

INTERIM FINANCIAL REPORT

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

B1 Review of Performance

Similar to the preceding year corresponding quarter, the Group's did not earn any revenue for the current quarter. The loss before taxation has decreased by RM7.56 million from RM16.04 million to RM8.48 million. The decrease in losses in this quarter was mainly attributable to the lower loss in Semua Shipping and EPCC by RM4.4 million and RM2.8 million respectively.

B2 Variation of results against preceding quarter

The Group recorded no revenue and a Loss before taxation of RM8.48 million for the 3rd quarter ended 30 September 2013. As compared to the quarter ended 30 June 2013, the Group's turnover remained unchanged whereas Loss before taxation has increased by RM4.66 million from RM3.82 million. The increase in losses was mainly attributable to the higher loss in Semua Shipping by RM5.4 million.

B3 Prospects

The company had on 5th July 2012, submitted the regularization plan to Bursa Malaysia Securities Bhd and obtained Bursa's approval on the plan on 10th April 2013. The shareholders approved the Proposed Regularisation Plan on 21st June 2013. The Creditors Scheme of Arrangement was also approved on 28th June 2013. On 22nd July 2013 and 14th August 2013, the court has approved the Proposed Scheme and Capital Reduction respectively. The Rights Issue was fully subscribed and the company expects to complete this restructuring plan on 21st November 2013.

B4 Variance on Forecast Profit/Profit Guarantee

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

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B5 Taxation

	Current Year Quarter Ended 30-Sept-13 RM'000	12 months ended 31-Dec-13 RM'000
Current taxation	181	219
(Over)/Under-provision in the prior year	-	-
Deferred taxation	-	-
	<hr/> 181	<hr/> 219

B6 Unquoted investments and/or properties

There were no purchase or sale of unquoted securities during the financial quarter under review and financial year to date.

B7 Quoted securities

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

B8 Status of corporate proposals**Proposed Regularisation Plan**

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.

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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.

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.

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 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.

On 10th April 2013, Bursa Securities approved the Revised Proposed Regularisation Plan.

On 21st June 2013, M&A Securities Sdn Bhd on behalf of the Company, announced that the shareholders of Sumatec have unanimously passed all resolutions pertaining to the Proposed Regularisation Plan at the Company’s Extraordinary General Meeting which was held on 21st June 2013. In relation to Ordinary Resolution 3 on the proposed allotment and issuance of (a) 95,000,000 new ordinary shares of RM0.14 each in Sumatec to be issued to Tekad Mulia Sdn Bhd pursuant to the Proposed Issuance of Shares, and (b) up to 10,191,000 new ordinary shares of RM0.14 each in Sumatec to be issued to Tekad Mulia Sdn Bhd pursuant to the Proposed Scheme of Arrangement with Creditors, which was voted on by poll, the results of the poll is 100 % for in term of number and value.

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On 28th June 2013, the company announced that all five (5) Ordinary Resolutions and the Special Resolution 1 set out in the Notice of The 16th Annual General Meeting (AGM) dated 6th June 2013 were duly passed and carried at the 16th AGM of the Company duly convened and held on 28th June 2013.

On 28th June 2013, M&A Securities Sdn Bhd, on behalf of the company announced that pursuant to the court convened meetings held on 28th June 2013, the Proposed Scheme of Arrangement with Scheme Creditors has been approved by more than 50% in number of the respective scheme creditors representing more than 75% in value of the respective scheme creditors present and voting in person or by proxy at the respective meetings.

On 23rd July 2013, M&A Securities Sdn Bhd, on behalf of the company announced that Sumatec's solicitors had informed that on 22nd July 2013, the High Court of Malaya has granted the following orders:-

- (a) Extension of the restraining order under Section 176(10) of the Companies Act, 1965 for a further period of 90 days from 15th July 2013 to 12th October 2013,
- (b) Sanction of the proposed scheme of arrangement and compromise between Sumatec and its creditors;
- (c) Sanction of the proposed scheme of arrangement and compromise between Sumatec Corporation Sdn Bhd and its creditors; and
- (d) Approval of the proposed disposal by Sumatec of its entire 51% equity interest in Semua International Sdn Bhd to Setinggi Holdings Limited and Hoe Leong Corporation Ltd.

On 15th August 2013, M&A Securities Sdn Bhd, on behalf of the company announced that Sumatec's solicitors had informed that on 14th August 2013, the High Court of Malaya has confirmed the Proposed Par Value Reduction.

