appeal further awarded costs of RM50,000 (for the Appeal Court and High Court) to be paid to Bellajade. The Court of Appeal, however, stayed the Judgment granted in favour of Bellajade pending CME to file Motion for Leave to Appeal to the Federal Court ("COA Order").

On 13 November 2017, the Federal Court allowed CME's Motion for Leave to appeal to the Federal Court. The Federal Court also granted a stay of execution of the Judgment of the Court of Appeal dated 24 August 2016 ("CME's FC Leave Order and Motion").

On 25 September 2018, the Federal Court allowed CME's appeal against Bellajade ("CME's FC Appeal") and set aside the COA Order. The Federal Court re-instated the FC Order which ordered that Bellajade's claim against CME be dismissed, the tenancy agreement between Bellajade and CME as null and void and Bellajade to pay CME a sum of RM9,411,062, along with the cost of RM80,000 ("CME's FC Appeal Order").

On 4 October 2018, Bellajade filed in the Federal Court a Notice of Motion to review the CME's FC Appeal Order and a Notice of Motion to stay the execution of CME's FC Appeal. CME opposed both the Motions.

With the filling of Notice of Discontinuance of the Motion for stay of execution of Federal Court's order dated 25 September 2018 by Bellajade on 14 November 2018, the file has been closed and hearing date has been vacated.

On 14 February 2019, the Federal Court allowed Bellajade's Review Motion dated 4 October 2018 to review the judgement delivered on 25 September 2018, setting aside the CME's FC Appeal Order and the CME FC Appeal to be re-heard by a different panel of judges ("FC Review Order").

On 15 March 2019, CME applied to review the FC Review Order ("CME Review"). CME has also filed a Notice of Motion to stay the execution of FC Review Order and stay the hearing of CME's FC Appeal while pending the disposal of the CME's Review ("CME Stay Motion").
Pursuant to the Federal Court order dated 13 November 2017, the COA order is currently stayed pending final disposal of the CME's FC Appeal. CME's FC Appeal is currently fixed for case management, pending the disposal of the CME Review.

37. **Material litigation (Cont'd)**

Bellajade has issued a notice dated 24 April 2019 demanded for a sum of RM55,251,738, CME had on 30 April 2019 applied to Kuala Lumpur High Court to seek for an injunction to restrain Bellajade from presenting a winding up petition against CME. On 14 May 2019, CME been granted an ad interim injunction in favour of CME with a condition that CME shall deposit a sum of RM10,969,933 into a joint stakeholder account held by solicitors of CME and Bellajade. The sum had been deposited by CME on 3 June 2019.

On 17 July 2019, Kuala Lumpur High Court allowed CME's application for Fortuna Injunction on the condition that the stakeholder sum of RM10,969,933 deposited remains in the stakeholder account pending the disposal of CME's FC Appeal or any other orders made by the Courts that state otherwise, whichever earlier.

On 24 July 2019, CME filed a Notice of Appeal to Court of Appeal against such part of decision by the Kuala Lumpur High Court dated 17 July 2019 to maintain the stakeholder sum in the stakeholder account ("CME's Appeal"). Case management was fixed on 15 November 2019.

On 15 August 2019, Bellajade filed a Notice of Appeal to Court of Appeal against such part of decision by the Kuala Lumpur High Court dated 14 May 2019 that an interim injunction be granted pending the final disposal of CME's FC Appeal ("Bellajade's Appeal"). Bellajade appeal fixed for hearing on 4 December 2020.

On 13 October 2020, the Federal Court had dismissed CME's Notice of Motion dated 15 March 2019 to review the Federal Court's order dated 14 February 2019 which set aside the Federal Court's judgment delivered on 25 September 2018. CME's FC appeal is fixed for rehearing on 27 January 2021.

38. **Significant events**

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Group and the Company, the impact on business operations has not been a direct consequence of the COVID-19 pandemic but a result of the measures taken by the Government of Malaysia to contain it.

Up to the date of these financial statements, there is no significant impact of the movement control measures arising from the COVID-19 pandemic on the Group's and the Company's revenue, profitability and cash flow.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Group and the Company could not be reasonably estimated at this juncture. The Group and the Company is closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the 2021's annual financial statements.

