

# CME GROUP BERHAD

(Company No. 52235-K)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2022

(The figures have not been audited)

	Unaudited At 30/09/2022	Audited At 30/06/2022
	<i>RM '000</i>	<i>RM '000</i>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	28,000	28,047
Land held for property development	12,225	12,294
Investment Properties	35,030	35,030
Other investment	970	1,023
<b>TOTAL NON-CURRENT ASSETS</b>	<b>76,225</b>	<b>76,394</b>
<b>CURRENT ASSETS</b>		
Inventories	7,993	6,673
Trade receivables and other receivables	1,613	5,097
Current tax assets	11	37
Cash and bank balances	1,438	1,723
<b>TOTAL CURRENT ASSETS</b>	<b>11,055</b>	<b>13,530</b>
<b>TOTAL ASSETS</b>	<b>87,280</b>	<b>89,924</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY AND LIABILITIES</b>		
Share capital	81,684	80,851
ICULS	20,099	20,899
Reserves	(50,080)	(49,353)
<b>TOTAL EQUITY</b>	<b>51,703</b>	<b>52,397</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	166	47
Borrowings	2,031	2,362
Other payables	-	33
Deferred tax liabilities	1,793	1,848
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,990</b>	<b>4,290</b>
<b>CURRENT LIABILITIES</b>		
Lease liabilities	119	52
Borrowings	20,873	19,588
Contract liabilities	2,407	1,157
Trade payables and other payables	8,188	12,440
<b>TOTAL CURRENT LIABILITIES</b>	<b>31,587</b>	<b>33,237</b>
<b>TOTAL LIABILITIES</b>	<b>35,577</b>	<b>37,527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>87,280</b>	<b>89,924</b>
<b>Net Assets Per Share</b>	<b>0.052</b>	<b>0.053</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2021 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 2022**

*(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
	30/09/2022 (RM '000)	30/09/2021 (RM '000)	30/09/2022 (RM '000)	30/09/2021 (RM '000)
Revenue	1,186	7,704	1,186	7,704
Cost of sales	(608)	(7,278)	(608)	(7,278)
<b>Gross profit</b>	<b>577</b>	426	<b>577</b>	426
Other income	(11)	30	(11)	30
Fair value gain/(loss) on available-for-sale financial assets	(2)	(556)	(2)	(556)
Impairment loss on other receivables	-	-	-	-
Administrative expenses	(828)	(790)	(828)	(790)
Other expenses	(97)	(122)	(97)	(122)
Finance costs	(272)	(269)	(272)	(269)
<b>Profit/(Loss) before tax</b>	<b>(633)</b>	(1,281)	<b>(633)</b>	(1,281)
Income tax expense	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(633)</b>	<b>(1,281)</b>	<b>(633)</b>	<b>(1,281)</b>
<b>Other comprehensive income/ (loss)</b>				
Foreign currency translation	(66)	(432)	(66)	(432)
Gain on revaluation of property, plant and equipment	-	-	-	-
	<b>(66)</b>	(432)	<b>(66)</b>	(432)
<b>Total comprehensive income/(loss) for the period</b>	<b>(699)</b>	(1,713)	<b>(699)</b>	(1,713)
Profit/(Loss) for the period attributable to:-				
Equity holders of the parent	(633)	(1,281)	(633)	(1,281)
Non-controlling interests	-	-	-	-
	<b>(633)</b>	<b>(1,281)</b>	<b>(633)</b>	<b>(1,281)</b>
Total comprehensive income/(loss) attributable to:-				
Equity holders of the parent	(699)	(1,713)	(699)	(1,713)
Non-controlling interests	-	-	-	-
	<b>(699)</b>	<b>(1,713)</b>	<b>(699)</b>	<b>(1,713)</b>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>				
<b>Basic (sen)</b>	-0.065	-0.142	-0.065	-0.142

*(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 2021 and the explanatory notes attached to the interim financial report.)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 3-MONTH PERIOD END 30 SEPTEMBER 2022**