On 21st August 2013, M&A Securities Sdn Bhd ("M&A Securities") is pleased to announce that Bursa Securities had, vide its letter dated 20 August 2013 resolved to approve the following:-

- (a) The listing of:-
 - (i) Up to 11,622,937 additional Warrants 2011/2021 to be issued arising from the adjustments pursuant to the Deed Poll dated 8 October 2010 ("Consequential Warrants"); and
 - (ii) Up to 11,622,937 new ordinary shares of RM0.14 each in Sumatec arising from the exercise of the Consequential Warrants.

on the Main Market of Bursa Securities (collectively referred to as the "Proposals").

The approval granted by Bursa Securities is subject to the following conditions:-

- (a) Sumatec and M&A Securities to fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposals;
- (b) Sumatec and M&A Securities to inform Bursa Securities upon the completion of the Proposals; and
- (c) Sumatec to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.

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On 27th August 2013, M&A Securities Sdn Bhd, on behalf of the Company, announced that the office copy of the sealed court order for the Par Value Reduction has been lodged with the Companies Commission of Malaysia on 27 August 2013, which marks the Par Value Reduction taking effect.

On 30th September, M&A Securities announced that Sumatec, COG and MELL had vide an exchange of letters agreed to extend the deadline for payment of the signature bonus, cost reimbursement and performance deposit under the JIA from 30 September 2013 to 29 November 2013.

On 3rd October 2013, the Company announced that Renounceable Rights Issue of up to 2,722,220,957 new ordinary shares of RM0.14 each in the Company ("Rights Shares") together with 680,555,239 free detachable warrants ("Warrants") on the basis of forty-one(41) rights shares for every ten (10) existing ordinary shares of RM0.14 each in Sumatec together with one (1) warrant for four (4) rights shares subscribed at an issue price of RM0.175 per rights share payable in full upon acceptance ("Rights Issue with Warrants").

On 11th November 2013, the Company announced that it has received valid acceptance and excess application for a total of 107% of total issue.

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 (SCSB) 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, SCSB a further extension from the expiry of the RO on 13 March 2012 to 15 May 2012.

On 31st May 2012, the court has granted the company and it 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.

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

On 15th July 2013, the court has granted the company and its subsidiary SCSB further extension to 12th October 2013.

Dispose of its entire 51% equity interest comprising 510,000 ordinary shares of RM1.00 each in Sumatec Engineering & Construction Sdn Bhd (658272 M) (“SECSB”) to PKSB

On 13th September 2013, the Company announced that its wholly-owned subsidiary, Sumatec Corporation Sdn Bhd (“SCSB”) has on 12 September 2013, entered into a Sale and Purchase Agreement with Perisai Kuasa Sdn Bhd (“PKSB”) to dispose of its entire 51% equity interest comprising 510,000 ordinary shares of RM1.00 each in Sumatec Engineering & Construction Sdn Bhd (“SECSB”) to PKSB for a total cash consideration of RM637,500.00. Hence, SECSB is no longer the subsidiary of Sumatec.

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	57,922	28,535
Long term borrowings	303	-
	<u>58,225</u>	<u>28,535</u>

B10 Off Balance Sheet Financial Instruments

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

B11 Material Litigation

Save as disclosed below, Sumatec and its subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of Sumatec do not have any knowledge of any proceedings, pending or threatened against Sumatec and its subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of Sumatec and its subsidiaries as at the LPD:-

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**(a) In the Matter of Kuala Lumpur Centre For Arbitration (“KLRCA”) Arbitration
Foster Isulation Sdn Bhd (“FISB”) vs. Sumatec Corporation Sdn Bhd “SCSB”)**

SCSB had appointed FISB as its sub-contractor in respect of insulation work for AseanBintulu Fertiliser (“ABF”) Ammonia and Urea Plant Revamp Project in Bintulu, Sarawak. FISB issued a Notice of Arbitration on 18 October 2005, claiming the sum of RM2,210,781.14. SCSB filed its Defence and Counter claim for a sum of RM4,838,050.30.

Current Status : The matter has been fully heard. The Arbitrator has awarded a sum of RM1,020,582.70 as damages plus interest of 8% on that sum from 18 October 2005 to date of full settlement plus costs of RM74,250.00 being costs of the award (“the Award”). Subsequent to that, parties had reached an amicable settlement arrangement whereby SCSB was to pay the Award by way of instalments. After having paid the first instalment, SCSB was not able to pay the balance. As a result of which, FISB has commenced winding up proceedings. The winding up petition by Foster Insulation was withdrawn on 29 July 2013.