39. **Events after the reporting period**

i) On 17 September 2020, the Company announced that its wholly-owned subsidiary, CME Health Sdn. Bhd. ("CMEH") (formerly known as CME Properties Sdn. Bhd.) had on 17 September 2020 entered into a Collaborative Agreement with with Bioalpha International Sdn Bhd ("BISB") for BISB to develop, manufacture and supply health food supplement that aims to improve overall immunity and strengthen respiratory systems for CMEH to market exclusively in the South East Asia region.

ii) On 7 October 2020, the Company announced that the Company proposes to undertake the Proposed Private Placement. The Proposed Private Placement entails the issuance of up to 149,227,000 new CME Shares ("Placement Shares"), representing not more than 10% of the number of CME Shares in issue (excluding any treasury shares).

40. **Changes in accounting period**

During the financial year, the Group has adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or change on or after 1 July 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained profits at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's entities incremental borrowing rate as at 1 July 2019. The weighted-average rate applied is 4.95%. Right-of-use assets are measured at either : -

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 July 2019; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

40. **Changes in accounting period (Cont'd.)**

As a lessee (Cont'd.)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117 : -

- applied a single discount rate to a portfolio of leases with similar characteristics;

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 July 2019;

- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;

- used hindsight when determining the lease term if the contract contains option to extend or terminate the lease; and

- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 July 2019, there are no adjustments made to the prior period presented.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Azlan Omry Bin Omar and YM Tunku Nizamuddin Bin Tunku Dato’ Seri Shahabuddin, being two of the directors of CME Group Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 52 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2020 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Azlan Omry Bin Omar

YM Tunku Nizamuddin Bin Tunku Dato’ Seri Shahabuddin

Kuala Lumpur,
Date : 26 October 2020

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Azlan Omry Bin Omar, IC No. 660911-08-5409, being the director primarily responsible for the financial management of CME Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 151, to the best of my knowledge and belief, are 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.

Subscribed and solemnly declared
at Kuala Lumpur
this

Before me

Azlan Omry Bin Omar

Datin Hjh Raihela Wanchik

Commissioner for Oaths

LIST OF PROPERTIES

Owned by:
CME GROUP BERHAD

Location	Land Area	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Exisiting Use)	Net Book Value As At 30 June RM
41 units of 3 storey Shoplot office :- H.S. (M) 22733 No. PT 23011 to H.S. (M) 22739 No. PT 23017 H.S. (M) 22741 No. PT 23019 to H.S. (M) 22743 No. PT 23021 H.S. (M) 22745 No. PT 23023 to H.S. (M) 22747 No. PT 23025 H.S. (M) 22759 No. PT 23037 H.S. (M) 22762 No. PT 23040 to H.S. (M) 22773 No. PT 23051 H.S. (M) 22779 No. PT 23057 to H.S. (M) 22788 No. PT 23066 H.S. (M) 22805 No. PT 23083 to H.S. (M) 22809 No. PT 23087	5,710 sq.m	08 August 2019	Leasehold 99 years expiring 25 April 2090	3 Storey	27.138 million
8 units of 3 storey Shoplot office :- H.S. (M) 22778 No. PT 23056 H.S. (M) 22790 No. PT 23068 H.S. (M) 22792 No. PT 23070 to H.S. (M) 22794 No. PT 23072 H.S. (M) 22796 No. PT 23074 to H.S. (M) 22797 No. PT 23075 H.S. (M) 22803 No. PT 23081	1,105 sq.m	08 August 2019	Leasehold 99 years expiring 25 April 2090	3 Storey	5.475 million

Owned by:-
CME INDUSTRIES SDN BHD

Location	Land Area	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Exisiting Use)	Net Book Value As At 30 June RM
GRN 84205, Lot 38559, Pekan Country Height, District of Petaling, State of Selangor	7,321 sq.m	08 August 2019	Freehold 28 years	3 Storey Office cum Factory Building	28.059 million

