

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue of RM44.07 million and a Loss before taxation of RM41.56 million for the 4th quarter ending 31 December 2012. As compared to the quarter ending 30 Sept 2012, the Group's turnover has increased by RM8.33 million whereas Loss before taxation has increased by RM25.52 million from RM35.74 million and RM16.04 million respectively.

B2 Variation of results against preceding quarter

Compared to the preceding year corresponding quarter, the Group's turnover for the current quarter has decreased by RM1.15 million from RM45.22 million to RM44.07 million. The loss before taxation has decreased by RM4.85 million from loss RM46.41 million to a loss of RM41.56 million. The decrease in losses in this quarter result was mainly attributable to the profit in the Shipping Divisions.

B3 Prospects

The company had on 5th July 2012, submitted the regularization plan to Bursa Malaysia Securities Bhd and obtained Bursa approval on 29th January 2013 and is currently preparing the necessary documentation for this regularization exercise.

B4 Variance on Forecast Profit/Profit Guarantee

The group does not announce any profit forecast nor profit guarantee during the financial quarter.

B5 Taxation

	Current Year Quarter Ended 31-Dec-12 RM'000	12 months ended 31-Dec-12 RM'000
Current taxation	1,155	1,155
(Over)/Under-provision in the prior year	-	-
Deferred taxation	-	-
	<u>1,155</u>	<u>1,155</u>

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B6 Unquoted investments and/or properties

There were no purchase or sales of unquoted securities during the financial quarter under review and financial year to date except those mentioned in Changes in the composition of the Group in section A11

B7 Quoted securities

There were no purchases or sales of quoted securities during the financial quarter under review and financial year to date.

B8 Status of corporate proposals

MEMORANDUM OF UNDERSTANDING

On 29 November 2011, Sumatec entered into a framework agreement (“Framework Agreement”) with Markmore Energy (Labuan) Limited (“MELL”) for the proposed award of the production sharing contract (“PSC”) by CaspiOilGas LLP (“COG”), an effective wholly-owned subsidiary of MELL, to Sumatec for the development and extraction of hydrocarbon in the Shelly Oil Field (“Proposed PSC”). COG is the concession holder and operator of the Shelly Oil Field.

The Proposed PSC is part of the Company’s initiative to restore Sumatec onto stronger financial footing via, amongst others, a balance sheet reconstruction, injection of new funds and settlement with the group’s creditors. The Company is currently finalising its regularisation plan under Practice Note (“PN”) 17 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and will announce its Requisite Announcement i.e. details of the proposed regularisation exercise (“Proposed Regularisation Exercise”) upon finalising the terms of the Proposed PSC.

On 16 January 2012, M&A Securities Sdn Bhd on behalf of the Company has announced that the parties to the Framework Agreement have mutually extended the PSC Execution Deadline and the Due Diligence Deadline to 15 February 2012.

On 16 February 2012, M&A Securities Sdn Bhd on behalf of the company has announced that the parties to the Framework Agreement have mutually agreed to:-

- (i) Rename the PSC referred to in the Framework Agreement to a joint investment agreement (“JIA”) to comply with the regulatory requirements in Kazakhstan. The salient features of the PSC as enclosed in the announcement dated 29 November 2011 shall now be applicable to the JIA.
- (ii) Extend the Execution Deadline and Due Diligence Deadline to 2 April 2012 to further assess the terms and conditions of the JIA.

On 8 March 2012, M&A Securities Sdn Bhd on behalf of the Board of Sumatec announced that the Company, MELL and COG had executed a joint investment agreement (“JIA”). The Framework Agreement is conditional upon, inter-alia the award of the joint investment agreement for the development and extraction of hydrocarbon in the Shelly Oil Field to Sumatec by COG by 2 April 2012.

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On 2 April 2012, M&A Securities Sdn Bhd on behalf of the Company has announced that the parties to the Framework Agreement have executed the Joint Investment Agreement for the Company to inter-alia carry out all operations related to the production of hydrocarbon (including liquid and gaseous hydrocarbons) from the Shelly Oil Field.

The Company had on 27 April 2012 made the requisite announcement in relation to the proposed regularisation plan which comprises the following :-

- a) Proposed Par Value Reduction;
 - b) Proposed Issuance of Shares;
 - c) Proposed Rights Issue with Warrants;
 - d) Proposed Scheme of Arrangement with Creditors; and
 - e) Proposed Amendment.
- (Collectively known as the “Proposed Regularization Plan”)

Under Paragraph 2.1(d) of the PN17, Sumatec has up to 28 April 2012 to submit its regularization plan to the relevant authorities for approval.

