

**CME GROUP BERHAD***(Company No. 52235-K)
(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016***(The figures have not been audited)*

	Unaudited At 31/12/2016 RM '000	Audited At 31/12/2015 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	19,012	7,022
Land held for property development	39,370	40,532
Investment properties	51,260	41,110
Other financial assets	939	8,197
Deferred tax assets	-	291
TOTAL NON-CURRENT ASSETS	110,581	97,152
CURRENT ASSETS		
Inventories	909	619
Amount due from contract customers	721	4,576
Trade receivables and other receivables	19,628	11,927
Tax recoverable	518	535
Cash and bank balances	1,120	474
	22,896	18,131
Assets classified as held for sale	-	7,335
TOTAL CURRENT ASSETS	22,896	25,466
TOTAL ASSETS	133,477	122,618
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	44,110	44,110
ICULS	31,370	31,370
Reserves	(11,311)	(4,000)
TOTAL EQUITY	64,169	71,480
NON-CURRENT LIABILITIES		
Hire-purchase payables	599	568
Long-term loan	3,582	2,074
Deferred tax liabilities	3,411	832
TOTAL NON-CURRENT LIABILITIES	7,592	3,474
CURRENT LIABILITIES		
Trade payables and other payables	31,609	25,497
Amount due to contract customers	6,808	83
Hire-purchase payables	168	133
Bank borrowings	23,086	21,879
Tax liabilities	45	72
TOTAL CURRENT LIABILITIES	61,716	47,664
TOTAL LIABILITIES	69,308	51,138
TOTAL EQUITY AND LIABILITIES	133,477	122,618
Net Tangible Assets Per RM0.10 Share	0.145	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.)

**CME GROUP BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE CURRENT QUARTER AND CUMULATIVE 12-MONTH PERIOD ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 31/12/2016 (RM '000)	Preceding year corresponding quarter 31/12/2015 (RM '000)	Current Year-to-date 31/12/2016 (RM '000)	Preceding year corresponding period 31/12/2015 (RM '000)
Revenue	10,107	6,771	24,759	22,293
Cost of sales	(7,965)	(5,785)	(19,727)	(18,918)
Gross profit	2,142	986	5,032	3,375
Other gains	410	(932)	2,527	3,635
Administrative expenses	(2,066)	(1,016)	(6,464)	(5,569)
Other expenses	(11,365)	(12,499)	(11,948)	(13,344)
Finance costs	(792)	(625)	(2,477)	(1,764)
Loss before tax	(11,671)	(14,086)	(13,330)	(13,667)
Income tax (expense)/ credit	(307)	150	(262)	150
Loss for the period/ year	(11,978)	(13,936)	(13,592)	(13,517)
Other comprehensive income				
Foreign currency translation	564	3,092	675	3,023
Gain on revaluation of property, plant and equipment	68	-	8,644	-
Other comprehensive gain/ (loss)	4,173	127	(3,038)	1,354
	4,805	3,219	6,281	4,377
Total comprehensive loss for the period/ year	(7,173)	(10,717)	(7,311)	(9,140)
Loss for the period attributable to:-				
Equity holders of the parent	(11,978)	(13,936)	(13,592)	(13,517)
Non-controlling interests	-	-	-	-
	(11,978)	(13,936)	(13,592)	(13,517)
Total comprehensive loss attributable to:-				
Equity holders of the parent	(7,173)	(10,717)	(7,311)	(9,140)
Non-controlling interests	-	-	-	-
	(7,173)	(10,717)	(7,311)	(9,140)
Loss per share RM0.10 shares				
Basic (sen):-				
• Before mandatory conversion of Irredeemable Convertible Unsecured Loan Stocks 2014/2024 ("ICULS")	-2.715	-3.159	-3.081	-3.064
• After mandatory conversion of ICULS	-1.587	-1.846	-1.801	-1.791
Diluted (sen)	-1.587	-1.846	-1.801	-1.791

(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 12-MONTH PERIOD ENDED 31 DECEMBER 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
Total comprehensive (loss)/ income for the year	-	-	(13,592)	8,644	(3,038)	675	(7,311)
Balance as at 31 December 2016	44,110	31,370	(23,691)	8,644	-	3,736	64,169

(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 12-MONTH PERIOD ENDED 31 DECEMBER 2016**
 (The figures have not been audited)

