

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2014

(The figures have not been audited)

	Unaudited At 30/6/2014 RM '000	Audited At 31/12/2013 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,306	7,132
Investment properties	42,870	44,050
Other financial assets	2,663	492
Deferred tax assets	60	60
TOTAL NON-CURRENT ASSETS	52,899	51,734
CURRENT ASSETS		
Inventories	856	1,050
Amount due from contract customers	1,445	1,042
Trade receivables and other receivables	18,159	14,998
Tax recoverable	325	316
Cash and bank balances	400	347
TOTAL CURRENT ASSETS	21,185	17,753
TOTAL ASSETS	74,084	69,487
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	44,110	44,110
Reserves	595	437
Equity attributable to equity holders of the Company	44,705	44,547
Non-controlling interests	186	194
TOTAL EQUITY	44,891	44,741
NON-CURRENT LIABILITIES		
Hire-purchase payables	528	320
Long-term loan	3,127	3,102
TOTAL NON-CURRENT LIABILITIES	3,655	3,422
CURRENT LIABILITIES		
Amount due to contract customers	974	-
Trade payables and other payables	18,915	14,212
Hire-purchase payables	115	78
Bank borrowings	5,314	6,825
Tax liabilities	220	209
TOTAL CURRENT LIABILITIES	25,538	21,324
TOTAL LIABILITIES	29,193	24,746
TOTAL EQUITY AND LIABILITIES	74,084	69,487
Net Tangible Assets Per RM0.10 Share	0.102	0.101

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 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 6-MONTH PERIOD ENDED 30 JUNE 2014**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/06/2014 (RM '000)	Preceding year corresponding quarter 30/06/2013 (RM '000)	Current Year-to-date 30/06/2014 (RM '000)	Preceding year corresponding period 30/06/2013 (RM '000)
Revenue	5,015	5,717	12,267	12,089
Cost of sales	(3,783)	(4,261)	(9,501)	(8,852)
Gross profit	1,232	1,456	2,766	3,237
Investment revenue	-	-	-	-
Other gains	338	25	318	190
Administrative expenses	(1,215)	(1,049)	(2,323)	(2,278)
Other expenses	(201)	(249)	(389)	(433)
Finance costs	(106)	(112)	(186)	(217)
Profit before tax	48	71	186	499
Income tax expense	-	(1)	(36)	(125)
Profit for the period	48	70	150	374
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	48	70	150	374
Profit for the period attributable to:-				
Equity holders of the Company	86	70	158	374
Non-controlling interests	(38)	-	(8)	-
	48	70	150	374
Total comprehensive income attributable to:-				
Equity holders of the Company	86	70	158	374
Non-controlling interests	(38)	-	(8)	-
	48	70	150	374
Earnings per share (sen)				
- Basic	0.019	0.016	0.034	0.085
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	Issued Capital	Retained earnings/ (Accumulated losses)	Non- distributable reserves–Fair value reserve	Equity attributable to equity holders of the Company	Non- controlling Interests	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>
Balance as at 1 January 2013	40,510	(163)	406	40,753	153	40,906
Total comprehensive income for the year	-	593	(399)	194	41	235
Issuance of ordinary shares	3,600	-	-	3,600	-	3,600
Balance as at 31 December 2013	44,110	430	7	44,547	194	44,741
Total comprehensive income for the period	-	158	-	158	(8)	150
Balance as at 30 June 2014	44,110	588	7	44,705	186	44,891

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	Current year-to-date 30/06/2014 <i>RM'000</i>	Preceding year corresponding year-to-date 30/06/2013 <i>RM'000</i>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit for the period	150	374
Adjustments for:		
Depreciation of property, plant and equipment	205	215
Finance costs	186	217
Gain on disposal of investment properties	(380)	(150)
Income tax expense recognised in profit or loss	36	125
Interest income	-	(6)
Operating profit before working capital changes	197	775
Changes in working capital:		
Net changes in current assets	(3,370)	(9,584)
Net changes in current liabilities	5,678	9,895
Cash from operations	2,505	1,086
Tax refund	-	35
Income tax paid	(33)	(38)
Net cash from operating activities	2,472	1,083

