

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2018

(The figures have not been audited)

	Unaudited At 30/06/2018 RM '000	Audited At 31/12/2016 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	27,742	19,013
Land held for property development	21,787	37,457
Investment properties	46,237	51,260
Other financial assets	623	1,491
TOTAL NON-CURRENT ASSETS	96,389	109,221
CURRENT ASSETS		
Inventories	931	909
Amount due from contract customers	17,199	721
Trade receivables and other receivables	7,526	19,511
Tax recoverable	458	518
Cash and bank balances	4,025	1,120
TOTAL CURRENT ASSETS	30,139	22,779
TOTAL ASSETS	126,528	132,000
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	49,459	44,110
ICULS	31,370	31,370
Reserves	(13,400)	(10,470)
TOTAL EQUITY	67,429	65,010
NON-CURRENT LIABILITIES		
Hire-purchase payables	432	599
Amount owing to third parties	440	1,779
Long-term loan	1,411	1,803
Deferred tax liabilities	2,204	1,238
TOTAL NON-CURRENT LIABILITIES	4,487	5,419
CURRENT LIABILITIES		
Trade payables and other payables	21,878	33,098
Amount due to contract customers	-	6,780
Hire-purchase payables	197	168
Bank borrowings	32,378	21,480
Tax liabilities	159	45
TOTAL CURRENT LIABILITIES	54,612	61,571
TOTAL LIABILITIES	59,099	66,990
TOTAL EQUITY AND LIABILITIES	126,528	132,000
Net Assets Per Share	0.115	0.147

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2016 and the explanatory notes attached to the interim financial report.)



CME GROUP BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE CURRENT QUARTER AND CUMULATIVE 18-MONTH PERIOD ENDED 30 JUNE 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	(3 months) Current year quarter 30/06/2018 (RM '000)	Preceding year corresponding quarter 30/06/2017 (RM '000)	(18 months) Current Year-to-date 30/06/2018 (RM '000)	(18 months) Preceding year corresponding period 30/06/2017 (RM '000)
Revenue	4,791	14,563	56,524	N/A
Cost of sales	(4,196)	(12,155)	(44,704)	N/A
Gross profit	595	2,408	11,820	N/A
Other gains	754	69	1,196	N/A
Fair value loss on available-for-sale financial assets	140	(294)	(868)	N/A
Administrative expenses	(111)	(1,965)	(9,222)	N/A
Other expenses	(9,864)	(2,014)	(13,928)	N/A
Finance costs	(378)	(558)	(2,771)	N/A
Loss before tax	(8,864)	(2,354)	(13,773)	N/A
Income tax expense	(304)	(22)	(304)	N/A
Loss for the period	(9,168)	(2,376)	(14,077)	N/A
Other comprehensive income/ (loss)				
Foreign currency translation	333	(497)	(3,098)	N/A
Gain on revaluation of property, plant and equipment	8,972	-	8,972	N/A
	9,305	(497)	5,874	N/A
Total comprehensive income/ (loss) for the period	137	(2,873)	(8,203)	N/A
Loss for the period attributable to:-				
Equity holders of the parent	(9,168)	(2,376)	(14,077)	N/A
Non-controlling interests	-	-	-	N/A
	(9,168)	(2,376)	(14,077)	N/A
Total comprehensive income/ (loss) attributable to:-				
Equity holders of the parent	137	(2,873)	(8,203)	N/A
Non-controlling interests	-	-	-	N/A
	137	(2,873)	(8,203)	N/A
Loss per share				
Basic (sen):-				
• Before mandatory conversion of Irredeemable Convertible Unsecured Loan Stocks 2014/2024 ("ICULS")	-1.569	-0.490	-2.409	N/A
• After mandatory conversion of ICULS	-1.021	-0.297	-1.568	N/A
Diluted (sen)	-1.569	-0.490	-2.409	N/A

(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 year ended 31 December 2016 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2018**

(The figures have not been audited)

