

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2018
(The figures have not been audited)

	Unaudited At 30/09/2018 RM '000	Audited At 30/06/2018 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	27,613	27,742
Land held for property development	21,800	21,787
Investment properties	46,237	46,237
Other investment	312	623
TOTAL NON-CURRENT ASSETS	95,962	96,389
CURRENT ASSETS		
Inventories	731	931
Amount due from contract customers	19,265	17,316
Trade receivables and other receivables	7,594	7,526
Tax recoverable	469	458
Cash and bank balances	3,920	4,025
TOTAL CURRENT ASSETS	31,979	30,256
TOTAL ASSETS	127,941	126,645
EQUITY AND LIABILITIES		
EQUITY AND LIABILITIES		
Share capital	49,459	49,459
ICULS	31,370	31,370
Reserves	(14,849)	(13,425)
TOTAL EQUITY	65,980	67,404
NON-CURRENT LIABILITIES		
Hire-purchase payables	393	432
Long-term loan	1,360	1,411
Other payables	385	440
Deferred tax liabilities	2,202	2,202
TOTAL NON-CURRENT LIABILITIES	4,340	4,485
CURRENT LIABILITIES		
Hire-purchase payables	193	197
Bank borrowings	36,398	32,378
Amount due to contract customers	-	117
Trade payables and other payables	20,883	21,905
Tax payables	147	159
TOTAL CURRENT LIABILITIES	57,621	54,756
TOTAL LIABILITIES	61,961	59,241
TOTAL EQUITY AND LIABILITIES	127,941	126,645
Net Assets Per Share	0.113	0.115

(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 3-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/09/2018 (RM '000)	Preceding year corresponding quarter 30/09/2017 (RM '000)	Current year-to-date 30/09/2018 (RM '000)	Preceding year corresponding period 30/09/2017 (RM '000)
Revenue	4,840	14,028	4,840	N/A
Cost of sales	(4,021)	(11,209)	(4,021)	N/A
Gross profit	819	2,819	819	N/A
Other gains	21	845	21	N/A
Fair value loss on available-for-sale financial assets	(311)	(266)	(311)	N/A
Administrative expenses	(1,371)	(1,910)	(1,371)	N/A
Other expenses	(265)	(1,379)	(265)	N/A
Finance costs	(327)	(387)	(327)	N/A
Loss before tax	(1,434)	(278)	(1,434)	N/A
Income tax expense	-	-	-	N/A
Loss for the period	(1,434)	(278)	(1,434)	N/A
Other comprehensive income/ (loss)				
Foreign currency translation	10	(455)	10	N/A
Gain on revaluation of property, plant and equipment	-	-	-	N/A
	10	(455)	10	N/A
Total comprehensive loss for the period	(1,424)	(733)	(1,424)	N/A
Loss for the period attributable to:-				
Equity holders of the parent	(1,434)	(278)	(1,434)	N/A
Non-controlling interests	-	-	-	N/A
	(1,434)	(278)	(1,434)	N/A
Total comprehensive loss attributable to:-				
Equity holders of the parent	(1,424)	(733)	(1,424)	N/A
Non-controlling interests	-	-	-	N/A
	(1,424)	(733)	(1,424)	N/A
Loss per share attributable to owners of the Company				
Basic (sen)	-0.245	-0.057	-0.245	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 3-month financial period ended 30 September 2017.)

(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.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

(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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	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
Total transactions with owners	5,349	-	-	5,273	-	-	-	10,622
Balance as at 30 June 2018	49,459	31,370	(39,031)	5,273	-	19,694	639	67,404
Loss for the financial period	-	-	(1,434)	-	-	-	-	(1,434)
Other comprehensive income for the financial period	-	-	-	-	-	-	10	10
Total comprehensive income/(loss) for the financial period	-	-	(1,434)	-	-	-	10	(1,424)
Balance as at 30 September 2018	49,459	31,370	(40,465)	5,273	-	19,694	649	65,980

(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.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2018**
 (The figures have not been audited)