	Current year-to-date	Preceding year corresponding year-to-date
	31/12/2016	31/12/2015
	<i>RM'000</i>	<i>RM'000</i>
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Loss for the year	(13,592)	(13,517)
Adjustments for:		
Depreciation of property, plant and equipment	587	493
Finance costs	2,477	1,764
Fair value gain on investment properties	(15)	-
Fair value gain on land held for property development	(1,913)	-
Fair value loss on investment in other financial assets	4,220	-
Gain on disposal of investment properties	(60)	-
Income tax credit recognised in profit or loss	308	(150)
Impairment loss on land held for property development	4,103	-
Impairment loss on trade receivables	101	463
Impairment loss on trade receivables no longer required	(2)	(3,302)
Property, plant and equipment written off	-	90
Provision for forbearance payment	1,020	10,618
Provision for warranty and free services	194	29
Unrealised gain on foreign exchange	-	(74)
Unrealised currency translation on land held for property development	(1,028)	-
Operating loss before working capital changes	(3,600)	(3,586)
Changes in working capital		
Net changes in current assets	(4,235)	964
Net changes in current liabilities	11,784	(9,603)
Cash from/ (used in) operations	3,949	(12,225)
Income tax paid	(88)	(72)
Warranty and free service paid	(161)	(4)
Net cash from/ (used in) operating activities	3,700	(12,301)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to other financial assets	-	(2,088)
Increase in refundable deposits	-	(3,659)
Decrease in fixed deposit pledged	-	1,008
Purchase of investment properties	(3,700)	-
Purchase of property, plant and equipment	(1,293)	(103)
Proceeds from disposal of assets held for sale	960	4,560
Net cash used in investing activities	(4,033)	(282)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Finance costs paid	(2,477)	(1,764)
(Decrease)/ Increase in trust receipts/ bankers' acceptance	(469)	189
Proceeds from/ (Repayment of) hire-purchase payables	66	(243)
Proceeds from/ (Repayment of) long-term loan	4,317	(419)
Net cash from/ (used in) financing activities	1,437	(2,237)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 12-MONTH PERIOD ENDED 31 DECEMBER 2016 (Cont.)**

(The figures have not been audited)

	Current year-to-date	Preceding year corresponding year-to-date
	31/12/2016	31/12/2015
	<i>RM'000</i>	<i>RM'000</i>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,104	(14,820)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,224)	(4,606)
Effects of exchange rate changes on cash and cash equivalents	675	202
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(17,445)</u>	<u>(19,224)</u>
Cash and Cash Equivalents are as follows:-		
Cash and bank balances	1,120	474
Bank overdrafts	(18,565)	(19,698)
	<u>(17,445)</u>	<u>(19,224)</u>

(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 – FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2016 (2015: Nil.).

9 Segmental reporting

31.12.2016	Invest. Holding RM ‘000	Contract Engineering RM ‘000	Trading RM ‘000	Others RM ‘000	Elimination RM ‘000	Consolidated RM ‘000
Revenue						
External sales	1,219	19,858	2,563	1,119	-	24,759
Inter-segment sales	-	8,352	2,412	-	(10,764)	-
Total revenue	1,219	28,210	4,975	1,119	(10,764)	24,759
Results						
Segment results	(4,444)	403	562	(7,374)	-	(10,853)
Finance costs						(2,477)
Loss before tax						(13,330)
Income tax expense						(262)
Loss for the year						(13,592)
Other information						
Capital additions	12	394	22	865	-	1,293
Depreciation	22	267	241	57	-	587
Consolidated Balance Sheet						
Assets						
Segment assets	133,168	64,678	27,412	36,806	(129,526)	132,538
Other investment	939	-	-	-	-	939
Consolidated total assets	134,107	64,678	27,412	36,806	(129,526)	133,477
Liabilities						
Segment Liabilities	60,059	48,852	27,783	53,683	(121,069)	69,308
31.12.2015						
Revenue						
External sales	1,372	18,981	1,940	-	-	22,293
Inter-segment sales	-	6,731	2,862	-	(9,593)	-
Total revenue	1,372	25,712	4,802	-	(9,593)	22,293
Results						
Segment results	336	(1,069)	547	(11,717)	-	(11,903)
Finance costs						(1,764)
Loss before tax						(13,667)
Income tax expense						150
Loss for the year						(13,517)
Other information						
Capital additions	7	415	10	-	-	432
Depreciation	38	188	265	2	-	493