	< -----Non-distributable----- >							Total equity
	Share capital	ICULS	Accumulated losses	Warrants reserve	Fair value reserve	Revaluation reserve	Foreign currency translation reserve	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	44,110	31,370	(10,099)	-	3,038	-	3,061	71,480
Loss for the year	-	-	(14,829)	-	-	-	-	(14,829)
Other comprehensive income for the year	-	-	-	-	(3,038)	10,721	676	8,359
Total comprehensive loss for the year	-	-	(14,829)	-	(3,038)	10,721	676	(6,470)
Balance as at 31 December 2016	44,110	31,370	(24,928)	-	-	10,721	3,737	65,010
Issuance of shares	5,349	-	-	-	-	-	-	5,349
Issuance of warrants	-	-	-	5,273	-	-	-	5,273
Loss for the period	-	-	(14,077)	-	-	-	-	(14,077)
Other comprehensive income for the period	-	-	-	-	-	8,972	(3,098)	5,874
Total comprehensive loss for the period	-	-	(14,077)	-	-	8,972	(3,098)	(8,203)
Balance as at 30 June 2018	49,459	31,370	(39,005)	5,273	-	19,693	639	67,429

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2016 and the explanatory notes attached to the interim financial report.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2018
(The figures have not been audited)

	Unaudited 18 months 30/06/2018 <i>RM'000</i>	Audited 12 months 31/12/2016 <i>RM'000</i>
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Loss for the period	(14,077)	(14,829)
Adjustments for:		
Allowance for slow moving inventories	110	20
Depreciation of property, plant and equipment	929	587
Fair value loss on available-for-sale financial assets	868	3,668
Finance costs	2,771	2,477
Impairment loss on land held for property development	5,914	4,103
Impairment loss on trade receivables	100	101
Impairment of goodwill	-	121
Income tax expense recognised in profit or loss	304	110
Inventories written off	8	-
Loss on debt settlement by investment properties	201	-
Loss on disposal of land held for property development	583	-
Property, plant and equipment written off	455	-
Provision for forbearance payment	-	1,372
Provision for warranty and free services	-	870
Fair value loss/ (gain) on investment properties	858	(15)
Foreign currency translation	(3,098)	-
Gain on disposal of assets held for sale	-	(60)
Gain on disposal of property, plant and equipment	(67)	-
Impairment loss on trade receivables no longer required	(354)	-
Unrealised gain on foreign exchange	-	(88)
Operating loss before working capital changes	(4,495)	(1,563)
Changes in working capital		
Net changes in current assets	(4,379)	(3,470)
Net changes in current liabilities	(14,465)	10,841
Cash (used in)/ from operations	(23,339)	5,808
Income tax paid	(257)	(88)
Warranty and free services paid	-	(803)
Income tax refunded	132	82
Net cash (used in)/ from operating activities	(23,464)	4,999
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Additions to investment properties	-	(3,700)
Consideration paid on acquisition of business units	-	(1,510)
Debt settlement by investment properties	3,964	-
Purchase of property, plant and equipment	(184)	(255)
Proceeds from disposal of assets held for sale	-	960
Proceeds from disposal of land held for property development	7,084	-
Proceeds from disposal of property, plant and equipment	67	-
Net cash from/ (used in) investing activities	10,931	(4,505)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2018 (Cont.)**

(The figures have not been audited)

	Unaudited 18 months 30/06/2018 RM'000	Audited 12 months 31/12/2016 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
(Decrease)/ Increase in amount owing to third parties	(2,725)	3,385
Interest expense paid	(2,771)	(2,477)
Proceeds from bank borrowings	19,320	463
Proceeds from issuance of shares	10,622	-
Repayment of hire purchase payables	(138)	(144)
	<hr/>	<hr/>
Net cash from financing activities	24,308	1,227
	<hr/>	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,775	1,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(17,445)	(19,224)
Effects of exchange rate changes on cash and cash equivalents	(56)	58
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(5,726)</u>	<u>(17,445)</u>
Cash and Cash Equivalents are as follows:-		
Cash and bank balances	4,025	1,120
Bank overdrafts	(9,751)	(18,565)
	<hr/>	<hr/>
	<u>(5,726)</u>	<u>(17,445)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2016 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 year ended 31 December 2016. 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 year ended 31 December 2016.

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 year ended 31 December 2016.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2017. 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 2017. 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 year ended 31 December 2016 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, except for the issuance of 99,026,435 Rights Shares at an issue price of RM0.085 per Rights Shares together with 123,783,023 Warrants under the Proposed Rights Issue of Shares with Warrants which was completed on 14 May 2018.

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

7 Debt and equity securities (Cont.)

The status of utilisation of proceeds as at 30 June 2018 is as follows.