Owned by:-
CME PROPERTIES (AUSTRALIA) PTY LTD

Location	Land Area	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Exisiting Use)	Net Book Value As At 30 June RM
20 Henson Street, Local Government Area of City of Mandurah, Australia	11,786 sq.m	28 July 2019	Freehold	Property Development	8.907 million
170 Mandurah Terrace, Local Government Area of City of Mandurah, Australia	3,998 sq.m	28 July 2019	Freehold	Property Development	3.022 million

Analysis of Shareholdings as at 16 October 2020

Authorised Share Capital	:	RM1,000,000,000
Issued and Fully Paid Up	:	RM70,807,070
Class of Shares	:	Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	237	5.27	18,135	0.00
100 - 1,000	364	8.09	253,708	0.03
1,001 - 10,000	889	19.77	5,810,144	0.67
10,001 - 100,000	2,247	49.97	99,169,777	11.46
100,001 to less that 5% of issued shares	759	16.88	585,510,071	67.67
5% and above of issued shares	1	0.02	174,449,400	20.16
Total	**4,497**	**100.00**	**865,211,235**	**100.00**

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares Direct Interest	%	No. of Shares Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	174,449,400	20.16
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	Y. Bhg. Dato' Khairi Bin Mohamad	0	0.00	0	0.00
5	En. Azlan Omry Bin Omar	50,000	0.01	0	0.00
6	Miss Ong Suan Pin	7,666,000	0.89	0	0.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares	%
1	Best Birdnest Sdn Bhd	174,449,400	20.16

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	BEST BIRDSNEST SDN BHD	174,449,400	20.16
2	JEWEL VIEW SDN BHD	21,041,300	2.43
3	RAMLI BIN ABDULLAH	20,504,633	2.37
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK FUI HUN	20,018,500	2.31
5	GOH LILY	20,011,100	2.31
6	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK (PNG)	20,000,000	2.31
7	REZA BIN SHARIFFUDIN	19,943,980	2.31
8	DATO' NG MENG KEE	16,000,000	1.85
9	CHAI KIM FAH	15,002,800	1.73
10	CGS-CIMB NOMINEES (ASING) SDN BHD PIONEER UNITED LIMITED (JS 803)	12,952,500	1.50
11	VOON SZE LIN	12,470,200	1.44
12	TAN SOH WAI	11,970,000	1.38
13	DATUK CHIAU BENG TEIK	10,500,000	1.21
14	ONG SUAN PIN	7,666,000	0.89
15	GOH LILY	7,094,100	0.82
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN6190M)	7,000,000	0.81
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM (7001081)	6,033,100	0.70
18	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE WAH	5,600,000	0.65
19	KO KIM KWA	5,000,000	0.58
20	JESSIE W.Y SOON	4,520,000	0.52
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	4,000,000	0.46
22	LEE CHEE MING	4,000,000	0.46
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD DOH TEE LEONG	4,000,000	0.46
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YOOK CHU @ ANG YOKE FONG	3,700,000	0.43
25	CHANG CHONG BOON @ CHANG TZONG TZYY	3,500,000	0.40
26	SHAHROM BIN LATIF	3,500,000	0.40
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW SAY HOO (E-BPJ/BPI)	3,300,000	0.38
28	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG ENG BEE (MARGIN)	3,200,000	0.37
29	TAN AH HUAT	3,100,000	0.36
30	WONG SIEW CHENG	3,017,000	0.35
		453,094,613	52.35

Analysis of ICULS Holdings as at 16 October 2020

Number of Ten (10) - Years Zero Coupon Irredeemable Convertible Unsecured Loan Stock :
578,275,915 at 100% of its nominal value of RM0.04 each ("ICULS")

DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS Held	% of Issued ICULS
Less than 100	3	1.46	141	0.00
100 - 1,000	19	9.22	4,309	0.00
1,001 - 10,000	19	9.22	87,900	0.02
10,001 - 100,000	104	50.49	5,105,725	0.88
100,001 to less that 5% of issued shares	58	28.16	168,435,840	29.13
5% and above of issued shares	3	1.46	404,642,000	69.97
Total	**206**	**100.00**	**578,275,915**	**100.00**