*(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
<b>Balance as at 1 July 2021</b>	79,199	22,531	(66,851)	2,077	-	19,929	1,015	57,900
Profit/(Loss) for the financial period	-	-	(5,148)	-	-	-	-	(5,148)
Other comprehensive income for the financial period	-	-	-	-	-	-	(359)	(359)
Total comprehensive income/(loss) for the financial period	-	-	(5,148)	-	-	-	(359)	(5,507)
Transactions with owners								
Conversion of warrants	20		-	(16)				4
Conversion of ICULS	1,632	(1,632)						-
Total transaction with owners	1,652	(1,632)	-	(16)				4
<b>Balance as at 30 June 2022</b>	80,851	20,899	(71,999)	2,061	-	19,929	656	52,397
Loss for the financial period	-	-	(633)	-	-	-	-	(633)
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	-	(66)	(66)
Total comprehensive income/(loss) for the financial period	-	-	(633)	-	-	-	(66)	(699)
Transactions with owners								
Conversion of warrants	33		-	(27)				6
Conversion of ICULS	800	(800)						-
Total transaction with owners	833	(800)	-	(27)				6
<b>Balance as at 30 Sept 2022</b>	81,684	20,099	(72,632)	2,034	-	19,929	590	51,704

*(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 2021 and the explanatory notes attached to the interim financial report.)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

*(The figures have not been audited)*

	<b>Current year-to-date 30/09/2022 RM'000</b>	<b>Current year-to-date 30/09/2021 RM'000</b>
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Profit/(Loss) for the period	(633)	(1,281)
Adjustments for:		
Depreciation of property, plant and equipment	51	46
Fair value Loss/(gain) on available-for-sale financial assets	2	556
Finance costs	272	269
Impairment loss on trade and other receivables	-	-
Amortization of financial asset	50	50
	<hr/>	<hr/>
Operating income/(loss) before working capital changes	(258)	(360)
Changes in working capital		
Net changes in current assets	2,165	7,293
Net changes in current liabilities	(3,030)	(3,715)
	<hr/>	<hr/>
Cash generated/(used in) operations	(1,123)	3,218
Income tax refunded	26	-
Income tax paid		(16)
	<hr/>	<hr/>
Net cash generated/(used in) operating activities	(1,097)	3,202
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4)	-
Addition to financial asset	-	-
	<hr/>	<hr/>
Net cash used in investing activities	(4)	-
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Decrease in amount owing to third parties	(60)	(60)
Interest expense paid	(272)	(269)
Proceeds from Warrants conversion	6	1
Proceeds from ICULS conversion	-	-
Proceeds from/(Repayment) bank borrowings	1,107	(3,971)
Proceeds/(Repayment) of lease liabilities	186	(15)
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Net cash from financing activities	967	(4,314)

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(134)	(1,112)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(9,161)	(8,990)
Effects of exchange rate changes on cash and cash equivalents	2	(10)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>(9,293)</b>	<b>(10,112)</b>
<b>Cash and Cash Equivalents are as follows:-</b>		
Cash and bank balances	1,438	1,043
Bank overdrafts	(10,731)	(11,155)
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	(9,293)	(10,112)
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*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the period ended 30 June 2021 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 2022. 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 2022.

#### 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 2022.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 July 2021. 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 July 2021. 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 2022 was not subjected to any qualification.

#### 4. Seasonal or cyclical factors

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

#### 5. Unusual items affecting assets, liabilities, equity, net income or cash flows

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

#### 6. Changes in estimates

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

## 7. Debt and equity securities

There was no issuance or repayment of debts and equity securities, share buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review, except for the conversion of 641,900 Warrants and conversion of 20,000,000 ICULS into 8,641,900 Ordinary Shares.

## 8. Dividends paid

There was no dividend paid/ declared by the Company for the current quarter ended 30 September 2022 (2021: Nil.).

## 9. Segmental reporting

<b>30.09.2022</b>	<b>Invest. Holding RM '000</b>	<b>Manufacturing RM '000</b>	<b>Trading RM '000</b>	<b>Others RM '000</b>	<b>Elimination RM '000</b>	<b>Consolidated RM '000</b>
<b>Revenue</b>						
External sales	347	360	479	-	-	1,186
Inter-segment sales	-	-	143	-	(143)	-
<b>Total revenue</b>	<b>347</b>	<b>360</b>	<b>622</b>	<b>-</b>	<b>(143)</b>	<b>1,186</b>
<b>Results</b>						
Segment results	<b>182</b>	<b>(280)</b>	<b>27</b>	<b>(288)</b>		<b>(359)</b>
Fair value loss on financial assets						(2)
Impairment loss on trade receivables						-
Finance costs						(272)
<b>Profit/(Loss) before tax</b>						<b>(633)</b>
Income tax expense						-
<b>Profit/(Loss) for the period</b>						<b>(633)</b>
<b>Other information</b>						
Capital additions	-	4	-	-	-	4
Depreciation	-	15	36	-	-	51

