

**CME GROUP BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2019**

(The figures have not been audited)

	Unaudited At 31/03/2019 RM '000	Audited At 30/06/2018 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	27,264	27,742
Land held for property development	21,136	21,787
Investment properties	46,237	46,237
Other investment	269	623
TOTAL NON-CURRENT ASSETS	94,906	96,389
CURRENT ASSETS		
Inventories	834	931
Amount due from contract customers	9,858	17,316
Trade receivables and other receivables	9,793	7,526
Tax recoverable	507	458
Cash and bank balances	6,003	4,025
TOTAL CURRENT ASSETS	26,995	30,256
TOTAL ASSETS	121,901	126,645
EQUITY AND LIABILITIES		
EQUITY AND LIABILITIES		
Share capital	49,459	49,459
ICULS	31,370	31,370
Reserves	(18,057)	(13,425)
TOTAL EQUITY	62,772	67,404
NON-CURRENT LIABILITIES		
Hire-purchase payables	331	432
Long-term loan	1,170	1,411
Other payables	275	440
Deferred tax liabilities	2,202	2,202
TOTAL NON-CURRENT LIABILITIES	3,978	4,485
CURRENT LIABILITIES		
Hire-purchase payables	162	197
Bank borrowings	31,783	32,378
Amount due to contract customers	-	117
Trade payables and other payables	23,094	21,905
Tax payables	112	159
TOTAL CURRENT LIABILITIES	55,151	54,756
TOTAL LIABILITIES	59,129	59,241
TOTAL EQUITY AND LIABILITIES	121,901	126,645
Net Assets Per Share	0.107	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 9-MONTH PERIOD ENDED 31 MARCH 2019**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	31/03/2019 (RM '000)	31/03/2018 (RM '000)	31/03/2019 (RM '000)	31/03/2018 (RM '000)
Revenue	4,107	10,253	13,315	N/A
Cost of sales	(3,137)	(7,845)	(10,687)	N/A
Gross profit	970	2,408	2,628	N/A
Other gains	65	(479)	93	N/A
Fair value loss on available-for-sale financial assets	(36)	43	(354)	N/A
Administrative expenses	(1,700)	(1,777)	(4,423)	N/A
Other expenses	(294)	(379)	(815)	N/A
Finance costs	(393)	(390)	(1,093)	N/A
Loss before tax	(1,388)	(574)	(3,964)	N/A
Income tax expense	-	-	-	N/A
Loss for the period	(1,388)	(574)	(3,964)	N/A
Other comprehensive loss				
Foreign currency translation	(203)	(1,806)	(668)	N/A
Gain on revaluation of property, plant and equipment	-	-	-	N/A
	(203)	(1,806)	(668)	N/A
Total comprehensive loss for the period	(1,591)	(2,380)	(4,632)	N/A
Loss for the period attributable to:-				
Equity holders of the parent	(1,388)	(574)	(3,964)	N/A
Non-controlling interests	-	-	-	N/A
	(1,388)	(574)	(3,964)	N/A
Total comprehensive loss attributable to:-				
Equity holders of the parent	(1,591)	(2,380)	(4,632)	N/A
Non-controlling interests	-	-	-	N/A
	(1,591)	(2,380)	(4,632)	N/A
Loss per share attributable to owners of the Company				
Basic (sen)	-0.238	-0.118	-0.678	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 9-month financial period ended 31 March 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 9-MONTH PERIOD ENDED 31 MARCH 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>
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	-	-	(3,964)	-	-	-	-	(3,964)
Other comprehensive loss for the financial period	-	-	-	-	-	-	(668)	(668)
Total comprehensive loss for the financial period	-	-	(3,964)	-	-	-	(668)	(4,632)
Balance as at 31 March 2019	49,459	31,370	(42,995)	5,273	-	19,694	(29)	62,772

(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 9-MONTH PERIOD ENDED 31 MARCH 2019**

(The figures have not been audited)

