

## Issuer Quarterly Report

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### ISSUER QUARTERLY REPORT

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**Issuer:** CML Group Limited

**Debenture/Notes:** Convertible Notes (unsecured)

**Trustee:** Australian Executor Trustees Limited

**Trust Deed:** Convertible Notes Trust Deed dated 19 December 2014

**Period of Report:** Quarter ending 31 December 2016

**Date of Report:** 27 January 2017

| Item No                                   | Item                                                                                                                                                                                                                                                                                                                                                                                                                        | Confirmed?<br>Y / N / N.A. | Comments |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------|
| <b>Corporations Act 2001 – Chapter 2L</b> |                                                                                                                                                                                                                                                                                                                                                                                                                             |                            |          |
| 1.                                        | S283BF(4)(a) - The Issuer and any guarantor has complied at all times with the terms of the Debentures, the Trust Deed and Chapter 2L of the Corporations Act 2001 during the Period.                                                                                                                                                                                                                                       | Y                          |          |
| 2.                                        | S283BF(4)(b) - No circumstances arose during the Period that has caused, or could cause, one or more of the following:<br><br>(i) any amount deposited or lent under the Debentures to become immediately payable;<br><br>(ii) the Debentures to become immediately enforceable;<br><br>(iii) any other right or remedy under the terms of the Debenture or provisions of the Trust Deed to become immediately enforceable. | Y                          |          |
| 3.                                        | S283BF(4)(c) - No circumstances arose during the Period that materially prejudice:<br><br>(i) the Issuer, any of its subsidiaries, or any of the guarantors; or<br><br>(ii) any security or charge included in or created by the Debentures or the Trust Deed.                                                                                                                                                              | Y                          |          |

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|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--|
| 4. | S283BF(4)(d) - There has been no substantial change in the nature of the business of the Issuer, any of its subsidiaries, or any of the guarantors that has occurred during the Period.                                                                                                                                                                                                                                    | Y    |  |
| 5. | S283BF(4)(e) - None of the following events happened during the Period:<br><br>(i) the appointment of a guarantor;<br><br>(ii) the cessation of liability of a guarantor body for the payment of the whole or part of the money for which it was liable under the guarantee; or<br><br>(iii) a change of name of a guarantor (if this happens, the Issuer's quarterly report must also disclose the guarantor's new name). | Y    |  |
| 6. | S283BF(4)(f) - If the Issuer has created a charge where:<br><br>(i) the total amount to be advanced on the security of the charge is indeterminate; and<br><br>(ii) the advances are merged in a current account with bankers, trade creditors or anyone else, advise the net amount outstanding on any advances at the end of the Period.                                                                                 | N.A. |  |
| 7. | S283BF(4)(g) - The Issuer is not aware of any other matters that may materially prejudice any security or the interests of the Debenture holders.                                                                                                                                                                                                                                                                          | Y.   |  |
| 8. | S283BF(5) - If the Issuer has deposited any money with, or lent money to, a related body corporate during the quarter, the report must also include details of:<br><br>(a) the totals of money deposited with, or lent to, a related body corporate during the quarter; and<br><br>(b) the total amount of money owing to the Issuer at the end of the quarter in relation to those loans                                  | N.A. |  |
| 9. | S283BF(6) - If the Issuer has assumed a liability of a related                                                                                                                                                                                                                                                                                                                                                             | N.A. |  |

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |  |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--|
|                                                            | body corporate during the quarter, the report must include details of the liability assumed during the quarter and the extent of the liability as at the end of the quarter.                                                                                                                                                                                                                                                                                                                               |      |  |
| 10.                                                        | <p>S283BF(7)For the purposes of items 8 and 9 above, the report:</p> <p>(a) must distinguish between deposits, loans and assumptions of liability that are secured and those that are unsecured; and</p> <p>(b) may exclude any deposit, loan or assumption of liability on behalf of the related body corporate if it has:</p> <p>(I) guaranteed the repayment of the debenture of the borrower; and</p> <p>(II) secured the guarantee by a charge over all of its property in favour of the trustee.</p> | N.A. |  |
| <b>Corporations Act 2001 – Financial Reports and Audit</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |  |
| 11.                                                        | The Issuer has complied in all respects with its obligations under Chapter 2M (dealing with financial reports and audit) of the Corporations Act 2001.                                                                                                                                                                                                                                                                                                                                                     | Y    |  |
| <b>Corporations Act 2001 – Disclosure</b>                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |  |
| 12.                                                        | <p>The Issuer has complied at all times with the requirements of Chapter 6CA (dealing with continuous disclosure) of the Corporations Act 2001 and no circumstances arose during the Period that required the Issuer to issue a supplementary prospectus, replacement prospectus or issue a continuous disclosure notice.</p> <p>If so, advise what steps have been taken.</p> <p>Proceeds raised from the issue of URF Notes have been invested in</p>                                                    | Y    |  |

|                              |                                                                                                                                                                            |      |  |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--|
|                              | as disclosed in the Prospectus.                                                                                                                                            |      |  |
| <b>Anti Money Laundering</b> |                                                                                                                                                                            |      |  |
| 13.                          | The Issuer has complied in all respects with its obligations under the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i> .                       | Y    |  |
|                              | <b>Privacy Act</b>                                                                                                                                                         |      |  |
| 14.                          | The Issuer has complied in all respects with its obligations under the <i>Privacy Act 1998 (Cth)</i> and all regulations passed pursuant to the <i>Privacy Act (Cth)</i> . | Y    |  |
|                              | <b>Trust Deed – Further indebtedness</b>                                                                                                                                   |      |  |
| 15.                          | Clause 5.5 - The Issuer has advised the Trustee of any proposal to incur further indebtedness referred to in clause 3.2 of the Trust Deed.                                 | N.A. |  |

On the basis of the above, the undersigned certify that they are of the view that the financial position and performance of the Issuer is such that the property of the Issuer (and of each guarantor, if relevant) that is or should be available will be sufficient to repay the amount of each Debenture when it becomes due and payable.

**<as a resolution of the Directors>**

Signed:




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Daniel Riley

Executive Director




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Greg Riley

Non-executive Director