### Consolidated Balance Sheet

<b>Assets</b>						
Segment assets	74,169	45,592	34,789	12,812	(80,502)	86,860
Other investment	420	-	-	-	-	420
<b>Consolidated total assets</b>	<b>74,589</b>	<b>45,592</b>	<b>34,789</b>	<b>12,812</b>	<b>(80,502)</b>	<b>87,280</b>
<b>Liabilities</b>						
Segment Liabilities	44,660	33,707	8,754	53,526	(105,071)	35,576

<b>30.09.2021</b>	<b>Invest. Holding RM '000</b>	<b>Manufacturing RM '000</b>	<b>Trading RM '000</b>	<b>Others RM '000</b>	<b>Elimination RM '000</b>	<b>Consolidated RM '000</b>
<b>Revenue</b>						
External sales	278	6,861	566	-	-	7,704
Inter-segment sales	-	2,672	278	-	(2,951)	-
<b>Total revenue</b>	<b>278</b>	<b>9,533</b>	<b>844</b>	<b>-</b>	<b>(2,951)</b>	<b>7,704</b>
<b>Results</b>						
Segment results	<b>(70)</b>	<b>(420)</b>	<b>214</b>	<b>(180)</b>		<b>(456)</b>
Fair value gain on financial assets						(556)
Finance costs						(269)
<b>Profit before tax</b>						<b>(1,281)</b>
Income tax expense						-
<b>Profit for the period</b>						<b>(1,281)</b>
<b>Other information</b>						
Capital additions	-	-	-	-	-	-
Depreciation	1	10	35	-	-	46
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	86,539	44,106	35,551	17,698	(89,962)	93,932
Other investment	350	-	-	-	-	350
<b>Consolidated total assets</b>	<b>86,889</b>	<b>44,106</b>	<b>35,551</b>	<b>17,698</b>	<b>(89,962)</b>	<b>94,282</b>
<b>Liabilities</b>						
Segment Liabilities	52,516	31,857	10,017	57,734	(114,030)	<b>38,094</b>

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 2022 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. Kreston, John & Gan 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 2022 (“FS 2022”).

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



We draw attention to Note 2 (e) to the financial statements, which disclosed that the Group and the Company incurred accumulated losses of RM71,999,000 and RM73,947,000 respectively during the financial year ended 30 June 2022 and, as of that date, the Group and the Company's current liabilities exceeded their current assets by RM19,707,000 and RM41,220,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter."

The reference to Note 2(e) of the FS 2022 is reproduced below:-

**“BASIS OF PREPARATION**

The financial statements of the Group and the Company have been prepared on a going concern basis, notwithstanding that the Group and the Company incurred accumulated losses of RM71,999,000 and RM73,947,000 respectively as at 30 June 2022, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM19,707,000 and RM41,220,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern is dependent on continuous financial support from its shareholders in order to enable it to meet its obligations and liabilities as and when they fall due.”

The following are the Key Audit Matters as reported in the Independent Auditors' Report of the FS 2022:-

Key audit matter	How the matter was addressed in the audit
<p><b>Property, plant and equipment, investment properties and inventories (Note 4, 6 and 7 to the financial statements)</b></p> <p>The carrying amount of the Group's property, plant and equipment, investment properties and land held for development (inventory) amounted to RM28,045,000, RM35,030,000 and RM12,294,000 respectively, represented 98% of the Group's total non-current assets as at 30 June 2022.</p> <p>The management has assessed if there are any indication of impairment and performed an assessment on the carrying amount of the freehold land and building, investment properties and land held for development (inventory)</p> <p>We focused on this area due to complexities in determining the fair value of the property, plant and equipment, investment properties and inventories, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumption to be applied.</p> <p><b>Borrowings and lease liabilities (Refer to Note 18 and 19 to the financial statements)</b></p> <p>As at 30 June 2022, the Group and the Company have total borrowings of RM21,950,000 and RM99,000 respectively and the Group has lease liabilities of approximately RM3,569,000. The Group and the Company are relying on the bank overdraft, cash line</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• reviewing the valuation methodology on recoverable amount on adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets;</li> <li>• comparing the Group's assumption to externally derived data as well as our assessment; and</li> <li>• testing the mathematical accuracy of the impairment assessment.</li> </ul> <p>Our procedures included, amongst others:</p>

