

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2016
(The figures have not been audited)

	Unaudited At 30/09/2016 RM '000	Audited At 31/12/2015 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	18,316	7,022
Land held for property development	42,591	40,532
Investment properties	51,245	41,110
Other financial assets	986	8,197
Deferred tax assets	291	291
TOTAL NON-CURRENT ASSETS	113,429	97,152
CURRENT ASSETS		
Inventories	1,253	619
Amount due from contract customers	4,168	4,576
Trade receivables and other receivables	10,036	11,927
Tax recoverable	521	535
Cash and bank balances	257	474
	16,235	18,131
Assets classified as held for sale	-	7,335
TOTAL CURRENT ASSETS	16,235	25,466
TOTAL ASSETS	129,664	122,618
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	44,110	44,110
ICULS	31,370	31,370
Reserves	(4,182)	(4,000)
TOTAL EQUITY	71,298	71,480
NON-CURRENT LIABILITIES		
Hire-purchase payables	635	568
Long-term loan	1,991	2,074
Deferred tax liabilities	3,514	832
TOTAL NON-CURRENT LIABILITIES	6,140	3,474
CURRENT LIABILITIES		
Trade payables and other payables	27,843	25,497
Amount due to contract customers	2,828	83
Hire-purchase payables	168	133
Bank borrowings	21,369	21,879
Tax liabilities	18	72
TOTAL CURRENT LIABILITIES	52,226	47,664
TOTAL LIABILITIES	58,366	51,138
TOTAL EQUITY AND LIABILITIES	129,664	122,618
Net Tangible Assets Per RM0.10 Share	0.162	0.162

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2015 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE CURRENT QUARTER AND CUMULATIVE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2016**

(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
	30/09/2016 (RM '000)	30/09/2015 (RM '000)	30/09/2016 (RM '000)	30/09/2015 (RM '000)
Revenue	4,666	6,757	14,652	15,522
Cost of sales	(3,579)	(5,602)	(11,762)	(13,133)
Gross profit	1,087	1,155	2,890	2,389
Other gains	1,937	2,156	2,117	4,567
Administrative expenses	(1,848)	(1,440)	(4,398)	(4,553)
Other expenses	(155)	(272)	(583)	(845)
Finance costs	(904)	(509)	(1,685)	(1,139)
Profit/ (Loss) before tax	117	1,090	(1,659)	419
Income tax credit	38	-	45	-
Profit/ (Loss) for the period	155	1,090	(1,614)	419
Other comprehensive (loss)/ income				
Foreign currency translation	1,065	(49)	111	(69)
Gain on revaluation of property, plant and equipment	-	-	8,576	-
Other comprehensive (loss)/ gain	(1,451)	507	(7,211)	1,227
	(386)	458	1,476	1,158
Total comprehensive (loss)/ income for the period	(231)	1,548	(138)	1,577
Profit/ (Loss) for the period attributable to:-				
Equity holders of the parent	155	1,090	(1,614)	419
Non-controlling interests	-	-	-	-
	155	1,090	(1,614)	419
Total comprehensive (loss)/ income attributable to:-				
Equity holders of the parent	(231)	1,548	(138)	1,577
Non-controlling interests	-	-	-	-
	(231)	1,548	(138)	1,577
Profit/ (Loss) per share RM0.10 shares				
Basic (sen):-				
• Before mandatory conversion of Irredeemable Convertible Unsecured Loan Stocks 2014/2024 ("ICULS")	0.035	0.247	-0.366	0.095
• After mandatory conversion of ICULS	0.021	0.144	-0.214	0.056
Diluted (sen)	0.021	0.144	-0.214	0.056

(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 2015 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	Share capital	ICULS	Retained earnings/ (Accumulated losses)	< -----Non-distributable----- >			Total equity
				Revaluation reserve	Fair value reserve	Foreign currency translation reserve	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	44,110	31,370	3,478	-	1,624	38	80,620
Total comprehensive (loss)/ income for the year	-	-	(13,517)	-	1,354	3,023	(9,140)
Reclassification	-	-	(60)	-	60	-	-
Balance as at 31 December 2015	44,110	31,370	(10,099)	-	3,038	3,061	71,480
Adjustment	-	-	(44)	-	-	-	(44)
Total comprehensive (loss)/ income for the period	-	-	(1,614)	8,576	(7,211)	111	(138)
Balance as at 30 September 2016	44,110	31,370	(11,757)	8,576	(4,173)	3,172	71,298