**CME GROUP BERHAD**

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

CASH FLOWS USED IN INVESTING ACTIVITIES

Withdrawal of fixed deposit	-	215
Interest income received	-	6
Proceed from disposal of investment properties	1,560	1,330
Purchase of investment properties	-	(6,000)
Purchase of other financial assets	(2,172)	-
Purchase of property, plant and equipment	(379)	(8)
	<hr/>	<hr/>
Net cash used in investing activities	(991)	(4,457)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment from of bank borrowings	(2,345)	(98)
Interest expense paid	(186)	(217)
Proceed from issuance of issued capital	-	3,600
Proceed/(Repayment) of hire purchase payables	244	12
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(2,287)	3,297

NET CHANGE IN CASH AND CASH EQUIVALENTS

(806) (77)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

(3,960) (4,020)

CASH AND CASH EQUIVALENTS AT END OF PERIOD

(4,766) (4,097)

Cash and Cash Equivalents are as follows:-

Cash and bank balances	400	401
Bank overdrafts	(5,166)	(4,498)
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	(4,766)	(4,097)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)

NOTES TO THE INTERIM FINANCIAL STATEMENT – SECOND QUARTER ENDED 30 JUNE 2014

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 Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

2 Financial Reporting Standards

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2013. 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 2014. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group

3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2013 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 and financial year-to-date.

8 Dividends paid

There was no dividend paid/declared by the Company for the current quarter ended 30 June 2014 (2013: Nil).

9 Segmental reporting

30.06.2014	Invest. Holding RM '000	Contract Engineering RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Revenue						
External sales	5,292	5,254	1,721	-	-	12,267
Inter-segment sales	-	2,126	-	-	(2,126)	-
Total revenue	5,292	7,380	1,721	-	(2,126)	12,267
Results						
Segment results	350	39	(17)	-	-	372
Finance costs						(186)
Profit before tax						186
Income tax expense						(36)
Profit for the period						150
Other information						
Capital additions	110	268	1	-	-	379
Depreciation	2	69	134	-	-	205
Consolidated Balance Sheet						
Assets						
Segment assets	85,668	47,844	14,673	5,367	(82,132)	71,420
Other investment	2,664	-	-	-	-	2,664
Consolidated total assets	88,332	47,844	14,673	5,367	(82,132)	74,084
Liabilities						
Segment Liabilities	46,103	28,531	24,782	4,423	(74,646)	29,193
30.06.2013						
Revenue						
External sales	5,629	4,627	1,833	-	-	12,089
Inter-segment sales	-	2,504	-	-	(2,504)	-
Total revenue	5,629	7,131	1,833	-	(2,504)	12,089
Results						
Segment results	411	371	(66)	-	-	716
Finance costs						(217)
Profit before tax						499
Income tax expenses						(125)
Profit for the period						374
Other information						
31.12.2013						
Capital additions	-	9	7	5	-	21
Depreciation	4	135	271	1	-	411



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31.12.2013	Invest. Holding RM '000	Contract Engineering RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Assets						
Segment assets	84,176	48,401	14,295	4,169	(82,046)	68,995
Other investments	492	-	-	-	-	492
Consolidated total assets	84,668	48,401	14,295	4,169	(82,046)	69,487
Liabilities						
Segment liabilities	41,953	28,949	24,344	4,061	(74,561)	24,746

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 June 2014 that have not been reflected in the interim financial report.

12 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 discontinuing of operations during the quarter under review.

13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets for the financial quarter under review.

14 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 revenue of RM12.3 million for the second quarter ended 30 June 2013, representing a marginal increase of RM178,000 or 1.5% compared to the corresponding year-to-date of 2013. Profit before tax declined by RM313,000 or 62.7% from a profit before tax of RM499,000 to RM186,000 during the financial period ended 30 June 2014. Profit attributable to equity holders of the Group stood at RM158,000, decreased by 57.8% from a profit of RM374,000 in the preceding year-to-date ended 30 June 2013.