<p>financing-i, Islamic bank financing - Term financing term loan and lease provided by banks, which is equivalent to 59% of total borrowings and lease liabilities. We focused on the Group's and the Company's funding and ability to meet their short term obligations due to the significant amount of the short term borrowings, which resulted in the Group and the Company have negative cash flows of RM10,331,000 and RM3,253,000 respectively.</p>	<ul style="list-style-type: none"> <li>• checked repayment of the borrowing against loan agreements to ascertain there is no default in repayment;</li> <li>• reading loan agreements to obtain understanding of the purpose of loans;</li> <li>• reviewed securities between loan agreements and bank confirmation received; and</li> <li>• vouched to the transaction amount utilized for the credit facilities.</li> </ul>
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In relation to the above, the Board wishes to advise on the followings:-

- (a) The Independent Auditors have expressed unqualified opinion on the FS 2022 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,
  - Implement measures to strengthen the production team performance ensuring productive and effective production method such as streamlined duplicated functions within the manufacturing group and replaced and modernized the production facilities;
  - Manage the costing of existing projects by constantly reviews the pricing of the procurement of materials to maintain the profitability and closely monitor the progress to ensure the projects are completed within the contract period;
  - Explore new product ranges and identify potential business opportunities for the Group;
  - Actively participating in the projects tendering to and creating new valued proposition for our client;
  - Obtain financial support and banking facilities from the financial institutions for financing the existing and upcoming projects;
  - Sufficient banking facilities available to the Group should the need arise: and
  - To raise share capital and shareholder value via fund raising exercise.

In addition, the Group have shareholders' equity of RM51,703,784 for year ended 30 September 2022. Based on the above, 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**

	<u>INDIVIDUAL QUARTER</u>			<u>CUMULATIVE QUARTER</u>		
	30 Sept 2022 RM'000	30 Sept 2021 RM'000	Variance %	30 Sept 2022 RM'000	30 Sept 2021 RM'000	Variance %
Revenue	1,186	7,704	(84.6)	1,186	7,704	(84.6)
Profit/(Loss) Before Interest and Tax	(361)	(1,012)	64.3	(361)	(1,012)	64.3
Profit/(Loss) Before Tax	(633)	(1,281)	50.6	(633)	(1,281)	50.6
Profit/(Loss) After Tax	(633)	(1,281)	50.6	(633)	(1,281)	50.6

For the individual quarter and cumulative quarter ended 30 September 2022

For the current quarter (Q1 2023) and cumulative quarter ended 30 September 2022, the Group's recorded revenue of RM 1.19 million, decreased by RM 6.52 million (or 84.6%) as compared to revenue of RM 7.70 million recorded in the previous corresponding quarter ended 30 September 2021. The decline was mainly due to lower sales achieved from Manufacturing Segment in this quarter.

However, The Group reported a lower Loss before tax of RM 0.63 million versus Loss before tax of RM 1.28 million during the preceding corresponding quarter. This is mainly attributed to improved margin recorded from investment holdings segment.

**2. Material change in quarterly results as compared with the immediate preceding quarter**

The comparison of the Group's revenue and profit/(loss) before tax for the current quarter and preceding quarter is as follows:

	<u>INDIVIDUAL QUARTER</u>		
	3 Month Ended 30 Sept 2022 RM'000	3 Months Ended 30 June 2022 RM'000	Variance %
Revenue	1,186	5,118	(76.8)
Profit/(Loss) Before Interest and Tax	(361)	(2,500)	85.6
Profit/(Loss) Before Tax	(633)	(2,860)	77.9
Profit/(Loss) After Tax	(633)	(3,088)	79.5

For the current quarter ended 30 September 2022, the Group registered a revenue of RM1.19 million as against the preceding quarter revenue of RM5.12 million or 76.8% lower in comparison to the preceding quarter ended 30 June 2022.

