

**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2019**

(The figures have not been audited)

	<b>Unaudited At 30/06/2019 RM '000</b>	<b>Audited At 30/06/2018 RM '000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	28,586	27,742
Land held for property development	11,739	21,787
Investment properties	36,113	46,237
Other investment	268	623
<b>TOTAL NON-CURRENT ASSETS</b>	<b>76,706</b>	<b>96,389</b>
<b>CURRENT ASSETS</b>		
Inventories	17,463	931
Amount due from contract customers	-	17,316
Trade receivables and other receivables	8,103	7,526
Tax recoverable	249	458
Cash and bank balances	6,760	4,025
<b>TOTAL CURRENT ASSETS</b>	<b>32,575</b>	<b>30,256</b>
<b>TOTAL ASSETS</b>	<b>109,281</b>	<b>126,645</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY AND LIABILITIES</b>		
Share capital	49,459	49,459
ICULS	31,370	31,370
Reserves	(44,242)	(13,425)
<b>TOTAL EQUITY</b>	<b>36,587</b>	<b>67,404</b>
<b>NON-CURRENT LIABILITIES</b>		
Hire-purchase payables	278	432
Long-term loan	1,119	1,411
Other payables	220	440
Provision of warranty	150	-
Deferred tax liabilities	3,088	2,202
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,855</b>	<b>4,485</b>
<b>CURRENT LIABILITIES</b>		
Hire-purchase payables	180	197
Bank borrowings	31,460	32,378
Amount due to contract customers	-	117
Contract liabilities	14,410	-
Trade payables and other payables	21,735	21,905
Tax payables	54	159
<b>TOTAL CURRENT LIABILITIES</b>	<b>67,839</b>	<b>54,756</b>
<b>TOTAL LIABILITIES</b>	<b>72,694</b>	<b>59,241</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>109,281</b>	<b>126,645</b>
<b>Net Assets Per Share</b>	<b>0.063</b>	<b>0.115</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2018 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE CURRENT QUARTER AND CUMULATIVE 12-MONTH PERIOD ENDED 30 JUNE 2019**

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/06/2019 (RM '000)	Preceding year corresponding quarter 30/06/2018 (RM '000)	Current year-to-date 30/06/2019 (RM '000)	Preceding year corresponding period 30/06/2018 (RM '000)
Revenue	24,442	4,791	37,757	N/A
Cost of sales	<u>(21,407)</u>	<u>(4,196)</u>	<u>(32,094)</u>	N/A
<b>Gross profit</b>	<b>3,035</b>	<b>595</b>	<b>5,663</b>	N/A
Other gains	324	754	417	N/A
Fair value loss on available-for-sale financial assets	-	140	-	N/A
Fair value loss on financial assets at FVTPL	(1)	-	(355)	N/A
Administrative expenses	(2,536)	(111)	(6,959)	N/A
Other expenses	(20,233)	(9,864)	(21,048)	N/A
Finance costs	<u>(406)</u>	<u>(378)</u>	<u>(1,499)</u>	N/A
<b>Loss before tax</b>	<b>(19,817)</b>	<b>(8,864)</b>	<b>(23,781)</b>	N/A
Income tax credit/ (expense)	<u>90</u>	<u>(304)</u>	<u>90</u>	N/A
<b>Loss for the period</b>	<b>(19,727)</b>	<b>(9,168)</b>	<b>(23,691)</b>	N/A
<b>Other comprehensive income/ (loss)</b>				
Foreign currency translation	162	333	(506)	N/A
Gain on revaluation of property, plant and equipment	<u>235</u>	<u>8,972</u>	<u>235</u>	N/A
	<u>397</u>	<u>9,305</u>	<u>(271)</u>	N/A
<b>Total comprehensive (loss)/ income for the period</b>	<b><u>(19,330)</u></b>	<b>137</b>	<b><u>(23,962)</u></b>	N/A
Loss for the period attributable to:-				
Equity holders of the parent	(19,727)	(9,168)	(23,691)	N/A
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	N/A
	<u>(19,727)</u>	<u>(9,168)</u>	<u>(23,691)</u>	N/A
Total comprehensive (loss)/ income attributable to:-				
Equity holders of the parent	(19,330)	137	(23,962)	N/A
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	N/A
	<u>(19,330)</u>	<u>137</u>	<u>(23,962)</u>	N/A
<b>Loss per share attributable to owners of the Company</b>				
<b>Basic (sen)</b>	-3.377	-1.569	-4.055	N/A

*(In view of the change in the financial year end from 31 December to 30 June, there was no comparative financial information available for the cumulative 12-month financial period ended 30 June 2018.)*

*(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2018 and the explanatory notes attached to the interim financial report.)*