(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 2015 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2016**
 (The figures have not been audited)

	Current year-to-date 30/09/2016 RM'000	Preceding year corresponding year-to-date 30/09/2015 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
(Loss)/ Profit for the period	(1,614)	419
Adjustments for:		
Allowance for doubtful debts on trade receivables no longer required	-	(2,140)
Depreciation of property, plant and equipment	400	366
Finance costs	1,685	1,139
Fair value gain on land held for property development	(1,913)	-
Gain on disposal of investment properties	(60)	-
Gain on disposal of property, plant and equipment	-	-
Income tax credit recognised in profit or loss	(63)	-
Interest income	-	5
Property, plant and equipment written off	-	92
Unrealised currency translation on land held for property development	(146)	(2,383)
Operating loss before working capital changes	(1,711)	(2,502)
Changes in working capital		
Net changes in current assets	1,580	(7,530)
Net changes in current liabilities	5,091	(7,887)
Cash from/ (used in) operations	4,960	(17,919)
Income tax paid	(44)	(55)
Income tax refunded	82	-
Net cash from/ (used in) operating activities	4,998	(17,974)
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		
Interest received	-	(5)
Withdrawal of fixed deposit	-	972
Purchase of investment properties	(3,700)	-
Purchase of property, plant and equipment	(410)	(422)
Proceed from disposal of assets held for sale	960	4,560
Purchase of other financial assets	-	(2,089)
Net cash (used in)/ from investing activities	(3,150)	3,016
CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES		
Interest expense paid	(1,685)	(1,139)
Proceed from bank borrowings	494	1,595
Proceed from hire purchase payables	102	221
Net cash (used in)/ from financing activities	(1,089)	677
NET CHANGE IN CASH AND CASH EQUIVALENTS	759	(14,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,224)	(4,606)
Effects of exchange rate changes on cash and cash equivalents	111	(69)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(18,354)	(18,956)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2016 (Cont.)**

(The figures have not been audited)

	Current year-to-date	Preceding year corresponding year-to-date
	30/09/2016	30/09/2015
	<i>RM'000</i>	<i>RM'000</i>
Cash and Cash Equivalents are as follows:-		
Fixed deposits with licensed banks	-	36
Cash and bank balances	257	417
Bank overdrafts	(18,611)	(19,373)
	(18,354)	(18,920)
Less:- Fixed deposits pledged	-	(36)
	(18,354)	(18,956)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2015 and the explanatory notes attached to the interim financial report.)

NOTES TO THE INTERIM FINANCIAL STATEMENT – THIRD QUARTER ENDED 30 SEPTEMBER 2016

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 2015. 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 2015.

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 2015.

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 2016. 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 2015 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.

**CME GROUP BERHAD***(Company No. 52235-K)
(Incorporated in Malaysia)***A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS (CONT.)****8 Dividends paid**

There was no dividend paid/ declared by the Company for the current quarter ended 30 September 2016 (2015: Nil.).

9 Segmental reporting

30.09.2016	Invest. Holding RM ‘000	Contract Engineering RM ‘000	Trading RM ‘000	Others RM ‘000	Elimination RM ‘000	Consolidated RM ‘000
Revenue						
External sales	885	12,191	1,085	491	-	14,652
Inter-segment sales	-	5,628	1,717	-	(7,345)	-
Total revenue	885	17,819	2,802	491	(7,345)	14,652
Results						
Segment results	607	449	206	(1,236)	-	26
Finance costs						(1,685)
Loss before tax						(1,659)
Income tax credit						45
Loss for the period						(1,614)
Other information						
Capital additions	12	377	21	-	-	410
Depreciation	16	194	189	1	-	400
Consolidated Balance Sheet						
Assets						
Segment assets	131,990	52,588	27,709	38,958	(122,567)	128,678
Other investment	986	-	-	-	-	986
Consolidated total assets	132,976	52,588	27,709	38,958	(122,567)	129,664
Liabilities						
Segment Liabilities	57,463	36,474	28,278	50,660	(114,509)	58,366
30.09.2015						
Revenue						
External sales	1,104	13,504	914	-	-	15,522
Inter-segment sales	-	5,185	2,065	-	(7,250)	-
Total revenue	1,104	18,689	2,979	-	(7,250)	15,522
Results						
Segment results	2,092	(605)	71	-	-	1,558
Finance costs						(1,139)
Profit before tax						419
Income tax expense						-
Profit for the period						419
Other information						
Capital additions	7	406	9	-	-	422
Depreciation	34	133	199	-	-	366

