

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-14 RM'000	Preceding Year Corresponding Quarter 31-Dec-13 RM'000	Current Year To Date 31-Dec-14 RM'000	Preceding Year Corresponding Period 31-Dec-13 RM'000
Revenue	29,557	-	81,865	-
Other income	6,837	107,820	7,197	108,137
Operating expenses	<u>(8,103)</u>	<u>(12,717)</u>	<u>(30,163)</u>	<u>(16,356)</u>
Operating profit/(loss)	28,291	95,103	58,899	91,781
Finance costs	<u>(1,802)</u>	<u>(971)</u>	<u>(1,922)</u>	<u>(8,496)</u>
Profit/(loss) before taxation	26,489	94,132	56,977	83,285
Tax expense	<u>250</u>	<u>(151)</u>	<u>(3,761)</u>	<u>(370)</u>
Profit/(loss) from continuing operations	26,739	93,981	53,216	82,915
Loss from discontinued operation	<u>-</u>	<u>(10,332)</u>	<u>-</u>	<u>(18,656)</u>
Profit /(loss) for the financial period	26,739	83,649	53,216	64,259
Other comprehensive income	-	-	-	-
- Foreign currency translation differences for foreign operations	1,164	-	337	-
- Realisation of revaluation reserve	-	-	-	28
Total comprehensive income/(loss) for the period	<u>27,903</u>	<u>83,649</u>	<u>53,553</u>	<u>64,287</u>
Profit/(loss) for the financial period attributable to:				
Owners of the Company				
- Continuing operations	26,739	90,091	53,216	83,113
- Discontinued operation	-	(1,191)	-	(9,515)
Non-controlling interests	-	(5,251)	-	(9,339)
Net profit/(loss) for the financial period	<u>26,739</u>	<u>83,649</u>	<u>53,216</u>	<u>64,259</u>
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company				
- Continuing operations	27,903	90,119	53,553	83,141
- Discontinued operation	-	(1,191)	-	(9,515)
Non-controlling interests	-	(5,251)	-	(9,339)
Total comprehensive income/(loss) for the financial period	<u>27,903</u>	<u>83,677</u>	<u>53,553</u>	<u>64,287</u>
Earnings/(loss) per share				
(a) Basic earnings per share (sen)	<u>0.82</u>	<u>15.20</u>	<u>1.63</u>	<u>12.58</u>
(b) Diluted earnings per share(sen)	<u>0.76</u>	<u>14.43</u>	<u>1.51</u>	<u>11.95</u>

* anti-dilutive in nature

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	31-Dec-14	AUDITED 31-Dec-13
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,115	368
Intangible assets	301,869	302,100
Trade and other receivables	133,693	127,200
Total non-current assets	<u>439,677</u>	<u>429,668</u>
Current assets		
Trade and other receivables	216,364	1,188
Tax recoverable	37	79
Cash and bank balances	1,384	4,835
Fixed deposits with licensed bank	230	230
Total current assets	<u>218,015</u>	<u>6,332</u>
Non-current assets classified as held for sale	17,674	17,674
TOTAL ASSETS	<u><u>675,366</u></u>	<u><u>453,674</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company:		
Share capital	487,577	431,896
Other reserves	329,621	250,184
Accumulated losses	(202,053)	(255,298)
	<u>615,145</u>	<u>426,782</u>
Non-controlling interests	(31)	(198)
Total equity	<u><u>615,114</u></u>	<u><u>426,584</u></u>
LIABILITIES		
Non-current liability		
Finance lease payables	-	226
Total non-current liability	<u>-</u>	<u>226</u>
Current liabilities		
Trade and other payables	43,252	9,138
Term loans and short-term borrowings	17,000	17,726
Total current liabilities	<u>60,252</u>	<u>26,864</u>
Total liabilities	<u><u>60,252</u></u>	<u><u>27,090</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>675,366</u></u>	<u><u>453,674</u></u>
NET ASSETS PER SHARE (RM)	0.189	0.138