M & A Securities Sdn Bhd, on behalf of the Company had on 27 April 2012 submitted an application to Bursa Malaysia Securities Berhad seeking its approval for an extension of time of three months up to 31 July 2012 for the Company to submit the said regularization plan.

On 14 May 2012, M&A Securities Sdn Bhd had announced that Bursa Securities vide its letter dated 14 May 2012 have approved an extension of time of up to 31 July 2012 for the Company to submit a regularisation plan to the regulatory authorities.

On 28th June 2012, the company entered into a conditional Company Acquisition Agreement with Aliran Ketara Sdn Bhd (Purchaser) for the disposal of Sumatec’s entire equity interest in North Malaysia Terminal Sdn Bhd (NMTSB), a wholly owned subsidiary of the Company to the Purchaser for a nominal cash consideration of RM 1.00 upon completion of the Internal Restructuring.

On 5th July 2012, M&A Securities Sdn Bhd on behalf of the company, announced that the application for the Proposed Regularisation Plan has been submitted to Bursa Securities.

On 29th January 2013, M&A Securities Sdn Bhd on behalf of the company, announced that the application for the Proposed Regularisation Plan has been approved by Bursa Securities.

On 8th February 2013, M&A Securities Sdn Bhd on behalf of the company, announced the proposed disposal of Sumatec’s entire 51% equity interest in SISB to Hoe Leong Corp. Limited and Setinggi Holdings Limited.

Extension of Restraining Order under section 176(10) of the Companies Act, 1965

On 2 February 2012, the company has announced that the Court has granted the Company and its subsidiary company, Sumatec Corporation Sdn Bhd a further extension of another sixty (60) days from the expiry of the RO on 14 January 2012 to 13 March 2012.

The RO does not have any financial and operational impact on Sumatec and its Group.

On 4 May 2012, the company announced that the Court has granted the Company and its subsidiary company, Sumatec Corporation Sdn Bhd a further extension from the expiry of the RO on 13 March 2012 to 15 May 2012.

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On 31st May 2012, the court has granted the company and its subsidiary SCSB further extension to 14th July 2012.

On 14th August 2012, the court has granted the company and its subsidiary SCSB further extension to 27th September 2012.

On 27th September 2012, the court has granted the company and its subsidiary SCSB further extension to 26th November 2012.

On 26th November 2012, the court has granted the company and its subsidiary SCSB further extension to 15th January 2013.

On 15th January 2013, the court has granted the company and its subsidiary SCSB further extension to 14th April 2013.

Extension of exiting employees' share option scheme "ESOS"

On 16 March 2012, The Board of Directors of Sumatec Resources Berhad ("the Company") announced that the Company proposes to extend the duration of the ESOS for another five (5) years in accordance with the provisions of the ESOS Bylaws. The ESOS, which will expire on 17 April 2012 will be extended to 16 April 2017.

The terms of the ESOS shall upon the effective extension date, remain unchanged from the existing terms.

B9 Group borrowings and debt securities

The Group does not have or issue any debt securities during the quarter under review. The borrowings of the Group are classified as follows: -

	Secured RM'000	Unsecured RM'000
Short term borrowings	62,271	24,100
Long term borrowings	303	
	<u>62,574</u>	<u>24,100</u>

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk issued during the quarter under review.

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B11 Material Litigation

Save as disclosed below, the Sumatec Group is not engaged in any material litigation either as plaintiff or defendant, claims or arbitration and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the income from, title to, or possession of any of the Sumatec Group's assets and/or businesses:-

(i) **In the matter of KLRCA Arbitration
Foster Insulation Sdn Bhd ("FISB") v SCSB**

SCSB had appointed FISB as its sub-contractor in respect of insulation work for the ABF Ammonia and Urea Plant Revamp Project in Bintulu, Sarawak. FISB issued a Notice of Arbitration on 18/10/2005, claiming the sum of RM2,210,781.14. SCSB filed its Defence and Counter claim for a sum of RM4,838,050.30. The matter has been fully heard.

Current Status : Arbitrator has awarded a sum of RM1,020,582.70 as damages plus interest of 8% on that sum from 18.10.05 to date of full settlement plus costs of RM74,250.00 being costs of the award. . Subsequent to that, parties had reached an amicable settlement arrangement whereby SCSB was to pay the amount owing pursuant to the Award by way of installments. After having paid the first installment, SCSB was not able to pay the balance. As a result of which, Foster has commenced winding up proceedings.