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

9 Segmental reporting (Cont.)

30.09.2015	Invest. Holding RM '000	Contract Engineering RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
Consolidated Balance Sheet						
Assets						
Segment assets	128,812	48,972	15,622	37,539	(112,968)	117,977
Other investment	8,071	-	-	-	-	8,071
Consolidated total assets	136,883	48,972	15,622	37,539	(112,968)	126,048
Liabilities						
Segment Liabilities	53,640	32,184	25,568	37,281	(104,822)	43,851

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

10 Valuation of property, plant and equipment

The valuation of property, plant and equipment were brought forward without any amendments from the preceding annual financial statements, except for the following:

During the financial period ended 30 September 2016, a revaluation exercise was carried out by the Group on land and buildings classified as property, plant and equipment. The revaluation resulted in a property revaluation surplus, net of deferred tax, of RM8.6 million being included in property revaluation reserve. The valuations were carried out by professional independent valuer, Knight Frank Malaysia Sdn Bhd.

11 Material Subsequent Events

There were no material events subsequent to the end of period under review which have not been reflected in this 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 a turnover of RM14.7 million for the period ended 30 September 2016 as compared to RM15.5 million in the same quarter in 2015. The gross profit has been increased from RM2.4 million to RM2.9 million and the profit before tax of RM419,000 in the preceding period ended 30 September 2015 has decreased to a loss before tax of RM1.7 million.

The slight decrease of RM0.8 million in revenue were attributable to the Property Investment (“PI”) Division and Specialised Mobility Vehicles (“SMV”) Division, which was offset by revenue from Fire Suppression and Prevention (“FSP”) Division and Retailing businesses started from July 2016 and were consolidated into the Group’s revenue in this quarter. Specialised Mobility Vehicles (“SMV”) Division continues to be the main core business for the group in terms of revenue, which accounted for 83.2% of the total revenue.

The loss before tax of RM1.7 million as compared to profit before tax of RM419,000 in the preceding period ended 30 September 2015 was mainly resulting from the other gain from unrealised foreign exchange gain arising from translation of Australian Dollar to Ringgit Malaysia by the subsidiary company in the third quarter 2015.

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:

	30.09.16 <u>RM’000</u>	30.06.16 <u>RM’000</u>	← Variance → <u>RM’000</u>	→ <u>%</u>
Revenue	4,666	2,855	1,811	63.4
Profit/ (Loss) before tax	117	(1,388)	1,505	> 100

For the third quarter ended 30 September 2016, the Group recorded revenue of RM4.7 million, representing an increase of 63.4% compared to the preceding quarter ended 30 June 2016. The higher revenue recorded was due to completion and delivery of fire fighting vehicles during the current quarter.

The Group recorded a profit before tax of RM117,000 for the current quarter as compared to a loss before tax of RM1.4 million in the preceding quarter, was mainly due to fair value gain on land held for property development.

3 Commentary on Prospects for 2016

CME has managed to secure a total book order of approximately RM48.8 million for supply fire fighting vehicles and maintenance services between 2016 to maximum period of 5 years upon the expiry of the 2 years warranty period of the fire fighting vehicles. The contract is expected to contribute positively to the Group’s earnings for current financial year ending 31 December 2016 and following years.