The main drivers of the increase in revenue were from the Specialised Mobility Vehicles (“SMV”) division, which contributed RM5.3 million, the revenue from the SMV division grew from RM4.6 million to RM5.3 million, an increase of RM627,000 or 13.6% during the financial period ended 30 June 2014. This was, however, offset by the decline in revenue of RM337,000 or 6.0% and RM112,000 or 6.1%, in our Property Investment (“PI”) and Fire Suppression and Prevention (“FSP”) divisions respectively.

Cost of sales increased in tandem with the growth in revenue, by RM649,000 or 7.3%, albeit at a higher rate of increase compared to revenue. This resulted in a decline in gross profit margin from 26.8% to 22.5%.

2 Material change in profit before taxation for the quarter compared with the immediate preceding quarter

The comparison of the Group’s revenue and profit before taxation for the current quarter and preceding quarter is as follows:

	30.06.14 <u>RM’000</u>	31.03.14 <u>RM’000</u>	← Variance → <u>RM’000</u>	→ <u>%</u>
Revenue	5,015	7,252	(2,237)	(30.8)
Profit before taxation	48	138	(90)	(65.2)

For the current quarter ended 30 June 2014, the Group recorded revenue of RM5.0 million, a decrease of 30.8% compared to the preceding quarter ended 31 March 2014.

The Group recorded a profit before taxation of RM48,000 for the current quarter as compared to a profit before taxation of RM138,000 in the preceding quarter, due to lower revenue achieved couple with the lower gross profit margin derived from the PI division.

3 Commentary on Prospects for 2014

The Board expects both the PI and SMV divisions to continue to contribute positively to the Group’s performance for the remaining quarters of the financial year. As for our FSP division, the management has been actively working on improving its products and services coupled with the drive to secure new distributionship to improve overall sales performance of the Group in years to come.

While the Directors are optimistic of the future prospects of the Group, 2014 would pose a great challenge amid the unsettled global economic climate. The Directors will continue to exercise due care in order to preserve and enhance shareholders’ values. Meanwhile, the Board and the management will continue to access all business opportunities with prudence and leverage on its core strengths and competencies built over the years, to improve the profitability of the Group.

4 Profit forecast

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

**5 Income tax expense/(credit)**

The Tax figures consist of the following :-	Current Quarter <i>RM '000</i>	Current Year to Date <i>RM '000</i>
Current year provision	(36)	(36)
Deferred taxation	-	-
Total	(36)	(36)

6 Corporate Proposals

As announced in the previous quarterly report, the Company has entered into the following corporate proposals:-

- (i) proposed diversification of the business of the Company and its subsidiaries into property development and investment sector ("**Proposed Diversification**");
- (ii) proposed acquisition of a parcel of freehold land held under Certificate of Title Volume 1521 Folio 640, located at Lot 11 Henson Street, Local Government Area of City of Mandurah, Western Australia, Australia by CME Properties (Australia) Pty Ltd ("CMEPA"), a wholly-owned subsidiary of the Company, from Luteum Pty Ltd for a cash consideration of RM22,401,000 ("**Proposed Acquisition of Land 1**");
- (iii) proposed acquisition of a parcel of freehold land held under Certificate of Title Volume 1695 Folio 297, located at Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia by CMEPA from Grand Holdings Pty Ltd for a cash consideration of RM7,599,000 ("**Proposed Acquisition of Land 2**");
- (iv) proposed renounceable rights issue of up to RM35,288,000 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stock ("ICULS") at 100% of the nominal value of RM0.04 each ("Rights ICULS") on the basis of RM0.08 nominal value of the ICULS for every one (1) existing ordinary share of RM0.10 each in CME held on an entitlement date to be determined and announced later, based on a minimum subscription level of RM27,000,000 nominal value of the Rights ICULS ("**Proposed Rights Issue of ICULS**");
- (v) proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each ("**Proposed Increase in Authorised Share Capital**"); and
- (vi) proposed amendments to the Memorandum and Articles of Association of the Company ("**M&A**") to facilitate the Proposed Increase in Authorised Share Capital ("**Proposed M&A Amendments**").