Proposed utilisation of proceeds	Proceeds raised (RM'000)	Utilised as at 30/06/2018 (RM'000)	Time frame for utilisation
Repayment of borrowings	4,300	4,300	Within 24 months
Working Capital	3,507	1,241	Within 24 months
Estimated expenses in relation to the Rights Issue of Shares with Warrants	610	610	Within 6 weeks
	8,417	6,151	

8 Dividends paid

There was no dividend paid/ declared by the Company for the current quarter ended 30 June 2018 (2016: Nil.).

9 Segmental reporting

18 month ended 30.06.2018

	Invest. Holding RM '000	Manufacturing RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Revenue						
External sales	1,572	45,780	9,172	-	-	56,524
Inter-segment sales	-	30,048	2,515	-	(32,563)	-
Total revenue	1,572	75,828	11,687	-	(32,563)	56,524
Results						
Segment results	(6,768)	3,489	(1,475)	(13,600)	7,352	(11,002)
Finance costs						(2,771)
Loss before tax						(13,773)
Income tax expense						(304)
Loss for the period						(14,077)
Other information						
Capital additions	10	174	-	-	-	184
Depreciation	31	420	476	2	-	929

Consolidated Balance Sheet

Assets						
Segment assets	130,634	69,680	35,231	27,142	(136,782)	125,905
Other investment	623	-	-	-	-	623
Consolidated total assets	131,257	69,680	35,231	27,142	(136,782)	126,528
Liabilities						
Segment Liabilities	56,233	51,435	26,744	55,438	(130,751)	59,099

12 months ended 31.12.2016

Revenue						
External sales	1,219	20,201	3,339	-	-	24,759
Inter-segment sales	-	8,009	2,754	-	(10,763)	-
Total revenue	1,219	28,210	6,093	-	(10,763)	24,759

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

9 Segmental reporting (Cont.)

12 months ended 31.12.2016	Invest. Holding RM ‘000	Manufacturing RM ‘000	Trading RM ‘000	Others RM ‘000	Elimination RM ‘000	Consolidated RM ‘000
Results						
Segment results	(5,761)	432	(190)	(5,586)	(1,137)	(12,242)
Finance costs						(2,477)
Loss before tax						(14,719)
Income tax expense						(110)
Loss for the period						(14,829)
Other information						
Capital additions	13	394	58	-	-	465
Depreciation	21	267	297	2	-	587

Consolidated Balance Sheet

Assets						
Segment assets	131,255	64,612	29,015	35,203	(129,576)	130,509
Other investment	1,491	-	-	-	-	1,491
Consolidated total assets	132,746	64,612	29,015	35,203	(129,576)	132,000
Liabilities						
Segment Liabilities	59,963	48,757	27,661	51,728	(121,119)	66,990

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 period ended 30 June 2018, 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 RM9.0 million 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 2018 that have not been reflected in the interim financial report.

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, Deloitte PLT have issued a statement of “Material Uncertainty Related to Going Concern” (“Statement”) in respect of CME’s Financial Statements for 31 December 2016 (“FS 2016”).

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

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.)

“Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the Financial Statements, which indicates that the Group incurred a loss for the year ended 31 December 2016 of RM14.8 million and, as of that date, the Group’s current liabilities exceeded its current assets by RM38.8 million. Included in the current liabilities is a provision for forbearance payment in respect of the revised Deed of Forbearance with a financial institution in Australia entered into by a wholly-owned subsidiary, CME Properties (Australia) Pty Ltd (“CMEA”), for a settlement sum payable by CMEA of AUD3,702,945 (approximately RM11,990,000) as disclosed in Note 29 (c) to the Financial Statements. As stated in Note 2 to the Financial Statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

The reference to Note 2 of the FS 2016 is reproduced below:-

“BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act, 1965 in Malaysia.

The Group has incurred a loss for the year ended 31 December 2016 of RM14.8 million and, as of that date, the Group’s current liabilities exceeded its current assets by RM38.8 million. Included in the current liabilities is a provision for forbearance payment in respect of the revised Deed of Forbearance (“Revised Deed”) with a financial institution in Australia entered into by a wholly-owned subsidiary, CME Properties (Australia) Pty Ltd (“CMEA”), for a settlement sum payable by CMEA of AUD3,702,945 (approximately RM11,990,000) as disclosed in Note 29 (c).

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. However, the financial statements of the Group have been prepared in accordance with the accounting principles applicable to a going concern. This going concern basis presumes amongst others that the Group will continue to receive financial support from its shareholders, the fund raising exercise as disclosed in Note 27 will be completed by the middle of 2017, and the operations of the Group will be profitable so that the realisation of assets and the settlement of liabilities would occur in the ordinary course of business.”