**CME GROUP BERHAD***(Company No. 52235-K)  
(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2019***(The figures have not been audited)*

	< -----Non-distributable----- >							
	Share capital	ICULS	Accumulated losses	Warrants reserve	Fair value reserve	Revaluation reserve	Foreign currency translation reserve	Total equity
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Balance as at 1 January 2017</b>	44,110	31,370	(24,928)	-	-	10,721	3,737	65,010
Loss for the financial period	-	-	(14,103)	-	-	-	-	(14,103)
Other comprehensive income/ (loss) for the financial period	-	-	-	-	-	8,973	(3,098)	5,875
Total comprehensive income/ (loss) for the financial period	-	-	(14,103)	-	-	8,973	(3,098)	(8,228)
Transactions with owners:								
Issue of ordinary shares	2,205	-	-	-	-	-	-	2,205
Issue of right shares	3,144	-	-	5,273	-	-	-	8,417
<b>Total transactions with owners</b>	5,349	-	-	5,273	-	-	-	10,622
<b>Balance as at 30 June 2018</b>	49,459	31,370	(39,031)	5,273	-	19,694	639	67,404
Restatement	-	-	(6,855)	-	-	-	-	(6,855)
Loss for the financial year	-	-	(23,691)	-	-	-	-	(23,691)
Other comprehensive income/ (loss) for the financial year	-	-	-	-	-	235	(506)	(271)
Total comprehensive income/ (loss) for the financial year	-	-	(30,546)	-	-	235	(506)	(30,817)
<b>Balance as at 30 June 2019</b>	49,459	31,370	(69,577)	5,273	-	19,929	133	36,587

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2018 and the explanatory notes attached to the interim financial report.)*

**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2019**

(The figures have not been audited)

<b>Current year-to-date 30/06/2019 RM'000</b>
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**CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES**

Loss for the period	(23,691)
Adjustments for:	
Depreciation of property, plant and equipment	521
Fair value loss on financial assets at FVTPL	355
Fair value loss on investment properties	10,124
Finance costs	1,499
Impairment loss on land held for property development	9,553
Impairment loss on trade and other receivables	766
Income tax credit recognised in profit and loss	(90)
Inventories written down	119
Inventories written off	14
Property, plant and equipment written off	98
Property, plant and equipment written back	(1)
Reversal of impairment loss on trade and other receivables	(37)
Trade and other receivables written off	91
Operating loss before working capital changes	(679)
Changes in working capital	
Net changes in current assets	(746)
Net changes in current liabilities	7,419
Cash from operations	5,994
Income tax refunded	17
Income tax paid	(149)
Net cash from operating activities	5,862
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(16)
Net cash used in investing activities	(16)
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>	
Decrease in amount owing to third parties	(220)
Finance costs paid	(1,499)
Repayment of bank borrowings	(2,719)
Repayment of hire purchase payables	(171)
Net cash used in financing activities	(4,609)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,237

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2019 (Cont.)**  
*(The figures have not been audited)*

	<b>Current year-to-date 30/06/2019 RM'000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,237
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(5,726)
Effects of exchange rate changes on cash and cash equivalents	(11)
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(4,500)</b>
	<hr/> <hr/>
<b>Cash and Cash Equivalents are as follows:-</b>	
Cash and bank balances	6,760
Bank overdrafts	(11,260)
	<hr/>
	<b>(4,500)</b>
	<hr/> <hr/>

*(In view of the change in the financial year end from 31 December to 30 June, there was no comparative financial information available for the cumulative 12-month financial period ended 30 June 2018.)*

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2018 and the explanatory notes attached to the interim financial report.)*

## NOTES TO THE INTERIM FINANCIAL STATEMENT

### A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

#### **1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 -*Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”) and Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the period ended 30 June 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2018.

#### **2 Financial Reporting Standards**

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the period ended 30 June 2018.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2019. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing Financial Reporting Standard (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2019. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

#### **3 Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the period ended 30 June 2018 was not subjected to any qualification.

#### **4 Seasonal or Cyclical Factors**

The Group’s operations were not subject to any seasonal or cyclical factors.

#### **5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no exceptional items and unusual events affecting the assets, liabilities, equity, net income and cash flow of the Group for the current quarter and financial year-to-date.

#### **6 Changes in Estimates**

There were no changes in the estimates of amounts, which give a material effect in the current quarter or financial year-to-date.

#### **7 Debt and Equity Securities**

There was no issuance or repayment of debts and equity securities, share buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

**A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS (CONT.)**

**8 Dividends Paid**

There was no dividend paid/ declared by the Company for the current quarter ended 30 June 2019 (30 June 2018: Nil).