The year of 2016 has been a challenging year for the fire fighting and specialist vehicle business segment, mainly due to the global economic uncertainty. Despite recording a loss for third quarter 2016, the Board remains cautiously confident that the fire fighting and specialist vehicle business segment will continue to contribute significantly to the Group’s financial performance for the remaining quarter and following years. Meanwhile, the Board and the management 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 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	(38)	(45)
	<u>(38)</u>	<u>(45)</u>

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

6 Corporate Proposals

There were no corporate proposals announced but not completed as at 23 November 2016.

7 Group borrowings and debt securities

	As at 30/09/2016
	Secured
	<i>RM'000</i>
Amount payable within one year	
Bank borrowings	21,369
Finance leases	168
	<u>21,537</u>
Amount payable after one year	
Bank borrowings	1,991
Finance leases	635
	<u>2,626</u>
Total borrowings	<u>24,163</u>

8 Material litigation

Save as disclosed below, there were no material litigations against the Group or taken by the Group at the date of issuance of this Interim Financial Report.

(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014

The Company on 12 May 2014 had been served with the Writ and the Statement of Claim by the Kuala Lumpur High Court in relation to a claim filed by Bellajade Sdn Bhd (“Bellajade”). Bellajade commenced an action against the Company arising from disputes in relation to a Tenancy Agreement dated 21 February 2013 whereby the Company agreed to rent from Bellajade a 23-Storey Office Building known as Plaza Palas bearing the postal address Plaza Palas, Lorong Palas, Off Jalan Ampang, Kuala Lumpur, for a rental of RM1,018,750.00 per month commencing from 20 February 2013, for tenancy term of 3 years. Bellajade is claiming for an outstanding amount of RM8,401,756.85 as of 27 December 2013, rental payment for January 2014 and every subsequent monthly rental payment until the end of tenancy period of 3 years, interest and costs.

The Company has been informed by its solicitors that the Kuala Lumpur High Court had on 20th May 2015:

- (i) Dismissed the Bellajade’s claim against the Company;
- (ii) Allowed the Company’s Counterclaim that the Tenancy Agreement is void and Bellajade pay to the Company the sum of RM9,411,062.50 with interest of 4% on the pre judgment sum and 5% on post judgment sum (from the respective date of payment);
- (iii) Awarded costs of RM30,000 to the Company; and
- (iv) Costs of RM20,000 to the 2nd Defendant (others).

On 10 June 2015, the Company was informed by its solicitors that Bellajade’s Solicitors had filed and served a Notice of Appeal on 3 June 2015.

On 16 July 2015, the Company has via its solicitors served the Statutory Notice of Demand Pursuant to Section 218 (1)(e) of the Companies Act, 1965 on Bellajade to pay to the sum of RM10,128,678.55 being the principle judgment sum, interest, costs and further interest accruing until full settlement pursuant to the Judgment dated 20 May 2015 obtained vide Civil Suit No. 22NCVC-19-01/2014 in the High Court of Malaya at Kuala Lumpur entered against Bellajade. Bellajade must secure or compound the same to the Company’s reasonable satisfaction within TWENTY ONE (21) days from the date of receipt of the demand, in default of which, Bellajade shall be deemed to be unable to pay their debts, in which event the Company shall proceed to petition to the Court that Bellajade be wound up.

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

(a) Kuala Lumpur High Court Originating Summons No. 22NCVC-19-01/2014 (Cont.)

On 7 August 2015, the Company was informed by its solicitors that the stay of execution of Judgment was granted on condition that Bellajade deposits within 14 days from 7 August 2015 a sum of RM10 million into a joint stakeholders account to be operated jointly by Bellajade's Solicitors and CME's Solicitors who shall place it in an interest bearing fixed deposit account and hold the same pending the disposal of Bellajade's appeal to the Court of Appeal, with no order as to costs.

Bellajade's Solicitors and CME's Solicitors on 26 August 2015 opened a joint account at CIMB Bank and the RM10 million deposited by Bellajade.

The Court of Appeal on 26 November 2015 upon reading the respective written submissions filed and hearing oral clarification, invited respective Counsel for the parties to file further submission on specific issues and a date for decision will be notified by the Registry of the Court of Appeal once the Grounds of Judgment is ready. The Company has since filed their further written submission and reply submission on 8-01-2016 and 4-02-2016 respectively.