Collectively known as the "**Proposals**".

On 4 August 2014, an application was submitted to Bursa Securities for the admission of the ICULS to the Official List of Main Market of Bursa Securities and listing of and quotation for the ICULS and the new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities. The application is still pending the approval of Bursa Securities.

On 5 August 2014, an application was submitted to Securities Commission Malaysia (Private Debt Securities) for the proposed issuance of the ICULS pursuant to the Proposed Rights Issue of ICULS under the Guidelines on Private Debt Securities. The application is still pending the approval of Securities Commission Malaysia.

On 12 August 2014, the Company announced that it proposes to undertake the following proposals:

- (i) proposed joint venture between CME, CMEPA, a wholly-owned subsidiary of CME, Ruark Properties Pty Ltd and Central Park (QLD) Pty Ltd for the joint mixed development of two (2) parcels of contiguous freehold land measuring approximately 15,784 square metre located at Lot 11 Henson Street and Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia ("**Proposed Joint Venture**"); and
- (ii) proposed establishment of an employee share option scheme ("**ESOS**" or "**Scheme**") of up to 15% of the prevailing issued and paid-up share capital of CME (excluding treasury shares) for the eligible employees (including Directors) of CME and its subsidiaries, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and conditions of the ESOS ("**Proposed ESOS**").

7 Group borrowings and debt securities

	As at 30/06/2014
	Secured
	<i>RM'000</i>
Amount payable within one year	
Bank borrowings	5,314
Finance leases	115
	<u>5,429</u>
Amount payable after one year	
Bank borrowings	3,127
Finance leases	528
	<u>3,655</u>
Total borrowings	<u><u>9,084</u></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.

The Company had on 12 May 2014 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 has commenced the action against the Company arising from the 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 sought legal advice from its solicitors with regards to the above Suit and subsequently filed in a Statement of Defence and Counter Claim against Bellajade on 23 May 2014. The Company’s solicitors are of the opinion that the Company has a reasonably good defence to the Suit and the case management has been fixed on 20 August 2014.

9 Dividend

No dividend had been declared for the financial period ended 30 June 2014.

10 Earnings Per Share (“EPS”)

(a) Basic Earnings Per Share

Basic earnings per share for the period under review is calculated by dividing the net profit attributable to the shareholders of RM158,000 (30.06.2013 : RM374,000) by the weighted average number of ordinary shares outstanding as at 30 June 2014 of 441,100,000 (30.06.2013 : 441,100,000).

(b) Diluted Earnings Per Share

Not Applicable.

11 Realised And Unrealised Profits/Losses Disclosure

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realized and unrealized profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of retained earnings of the Group as of 30 June 2014 into realized and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 30/06/2014 <i>RM'000</i>	As at 31/12/2013 <i>RM'000</i>
Total retained earnings of the Group:-		
- Realised	646	687
- Unrealised	(58)	(257)
Total group retained earnings as per consolidated accounts	<u>588</u>	<u>430</u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements” as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

12 Profit before tax

	As at 30/06/2014 <i>RM'000</i>	As at 31/12/2013 <i>RM'000</i>
This is arrived at after charging/ (crediting):-		
Audit fee	-	75
Impairment loss recognised on trade receivables	-	11
Depreciation on property, plant and equipment	205	411
Finance costs	186	569
Interest income	-	(6)
Gain on disposal of investment properties	(380)	(150)
Provision for warranty and free services	-	161
Provision for doubtful debt no longer required	-	(8)

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

TAN RUEY SHYAN
COMPANY SECRETARY

Shah Alam, Selangor Darul Ehsan
19 August 2014