(ii) **Federal Court Appeal No.08(1)-55-2011 (W)
Court of Appeal Civil Appeal No. W-02(1M)(NCC)3223-2010
KL High Court Suit D22NCC-1123-2010
Sumatec Engineering and Construction Sdn Bhd ("SECSB") vs. Malaysian Refining Company
Sdn Bhd ("MRC")**

An ex parte Summons in Chamber was filed in the High Court in Kuala Lumpur by SECSB against MRC on 4 June 2010 to obtain an injunction to restrain MRC from calling on the performance bond dated 13 October 2008 issued by Bank Islam. The performance bond was provided by SECSB to guarantee SECSB's performance of the Design, Supply, Fabrication & Erection of Structural Steel (Main) Contract for the Melaka Refinery PSR-2 Revamp Project and is for a sum of RM4, 784,668.80.

An interim injunction was granted by the Court on 4 June 2010 preventing MRC from calling on the performance bond. MRC has subsequently filed an application to set aside the injunction. The High Court subsequently dismissed the said application with costs.

MRC then filed an appeal to the Court of Appeal appealing against the High Court decision.

MRC's appeal against SECSB was allowed by the Court of Appeal on 19 Feb 2011. Subsequently, SECSB has obtained leave to file an appeal to the Federal Court against the Court of Appeal decision. SECSB has also in the interim on 21 Feb 2011 obtained an injunction against MRC to restrain MRC from calling on the performance bond pending disposal of the appeal. The Court appeal was heard on 1 August 2011, decision reserved whereby arbitration proceeding been initiated. The Federal Court had on 29 February 2012 declared in favour of MRC. Arbitration proceeding been initiated.

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(iii) KL High Court Suit 22 NCC-1570-09/2011

Sumatec Corporation Sdn Bhd (“SCSB”) v Himpunan Sari Sdn Bhd (“HSSB”)

SCSB filed a suit against HSSB in relation to the HSSB’s call on a Bank Guarantee which was provided by SCSB pursuant to a Contract for the design, engineering, procurement, construction works, start up works, commissioning and performance testing of a 250,000 MTPY Biodiesel Facilities (“the Contract”). SCSB had filed and obtained an Ex-Parte Injunction against HSSB restraining the call on the Bank Guarantee.

In the injunction proceedings, SCSB is seeking declarations to the effect that SCSB has no right to call upon the Bank Guarantee provided by SCSB. Inter parties hearing of injunction was heard on 10/01/2012 and SCSB was successful in obtaining an injunction pending disposal of the main suit.

(iv) Kuala Lumpur High Court Suit No. D5-22-340-2008

Kenneison Construction Materials Sdn Bhd (“KCM”) v. SCSB & Sumatec Resources Berhad (“SRB”)

KCM claims that SCSB owes them money for goods sold and delivered to SCSB while the claim against SRB is based on the Corporate Guarantee provided by SRB dated 05/02/07 for RM2,000,000.00. Defence has been filed on behalf of both SCSB and SRB. Summary Judgement application has been filed.

Current Status: KCM was successful in obtaining Summary judgement against SCSB and SRB. Payment still due to KCM.

v) Winding-up Notice No.:25-285/07/2012 Pursuant to Section 218(2) of the Company Act,1965 (Winding-up notice) between

Ann Yak Siong Hardware Sdn Bhd (Petitioner) Sumatec Resources Berhad(‘Respondent’ or ‘The Company’)

The company had been served with the Winding-Up Notice dated 5 July 2012 which was presented to the Shah Alam High Court on 5 July 2012 by Messrs Ho Dan Rakan-Rakan, the solicitors of the Petitioner. The hearing has been fixed on 23 October 2012.

The Petitioner has claimed against the Company for the indebted amount totaling RM146,172.19 being Corporate Guarantee given by the Company to the Petitioner for goods sold and supplied to its wholly-owned subsidiary, Sumatec Corporation Sdn Bhd.

B12 Dividends

No dividend has been recommended during the quarter under review.

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	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-12 RM'000	Preceding Year Corresponding Quarter 31-Dec-11 RM'000	Current Year To Date 31-Dec-12 RM'000	Preceding Year Corresponding Period 31-Dec-11 RM'000
Basic earnings per share				
Net profit attributable to shareholders	(51,034)	(63,375)	(92,525)	(73,632)
Number of ordinary shares at the beginning of the period	214,364	160,773	214,364	160,773
Capital Reduction - rights issue (weighted average)		53,591		53,591
Weighted average number of shares at the end the period	214,364	214,364	214,364	214,364
Basic earnings per share (sen)	(23.81)	(29.56)	(43.16)	(34.35)

B14 Disclosure of Realised And Unrealised Profits/Loss

	Group RM'000	Company RM'000
Total Retained Earning/(Accumulated losses) of the Company and its Subsidiary companies		
-Realised	(241,609)	(191,179)
-Unrealised	2,426	
	(239,183)	(191,179)

The disclosure of realized and unrealized above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.