DIRECTORS' ICULS HOLDINGS

No.	Name of Directors	No. of ICULS Direct Interest	%	No. of ICULS Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	0	0.00
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	Y. Bhg. Dato' Khairi Bin Mohamad	0	0.00	0	0.00
5	En. Azlan Omry Bin Omar	0	0.00	0	0.00
6	Miss Ong Suan Pin	0	0.00	0	0.00

SUBSTANTIAL ICULS HOLDERS

No.	Name of Substantial ICULS Holders	No. of ICULS	%
1	Luteum Pty Ltd Registered with:- RHB Nominees (Asing) Sdn Bhd	199,655,000	34.53
2	Grand Holdings Pty Ltd Registered with:- RHB Nominees (Asing) Sdn Bhd	150,003,100	25.94
3	Tan Soh Wai	55,034,000	9.52

THIRTY (30) LARGEST ICULS HOLDERS

No.	Name of ICULS Holders	No. of ICULS	%
1	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT LUTEUM PTY LTD	199,630,000	34.52
2	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT GRAND HOLDINGS PTY LTD	150,000,000	25.94
3	TAN SOH WAI	55,012,000	9.51
4	CHAI KIM FAH	25,425,900	4.40
5	REZA BIN SHARIFFUDIN	25,102,000	4.34
6	RAMLI BIN ABDULLAH	25,000,200	4.32
7	LEE SIAH SIAN @ LEE HAY HIAN	25,000,000	4.32
8	GOH LILY	23,914,200	4.14
9	KOK FUI HUN	15,019,700	2.60
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	5,659,500	0.98
11	KOK FUI HUN	5,000,000	0.86
12	GV ASIA FUND LIMITED	2,534,800	0.44
13	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LAW YEEN NEE	1,081,900	0.19
14	CHAN BOON YOK	932,100	0.16
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI PING (E-KPG/TMW)	899,800	0.16
16	LEE CHEE KEONG	800,000	0.14
17	LEE CHEE SIONG	617,600	0.11
18	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE WAH	610,000	0.11
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOK POW PENG @ KOK POH PING (PB)	600,000	0.10
20	TAN TIN HWA	547,000	0.09
21	EU MUI @ EE SOO MEI	500,000	0.09
22	LEE ZHI YI	500,000	0.09
23	SIMSON SIM XIAN ZHI	500,000	0.09
24	TAN AH KOW @ TAN CHEE LIN	500,000	0.09
25	LAI HENG @ VOON KIT KIM	452,400	0.08
26	CHAN WAN TECK	400,000	0.07
27	TAN MING SHENG	400,000	0.07
28	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE ENG MIN (CCTS)	350,000	0.06
29	TAN SIEW ENG	350,000	0.06
30	TAN LEE HONG	300,000	0.05
		567,639,100	98.18

Analysis of Warrant Holdings as at 16 October 2020

No. of Warrant Issued :	123,783,023
No. of Warrant Unexercised :	53,783,023
Exercise Price :	RM0.01
Issue Date :	14 May 2018
Expiry Date :	13 May 2028
No. of Warrant Holders :	299

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Held	% of Issued Warrant
Less than 100	8	2.68	336	0.00
100 - 1,000	28	9.36	16,283	0.03
1,001 - 10,000	64	21.40	297,224	0.55
10,001 - 100,000	137	45.82	5,436,550	10.11
100,001 to less that 5% of issued shares	59	19.73	16,594,464	30.85
5% and above of issued shares	3	1.00	31,438,166	58.45
Total	**299**	**100.00**	**53,783,023**	**100.00**

DIRECTORS' WARRANT HOLDINGS

No.	Name of Directors	No. of Warrant Direct Interest	%	No. of Warrant Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	17,144,700	31.88
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	Y. Bhg. Dato' Khairi Bin Mohamad	0	0.00	0	0.00
5	En. Azlan Omry Bin Omar	0	0.00	0	0.00
6	Miss Ong Suan Pin	75,000	0.14	0	0.00

SUBSTANTIAL WARRANT HOLDERS

No.	Name of Substantial Shareholders	No. of Warrant	%
1	Best Birdnest Sdn Bhd	17,144,700	31.88
2	Ramli bin Abdullah	10,312,266	19.17
3	Affin Hwang Nomineess(tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Pock	3,981,200	7.40