**9 Segmental Reporting**

<b>30.06.2019</b>	<b>Invest. Holding RM ‘000</b>	<b>Manufacturing RM ‘000</b>	<b>Trading RM ‘000</b>	<b>Others RM ‘000</b>	<b>Elimination RM ‘000</b>	<b>Consolidated RM ‘000</b>
<b>Revenue</b>						
External sales	1,086	34,396	2,275	-	-	37,757
Inter-segment sales	-	25,407	1,846	-	(27,253)	-
<b>Total revenue</b>	<b>1,086</b>	<b>59,803</b>	<b>4,121</b>	<b>-</b>	<b>(27,253)</b>	<b>37,757</b>
<b>Results</b>						
Segment results	(33,665)	1,243	(292)	(12,014)	22,446	(22,282)
Finance costs						(1,499)
<b>Loss before tax</b>						<b>(23,781)</b>
Income tax credit						90
<b>Loss for the period</b>						<b>(23,691)</b>
<b>Other information</b>						
Capital additions	9	7	-	-	-	16
Depreciation	11	223	286	1	-	521
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	76,168	65,358	34,467	16,477	(83,457)	109,013
Other investment	268	-	-	-	-	268
<b>Consolidated total assets</b>	<b>76,436</b>	<b>65,358</b>	<b>34,467</b>	<b>16,477</b>	<b>(83,457)</b>	<b>109,281</b>
<b>Liabilities</b>						
Segment liabilities	57,854	53,570	10,950	55,814	(105,494)	72,694

(In view of the change in the financial year end from 31 December to 30 June, there was no comparative financial information available for the cumulative 12-month financial period ended 30 June 2018.)

As the Group is principally operating within Malaysia, geographical segment has not been presented.

**10 Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment were brought forward without any amendments from the preceding annual financial statements, except for the following:

During the financial year ended 30 June 2019, a revaluation exercise was carried out by the Group on land and buildings classified as property, plant and equipment. The revaluation resulted in a property revaluation surplus, net of deferred tax, of RM235,000 being included in property revaluation reserve. The valuations were carried out by professional independent valuer, TZP Property Consultancy.

**11 Material Subsequent Events**

There were no material events subsequent to 30 June 2019 that have not been reflected in the interim financial report.

**A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS (CONT.)**

**12 Material Uncertainty Related to Going Concern**

The Board of Directors of CME Group Berhad (“CME” or “the Company”) wishes to announce that its external auditors, Messrs. Baker Tilly Monteiro Heng have included an emphasis of matter to draw attention to the “Material Uncertainty Related to Going Concern” (“MUGC”) in respect of CME’s Financial Statements for 30 June 2018 (“FS 2018”).

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements, the description of the MUGC is as follows:

**“Material Uncertainty Related to Going Concern**

We draw attention to Note 2.7 to the financial statements, which disclosed that the Group and the Company incurred net losses of RM14,103,000 and RM30,555,000 respectively during the financial period ended 30 June 2018 and, as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM24,500,000 and RM30,389,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

The reference to Note 2.7 of the FS 2018 is reproduced below:-

**“BASIS OF PREPARATION**

The financial statement of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

During the financial period ended 30 June 2018, the Group and the Company incurred net losses of RM14,103,000 and RM30,555,000 respectively and, as of that date, the Group’s and the Company’s current liabilities exceeded its current assets by RM24,500,000 and RM30,389,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt of the Group’s and the Company’s ability to continue as a going concern.”

The following are the Key Audit Matters as reported in the Independent Auditors’ Report of the FS 2018:-

Key audit matter	How the matter was addressed in the audit
<p><b>Revenue recognition for contract revenue (Note 4.1 and 24 to the financial statements)</b></p> <p>The amount of revenue recognised by the Group for contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The recognition of revenue and expenses which based on stage of completion method requires significant management judgement, in particular with regard to estimating total cost for each project and the stage of completion for each project.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• understanding the controls over the Group’s process in recording project costs, preparing project budget and calculating the stage of completion;</li> <li>• discussing the progress of the projects and the expected outcomes with the project manager to obtain an understanding of the basis on which the estimates are made; and</li> <li>• reviewing the mathematical computation of the recognised revenue and expenses during the financial period.</li> </ul>



**A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS (CONT.)**

**12 Material Uncertainty Related to Going Concern (Cont.)**

Key audit matter	How the matter was addressed in the audit
<p><b>Property, plant and equipment, land held for property development and investment properties (Note 4.2, 4.3, 5, 6 and 7 to the financial statements)</b></p> <p>The directors estimated the fair value of the freehold land and building and investment properties and the recoverable amount of the land held based on the valuation performed by an external independent valuers.</p> <p>The Group recognised a revaluation surplus on freehold land and building of RM8,973,000, a fair value loss on investment properties of RM858,000 and an impairment loss on land held for property development of RM5,914,000 respectively during the financial period. The carrying amount of the land held for property development is assessed based on recoverable amount.</p> <p>We focused on this area because these adjustments requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• assessing the competency and objectivity of the external valuers which included consideration of their qualifications and experience;</li> <li>• understanding the scope and purpose of the valuation by reading the terms of reference;</li> <li>• reading the valuation reports and discussed with external valuers on their valuation approach and the significant judgements they made; and</li> <li>• assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.</li> </ul>

