

CME GROUP BERHAD

(Company No. 52235-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2019

(The figures have not been audited)

	Unaudited At 30/09/2019 RM '000	Audited At 30/06/2019 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	28,470	28,586
Land held for property development	11,588	11,739
Investment properties	36,113	36,113
Other investment	268	268
TOTAL NON-CURRENT ASSETS	76,439	76,706
CURRENT ASSETS		
Inventories	20,384	17,462
Amount due from contract customers	-	-
Trade receivables and other receivables	4,181	8,156
Tax recoverable	271	249
Cash and bank balances	5,149	6,760
TOTAL CURRENT ASSETS	29,985	32,627
TOTAL ASSETS	106,424	109,333
EQUITY AND LIABILITIES		
EQUITY AND LIABILITIES		
Share capital	49,459	49,459
ICULS	31,370	31,370
Reserves	(45,621)	(44,196)
TOTAL EQUITY	35,208	36,633
NON-CURRENT LIABILITIES		
Hire-purchase payables	245	278
Long-term loan	1,066	1,119
Other payables	180	370
Deferred tax liabilities	3,088	3,088
TOTAL NON-CURRENT LIABILITIES	4,579	4,855
CURRENT LIABILITIES		
Hire-purchase payables	168	180
Bank borrowings	31,549	31,460
Amount due to contract customers	-	-
Contract liabilities	14,410	14,410
Trade payables and other payables	20,478	21,741
Tax payables	32	54
TOTAL CURRENT LIABILITIES	66,637	67,845
TOTAL LIABILITIES	71,216	72,700
TOTAL EQUITY AND LIABILITIES	106,424	109,333
Net Assets Per Share	0.060	0.063

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2019 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 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
	30/09/2019 (RM '000)	30/09/2018 (RM '000)	30/09/2019 (RM '000)	30/09/2018 (RM '000)
Revenue	909	4,840	909	4,840
Cost of sales	(556)	(4,021)	(556)	(4,021)
Gross profit	353	819	353	819
Other gains	21	21	21	21
Fair value loss on available-for-sale financial assets	-	(311)	-	(311)
Administrative expenses	(1,063)	(1,371)	(1,063)	(1,371)
Other expenses	(226)	(265)	(226)	(265)
Finance costs	(364)	(327)	(364)	(327)
Loss before tax	(1,279)	(1,434)	(1,279)	(1,434)
Income tax expense	-	-	-	-
Loss for the period	(1,279)	(1,434)	(1,279)	(1,434)
Other comprehensive income/ (loss)				
Foreign currency translation	(147)	10	(147)	10
Gain on revaluation of property, plant and equipment	-	-	-	-
	(147)	10	(147)	10
Total comprehensive loss for the period	(1,426)	(1,424)	(1,426)	(1,424)
Loss for the period attributable to:-				
Equity holders of the parent	(1,279)	(1,434)	(1,279)	(1,434)
Non-controlling interests	-	-	-	-
	(1,279)	(1,434)	(1,279)	(1,434)
Total comprehensive loss attributable to:-				
Equity holders of the parent	(1,426)	(1,424)	(1,426)	(1,424)
Non-controlling interests	-	-	-	-
	(1,426)	(1,424)	(1,426)	(1,424)
Loss per share attributable to owners of the Company				
Basic (sen)	-0.219	-0.245	-0.219	-0.245

(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 2019 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 2019**

(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	
Balance as at 1 July 2018	49,459	31,370	(45,886)	5,273	-	19,694	639	60,549
Loss for the financial period	-	-	(23,645)	-	-	-	-	(23,645)
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	235	(506)	(271)
Total comprehensive income/(loss) for the financial period	-	-	(23,645)	-	-	235	(506)	(23,916)
Transactions with owners:								
Issue of ordinary shares	-	-	-	-	-	-	-	-
Issue of right shares	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance as at 30 June 2019	49,459	31,370	(69,531)	5,273	-	19,929	133	36,633
Loss for the financial period	-	-	(1,279)	-	-	-	-	(1,279)
Other comprehensive income for the financial period	-	-	-	-	-	-	(147)	(147)
Total comprehensive income/(loss) for the financial period	-	-	(1,279)	-	-	-	(147)	(1,426)
Balance as at 30 September 2019	49,459	31,370	(70,810)	5,273	-	19,929	(14)	35,207