The Court of Appeal has on 24 August 2016, upon reading the written submissions filed by the respective parties and hearing oral submission allowed the Appellant's (Bellajade) appeal and set aside the High Court Judgment dated 20-05-2015 and entered Judgment for the Plaintiff.

The Plaintiff had, among others, sought the following relief:-

- (1) The sum of RM8,401,756.85 as at 27-12-2013;
- (2) Monthly rental for January 2014 and the following months until expiry of the 3 year tenancy;
- (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;
- (4) Interest at the rate of 5% per annum on paragraph (1) from date of judgement until date of full settlement.

The Court of Appeal further awarded costs of RM50,000.00 (for the appeal and High Court) to be paid to Bellajade and the deposit is to be refunded to the Appellant. The Court, however, stayed the Judgment granted in favour of Bellajade pending disposal of CME's Motion for Leave to Appeal to the Federal Court to be filed.

On 10 October 2016, the Company was informed by its solicitors that the Notice of Motion for Leave to Appeal to the Federal Court is fixed for Case Management on 28 October 2016. On 28.10.2016, the Honourable Judge fixed 2.12.2016 for Case Management before the Assistant Registrar for parties to exhaust affidavits and to fixed a hearing date. The Case Management on 2.12.2016 is also fixed for the Company to file in a further affidavit containing further questions to be raised before the Federal Court.

(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.

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

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

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.

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.

(c) Federal Court of Australia File No. WAD371/2016

CME Properties (Australia) Pty Ltd ("CMEPA") entered into a joint venture agreement with Ruark No 11 Pty Ltd ("Ruark") to develop the properties situate at 170 Mandurah Terrace, Mandurah and 20 Henson Street, Mandurah ("the Properties").

Ruark arranged for a loan of A\$2.5 million from Prime Capital Securities ("Prime"), a private lender, to get the development underway. CMEPA agreed to grant a mortgage over the Properties to Prime as security for the loan.

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

(c) Federal Court of Australia File No. WAD371/2016 (cont.)

The purpose of the loan was to provide capital funds to commence the development of the Properties into a mixed-use development involving residential and commercial lots and a hotel.

Ruark subsequently fully utilised the loan funds of A\$2.5 million without CMEPA's permission or consent. CMEPA and CME brought proceedings against Ruark in the Supreme Court of Western Australia for breach of the joint venture agreement and for failure to account for the loan monies. CMEPA and CME were awarded judgement against Ruark with the court ordering that Ruark pay to CMEPA and CME the sum of A\$2,115,051.41 plus interest and costs, and gave CMEPA and CME liberty to apply for damages. CMEPA and CME are continuing to enforce the court orders against Ruark.

As a consequence of Ruark's conduct in failing to repay the loan to Prime, the loan went into default on 24 September 2015. Subsequently, Prime has sought to enforce the mortgage against CMEPA to recover the loan amount.

Prime is currently seeking to exercise its right to sell the Mandurah Properties as mortgagee. CMEPA sought to restrain Prime on the basis that Prime has not taken all reasonable care to sell the Properties for not less than the market value. CMEPA was initially successful in obtaining an interim injunction against Prime but the injunction has subsequently discharged on 29 July 2016. CMEPA is continuing to seek damages from Prime on the basis that that certain fees and interest charges contained in the loan are unenforceable penalties. See (d) below.

On 19 August 2016, Prime served on CMEPA an originating process seeking to wind up CMEPA on the basis that it is allegedly insolvent, relying on the loan default, details of which are as follows:

- (a) An order that CMEPA be wound up in insolvency under the provisions of the Corporations Act 2001;
- (b) An order that a liquidator of CMEPA be appointed;
- (c) An order that the costs of Prime be fixed and reimbursed in accordance with Section 466 (2) of the Corporations Act 2001 (Cth).

CMEPA will defend the action on the basis that it is solvent. CMEPA's solicitors in Western Australia are of view that Prime bears the burden of proving that CMEPA is insolvent as none of the insolvency presumptions in the Corporations Act 2001 (Cth) apply prima facie. Having regard to the fact that CMEPA continues to hold the Properties which have a value above the amount claimed by Prime, CMEPA will resist the winding up application on the grounds that notwithstanding the alleged loan default, it is still solvent.