The following are the Key Audit Matters as reported in the Independent Auditors’ Report of the FS 2016:-

Key audit matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The Group’s revenue of RM24,759,000 was mainly derived from revenue from contracts attributable to work performed to date determined using the percentage of completion method. The percentage of completion is estimated based on contract costs incurred for work performed to date against total budgeted contract costs.</p> <p>The determination of budgeted contract cost for each contract requires management to exercise judgement in their assessment of the valuation of contract variations, claims, the completeness and accuracy of the budgeted contract costs. The changes in their judgement could impact the total budgeted costs which would lead to impact on the percentage of completion which would eventually affect the revenue recorded in the financial statements.</p>	<p>We tested the controls surrounding revenue recognition.</p> <p>We evaluated management key judgements inherent in the budgeted contract costs to complete by tested the estimation and provisions included in the budget.</p> <p>We performed retrospective review by comparing the actual costs incurred of completed projects to initial budgeted contract costs of the same projects.</p> <p>We obtained the budgeted contract costs for on-going projects and compared the details in the budget to suppliers’ quotations.</p> <p>We tested actual costs incurred up to date to determine the accuracy of budgeted contract costs. We selected samples of actual costs incurred and verified to supplier invoices, delivery orders, services reports and other supporting documents and ensured that they are recorded in the correct accounting period.</p> <p>We recomputed the percentage of completion of the contracts based on actual costs incurred and compared to management computation.</p>

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.)

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

(a) The Independent Auditors have expressed unqualified opinion on the FS 2016 and that their opinion is not modified in respect of the Statement on that matter;

(b) The Group has already started the process of addressing the net current liabilities through entering into a Settlement Agreement with certain third parties to repay the amount outstanding by way of transfer of investment properties.

The Group raised fund for the working capital and repayment of bank borrowings by the issuance of 44,110,000 ordinary shares at an issue price of RM0.05 per ordinary share under the Proposed Private Placement which was completed on 19 June 2017.

On 29 August 2017, The Group and CMEA had entered into a Deed of Settlement with Prime Capital Securities Pty Ltd, to finalise and settle the Loan, the Mortgage and Deed of Forbearance arising from a registered mortgage to Prime over the Lands of CMEA to secure the repayment of a Development Loan. This Deed of Settlement constitutes a full and final settlement of all debts, liabilities or claims arising out of or in any way connected with the Development Loan.

CME has disposed a leasehold land located at Mukim Kuala Kuantan, Tempatan Bandar Indera Mahkota, District of Kuantan, Pahang Darul Makmur, for a total cash consideration of RM7,084,252.

The Group raised fund for the working capital and repayment of bank borrowings by the issuance of 99,026,435 Rights Shares at an issue price of RM0.085 per Rights Shares together with 123,783,023 Warrants under the Proposed Rights Issue of Shares with Warrants which was completed on 14 May 2018.

The Group is currently exploring options of fund raising/refinancing to improve the net current liabilities position.

(c) CME Group is currently exploring other viable, synergistic and profitable business ventures to improve the Group’s performance whilst improving its current production and cost efficiency.

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

The Group recorded a revenue of RM4.8 million for the current quarter ended 30 June 2018 as compared to RM14.6 million in the previous year corresponding quarter, showing a decrease of 67.1% or RM9.8 million due to decrease in sales recognition from Specialised Mobility Vehicles (“SMV”) Division.

Loss before tax of RM8.9 million for the current quarter ended 30 June 2018 representing an increase of RM6.5 million as compared to previous year’s corresponding quarter ended 30 June 2017 loss before tax of RM2.4 million, mainly due to impairment loss on land held for property development and fair value loss on investment properties recognised during the quarter.

The Group recorded a revenue of RM56.5 million and loss before tax of RM13.8 million for the eighteen months period ended 30 June 2018. The results were mainly due to contribution from SMV Division of RM45.8 million or 81% out of the total revenue. Loss before tax was mainly contributed from other expenses that comprise of impairment loss on land held for property development, loss on disposal of land held for property development, fair value loss on investment properties and forbearance deed fee incurred. The overall performance for retail businesses were in loss position as well.

Pursuant to the change of financial year end from 31 December 2017 to 30 June 2018, no comparative figures are presented for the corresponding cumulative period.