(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 2019**
(The figures have not been audited)

Current year-to-date 30/09/2019 RM'000

CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES

Loss for the period	(1,279)
Adjustments for:	
Depreciation of property, plant and equipment	116
Fair value loss on available-for-sale financial assets	-
Finance costs	364
Property, plant and equipment written back	-
Operating loss before working capital changes	(799)
Changes in working capital	
Net changes in current assets	1,053
Net changes in current liabilities	(1,397)
Cash used in operations	(1,143)
Income tax paid	(44)
Net cash used in operating activities	(1,187)

CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES

Purchase of property, plant and equipment	-
Net cash used in investing activities	-

CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES

Decrease in amount owing to third parties	(55)
Interest expense paid	(364)
Proceeds from bank borrowings	(66)
Repayment of hire purchase payables	(45)
Net cash from financing activities	(530)

NET CHANGE IN CASH AND CASH EQUIVALENTS (1,717)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (4,500)
Effects of exchange rate changes on cash and cash equivalents 4

CASH AND CASH EQUIVALENTS AT END OF PERIOD (6,213)

Cash and Cash Equivalents are as follows:-

Cash and bank balances	5,149
Bank overdrafts	(11,362)
	(6,213)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2019 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, INTERIM 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 2019. 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 2019.

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 2019.

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 2019 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.

The status of utilisation of proceeds raised from the issuance of Rights Shares as at 30 September 2019 is as follows:

Proposed utilisation of proceeds	Proceeds raised (RM'000)	Utilised as at 30/09/2019 (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 30 September 2019 (30 June 2019: Nil.).

9 Segmental reporting

30.09.2019	Invest. Holding RM '000	Manufacturing RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Revenue						
External sales	317	-	592	-	-	909
Inter-segment sales	-	-	694	-	(694)	-
Total revenue	317	-	1,286	-	(694)	909
Results						
Segment results	(247)	(544)	18	(1,246)	1,104	(915)
Finance costs						(364)
Loss before tax						(1,279)
Income tax expense						-
Loss for the period						(1,279)
Other information						
Capital additions	-	-	-	-	-	-
Depreciation	3	47	66	-	-	116
Consolidated Balance Sheet						
Assets						
Segment assets	75,800	60,733	34,451	16,327	(81,155)	106,156
Other investment	268	-	-	-	-	268
Consolidated total assets	76,068	60,733	34,451	16,327	(81,155)	106,424
Liabilities						
Segment Liabilities	57,901	49,638	11,508	55,361	(103,193)	71,215

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

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

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 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 2019 (“FS 2019”).

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 RM23,645,000 and RM34,274,000 respectively during the financial period ended 30 June 2019 and, as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM35,218,000 and RM53,324,000 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 2019 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 2019, the Group and the Company incurred net losses of RM14,103,000 and RM23,645,000 and RM34,274,000 respectively and, as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM35,218,000 and RM53,324,000 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 2019:-

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 4.1, 4.2, 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 net realizable value of the freehold land held under inventories based on the valuation performed by an external independent valuers.</p> <p>The Group recognised revaluation surplus on freehold land and building of RM1,446,000, a fair value loss on investment properties of RM10,124,000 and write down on freehold land held for development of RM9,553,000 respectively during the financial year.</p> <p>We focused on this area because these adjustments requires significant judgement made by the Group as it was determined based on valuation performed by external independent valuers which involves 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 2019 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,
 - The Group is positive and will continue to leverage it’s core competencies by focusing on our core business of 30 years, in manufacturing and supplying of Specialised Mobility Vehicles. The group will remain very active in tendering and procurement of new projects in this segment.
 - The Group is exploring new product range and opportunities within the Specialised Mobility Vehicle and Fire Fighting related products and wishes to put CME staying at the forefront of this sector.
 - The Group is implementing measures to strengthen it’s production team performance ensuring productive and effective production methods. This shall be in line with our mission to monitor and manage the progress of its existing manufacturing activities which are expected to be completed within the projected timeline;
 - Obtain financial support from the financial institutions for financing the on-going and upcoming projects;