(d) Supreme Court of Western Australia Originating Summons No. 2217 of 2016

The Company's wholly owned subsidiary, CME Properties (Australia) Pty Ltd ("CMEPA"), had on 26 August 2016 served an Amended Writ and Statement of Claim against Prime Capital Securities Pty Ltd ("Prime") through a firm of lawyers based in Perth, Australia acting on behalf of CMEPA. CMEPA had on 12 September 2016 filed the Re-Amended Writ and the Amended Statement of Claim in the Supreme Court of Western Australia.

CMEPA commenced the legal action against Prime arising from:-

1. the terms of:-
 - a. written loan agreement dated 17 December 2014; and
 - b. written mortgage agreement dated 17 December 2014 between the plaintiff and the defendant;

The Plaintiffs now claim against the Defendant the following:-

1. Declarations that:
 1. the Default Establishment Fee;
 2. sums calculated based on the Default Interest Rate;
 3. sums calculated based on the Default Interest Rate and compounded monthly;
 4. the re-negotiation fee; and
 5. the covenant breach fee

provided for in the loan are unlawful penalties and unenforceable against the plaintiff pursuant to the Loan and Mortgage.

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

(d) Supreme Court of Western Australia Originating Summons No. 2217 of 2016 (cont.)

2. Such further or other order as this Honourable Court considers just.
3. Costs.

Prime has filed a Chamber Summons with the Supreme Court of Western Australia, seeking leave to apply for summary judgment in relation to the matter on the basis that the loan agreement contains certain clauses that prevent CMEPA from commencing litigation against Prime before it has repaid the loan in full.

CMEPA is opposing the application, which will be heard on 13 December 2016.

9 Dividend

No dividend had been declared for the financial period ended 30 September 2016.

10 Profit/ (Loss) Per Share

The basic profit/ (loss) per share of the Group has been computed by dividing the profit/ (loss) attributable to equity holders of the parent for the financial quarter/ year by the weighted average number of ordinary shares in issue during the financial quarter, assuming full conversion of 784,250,715 ICULS into ordinary shares at a conversion price of RM0.10 per share.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/09/2016 (RM '000)	Preceding year corresponding quarter 30/09/2015 (RM '000)	Current Year-to-date 30/09/2016 (RM '000)	Preceding year corresponding period 30/09/2015 (RM '000)
Profit/ (Loss) attributable to equity holders of the parent	155	1,090	(1,614)	419
Weighted average number of ordinary shares	441,100	441,100	441,100	441,100
Adjustment for assumed conversion of ICULS	313,700	313,700	313,700	313,700
Adjusted weighted average number of ordinary shares	754,800	754,800	754,800	754,800
Basic per RM0.10 shares (sen):-				
• Before mandatory conversion of ICULS	0.035	0.247	-0.366	0.095
• After mandatory conversion of ICULS	0.021	0.144	-0.214	0.056
Diluted per RM0.10 shares (sen)	0.021	0.144	-0.214	0.056

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 realised and unrealised profits and losses.

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

11 Realised And Unrealised Profits/ Losses Disclosure (Cont.)

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

The breakdown of accumulated losses of the Group as of 30 September 2016 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(26,457)	(24,491)
- Unrealised	16,143	16,923
	<u>(10,314)</u>	<u>(7,568)</u>
Less: Consolidation Adjustments	(1,443)	(2,531)
	<u>(11,757)</u>	<u>(10,099)</u>
Total Group accumulated losses as per consolidated accounts	<u>(11,757)</u>	<u>(10,099)</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 Loss before tax

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
This is arrived at after charging/ (crediting):-		
Audit fee	105	93
Depreciation on property, plant and equipment	400	493
Finance costs	1,685	1,764
Impairment loss on trade receivables	-	463
Provision for warranty and free services	-	29
Fair value gain on land held for property development	(1,913)	-
Gain on disposal of investment properties	(60)	-
Impairment loss on trade receivables no longer required	-	(3,302)

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**

Lim Bee Hong
 Executive Director

Subang Jaya, Selangor Darul Ehsan
 29 November 2016