	Current year-to-date 31/03/2019 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	
Loss for the period	(3,964)
Adjustments for:	
Depreciation of property, plant and equipment	397
Fair value loss on available-for-sale financial assets	354
Finance costs	1,093
Plant and equipment written off	98
Plant and equipment written back	(1)
Operating loss before working capital changes	(2,023)
Changes in working capital	
Net changes in current assets	5,288
Net changes in current liabilities	1,072
Cash from operations	4,337
Income tax paid	(96)
Net cash from operating activities	4,241
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(16)
Net cash used in investing activities	(16)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES	
Decrease in amount owing to third parties	(165)
Interest expense paid	(1,093)
Repayment of bank borrowings	(3,179)
Repayment of hire purchase payables	(136)
Net cash used in financing activities	(4,573)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(348)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(5,726)
Effects of exchange rate changes on cash and cash equivalents	(17)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(6,091)
Cash and Cash Equivalents are as follows:-	
Cash and bank balances	6,003
Bank overdrafts	(12,094)
	(6,091)

(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 9-month financial period ended 31 March 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.)

7 Debt and Equity Securities (Cont.)

The status of utilisation of proceeds raised from the issuance of Rights Shares as at 31 March 2019 is as follows:

Proposed utilisation of proceeds	Proceeds raised (RM'000)	Utilised as at 31/12/2018 (RM'000)	Time frame for utilisation
Repayment of borrowings	4,300	4,300	Within 24 months
Working Capital	3,507	3,507	Within 24 months
Estimated expenses in relation to the Rights Issue of Shares with Warrants	610	610	Within 6 weeks
	8,417	8,417	

8 Dividends Paid

There was no dividend paid/ declared by the Company for the current quarter ended 31 March 2019 (30 June 2018: Nil).

9 Segmental Reporting

31.03.2019	Invest. Holding RM '000	Manufacturing RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Revenue						
External sales	765	10,678	1,872	-	-	13,315
Inter-segment sales	-	4,875	1,304	-	(6,179)	-
Total revenue	765	15,553	3,176	-	(6,179)	13,315
Results						
Segment results	(1,501)	(816)	(207)	(1,876)	1,529	(2,871)
Finance costs						(1,093)
Loss before tax						(3,964)
Income tax expense						-
Loss for the period						(3,964)
Other information						
Capital additions	11	5	-	-	-	16
Depreciation	8	176	212	1	-	397
Consolidated Balance Sheet						
Assets						
Segment assets	109,526	66,059	35,555	26,770	(116,278)	121,632
Other investment	269	-	-	-	-	269
Consolidated total assets	109,795	66,059	35,555	26,770	(116,278)	121,901
Liabilities						
Segment liabilities	59,133	49,024	27,311	56,080	(132,419)	59,129

(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 9-month financial period ended 31 March 2018.)

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 31 March 2019 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 achieved a turnover of RM13.3 million for the period ended 31 March 2019. The cost of sales for the third quarter ended 31 March 2019 was amounted to RM10.7 million. The revenue was mainly contributed from the Specialised Mobility Vehicles (“SMV”) Division which has accounted for 80.2% of the total revenue of the Group.

The Group posted a loss before tax of RM4.0 million which mainly attributed to administrative expenses that comprise of staff costs, assessment and land tax for both lands in Australia, rental charges incurred by retail business, fair value loss on available-for-sale financial assets and finance costs for banking facilities utilised.

For the current quarter ended 31 March 2019, the Group recorded total revenue of RM4.1 million, as compared to RM10.3 million in the preceding year corresponding quarter. The decrease in revenue was primarily due to decrease in sales recognition from SMV Division for on-going projects.

The Group recorded a loss before tax of RM1.4 million for the current 3 months period ended 31 March 2019, as compared to a loss before tax of RM0.6 million in the preceding year corresponding quarter. The increase of RM0.8 million in loss before tax is mainly due to higher sales achieved in the preceding year corresponding quarter despite lower administrative expenses and other expenses for the current 3 months period ended 31 March 2019.