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrant	%
1	BEST BIRDSNEST SDN BHD	17,144,700	31.88
2	RAMLI BIN ABDULLAH	10,312,266	19.17
3	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	3,981,200	7.40
4	YAW SOOK KEAN	787,000	1.46
5	TAN TIN HWA	780,000	1.45
6	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR GOH CHUN HIANG	750,100	1.39
7	CHIN SWEE YOONG	675,000	1.26
8	GOH LILY	600,000	1.12
9	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LAW YEEN NEE	600,000	1.12
10	TAN LAY CHONG	600,000	1.12
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SCURITIES ACCOUNT FOR LEONG YUET MOOI	500,000	0.93
12	LOONG FONG LIN	490,000	0.91
13	REZA BIN SHARIFFUDIN	423,750	0.79
14	TAN HAN KYU	400,000	0.74
15	LEE YEN YEW	390,000	0.73
16	CHONG YONG LIN	375,000	0.70
17	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KIM LAN (CCTS)	350,000	0.65
18	LEE CHEE KEONG	333,332	0.62
19	TAN SOOK HONG	330,000	0.61
20	KOK FUI HUN	316,600	0.59
21	TIA TENG HOE	302,000	0.56
22	LEE AI LIN	300,000	0.56
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD TAUFIQ BIN	300,000	0.56
24	SURIA BINTI RAMLI	272,900	0.51
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHONG ANN	262,800	0.49
26	CHUA HUI PING	256,000	0.48
27	ROBERT AMIRTHA NATHAN	251,000	0.47
28	AW LAI WAH	250,000	0.46
29	LIM YUE THONG	250,000	0.46
30	GOH CHUN HIANG	249,000	0.46
	TOTAL	**42,832,648**	**79.64**

Proxy Form

Number of shares held [   ]

CME GROUP BERHAD
(Registration No.: 199701007949[52235-K])
(Incorporated in Malaysia)

I/We,____ NRIC No. ____________________
(PLEASE USE BLOCK LETTERS)

of____

being a Member/Members of the CME Group Berhad, hereby appoint __________________________________

____ NRIC No. ____________________
(PLEASE USE BLOCK LETTERS)

of ____

* and/or failing him/her, ____ NRIC No. ____________________
(PLEASE USE BLOCK LETTERS)

of ____

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Delima Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Monday, 30 November 2020 at 10.30 a.m. or any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-
(The next paragraph should be completed only when two proxies are appointed)

* First Proxy (1) ___________________________ % * Second Proxy (2) ___________________________ %

I/We direct my/our proxy to vote for against the Resolutions to be proposed at the Meeting as hereinunder indicated

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
Resolution 1	Re-election of Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj who retires by rotation in accordance with Rule 144 of the Company's Constitution.		
Resolution 2	Re-election of Ong Suan Pin who retires by rotation in accordance with Rule 144 of the Company's Constitution .		
Resolution 3	To approve the payment of Directors' fees up to an amount of RM180,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting.		
Resolution 4	To re-appoint Messrs. Kreston John & Gan as Auditors of the Company for the financial year ending 30 June 2021 and to authorise the Board of Directors to fix their remuneration.		
Resolution 5	Authority to Issue and Allot Shares pursuant to the Companies Act 2016.		
Resolution 6	Retention of Ong Suan Pin as an Independent Non-Executive Director.		
Resolution 7	Retention of Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj as an Independent Non-Executive Director.		
Resolution 8	Retention of Y.Bhg. Dato' Khairi Bin Mohamad as an Independent Non-Executive Director.		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Date this_________day of _________ 2020

……………………………………
Signature(s) of Member(s)

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

3. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing the proxy must be deposited at the Registered Office of the Company at No. 22C, Jalan Gelugor, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of a poll, and in default the instrument of proxy shall not be treated as valid.*

6. *Only members whose names appear in the Record of Depositors as at 24th November 2020 will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.*

7 *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 24th AGM will be put to vote by poll.*

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STAMP

THE COMPANY SECRETARY
CME GROUP BERHAD
197901007949 (52235-K)
No. 22C, Jalan Gelugor
41050 Klang
Selangor Darul Ehsan
Malaysia

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