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

9 Segmental reporting (Cont.)

31.12.2015	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	128,797	53,440	15,838	38,178	(121,832)	114,421
Other investment	8,197	-	-	-	-	8,197
Consolidated total assets	136,994	53,440	15,838	38,178	(121,832)	122,618
Liabilities						
Segment Liabilities	53,750	37,229	25,178	48,755	(113,774)	51,138

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 year ended 31 December 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

Pursuant to Part B Note 8 (c) and (d), the Company’s wholly owned subsidiary, CME Properties (Australia) Pty Ltd (“CMEPA”) had on 31 January 2017 entered into a Deed of Forbearance (the “Deed”) with Prime Capital Securities (“Prime”).

Subject to the terms of this Deed being met and there being no further defaults, Prime agrees:

- (a) to forbear its right to enter into and complete a contract for the sale of the Properties as mortgagee exercising power of sale subject to CMEPA complying with the terms of the deed including repayment of the principal amount of \$AUD2.5 million plus interest and costs;
- (b) to adjourn the winding up proceedings in the Federal Court of Australia WAD 371/2016 and the parties consent to such adjournment and to orders extending the time for determination of the winding up application; and
- (c) the parties consent to orders notifying the Supreme Court of Western Australia of the parties having reaching an agreement and seeking the adjournment of the Supreme Court Proceedings CIV 2217/2016 until after 31 July 2017 with liberty to apply.

Salient terms of the Deed:

- (i) CMEPA will pay the agreed Settlement Sum of AUD 3,702,944.68 (approximately RM 12,397,088) plus interest at the Higher Rate from the date of the Deed together with any legal costs and outlays, or expenses costs incurred or payable by CMEPA to Prime, by instalments with the final date for repayment being 31 July 2017 (hereinafter referred to as “the Settlement Date”);
- (ii) Simultaneously with the exchange of signed counterparts of this deed, the solicitors for CMEPA must sign and provide to Prime:-
 - (a) a minute of consent order, providing for judgment for Prime for the full amount payable under the mortgage, plus interest from the date of this Deed and costs (calculated on a full indemnity basis);
 - (b) a minute of consent order, providing for the winding up of Prime and costs (calculated on a full indemnity basis).

Prime agrees to hold the signed minutes of consent order in escrow in accordance with the terms of the Deed.

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

11 Material Subsequent Events (Cont.)

- (iii) On the Settlement Date, so long as CMEPA complies with all its obligations under the Deed:
- (a) Prime will prepare, sign and file a Notice of Discontinuances in relation to the Proceedings, discontinuing the Proceeding and dismissing the Winding up Proceedings with no orders as to costs, and the solicitors for CMEPA will sign the Notice of Discontinuance. It is agreed that if a Notice of Discontinuance is filed, each party bears its own costs of the proceedings and that there should be no order as to costs. In such circumstances, the parties agree not to enforce any cost entitlement that they may have as a result of the filing of any Notice of Discontinuance or dismissal.
 - (b) Prime will release CMEPA from any Claim it may have now, have had in the past or may have at any time in the future in respect of or arising out of the Loan or Securities; there will be no further payments required under the Loan Agreement or the Securities and the mortgages over the Securities will be discharged.
- (iv) From the date of the Deed, CMEPA released Prime and its servants, agents and employees from any Claim it may have now, have had in the past or may have at any time in the future in respect of or arising out of the Loan or Securities.

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

For the quarter ended 31 December 2016

For the quarter under review, the Group achieved revenue of RM10.1 million for the fourth quarter ended 31 December 2016, representing a significant increase of RM3.3 million or 49.3% compared to corresponding year-to-date of 2015. The main drivers of the increase in revenue were from the Specialised Mobility Vehicles (“SMV”) Division, reason being more projects were secured during the quarter, coupled with the timing of revenue recognition for on-going projects and projects completed during the quarter.

Loss before tax has decreased from RM14.1 million to RM11.7 million for this quarter. The decrease was mainly due to higher sales generated for current quarter as compared to previous year corresponding quarter.