	Current year-to-date 30/09/2018 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	
Loss for the period	(1,434)
Adjustments for:	
Depreciation of property, plant and equipment	137
Fair value loss on available-for-sale financial assets	311
Finance costs	327
Property, plant and equipment written back	(1)
Operating loss before working capital changes	(660)
Changes in working capital	
Net changes in current assets	(1,817)
Net changes in current liabilities	(1,139)
Cash used in operations	(3,616)
Income tax paid	(23)
Net cash used in operating activities	(3,639)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(7)
Net cash used in investing activities	(7)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES	
Decrease in amount owing to third parties	(55)
Interest expense paid	(327)
Proceeds from bank borrowings	1,338
Repayment of hire purchase payables	(43)
Net cash from financing activities	913
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,733)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(5,726)
Effects of exchange rate changes on cash and cash equivalents	(3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(8,462)
Cash and Cash Equivalents are as follows:-	
Cash and bank balances	3,920
Bank overdrafts	(12,382)
	(8,462)

(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 3-month financial period ended 30 September 2017.)

(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 2018. 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 2018. 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.)

7 Debt and equity securities (Cont.)

The status of utilisation of proceeds raised from the issuance of Rights Shares as at 30 September 2018 is as follows:

Proposed utilisation of proceeds	Proceeds raised (RM'000)	Utilised as at 30/09/2018 (RM'000)	Time frame for utilisation
Repayment of borrowings	4,300	4,300	Within 24 months
Working Capital	3,507	2,611	Within 24 months
Estimated expenses in relation to the Rights Issue of Shares with Warrants	610	610	Within 6 weeks
	8,417	7,521	

8 Dividends paid

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

9 Segmental reporting

30.09.2018	Invest. Holding RM '000	Manufacturing RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Revenue						
External sales	275	3,539	1,026	-	-	4,840
Inter-segment sales	-	1,516	454	-	(1,970)	-
Total revenue	275	5,055	1,480	-	(1,970)	4,840
Results						
Segment results	(646)	(286)	(22)	(126)	(27)	(1,107)
Finance costs						(327)
Loss before tax						(1,434)
Income tax expense						-
Loss for the period						(1,434)
Other information						
Capital additions	6	1	-	-	-	7
Depreciation	3	61	73	-	-	137
Consolidated Balance Sheet						
Assets						
Segment assets	108,873	70,807	35,382	27,164	(114,597)	127,629
Other investment	312	-	-	-	-	312
Consolidated total assets	109,185	70,807	35,382	27,164	(114,597)	127,941
Liabilities						
Segment Liabilities	57,125	53,026	26,946	55,603	(130,739)	61,961

(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 3-month financial period ended 30 September 2017.)

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

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

10 Valuation of property, plant and equipment

The Group did not carry out any valuations on its property, plant and equipment for the interim financial period under review. The valuations of the property, plant and equipment have been brought forward from the preceding annual financial statements.

11 Material Subsequent Events

There were no material events subsequent to 30 September 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, 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>Revenue recognition for contract revenue (Note 4.1 and 24 to the financial statements)</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"> • understanding the controls over the Group’s process in recording project costs, preparing project budget and calculating the stage of completion; • 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 • reviewing the mathematical computation of the recognised revenue and expenses during the financial period.

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>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)</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"> • assessing the competency and objectivity of the external valuers which included consideration of their qualifications and experience; • understanding the scope and purpose of the valuation by reading the terms of reference; • reading the valuation reports and discussed with external valuers on their valuation approach and the significant judgements they made; and • assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

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

The Group recorded a total revenue of RM4.8 million for the cumulative 3 months period ended 30 September 2018 and posted a loss before tax of RM1.4 million for the financial period ended 30 September 2018. The revenue was mainly contributed from the Specialised Mobility Vehicles (“SMV”) Division. The loss before tax was mainly contributed from administrative expenses that comprise of staff costs, assessment for both lands in Australia and rental charges incurred by retail business, fair value loss on available-for-sale financial assets and finance costs for banking facilities utilised.

As for the current 3 months period ended 30 September 2018, the Group recorded total revenue of RM4.8 million, as compared to RM14.0 million in the preceding year corresponding quarter. The decrease in revenue was primarily due to decrease in sales recognition from Specialised Mobility Vehicles (“SMV”) Division for on- going projects during the period.