In addition, the Group have shareholders’ equity of RM35,208,000. 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 RM0.909 million for the cumulative 3 months period ended 30 September 2019 and posted a loss before tax of RM1.279 million for the financial period ended 30 September 2019.

As for the current 3 months period ended 30 September 2019, the Group recorded total revenue of RM0.909 million, as compared to RM4.840 million in the preceding year's corresponding quarter. The decrease in Group revenue was primarily due to decrease in revenue recognition from Specialised Mobility Vehicles ("SMV") Division for on-going projects during the period; in compliance to the adoption of *MFRS 15 Revenue from Contracts with Customers*, whereby the revenue recognition were based on performance obligation of the projects satisfied at a point in time. Hence, the Division only recognise the revenue when the vehicles are fully completed and delivered; the vehicles partly completed are not recognised as revenue for the reporting period.

The Group recorded a loss before tax of RM1.279 million for the current 3 months period ended 30 September 2019, as compared to a loss of RM1.434 million in the preceding year's corresponding quarter. Despite experiencing loss and lower revenue in the current quarter as compared to preceding year's quarter, the Group managed to increase its Gross Profit margin from 17% to 39%. The Group strive to further improve its performance for the coming 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:

	30.09.19 <u>RM'000</u>	30.06.19 <u>RM'000</u>	← Variance → <u>RM'000</u>	→ %
Revenue	909	24,442	(23,533)	(96)
Loss before tax	(1,279)	(19,817)	18,539	94

For the current quarter ended 30 September 2019, the Group registered revenue of RM0.909million, a decrease in revenue of RM23.5 million or 96% as compared to the preceding quarter ended 30 June 2019.

The Group recorded a loss before tax of RM1.279 million for the current quarter as compared to a loss before tax of RM19.817 million in the preceding quarter. Huge loss of RM19.817 million in the preceding quarter was 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 2019.

3 Commentary on Future Prospects

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 is securing new contracts for supplying fire fighting vehicles. The performance of property segment is expected to be challenging due to weak consumers sentiment and stiff competition.

Fire Suppression and Prevention ("FSP") Division has steadily contributed to the Group for the cumulative 3 months period ended 30 September 2019 and is expected to chart a steadier growth in future.

Meanwhile, the board is putting in place its many measures to build up the revenue 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.

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	-	-
	-	-

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 30/09/2019 Secured <i>RM'000</i>
Amount payable within one year	
Bank borrowings	31,549
Finance leases	168
	<u>31,717</u>
Amount payable after one year	
Bank borrowings	1,066
Finance leases	245
	<u>1,311</u>
Total borrowings	<u>33,028</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 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.

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.

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 a sum of RM10 million into a joint stakeholders account.

8 Material litigation (Cont.)

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.

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").

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;
- (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, Bellajade filed in the Federal Court a Notice of Motion to review the FC Appeal Order. The Federal Court had on 14 February 2019:-

- (1) Allowed Bellajade's Review Motion dated 02.10.2018 filed in Civil Application No. 08(RS)-10-10/2018 to review the Federal Court's decisions in Civil Appeal No. 02(f)-136-11/2017(W) delivered on 25.09.2018 ("the FC Appeal Order") that allowed the Company's Appeal against the Court of Appeal's decision dated 24.08.2016 ("the CA Judgment");
- (2) Set aside the FC Appeal Order delivered on 25.09.2018;
- (3) Ordered that the Company's Appeal vide Civil Appeal No. 02(f)-136-11/2017(W) ("the FC Appeal") to be re-heard by the Federal Court;
- (4) No order as to costs was made; and
- (5) Fixed a Case Management for the FC Appeal on 15.02.2019 for further directions to be given.
("the FC Review Order")

On 18 March 2019, the Company had filed a Notice of Motion to review the FC Review Order vide Federal Court Civil Application No. 08(RS)-2-03/2019(W) ("the Company's Review Motion"). The Company's Review Motion is currently fixed for hearing on 3 June 2020. The FC Appeal will be heard after the disposal of the Company's Review Motion.