For the year ended 31 December 2016

The Group’s revenue for the full financial year ended 31 December 2016 rose 11.1% year-on-year to RM24.8 million from RM22.3 million while loss before tax decrease to RM13.3 million from RM13.7 million, a slight decrease of 2.5% over the corresponding preceding year of 2015, mainly due to the higher revenue achieved during the 4th quarter.

The revenue from the SMV Division grew from RM19.0 million to RM19.9 million, an increase of RM877,000 during the financial year ended 31 December 2016. The revenue from the Fire Suppression and Prevention (“FSP”) Division has also increased to RM2.6 million or 32.1% as compared to RM1.9 million prior year corresponding quarter.

SMV Division continues to be the main core business for the group in terms of revenue, which accounted for 80.2% of the total revenue.

2 Material change in (loss)/ profit before tax for the quarter compared with the immediate preceding quarter

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

	31.12.16 <u>RM’000</u>	30.09.16 <u>RM’000</u>	← Variance → <u>RM’000</u>	→ <u>%</u>
Revenue	10,107	4,666	5,441	> 100
(Loss)/ Profit before tax	(11,671)	117	(11,788)	> -100

For the fourth quarter ended 31 December 2016, the Group recorded revenue of RM10.1 million, representing an increase of 116.6% compared to the preceding quarter ended 30 September 2016. The higher revenue recorded was due to completion and delivery of fire fighting vehicles during the current quarter.

The Group recorded a loss before tax of RM11.7 million for the current quarter as compared to a profit before tax of RM117,000 in the preceding quarter, was mainly due to impairment loss on land held for property development of the subsidiary.

3 Commentary on Prospects for 2017

The market in 2017 is expected to remain challenging in view of the market competition and rising of global economic uncertainties. The continued escalation of production cost due to increase in various essential cost components coupled with fluctuation in exchange rates may pose challenges to the Group’s operation as well as its profitability.

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 financial year ending 31 December 2017 and following years.

Despite these challenges, the Board is mindful of the challenges ahead and will continue to explore other viable, synergistic and profitable business ventures to improve the Group’s performance. The management is putting in place its many measures to build on its order book besides concentrating on our traditional core fire fighting vehicles business.

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

4 Profit forecast

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

5 Income tax expense

	Current Quarter <i>RM '000</i>	Current Year to Date <i>RM '000</i>
The Tax figures consist of the following :-		
Current year provision	(307)	(262)
	<u>(307)</u>	<u>(262)</u>

6 Corporate Proposals

There were no corporate proposals announced but not completed as at 22 February 2017.

7 Group borrowings and debt securities

	As at 31/12/2016 Secured <i>RM'000</i>
Amount payable within one year	
Bank borrowings	23,086
Finance leases	168
	<u>23,254</u>
Amount payable after one year	
Bank borrowings	3,582
Finance leases	599
	<u>4,181</u>
Total borrowings	<u>27,435</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.

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

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

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

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

The Court of Appeal has on 24 August 2016, upon reading the written submissions filed by the respective parties and hearing oral submission allowed the 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.

The Notice of Motion for Leave to Appeal to the Federal Court is fixed for hearing on 15 March 2017.

(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.

**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.)

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

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

(a) a declaration that:-

- (i) the Joint Venture Agreement was validly terminated by the Plaintiffs;
- (ii) pursuant to the terms of the Joint Venture Agreement, the development relating to the Joint Venture now vests in the Plaintiffs.

(b) payment of the sum of A\$2,115,051.41.

(c) in the alternative:-

- (i) an account of the Prime loan monies received by the Defendant or paid out to third parties by the Defendant; and
- (ii) an order for the payment by the Defendant to the Plaintiffs of the amount found due to the Plaintiffs under the Joint Venture Agreement or otherwise on the taking of the such account.

(d) further and in the alternative, damages suffered by the Plaintiffs on account of the Defendant's breaches of the Joint Venture Agreement and the termination of the Joint Venture Agreement.

(e) alternatively equitable compensation.

(f) interest on such sum found due to the Plaintiffs at such rate and for such period as the Honourable Court deems fit.

(g) such further or other relief as the Honourable Court deems just.

(h) costs.

On 4 January 2016, the Defendant's lawyers filed and served their defence in relation to the Statement of Claim. On 14 January 2016, the Plaintiffs' lawyers wrote to the Defendant's lawyers seeking further and better particulars in relation to the defence.