The Group recorded a loss before tax of RM1.4 million for the current 3 months period ended 30 September 2018, as compared to RM0.3 million in the preceding year corresponding quarter. The increase of RM1.1 million in loss before tax is mainly due to higher sales generated in the preceding year corresponding quarter.

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:

	30.09.18 <u>RM’000</u>	30.06.18 <u>RM’000</u>	← Variance → <u>RM’000</u>	→ <u>%</u>
Revenue	4,840	4,791	49	1.0
Loss before tax	(1,434)	(8,864)	7,430	> 100.0

For the current quarter ended 30 September 2018, the Group registered revenue of RM4.8 million, a slight increase in revenue of RM49,000 or 1.0% as compared to the preceding quarter ended 30 June 2018.

The Group recorded a loss before tax of RM1.4 million for the current quarter as compared to a loss before tax of RM8.9 million in the preceding quarter, mainly due to impairment loss on land held for property development and fair value loss on investment properties recognised in the preceding quarter ended 30 June 2018.

3 Commentary on Future Prospects

The market condition is expected to be challenging for the remaining financial year.

Despite of the market condition, the Group is leveraging on its strong track record, extensive customer networking and wider range of products in expanding and penetrating both existing and new markets. The Group also steps up its effort to enhance its competitiveness and productivity in its operations.

The Directors remain positive of the Group’s prospects on the manufacturing of fire fighting vehicles segment as the Group has secured a few new contracts of approximately RM15.0 million for supplying fire fighting vehicles and is at the same time looking positively to replenish its order book. However, the performance of retail and property segment is expected to be challenging due to weak consumers sentiment and stiff competition.

Fire Suppression and Prevention (“FSP”) Division has contributed positively to the Group for the cumulative 3 months period ended 30 September 2018 and is expected to chart a steady growth in future.

Meanwhile, the board is putting in place its many measures to build up the sales and will continue to explore other viable, synergistic and profitable business ventures to improve the Group’s performance.

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

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

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 30/09/2018 Secured <i>RM'000</i>
Amount payable within one year	
Bank borrowings	36,398
Finance leases	193
	<u>36,591</u>
Amount payable after one year	
Bank borrowings	1,360
Finance leases	393
	<u>1,753</u>
Total borrowings	<u>38,344</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.

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 24-08-2016 that allowed Bellajade's appeal against the High Court Order dated 20-05-2015 and Order CME to pay Bellajade the sum of RM8,401,756.85 as at 27-12-2013, month rent for January 2014 and every month thereafter until the expiry of the tenancy, interest and costs of RM50,000.00;
- (3) Re-instated the High Court Order dated 20-05-2015 in Kuala Lumpur High Court Civil Suit No. 22NCVC-19-01/2014 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 the sum of RM9,411,062.50; and

**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.)

(4) Bellajade to pay CME RM80,000.00 as cost.

On 4 October 2018, the Company has been informed by its solicitors that Bellajade has filed in the Federal Court a Notice of Motion for review of the Federal Court's decision on 25 September 2018 and Notice of Motion to stay the execution of Federal Court's 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 Federal Court's order dated 25 September 2018 filed by Bellajade on 3 October 2018 without liberty to file afresh. CME'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 discontinued.

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

The hearing for the Motion for Review of the Federal Court's decision on 25 September 2018 has been fixed for hearing on 14 February 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.

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.)

(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 September 2018.

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
	30/09/2018 <i>(RM '000)</i>	30/09/2017 <i>(RM '000)</i>	30/09/2018 <i>(RM '000)</i>	30/09/2017 <i>(RM '000)</i>
Loss attributable to equity holders of the parent	(1,434)	(278)	(1,434)	N/A
Weighted average number of ordinary shares	584,236	485,210	584,236	N/A
Basic loss per share (sen):-	-0.245	-0.057	-0.245	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.

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

11 Loss before tax

	Current year quarter 30/09/2018 RM'000	Current year-to-date 30/09/2018 RM'000
This is arrived at after charging:-		
Depreciation of property, plant and equipment	137	137
Finance costs	327	327
Impairment loss on available-for-sale financial asset	311	311
Realised loss on foreign exchange	1	1

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
27 November 2018