The Group recorded a Loss before tax of RM0.63 million for the current quarter as compared to Loss before tax of RM2.86 million in the preceding quarter ended 30 June 2022. The decrease in Loss before tax was mainly due to impairment loss on other receivables recognized during the preceding quarter under review.

### 3. Commentary on Future Prospects

The Global and Malaysia business environment continue to remain volatile and uncertain. The Group expect the coming quarters shall remain challenging given the continued pressure from global supply chain disruptions, rising in material cost, weakening of Ringgit, rising inflation and interest rates. The Group will continue to formulate new business strategy to improve the sales performance and to reposition ourself in this current uncertain market. The Group aim to tender and secure more projects and the Management remain committed in taking prudent measures to improve on operation efficiency in order to remain competitive in this challenging business environment.

### 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 year provision  
Deferred tax

	<b>Current quarter</b> <i>RM '000</i>	<b>Current year-to-date</b> <i>RM '000</i>
	-	-
	-	-
	-	-

### 6. Corporate Proposals

Save as disclosed below, there was no other corporate proposal announced by the company and pending completion:

- i) On 16 August 2022, the Company announced that the Company proposes to undertake the Proposed Private Placement. The Proposed Private Placement entails the issuance of up to 308,758,000 new CME Shares (“Placement Shares”), representing not more than 20% of the total number of CME Shares in issue (excluding treasury shares).

On 6 October 2022, the Company announced that the Company decided to abort the Proposed Private Placement. The Group intends to explore other fund-raising avenues which potentially can raise higher quantum of proceeds to meets the business needs.

### 7. Group borrowings and debt securities

The Group’s borrowings, are all repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:

	<b>As at</b> <b>30/09/2022</b> <b>Unaudited</b> <i>RM'000</i>	<b>As at</b> <b>30/6/2022</b> <b>Audited</b> <i>RM'000</i>
<b>Amount payable within one year</b>		
Term loans	1,243	1,228
Bank overdrafts	10,731	10,884
Project loans	8,759	7,476
Banker acceptances	140	-
Lease liabilities	119	52
	<u>20,992</u>	<u>19,640</u>

**Amount payable after one year**

Term loans	2,031	2,362
Finance leases	166	47
	<u>2,197</u>	<u>2,409</u>
<b>Total borrowings</b>	<u>23,189</u>	<u>22,049</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.

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:-

- i) The sum of RM8,401,756.85 as at 27-12-2013;
- ii) Monthly rental for January 2014 and the following months until expiry of the 3 year tenancy; and
- iii) 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:

- i) Allowed CME's appeal against Bellajade;
- ii) 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;
- iii) 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
- iv) 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:-

- i) 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");
- ii) Set aside the FC Appeal Order delivered on 25.09.2018;
- iii) 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;
- iv) No order as to costs was made; and
- v) Fixed a Case Management for the FC Appeal on 15.02.2019 for further directions to be given. ("the FC Review Order")

On 15 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 was fixed for hearing on 17 September 2020. The Federal Court had on 13 October 2020 dismissed CME's Notice of Motion to review the Federal Court Order dated 14 February 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. 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.

On 17 July 2019, the High Court allowed the Company's application for Fortuna Injunction on the condition that the Stakeholder Sum is to be maintained in the Stakeholder Account ("the Fortuna Injunction Order"). On 24 July 2019, the Company filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the Fortuna Injunction Order. On 15 August 2019, Bellajade filed a Notice of Appeal to appeal to the Court of Appeal against such part only of the Fortuna Injunction Order. On 4 December 2020, the Court of Appeal dismissed both appeals and reaffirmed the Fortuna Injunction Order.

On 27 January 2021, the Federal Court upon hearing submissions from the parties, reserved their decision in respect of Federal Court Civil Appeal No. 02(f)-136-11/2017(W) (“the Company’s FC Appeal”). The Federal Court has fixed the matter for decision on 30 September 2021.

On 30 September 2021, the Federal Court upon hearing submissions from the parties on 27.01.2021, the Court has allowed the Company’s appeal in part. The Federal Court held that the tenancy agreement is illegal but declined to order restitution of the rental of the sum of RM8,401,756.85 as at 27 December 2013 already paid with no order as to cost. Following a request for clarification of the Federal Court judgment and after perusal of the written grounds, the Federal Court instructed us to follow the grounds of judgment and prepare a draft order.