In relation to the above, the Board wishes to advise on the followings:-

- (a) The Independent Auditors have expressed unqualified opinion on the FS 2018 and that their opinion is not modified in respect of the MUGC;
- (b) The Group and the Company have implemented certain measures which are currently in progress, amongst which,
  - Monitor and manage the progress of its existing manufacturing activities which are expected to be completed within the projected timeline;
  - Actively participating in open tenders to increase the opportunities of securing new projects;
  - Obtain financial support from the financial institutions for financing the on-going and upcoming projects;
  - Explore alternative platform for the retail business such as online business to increase the sales from the trading segment; and
  - Teaming Agreements with Shanghai Shenlong Bus Co., Ltd, in order to tap into Shenlong’s expertise in the research, development, manufacturing and sales of buses to venture into the Malaysian market for the supply of electric buses and other vehicles.

In addition, the Group and the Company have shareholders’ equity of RM67,404,000 and RM52,850,000 respectively as at 30 June 2018. Based on the above measures, the directors of the Company are in the opinion that the financial position of the Group would be further strengthened to address any significant doubt on the Group’s and the Company’s ability in their use of going concern assumption, and accordingly, realise their assets and discharge their liabilities in the normal course of business.

**13 Changes in Composition of the Group**

There were no major changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and restructuring or discontinued of operations during the quarter under review.

**14 Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets for the financial quarter under review.

**15 Capital Commitments**

There were no capital commitments for the financial quarter under review.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS**

**1 Review of Group Performance**

For the quarter ended 30 June 2019

For the quarter under review, the Group achieved revenue of RM24.4 million for the fourth quarter ended 30 June 2019, representing a significant increase of RM19.7 million or > 100% compared to corresponding quarter of 2018. The main drivers of the increase in revenue were from the Specialised Mobility Vehicles (“SMV”) Division, reason being the cumulative effect of the adoption of *MFRS 15 Revenue from Contracts with Customers* was applied retrospectively as an adjustment to the opening balance of retained earnings as the revenue recognition were based on performance obligation of the projects satisfied at a point in time. This results the Division can only recognise the sales when the truck is delivered.

Loss before tax has increased from RM8.9 million to RM19.8 million for this quarter. The increase was mainly due to higher impairment loss on land held for property development and higher fair value loss on investment properties recognised during the quarter as compared to previous year corresponding quarter.

For the year ended 30 June 2019

The Group’s revenue for the full financial year ended 30 June 2019 was recorded at RM37.8 million while the loss before tax was at RM23.8 million. The revenue was mainly from SMV Division of RM34.4 million or 91.1% out of the total revenue, of which RM28.6 million was due to the application of MFRS 15 retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings.

Loss before tax was mainly attributed to other expenses that comprise of impairment loss on land held for property development and fair value loss on investment properties.

The Fire Suppression and Prevention (“FSP”) Division managed to contribute positively to the Group, however the Property Investment (“PI”) Division and retail businesses were in loss position.

**2 Material Change in Loss Before Tax for the Quarter Compared with the Immediate Preceding Quarter**

The comparison of the Group’s revenue and loss before tax for the current quarter and preceding quarter is as follows:

	30.06.19 RM’000	31.03.19 RM’000	← Variance → RM’000	%
Revenue	24,442	4,107	20,335	> 100
Loss before tax	(19,817)	(1,388)	(18,429)	> -100

For the current quarter ended 30 June 2019, the Group registered a revenue of RM24.4 million, a significant increase in revenue of RM20.3 million or > 100% as compared to the preceding quarter ended 31 March 2019, mainly due to the adoption of MFRS 15.

The Group recorded a loss before tax of RM19.8 million for the current quarter as compared to a loss before tax of RM1.4 million in the preceding quarter, mainly due to impairment loss on land held for property development and fair value loss on investment properties despite higher revenue recognised.

**3 Commentary on Future Prospects**

The market in 2019/2020 is expected to remain challenging in view of the market competition and on-going trade war between US and China. The SMV Division continues to be the core business for the Group and its performance would be dependent on the orders and tenders secured and the expected gradual recovery of the market which might subsequently increase the spending power in both the government and private sectors.