On 21 March 2019, the Company had also filed stay application on the execution of the FC Review Order. On 28th November 2019, the motion was dismissed by Federal Court.

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. On 29 April 2019, the Company filed an application in the High Court for an injunction to restrain Bellajade from presenting any winding up petition against the Company.

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 petitions of winding up of the Company ("Winding-Up Petition") The Ad Interim Injunction is granted with a condition that the Company shall deposit the sum of RM10,969,932.70 ("Stakeholder Sum") into the joint stakeholders account.

8 Material litigation (Cont.)

On 15 July 2019, CME filed a Notice of Motion to amend the FC Review Order dated 14 February 2019 to include the direction of the Federal Court that the FC Appeal is to be re-heard by the Federal Court to reflect the entire decision and directions of the Federal Court. On 28 November 2019, the Federal Court allowed the Motion to Amend the FC Review Order.

On 17 July 2019, the High Court allowed CME's application for Fortuna Injunction on the condition that the Stakeholder Sum is to be maintained in the Stakeholder Account.

On 24 July 2019, CME filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the decision of the High Court on the fortuna injunction order (the "CME's Appeal"). CME's Appeal is currently fixed for hearing on 19 June 2020.

On 15 August 2019, Bellajade filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the decision of the High Court on the fortuna injunction order (the "Bellajade's Appeal"). Bellajade's Appeal is currently fixed for hearing on 19 June 2020.

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

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

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

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

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

- (a) a declaration that:-
 - (i) the Joint Venture Agreement was validly terminated by the Plaintiffs;
 - (ii) pursuant to the terms of the Joint Venture Agreement, the development relating to the Joint Venture now vests in the Plaintiffs.
- (b) payment of the sum of A\$2,115,051.41.
- (c) in the alternative:-
 - (i) an account of the Prime loan monies received by the Defendant or paid out to third parties by the Defendant; and
 - (ii) an order for the payment by the Defendant to the Plaintiffs of the amount found due to the Plaintiffs under the Joint Venture Agreement or otherwise on the taking of the such account.
- (d) further and in the alternative, damages suffered by the Plaintiffs on account of the Defendant's breaches of the Joint Venture Agreement and the termination of the Joint Venture Agreement.
- (e) alternatively equitable compensation.
- (f) interest on such sum found due to the Plaintiffs at such rate and for such period as the Honourable Court deems fit.
- (g) such further or other relief as the Honourable Court deems just.
- (h) costs.

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.

8 Material litigation (Cont.)

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 2019.

10 Loss Per Share

(a) Basic

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	30/09/2019 (RM ‘000)	30/09/2018 (RM ‘000)	30/09/2019 (RM ‘000)	30/09/2018 (RM ‘000)
Loss attributable to equity holders of the parent	<u>(1,279)</u>	<u>(1,434)</u>	<u>(1,279)</u>	<u>(1,434)</u>
Weighted average number of ordinary shares	<u>584,236</u>	<u>584,236</u>	<u>584,236</u>	<u>584,236</u>
Basic loss per share (sen):-	-0.219	-0.245	-0.219	-0.245

(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.

11 Loss before tax

	Current year quarter 30/09/2019 RM'000	Current year-to-date 30/09/2019 RM'000
This is arrived at after charging:-		
Depreciation of property, plant and equipment	116	116
Finance costs	364	364
Impairment loss on available-for-sale financial asset	-	-
Realised loss on foreign exchange	-	-

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**

**En. Azlan Omry Bin Omar
Executive Director**