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:

	31.03.19 RM’000	31.12.18 RM’000	← Variance → RM’000	%
Revenue	4,107	4,368	(261)	(6.0)
Loss before tax	(1,388)	(1,142)	(246)	(21.5)

For the current quarter ended 31 March 2019, the Group registered a revenue of RM4.1 million, a decrease in revenue of RM261,000 or 6.0% as compared to the preceding quarter ended 31 December 2018.

The Group recorded a loss before tax of RM1.4 million for the current quarter as compared to a loss before tax of RM1.1 million in the preceding quarter, mainly due to lower revenue recorded for the current quarter despite higher gross profit margin achieved. However, the higher profit margin was offset by higher administrative expenses incurred for the current quarter.

3 Commentary on Future Prospects

The year of 2019 has been a challenging year for the fire fighting and specialist vehicle business segment in view of the market competition and rising of global economic uncertainties. Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group’s financial performance and position. In order to maintain its market competitiveness, the Board will need to constantly review its price structure and react accordingly. The Group will continue its efforts to enhance operating efficiency programmes to mitigate as much as possible the impact of higher input costs.

The Management continues to focus on business development activities and is continuously trying to grow revenues from existing and new customers. The Group’s products remain competitive in the market. The management is putting in place its many measures to build on its order book and actively exploring new product range/opportunities within the Specialised Mobility Vehicles (“SMV”) Division and Fire Suppression and Prevention (“FSP”) Division and is in amidst of discussing selected potential projects which may be implemented in 2019/2020 when secured and this would likely improve the overall sales performance of the Group.

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.

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 31/03/2019 Secured <i>RM'000</i>
Amount payable within one year	
Bank borrowings	31,783
Finance leases	162
	<u>31,945</u>
Amount payable after one year	
Bank borrowings	1,170
Finance leases	331
	<u>1,501</u>
Total borrowings	<u>33,446</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 15 February 2019, the Court has fixed a further Case Management on 29 March 2019. Subsequently, Case Managements were also held on 3 April 2019, 5 April 2019 and 10 April 2019.

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").

On 21 March 2019, the Company had filed a Notice of Motion to stay the execution of the FC Review Order and to stay the proceedings of the FC Appeal pending the disposal of the Company's Review Motion ("the Company's Stay Motion").

During the Case Management on 10 April 2019, the Federal Court had:-

- i) Fixed the Company's Review Motion for Case Management on 20 June 2019 pending the release of the grounds of judgment for the FC Review Order;
- ii) Fixed the FC Appeal for Case Management on 20 June 2019 pending the disposal of the Company's Review Motion; and
- iii) Fixed the Company's Stay Motion for Hearing on 14 August 2019.

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.

**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.)

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 pending the disposal of the Company's Application for Injunction and fixed the matter for Case Management on 11 June 2019.

The Ad Interim Injunction is granted with a condition that the Company shall deposit the sum of RM10,969,932.70 into the joint stakeholders account of the Company's solicitors and Bellajade's solicitors within twenty-one (21) days from 14 May 2019, i.e. 4 June 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 31 March 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
	31/03/2019 (RM '000)	31/03/2018 (RM '000)	31/03/2019 (RM '000)	31/03/2018 (RM '000)
Loss attributable to equity holders of the parent	(1,388)	(574)	(3,964)	N/A
Weighted average number of ordinary shares	584,236	485,210	584,236	N/A
Basic loss per share (sen):-	-0.238	-0.118	-0.678	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 31/03/2019 RM'000	Current year-to-date 31/03/2019 RM'000
This is arrived at after charging/ (crediting):-		
Depreciation of property, plant and equipment	124	397
Fair value loss on available-for-sale financial asset	36	354
Finance costs	393	1,093
Realised gain on foreign exchange	(68)	(71)

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
 28 May 2019