The volatility in foreign exchange rate poses a challenge for the Group as it will result in increase of costs of imported material which constitute major costs of the projects and consequently reduce the profit of the Group. In order to maintain its market competitiveness, the Board will remain cautious and constantly review its price structure and react accordingly.

Despite these challenges, the Board is mindful of the challenges ahead and will continue to explore other viable, synergistic and profitable business ventures to improve the Group’s performance. The management is putting in place its many measures to build on its order book besides concentrating on our traditional core fire fighting vehicles business.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT.)**

**4 Profit Forecast**

No profit forecast was made or issued during the current financial quarter under review.

**5 Income Tax Credit**

The Tax figures consist of the following :-	Current quarter <i>RM '000</i>	Current year-to-date <i>RM '000</i>
Current year	90	90
	<u>90</u>	<u>90</u>

**6 Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this interim report.

**7 Group Borrowings and Debt Securities**

	<b>As at 30/06/2019</b> <b>Secured</b> <i>RM'000</i>
<b>Amount payable within one year</b>	
Bank borrowings	31,460
Finance leases	180
	<u>31,640</u>
<b>Amount payable after one year</b>	
Bank borrowings	1,119
Finance leases	278
	<u>1,397</u>
<b>Total borrowings</b>	<u>33,037</u>

**8 Material Litigation**

Save as disclosed below, there were no material litigations against the Group or taken by the Group at the date of issuance of this Interim Financial Report.

**(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014**

The Company on 12 May 2014 had been served with the Writ and the Statement of Claim by the Kuala Lumpur High Court in relation to a claim filed by Bellajade Sdn Bhd ("Bellajade"). Bellajade commenced an action against the Company arising from disputes in relation to a Tenancy Agreement dated 21 February 2013 whereby the Company agreed to rent from Bellajade a 23-Storey Office Building known as Plaza Palas bearing the postal address Plaza Palas, Lorong Palas, Off Jalan Ampang, Kuala Lumpur, for a rental of RM1,018,750.00 per month commencing from 20 February 2013, for tenancy term of 3 years. Bellajade is claiming for an outstanding amount of RM8,401,756.85 as of 27 December 2013, rental payment for January 2014 and every subsequent monthly rental payment until the end of tenancy period of 3 years, interest and costs.

The Company has been informed by its solicitors that the Kuala Lumpur High Court had on 20th May 2015:

- (i) Dismissed the Bellajade's claim against the Company;
- (ii) Allowed the Company's Counterclaim that the Tenancy Agreement is void and Bellajade pay to the Company the sum of RM9,411,062.50 with interest of 4% on the pre judgment sum and 5% on post judgment sum (from the respective date of payment);
- (iii) Awarded costs of RM30,000 to the Company; and
- (iv) Costs of RM20,000 to the 2nd Defendant (others).

On 10 June 2015, the Company was informed by its solicitors that Bellajade's Solicitors had filed and served a Notice of Appeal on 3 June 2015 vide Court of Appeal Civil Application No. W-02(IM)(NCVC)-976-06/2015.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD  
MAIN MARKET LISTING REQUIREMENTS (CONT.)**

**8 Material Litigation (Cont.)**

**(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014 (Cont.)**

On 16 July 2015, the Company has via its solicitors served the Statutory Notice of Demand Pursuant to Section 218 (1)(e) of the Companies Act, 1965 on Bellajade to pay to the sum of RM10,128,678.55 being the principle judgment sum, interest, costs and further interest accruing until full settlement pursuant to the Judgment dated 20 May 2015 obtained vide Civil Suit No. 22NCVC-19-01/2014 in the High Court of Malaya at Kuala Lumpur entered against Bellajade. Bellajade must secure or compound the same to the Company's reasonable satisfaction within TWENTY ONE (21) days from the date of receipt of the demand, in default of which, Bellajade shall be deemed to be unable to pay their debts, in which event the Company shall proceed to petition to the Court that Bellajade be wound up.

On 7 August 2015, the Company was informed by its solicitors that the stay of execution of Judgment was granted on condition that Bellajade deposits within 14 days from 7 August 2015 a sum of RM10 million into a joint stakeholders account to be operated jointly by Bellajade's Solicitors and CME's Solicitors who shall place it in an interest bearing fixed deposit account and hold the same pending the disposal of Bellajade's appeal to the Court of Appeal, with no order as to costs.

Bellajade's Solicitors and CME's Solicitors on 26 August 2015 opened a joint account at CIMB Bank and the RM10 million deposited by Bellajade.

The Court of Appeal on 26 November 2015 upon reading the respective written submissions filed and hearing oral clarification, invited respective Counsel for the parties to file further submission on specific issues and a date for decision will be notified by the Registry of the Court of Appeal once the Grounds of Judgment is ready. The Company has since filed their further written submission and reply submission on 8-01-2016 and 4-02-2016 respectively.