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 sought to exercise its right to sell the Mandurah Properties as mortgagee. CMEPA took action to restrain Prime on the basis that Prime had 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.

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).

On 31 January 2017, CMEPA and Prime reached an agreement whereby the parties entered into a Deed of Forbearance to allow CMEPA time to repay the agreed settlement amount of A\$3,702,944.68 plus interest by 31 July 2017 ("Settlement Date"). On the Settlement Date, so long as CMEPA complies with all its obligations under the Deed, Prime will file a Notice of Discontinuance in relation to the winding up proceedings with no order as to costs and each party will bear their own costs (see Note A11 of this report).

(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 claimed 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 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 and CMEPA is opposing the application. The summary judgment application was heard on 13 December 2017 and the decision was reserved.

On 31 January 2017, CMEPA and Prime reached an agreement whereby the parties entered into a Deed of Forbearance to allow CMEPA time to repay the agreed settlement amount of A\$3,702,944.68 plus interest by 31 July 2017. From the date of the Deed, CMEPA released Prime and its servants, agents and employees from any Claim it may have now, have had in the past or may have at any time in the future in respect of or arising out of the Loan or Securities (see Note A11 of this report).

(e) Shah Alam High Court Civil Suit No. BA-22NCVC-37-01/2017

The Company had on 21st February 2017 served a Writ of Summons (the “Writ”) and Statement of Claim against Chin Fook Kheong, former Executive Director of CME (the “Defendant”). The Company subsequently filed the Amended Writ and the Amended Statement of Claim in the Shah Alam High Court.

CME sought for the following reliefs:-

- (a) That the Defendant pays to the Plaintiff damages/losses suffered by the Plaintiff amounting to AUD3,956,711.41 (approximately RM13,537,097) and accruing;
- (b) That the Defendant pays to the Plaintiff interest at the rate of 5% per annum on the sum of AUD3,956,711.41 (approximately RM13,537,097) beginning from 24.12.2014 until the date of full realisation;
- (c) That the Defendant bears the costs of this action and to be paid to the Plaintiff forthwith; and
- (d) Any further or other relief this Honourable Court deems fit and appropriate.

The case is fixed for Case Management on 13 March 2017.

9 Dividend

No dividend had been declared for the financial period ended 31 December 2016.

10 Loss Per Share

The basic loss per share of the Group has been computed by dividing the loss attributable to equity holders of the parent for the financial quarter/ 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 31/12/2016 (RM '000)	Preceding year corresponding quarter 31/12/2015 (RM '000)	Current Year-to-date 31/12/2016 (RM '000)	Preceding year corresponding period 31/12/2015 (RM '000)
Loss attributable to equity holders of the parent	(11,978)	(13,936)	(13,592)	(13,517)
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

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

10 Loss Per Share (Cont.)

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
Current year quarter	Preceding year corresponding quarter	Current Year-to-date	Preceding year corresponding period
31/12/2016 <i>(RM '000)</i>	31/12/2015 <i>(RM '000)</i>	31/12/2016 <i>(RM '000)</i>	31/12/2015 <i>(RM '000)</i>

Basic per RM0.10 shares (sen):-

• Before mandatory conversion of ICULS	-2.715	-3.159	-3.081	-3.064
• After mandatory conversion of ICULS	-1.587	-1.846	-1.801	-1.791

Diluted per RM0.10 shares (sen) **-1.587** -1.846 **-1.801** -1.791

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.

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 31 December 2016 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(39,365)	(24,491)
- Unrealised	16,111	16,923
	<u>(23,254)</u>	<u>(7,568)</u>
Less: Consolidation Adjustments	(437)	(2,531)
	<u>(23,691)</u>	<u>(10,099)</u>
Total Group accumulated losses as per consolidated accounts	<u>(23,691)</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.

**CME GROUP BERHAD**

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

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD
MAIN MARKET LISTING REQUIREMENTS (CONT.)****12 Loss before tax**

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
This is arrived at after charging/ (crediting):-		
Audit fee	134	93
Depreciation on property, plant and equipment	587	493
Finance costs	2,477	1,764
Impairment loss on trade receivables	101	463
Provision for warranty and free services	194	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	(2)	(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
28 February 2017**