The Company has filed an application to the Federal Court to review the judgment (“the Company’s FC Review Application”) and stay the execution of judgment (“the Company’s FC Stay Application”). The hearing for the Company’s FC Review Application is fixed on 29 June 2022 and the hearing for the Company’s FC Stay Application is fixed on 23 May 2022.

The Company filed in the High Court for an application for Fortuna Injunction to restrain Bellajade from presenting any winding-up petition against the Company pursuant to the Federal Court judgment dated 30 September 2021 until full and final disposal of the Company’s FC Review Application. On 18 April 2022, the High Court dismissed the Company’s application for Fortuna Injunction.

On 27 April 2022, the Company received a winding-up petition pursuant to Section 465(1) & 466 of the Companies Act 2016 dated 22 April 2022 from solicitors acting on behalf of Bellajade pursuant to the Federal Court judgment dated 30 September 2021 (“Bellajade’s Winding-Up Petition”).

The Company has appealed to the Court of Appeal against the High Court’s decision dated 18 April 2022 to dismiss the Company’s application for Fortuna Injunction (“the Company’s Fortuna Appeal”). The Company has also filed an application in the High Court for Erinford Injunction to restrain Bellajade from proceeding with any winding-up petition against the Company pursuant to the Federal Court judgment dated 30 September 2021 until full and final disposal of the Company’s Fortuna Appeal. The hearing for Company’s application for Erinford Injunction is fixed on 13 May 2022.

The High Court and Federal Court on 13<sup>th</sup> May 2022 and 23<sup>rd</sup> May 2022 dismissed the Erinford Injunction and the Stay Application respectively.

The Federal Court had on 29 June 2022 dismissed the Company’s FC Review Application.

Bellajade’s winding-up petition is currently stayed pending the disposal of an application by a creditor to place the Company under judicial management filed by Desa Tiasa Sdn. Bhd (“Desa Tiasa”).

b) Desa Tiasa Sdn. Bhd. v CME Group Berhad (BA-28JM-6-08/2022)

On 10 August 2022, the Company received sealed cause papers for an application by a creditor to place the Company under judicial management filed by Desa Tiasa pursuant to an outstanding sum of RM2,038,015.53 due and owing to Desa Tiasa (“Desa Tiasa’s JM Application”).

Under the Companies Act 2016, all legal proceedings against the Company including any winding-up petitions are stayed pending the disposal of Desa Tiasa’s JM Application.

On 20 September 2022, the Company’s solicitors received a sealed application to intervene as a party into the proceedings for Desa Tiasa's JM Application filed by Bellajade (“Bellajade’s Intervener Application”).

The hearing for Bellajade’s Intervener Application had been fixed on 30 November 2022, but this hearing date has since been vacated and a new date will be fixed by the Court in due course.

## 9. Dividend

No dividend had been declared for the financial period ended 30 September 2022.

## 10. Earnings/(Loss) Per Share

### (a) Basic

Basic earnings/(loss) per share of the Group has been computed by dividing the earning/(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 earnings/(loss) per share was calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/09/2022 (RM '000)	Preceding year corresponding quarter 30/09/2021 (RM '000)	Current year-to-date 30/09/2022 (RM '000)	Preceding year corresponding period 30/09/2021 (RM '000)
Profit/(Loss) attributable to equity holders of the parent	(633)	(1,281)	(633)	(1,281)
Weighted average number of ordinary shares	<u>976,270</u>	<u>903,448</u>	<u>976,270</u>	<u>903,448</u>
<b>Basic Earnings/(loss) per share (sen):-</b>	<b>-0.065</b>	<b>-0.142</b>	<b>-0.065</b>	<b>-0.142</b>

### (b) Diluted

The basic and diluted earnings/(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 earnings/(loss) per ordinary share.

## 11. Profit/(Loss) before tax

	Current year quarter 30/09/2022 RM'000	Current year-to-date 30/09/2022 RM'000
This is arrived at after charging:-		
Depreciation of property, plant and equipment	51	51
Finance costs	272	272
Fair value loss/(gain) on available-for-sale financial asset	2	2
Amortisation of financial asset	50	50
Impairment loss on trade receivables	-	-



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**

**Subang Jaya, Selangor  
30 November 2022**