The Court of Appeal has on 24 August 2016, upon reading the written submissions filed by the respective parties and hearing oral submission allowed the Bellajade's appeal and set aside the High Court Judgment dated 20-05-2015 and entered Judgment in favour of Bellajade.

Bellajade had, among others, sought the following relief:-

- (1) The sum of RM8,401,756.85 as at 27-12-2013;
- (2) Monthly rental for January 2014 and the following months until expiry of the 3 year tenancy; and
- (3) Interest at the rate of 10% per annum for the outstanding rentals to be calculated from the 22nd day of each said rental month until the full settlement.

The Court of Appeal further awarded costs of RM50,000.00 (for the appeal and High Court) to be paid to Bellajade and the deposit is to be refunded to the Bellajade. The Court, however, stayed the Judgment granted in favour of Bellajade pending disposal of CME's Motion for Leave to Appeal to the Federal Court which was to be filed.

CME's Motion for leave to appeal was filed on 22 September 2016 vide Federal Court Civil Application No. 08(i)-491-09/2016(W).

The Federal Court had on 13 November 2017 allowed CME's Motion for leave to appeal to the Federal Court and granted a stay of execution of the Judgment of the Court of Appeal dated 24 August 2016 ("FC Leave and Stay Order").

Subsequently, the Notice of Appeal and Record of Appeal have been filed in the Federal Court vide Federal Court Civil Appeal No. 02(f)-136-11/2017(W) and the hearing date for the appeal has been fixed on 12 March 2018.

The Company has been informed by its solicitors that the Federal Court had on 12 March 2018 having heard full submissions from Counsel for CME Group Berhad and Bellajade Sdn Bhd reserved their decision to date to be notified by court.

The Federal Court had on 25 September 2018:

- (1) Allowed CME's appeal against Bellajade;
- (2) Set aside the Court of Appeal's Judgment dated 24 August 2016 that allowed Bellajade's appeal against the High Court Order dated 20 May 2015 and ordered the Company to pay Bellajade the sum of RM8,401,756.85 as at 27 December 2013, month rent for January 2014 and every month thereafter until the expiry of the tenancy, interest and costs of RM50,000.00;

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD  
MAIN MARKET LISTING REQUIREMENTS (CONT.)**

**8 Material Litigation (Cont.)**

(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014 (Cont.)

(3) Re-instated the High Court Order dated 20 May 2015 in Kuala Lumpur High Court Civil Suit No. 22NCVC-19-01/2014 which ordered that Bellajade's claim against the Company be dismissed, the tenancy agreement between Bellajade and the Company as null and void and Bellajade to pay CME the sum of RM9,411,062.50; and

(4) Bellajade to pay the Company RM80,000.00 as cost.  
("the FC Appeal Order")

On 4 October 2018, the Company has been informed by its solicitors that Bellajade has filed in the Federal Court a Notice of Motion to review the FC Appeal Order delivered on 25 September 2018 vide Federal Court Civil Application No. 08(RS)-10-10/2018(W) ("Bellajade's Review Motion") and a Notice of Motion to stay the execution of the FC Appeal Order dated 25 September 2018. The Company opposed both the Motions.

Bellajade had on 14 November 2018 filed in the Federal Court a Notice of Discontinuance of the Motion to stay execution of the FC Appeal Order dated 25 September 2018 filed by Bellajade on 3 October 2018 without liberty to file afresh. The Company's Solicitors had on 16 November 2018 received a letter dated 15 November 2018 from the Federal Court stating that in the light of the discontinuance of the Notice of Motion for Stay of Execution, the file has been closed and hearing date for the Motion has been vacated.

In view of the bulk of judgment sum of RM10,969,932.70 having been paid, the Company has agreed with Bellajade to withhold from executing the remaining judgment sum together with interest up until 14 February 2019.

The Federal Court had on 14 February 2019:-

(1) Allowed Bellajade's Review Motion dated 02.10.2018 filed in Civil Application No. 08(RS)-10-10/2018 to review the Federal Court's decisions in Civil Appeal No. 02(f)-136-11/2017(W) delivered on 25.09.2018 ("the FC Appeal Order") that allowed the Company's Appeal against the Court of Appeal's decision dated 24.08.2016 ("the CA Judgment");

(2) Set aside the FC Appeal Order delivered on 25.09.2018;

(3) Ordered that the Company's Appeal vide Civil Appeal No. 02(f)-136-11/2017(W) ("the FC Appeal") to be re-heard by the Federal Court;

(4) No order as to costs was made; and

(5) Fixed a Case Management for the FC Appeal on 15.02.2019 for further directions to be given.  
("the FC Review Order")

On 18 March 2019, the Company had filed a Notice of Motion to review the FC Review Order vide Federal Court Civil Application No. 08(RS)-2-03/2019(W) ("the Company's Review Motion"). The Company's Review Motion is currently fixed for case management on 28 November 2019. The FC Appeal will be case managed following the disposal of the Company's Review Motion.