The condensed statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company							Retained Profit RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation reserve RM'000	Warrant reserve RM'000	Employee share option reserve RM'000	Capital reserve RM'000	Translation reserve RM'000				
Balance as at 1 January 2013	75,027	-	1,287	15,006	-	17,187	-	(246,337)	(137,830)	70,520	(67,310)
Realisation of revaluation reserve	-	-	(28)	-	-	-	-	-	(28)	-	(28)
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	-	-	73,626	73,626	(9,340)	64,286
Arising from disposal of a subsidiary com	-	-	(1,259)	-	-	-	-	-	(1,259)	(61,378)	(62,637)
Par value reduction in share capital	(45,016)	-	-	-	-	-	-	45,016	-	-	-
Transactions with owners:											
Issuance of shares	401,262	85,646	-	-	-	-	-	-	486,908	-	486,908
Exercise of ESOS	622	932	-	-	-	-	-	-	1,554	-	1,554
Employee share options	1	1	-	-	3,809	-	-	-	3,811	-	3,811
Warrants issuance and conversion	-	-	-	127,603	-	-	-	(127,603)	-	-	-
Total transactions with owners	401,885	86,579	-	127,603	3,809	-	-	(127,603)	492,273	-	492,273
Balance as at 31 December 2013	431,896	86,579	-	142,609	3,809	17,187	-	(255,298)	426,782	(198)	426,584
Balance as at 1 January 2014	431,896	86,579	-	142,609	3,809	17,187	-	(255,298)	426,782	(198)	426,584
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	-	-	53,216	53,216	-	53,216
Transfer to share premium for share options exercised	-	5,700	-	-	(5,700)	-	-	-	-	-	-
Realised upon subsidiaries written off	-	-	-	-	-	-	-	-	-	167	167
Foreign currency translation difference	-	-	-	-	-	-	337	-	337	-	337
Transactions with owners:											
Issuance of shares	43,203	63,598	-	-	-	-	-	-	106,801	-	106,801
Exercise of ESOS	12,460	9,256	-	-	-	-	-	-	21,716	-	21,716
Conversion of warrants	18	5	-	(29)	-	-	-	29	23	-	23
Employee share options	-	-	-	-	6,270	-	-	-	6,270	-	6,270
Total transactions with owners	55,681	72,859	-	(29)	6,270	-	-	29	134,810	-	134,810
Balance as at 31 December 2014	487,577	165,138	-	142,580	4,379	17,187	337	(202,053)	615,145	(31)	615,114

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	31-Dec-14 RM'000	31-Dec-13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	56,977	83,285
Loss from discontinued operation	-	(18,656)
Adjustments for:		
Depreciation of property, plant and equipment	388	172
Amortisation of intangible assets	231	-
Interest expenses - continuing operations	1,922	8,496
Interest expenses - discontinued operation	-	14,280
Interest income	(287)	-
Gain on disposal of property, plant and equipment	(74)	(11)
Gain on disposal of a subsidiary company	-	(631)
Property, plant and equipment written off	2	595
Impairment loss on property, plant and equipment	-	24,150
Gain on disposal of disposal group classified as held for sale	-	(22,873)
Unrealised loss/ (gain) on foreign exchange	(6,602)	2,823
Waiver of debts	(650)	(83,851)
Share option granted under ESOS	6,270	3,809
Operating profit/(loss) before changes in working capital	58,177	11,588
Changes in working capital:-		
Trade and other receivables	(214,407)	(135,192)
Trade and other payables	31,849	12,430
Cash (used in)/generated from operations	(124,381)	(111,174)
Interest (paid)/ received	(1,635)	(10,722)
Tax refund/(paid)/recovered	(3,719)	374
Net cash (used in)/generated from operating activities	(129,735)	(121,522)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(1,537)	-
Purchase of intangible asset	-	(302,100)
Proceeds from disposal of subsidiary companies, net of cash disposed	-	18,690
Proceeds from disposal of property, plant and equipment	193	11
Net cash used in investing activity	(1,344)	(283,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	128,540	442,868
(Repayment)/Drawdown of loans and other borrowings	(602)	(17,807)
Repayment of finance lease payables	(310)	(85)
Net cash from financing activities	127,628	424,976
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,451)	20,055
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,065	(14,990)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,614	5,065
CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,384	4,835
Fixed deposits with licensed bank	230	230
	1,614	5,065

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE FINANCIAL PERIOD ENDED 31/12/2014**

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-14 RM'000	Preceding Year Corresponding Quarter 31-Dec-13 RM'000	Current Year To Date 31-Dec-14 RM'000	Preceding Year Corresponding 31-Dec-13 RM'000
1	Revenue	29,557	-	81,865	-
2	Gain/(Loss) before tax	26,489	94,132	56,977	83,285
3	Gain/(Loss) for the period	26,739	83,649	53,216	64,259
4	Gain/(Loss) attributable to ordinary equity holders of the parent	27,903	88,928	53,553	73,626
5	Basic earnings per share (sen)	0.82	15.20	1.63	12.58
6	Proposed/declared dividend per share (sen)	-	-	-	-

		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7	Net assets per share attributable to ordinary equity holders of the parent (RM)	0.189	0.138
Remarks:			

ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-14 RM'000	Preceding Year Corresponding Quarter 31-Dec-13 RM'000	Current Year To Date 31-Dec-14 RM'000	Preceding Year Corresponding Period 31-Dec-13 RM'000
1	Gross interest income	55	-	287	-
2	Gross interest expense	(1,802)	(971)	(1,922)	(8,496)

Note : The above information is for the Exchange internal use only.