**(b) Kuala Lumpur High Court Suit No. D22NCC-1123-2010
Sumatec Engineering and Construction Sdn Bhd (“SECSB”) v Malaysian Refining Company Sdn
Bhd (“MRC”) And In the matter of KLCRA Arbitration SECSB vs. MRC**

Arbitration proceeding have been initiated in respect of SECSB’s final claims for the works and delivery of steel structure, which are as follows:-

- i. Claim CC-3080-004-0803-INV 007 amounting to RM1,322,210.89; and
- ii. Claim CC-3080-004-0803-INV 008 amounting to RM3,016,473.59

MRC in turn sent SECSB a “Notice of Backcharges” claiming costs of “modifications” made to fabricated steel provided by SECSB which purportedly had to be made during the erection process. SECSB disputed this. Subsequently, parties then entered into negotiations to resolve their differences with regard to their respective claims against each other. Although the parties had several meetings to resolve their respective claims against the other, their differences could not be resolved.

Current Status: Preliminary meetings have been held with the arbitrator with regards to the arbitration proceedings. SECSB has informed the court that it does not intend to proceed with arbitration.

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**(c) Kuala Lumpur High Court Suit No. D5-22-340-2008
Kenneison Construction Materials Sdn Bhd (“KCM”) vs. SCSB & Sumatec**

KCM’s claim was for monies owed by SCSB for goods sold and delivered to SCSB whilst the claim against SRB is based on the Corporate Guarantee provided by Sumatec dated 5 February 2007 for RM2,000,000.00.

KCM was successful in obtaining Summary Judgement against SCSB and Sumatec. Winding-up Notices under Section 218(1)(e) of the Companies Act 1965 were issued on 9 May 2011 against SCSB and Sumatec respectively.

Current Status: No winding up petition has been issued by KCM against either SCSB or Sumatec.

**(d) Kuala Lumpur High Court Suit No. D22-NCC1222-2010
SCSB v Perbadanan Industri Halal Berhad (“PIHB”)**

A Writ and Statement of Claim was filed on 22 June 2010 in the High Court in Kuala Lumpur by SCSB against PIHB. SCSB was appointed by PIHB as a turnkey contractor to design, construct and complete ten (10) halal hub complexes around Malaysia. In view that SCSB was not being given site possession; SCSB was unable to commence work and was prevented from claiming for advance payment. SCSB’s claim is for an amount of RM4,389,000 being expenses incurred by SCSB and for the earnest deposit of RM2.5 million paid to PIHB plus interests and costs.

Current Status: Consent Judgment was recorded on 13.4.2011 for the sum of RM3 million which was payable by PIHB to SCSB in 10 instalments. PIHB have defaulted on payments after having made the first payment. PIHB has subsequently been wound-up. SCSB has filed its proof of debt.

**(e) Kuala Lumpur High Court Suit No. 22NCC-1570-09/2011
SCSB v Himpunan Sari Sdn Bhd (“HSSB”)**

SCSB filed a suit against HSSB in relation to 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 metric ton per year Biodiesel Facilities for a sum of RM109,207,050.00. In the injunction proceedings SCSB is seeking declarations to the effect that HSSB has no right to call on the Bank Guarantee provided by SCSB. SCSB was successful in obtaining the injunction pending disposal of the main suit. Subsequently, parties then entered into negotiations and arbitration.

Current Status: The matter is fixed for further Case Management on 20.11.2013 for parties to inform Court on the status of arbitration.

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No dividend has been recommended during the quarter under review.

B13 Earnings Per Share (Sen)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sept-13	30-Sept-12	30-Sept-13	30-Sept-12
	RM'000	RM'000	RM'000	RM'000
Basic earnings/(loss) per share				
Net loss attributable to shareholders	(6,131)	(11,344)	(15,301)	(41,492)
Number of ordinary shares at the beginning of the period	214,364	214,364	214,364	214,364
Increase Share Capital - rights issue (weighted average)	4,025	-	4,025	-
Weighted average number of shares at the end the period	218,389	214,364	218,389	214,364
Basic earnings/(loss) per share (sen)	(2.86)	(5.29)	(7.14)	(19.36)

B14 Disclosure of Realised And Unrealised Loss

	Group	Company
	RM'000	RM'000
Total Accumulated losses of the Company and its Subsidiary companies		
-Realised	(214,523)	(146,718)
-Unrealised	(1,254)	
	(215,777)	(146,718)

The disclosure of realized and unrealized loss 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.