On 25 April 2019, the Company received a Notice pursuant to Section 465 (1) (e) and Section 466 (1) (a), Companies Act 2016 dated 24 April 2019 ("the Notice") from a firm of solicitors acting on behalf of Bellajade. In the Notice, Bellajade demanded for the sum of RM55,251,737.85 pursuant to the CA Judgment dated 24 August 2016.

Upon legal advice from the Company's solicitors, the Company believes that the Notice is frivolous, baseless and contains wrong information and that pursuant to the FC Leave and Stay Order dated 13 November 2017, the CA Judgment is currently stayed pending final disposal of the FC Appeal. On 29 April 2019, the Company filed an application in the High Court of Malaya, at Kuala Lumpur vide Kuala Lumpur High Court Originating Summons No. WA-24NCC-231-04/2019 for an injunction to restrain Bellajade from presenting any winding up petition against the Company until the final disposal of the FC Appeal ("the Company's Application for Injunction").

On 15 May 2019, the Company has been informed by its solicitors that the High Court had on 14 May 2019 granted an ad interim injunction ("the Ad Interim Injunction") in favour of the Company, restraining Bellajade, its officers, representatives, agents, servants and/or otherwise howsoever from filing, presenting and/or continuing with any petition pursuant to the Companies Act, 2016 for the winding up of the Company ("Winding-Up Petition") as stated in the Notice dated 24 April 2019 and/or advertising and/or gazetting any Winding-Up Petition. The Ad Interim Injunction is granted with a condition that the Company shall deposit the sum of RM10,969,932.70 ("Stakeholder Sum") into the joint stakeholders account of the Company's solicitors and Bellajade's solicitors within twenty-one (21) days from 14 May 2019 ("the Ad-Interim Order"). CME had on 3 June 2019 deposited the Stakeholder Sum with the Company's solicitors. The Company's solicitors and Bellajade's solicitors had on 10 June 2019 opened the joint solicitors account ("Stakeholder Account").

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD  
MAIN MARKET LISTING REQUIREMENTS (CONT.)**

**8 Material Litigation (Cont.)**

(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014 (Cont.)

On 17 July 2019, the High Court allowed CME's application for Fortuna Injunction on the condition that the Stakeholder Sum is to be maintained in the Stakeholder Account pursuant to the Ad-Interim Order dated 14 May 2019 pending the disposal of CME's Federal Court Appeal or any other orders made by the Courts that state otherwise, whichever earlier ("the Injunction Order").

On 24 July 2019, CME filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the decision of the High Court as decides that the condition that the Stakeholder Sum is to be maintained in the Stakeholder Account pursuant to the Ad-Interim Order dated 14 May 2019 vide Court of Appeal Civil Application No. W-02(NCC)(A)-1386-07/2019 (the "CME's Appeal"). CME's Appeal is currently fixed for case management on 11 September 2019.

On 15 August 2019, Bellajade filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the decision of the High Court as decides that an injunction restraining Bellajade, its officers, representatives, agents, servants and/or otherwise howsoever from filing, presenting and/or continuing with any petition pursuant to the Companies Act, 2016 for the winding up of the Company ("Winding-Up Petition") as stated in the Notice dated 24 April 2019 and/or advertising and/or gazetting any Winding-Up Petition be granted pending the final disposal of CME's Federal Court Appeal vide Court of Appeal Civil Application No. W-02(NCC)(A)-1554-08/2019 (the "Bellajade's Appeal"). Bellajade's Appeal is currently fixed for case management on 30 September 2019.

(b) Supreme Court of Western Australia Originating Summons No. 2506 of 2015

The Company and its wholly owned subsidiary, CME Properties (Australia) Pty Ltd ("Plaintiffs"), had on 25 September 2015 served a Writ and Indorsement of Claim against Ruark No 11 Pty Ltd ("Ruark" or "Defendant") through a firm of lawyers based in Perth, Australia. CME commenced the legal action against Ruark arising from the disputes in relation to a Joint Venture Agreement dated 12 August 2014 entered originally with Ruark Properties Pty Ltd ATF the Oasis Unit Trust, later substituted by Ruark No 11 Pty Ltd ATF the Oasis Unit Trust ("Ruark" or "Defendant"), and Central Park (Qld) Pty Ltd ("Central Park") ATF the Increase Discretionary Trust to carry out a mixed development of the property situate at 170 Mandurah Terrace, Mandurah and 20 Henson Street, Mandurah ("the Properties").