INTERIM FINANCIAL REPORT

A. NOTES TO THE INTERIM FINANCIAL REPORT**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company and the Group for the financial year ended 31 December 2013. The 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 year ended 31 December 2013.

The financial information presented in this interim report has been prepared in accordance with the accounting policies used in preparing the annual consolidated financial statements for the year ended 31 December 2013.

The Group has not applied the following MFRSs that have been issued but not yet effective:

Standards issued but not yet effective:*Effective for annual periods
beginning on or after*

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	1 January 2016
MFRS 10	Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016
MFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)	1 January 2016
MFRS 12	Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 101	Disclosure Initiative (Amendments to MFRS 101)	1 January 2016
MFRS 116	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)	1 January 2016
MFRS 116	Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)	1 January 2016
MFRS 119	Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
MFRS 127	Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016

INTERIM FINANCIAL REPORT

A1 Basis of preparation (continued)

MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	1 January 2016
MFRS 128	Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016
MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)	1 January 2016
MFRS 141	Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)	1 January 2016
	Annual improvements to MFRSs 2010-2012 Cycle	1 July 2014
	Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
	Annual Improvements to MFRSs 2012-2014 Cycle	1 July 2014

The initial application of the above standards, amendments and interpretation are not expected to have material financial impacts to the financial statements. The financial effects of the above MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

A2 Audit report of preceding annual financial statement

The audited financial statements of the Company and the Group for the year ended 31 December 2013 were not subject to qualification.

A3 Seasonal or cyclical factors

The operations of the Group are not subject to seasonal or cyclical fluctuations.

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.

A5 Material changes in estimates

There were no material changes in estimates of amount reported during the quarter under review.

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

A6 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the current quarter under review except for the issuance of new shares as shown below:

	<i>No of ordinary shares of RM0.14 each '000</i>	<i>Amount RM'000</i>
As at 1 October 2014	3,482,665	487,573
Issued pursuant to conversion of warrants	<u>30</u>	<u>4</u>
As at 31 December 2014	<u>3,482,695</u>	<u>487,577</u>

A7 Dividend paid

There were no dividends paid during the quarter under review.

A8 Segment Information

The Group is principally involved in the upstream oil & gas activities.

	Current Year to-date 31 December 2014	
	Revenue RM'000	Profit/(loss) before tax RM'000
Oil & Gas Development and Production	81,865	56,987
Others	-	(10)
	<u>81,865</u>	<u>56,977</u>

A9 Valuation of property, plant and equipment

There were no changes to the valuation of property, plant and equipment brought forward from the preceding annual audited financial statements.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current financial quarter, which are likely to substantially affect the results of the operations of the Group for the current quarter.

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A12 Contingent liabilities

The Company has given corporate guarantees amounting to RM471 million to suppliers, licensed banks and financial institution for banking facility granted to the associate companies. Consequently, the Company is liable for the amount of banking facilities utilized by the associate companies totaling RM258 million.

A13 Capital commitments

There outstanding capital commitments as at 31 December 2014 are as follows:

	RM'000
Approved and contracted for – property, plant and equipment	<u>267</u>

INTERIM FINANCIAL REPORT

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**B1 Review of performance**

Compared to the preceding year corresponding quarter, the Group's turnover for the current quarter has increased by RM29.56 million from nil previously. The profit before taxation has decreased by RM67.64 million from RM94.13 million to RM26.49 million. Similarly, the revenue for the year ended 31 December 2014 increased from nil previously to RM81.87 million, whilst profit before taxation for the current financial year decreased by RM29.70 million from RM82.92 million to RM53.22 million. The profit before taxation for the previous year ended 31 December 2013 included a one-off waiver of debts of RM83.85 million arising from the group's regularization exercise completed in that year. The revenue and profit before tax for this quarter and the current financial year were attributed to the upstream oil and gas activities.

B2 Variation of results against preceding quarter

	Current Year Quarter 31-Dec-2014 RM'000	Immediate Preceding Quarter 30-Sep-2014 RM'000
Revenue	29,557	24,819
Profit before tax	26,489	18,400

Compared to the immediate preceding quarter ended 30 September 2014, the Group's turnover for the current quarter comprising revenue from the upstream oil and gas activities increased by RM4.74 million. The higher revenue as well as unrealized gain on foreign exchange contributed to the increase in profit before taxation in the current quarter.