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:

	30.06.18 <u>RM’000</u>	31.03.18 <u>RM’000</u>	← Variance → <u>RM’000</u>	%
Revenue	4,791	10,253	(5,462)	-53.3
Loss before tax	(8,864)	(574)	(8,290)	> -100.0

For the current quarter ended 30 June 2018, the Group registered revenue of RM4.8 million, a decrease in revenue of 53.3% compared to the preceding quarter ended 31 March 2018.

The Group recorded a loss before tax of RM8.9 million for the current quarter as compared to a loss before tax of RM574,000 in the preceding quarter, mainly due to impairment loss on land held for property development and fair value loss on investment properties recognised in current quarter ended 30 June 2018.

3 Commentary on Future Prospects

Despite economic outlook remain challenging, the company is stepping up its effort to focus on its core business in designing, manufacturing and sales of specialised mobility vehicles and fire fighting and safety vehicles to local market and overseas market. The Group has taken the effort to consolidate the position of the Group through rationalising and optimising its current asset base and new ideas has been introduced to gain market share on existing products of the Group.

Fire Suppression and Prevention (“FSP”) Division has also contributed positively to the Group for the period ended 30 June 2018. With the Company marketing strategy in broadening the customer base and products coupled with encouraging order books obtained thus far, the Board aim to streamline the operations so to generate positive results for the Company in the next financial year.

The retail business has to-date not make any significant contribution to the Group results and management has reviewed alternative business platforms such as online business in order to increase its revenue.

The Group will remain cautious on its capital and cost management. Operational efficiency of the operating asset is expected to be maintained. At the same time, the Group will constantly review its operations with a view to enhance the profitability.

4 Profit forecast

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

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

5 Income tax expense

The Tax figures consist of the following :-	Current Quarter <i>RM '000</i>	Current Year to Date <i>RM '000</i>
Current year provision	(304)	(304)
	<u>(304)</u>	<u>(304)</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

	As at 30/06/2018 Secured <i>RM'000</i>
Amount payable within one year	
Bank borrowings	32,378
Finance leases	197
	<u>32,575</u>
Amount payable after one year	
Bank borrowings	1,411
Finance leases	432
	<u>1,843</u>
Total borrowings	<u>34,418</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.

**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 Appellant's (Bellajade) appeal and set aside the High Court Judgment dated 20-05-2015 and entered Judgment for the Plaintiff.

The Plaintiff 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 Appellant. 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 to be filed. CME's Motion for leave to appeal was filed on 22 September 2016.

The Federal Court had on 13 November 2017 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.

Subsequently, the Notice of Appeal and Record of Appeal have been filed in the Federal Court 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.

(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").

**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 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.

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 period ended 30 June 2018.

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

10 Loss Per Share

The 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, assuming full conversion of 784,250,715 ICULS into ordinary shares at a conversion price of RM0.10 per share.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	(3 months) Current year quarter 30/06/2018 (RM '000)	(3 months) Preceding year corresponding quarter 30/06/2017 (RM '000)	(18 months) Current Year-to-date 30/06/2018 (RM '000)	(18 months) Preceding year corresponding period 30/06/2017 (RM '000)
Loss attributable to equity holders of the parent	(9,168)	(2,376)	(14,077)	N/A
Weighted average number of ordinary shares	584,236	485,210	584,236	N/A
Adjustment for assumed conversion of ICULS	313,700	313,700	313,700	N/A
Adjusted weighted average number of ordinary shares	897,936	798,910	897,936	N/A
Basic per shares (sen):-				
• Before mandatory conversion of ICULS	-1.569	-0.490	-2.409	N/A
• After mandatory conversion of ICULS	-1.021	-0.297	-1.568	N/A
Diluted per shares (sen)	-1.569	-0.490	-2.409	N/A

11 Loss before tax

	18 months ended 30/06/2018 RM'000	12 months ended 31/12/2016 RM'000
This is arrived at after charging/ (crediting):-		
Allowance for slow moving inventories	-	20
Audit fee	167	126
Depreciation on property, plant and equipment	929	587
Finance costs	2,771	2,477
Impairment loss on land held for property development	5,914	4,103
Impairment loss on trade receivables	100	101
Loss on debt settlement by investment properties	201	-
Loss on disposal of land held for property development	583	-
Provision for warranty and free services	-	870
Gain on disposal of assets held for sale	-	(60)
Gain on disposal of property, plant and equipment	(67)	-
Realised gain on foreign exchange	(391)	(38)
Unrealised gain on foreign exchange	-	(88)

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 2018