On 19 October 2015, Ruark entered an appearance in response to CME's writ notifying that Ruark will be defending the claim. The Parties are summonsed to appear in the Supreme Court of Western Australia on 2 December 2015 for a status conference.

On 7 December 2015, the Plaintiffs filed a Statement of Claim in the Supreme Court of Western Australia and the Statement of Claim was served on the Defendant on 8 December 2015.

Pursuant to the Statement, the Plaintiffs claim against the Defendant the following:-

(a) a declaration that:-

- (i) the Joint Venture Agreement was validly terminated by the Plaintiffs;
- (ii) pursuant to the terms of the Joint Venture Agreement, the development relating to the Joint Venture now vests in the Plaintiffs.

(b) payment of the sum of A\$2,115,051.41.

(c) in the alternative:-

- (i) an account of the Prime loan monies received by the Defendant or paid out to third parties by the Defendant; and
- (ii) an order for the payment by the Defendant to the Plaintiffs of the amount found due to the Plaintiffs under the Joint Venture Agreement or otherwise on the taking of the such account.

(d) further and in the alternative, damages suffered by the Plaintiffs on account of the Defendant's breaches of the Joint Venture Agreement and the termination of the Joint Venture Agreement.

(e) alternatively equitable compensation.

(f) interest on such sum found due to the Plaintiffs at such rate and for such period as the Honourable Court deems fit.

(g) such further or other relief as the Honourable Court deems just.

(h) costs.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT.)**

**8 Material Litigation (Cont.)**

(b) Supreme Court of Western Australia Originating Summons No. 2506 of 2015 (Cont.)

On 4 January 2016, the Defendant's lawyers filed and served their defence in relation to the Statement of Claim. On 14 January 2016, the Plaintiffs' lawyers wrote to the Defendant's lawyers seeking further and better particulars in relation to the defence.

On 12 April 2016, the Supreme Court of Western Australia had ordered that:-

1. It is declared that:
  - i. the Joint Venture Agreement dated 12 August 2014 between the parties as varied by the Joint Venture Agreement Deed of Variation dated 18 December 2014 ("the Joint Venture Agreement") was validly terminated by the Plaintiffs on 21 September 2015.
  - ii. the development described in the Joint Venture Agreement vests in the First and Second Plaintiff.
2. The Defendant pay to the Plaintiffs the sum A\$2,115,051.41.
3. The Defendant pay to the Plaintiffs interest on the sum of A\$2,115,051.41 at the rate of 6% per annum from the date of judgment.
4. The Defendant pay the Plaintiffs' costs of the action and the application for summary judgment, including any reserved costs, such costs to be taxed if not agreed.
5. The Plaintiffs have liberty to apply for damages to be paid by the Defendant to be assessed.

**9 Dividend**

No dividend had been declared for the financial year ended 30 June 2019.

**10 Loss Per Share**

(a) Basic

Basic loss per share of the Group has been computed by dividing the loss attributable to equity holders of the parent for the financial quarter/ period by the weighted average number of ordinary shares in issue during the financial quarter/ period. The basic loss per share was calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	30/06/2019 (RM '000)	30/06/2018 (RM '000)	30/06/2019 (RM '000)	30/06/2018 (RM '000)
Loss attributable to equity holders of the parent	<b>(19,727)</b>	(9,168)	<b>(23,691)</b>	N/A
Weighted average number of ordinary shares	<b>584,236</b>	584,236	<b>584,236</b>	N/A
<b>Basic loss per share (sen):-</b>	<b>-3.377</b>	-1.569	<b>-4.055</b>	N/A

(b) Diluted

The basic and diluted loss per ordinary share are equal due to the ICULS and warrants are anti-dilutive in nature and have not been considered in the computation of diluted loss per ordinary share.



# CME GROUP BERHAD

(Company No. 52235-K)  
(Incorporated in Malaysia)

## **B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT.)**

### **11 Loss Before Tax**

	<b>Current year quarter 30/06/2019 RM'000</b>	<b>Current year-to-date 30/06/2019 RM'000</b>
This is arrived at after charging/ (crediting):-		
Depreciation of property, plant and equipment	124	521
Fair value loss on financial assets at FVTPL	1	355
Finance costs	406	1,499
Realised loss/ (gain) on foreign exchange	24	(47)

Other disclosure items pursuant to Note 16 of the Appendix 9B of the Main Market Listing requirements are not applicable.

**BY ORDER OF THE BOARD  
CME GROUP BERHAD**

**Azlan Omry Bin Omar  
Executive Director**

**Subang Jaya, Selangor Darul Ehsan  
29 August 2019**