B3 Prospects

When Sumatec took over the operations of the Rakushechnoye Field in November 2013, the price of Brent oil was averaging at 100USD per bbl. Since then we have seen a down turn in the market with the price of Brent falling more than 50%, to below 50USD per bbl in January 2015. Sumatec's initial plan before the fall was to ramp up production through workovers and side tracks in 2014 and new wells in 2015. During the second half of 2014, we revised our capex spending to focus on completing the workovers and deferred the remaining capex to 2015. We conducted a complete review of the development plan in Q4 2014 to incorporate the scope of work required under the gas development and production agreement that we signed with Markmore Energy Labuan Limited in December 2013. The signing of this agreement gives Sumatec the opportunity to commercialise the large gas reserves of the

INTERIM FINANCIAL REPORT

field. The price of gas is less susceptible to the drastic changes in the market as compared to the oil market, and since our operating fee is fixed, we expect the risk of falling oil prices on the Company's long term profitability to be mitigated.

Going forward into 2015, the Company plans to develop up to 10 new wells in the Triassic zone. Approximately 40% of the 2015 capex budget will be spent on drilling new oil wells in the unproduced reservoir zones. Since the reservoir is new and no oil has been extracted before, it is expected to yield higher return on investment compared to workovers. The remaining 60% of the capex budget will focus on appraisal wells for the natural gas and gas condensate reserves which are the deeper reservoir zones (Triassic). The appraisal wells will allow us to test the gas rates to further define the full field development plan for gas monetisation. At the same time, the high quality condensate to be extracted can be blended with the heavier crude oil produced from the workover wells, thereby increasing production in the field.

The market conditions of the Oil and Gas Industry are currently very challenging. Barring unforeseen circumstances, the Board is cautiously optimistic that the strategies for the field development work will yield growth in production volume in 2015.

B4 Forecast profit

As per the circular to shareholders dated 30th May 2013, the Company forecasted a profit after tax of RM69.29 million for the financial year ended 31st December 2014. The Company now reports a profit after tax of RM53.22 million. The explanation on the variance between profit forecast and the actual result is tabulated below:

	Profit Forecast	Actual	Variance	Explanation
	RM'000	RM'000	RM'000	
Profit before tax	88,828	56,977	(31,851)	Profitability was impacted by the: <ul style="list-style-type: none">• delayed completion of the Company's rights issue to end of November 2013, causing delay in commencing joint oil field operations,• deferred capex spending on field development, and• falling oil prices.
Taxation	(19,541)	(3,761)	15,780	Utilisation of unabsorbed business losses brought forward from prior years
Profit after tax	69,287	53,216	(16,071)	

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

B5 Taxation

	Current Year	Current
	Quarter	year to date
	31-Dec-14	31-Dec-14
	RM'000	RM'000
Current tax	(250)	3,750
Under provision in prior year	-	11
Total	<u>(250)</u>	<u>3,761</u>

The effective tax rate of the Group for the financial year ended 31 December 2014 is lower than the statutory tax rate, mainly due to utilization of unabsorbed business losses brought forward from prior years.

B6 Unquoted investments and/or properties

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

B7 Quoted securities

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

B8 a) Status of corporate proposals**i) DISPOSAL OF SHARES IN SEMUA INTERNATIONAL SDN BHD ("SISB")**

On 21 December 2012, the Company entered into a sale and purchase agreement with third parties for the disposal of the entire 51% equity interest or 64,496,272 issued and paid up ordinary shares in SISB for a total sales consideration of RM18,800,000.

On 19 July 2013, the purchaser had paid the 1st tranche consideration amounting to RM1,800,000 to the Company and 2% equity interests of the disposal group had been transferred to the purchaser. The payment for the remaining 49% equity interest in SISB is expected to be completed by 30 April 2015.

INTERIM FINANCIAL REPORT

ii) PROPOSED ACQUISITION OF 100% EQUITY IN BORNEO ENERGY OIL & GAS LTD

The Company had on 11 July 2014 entered into a Framework Agreement with Abu Talib Bin Abdul Rahman and Dr Murat Safin (“Vendors”) for the purpose of pursuing the proposed acquisition of 100% of the issued and paid up capital in Borneo Energy Oil & Gas Ltd (“BORNEO”), comprising 100 ordinary shares of USD1.00 each from the Vendors.

On 8 September 2014, the Company executed the share purchase agreement (“SPA”) with the Vendors for a purchase price of USD350.0 million to be satisfied by a combination of cash and ordinary shares in SUMATEC (“SUMATEC Shares”) (“Proposed Acquisition”).

The purchase consideration of USD350.0 million comprises of:-

- (a) USD250.0 million for the Buzachi Neft Oilfields with a proved and probable oil reserves of 68.86 million barrels of oil at USD3.63 per barrel of oil; and
- (b) USD100.0 million for the Ancillary Assets. Ancillary Assets comprise:-
 - (i) the non-current assets of Buzachi Neft (which includes but is not limited to oil and gas wells, processing facilities, roads and artificial islands, buildings and constructions machinery and equipment and vehicles) with a net book value of USD75.9 million based on its unaudited financial statements for the financial year ended 31 December 2013; and
 - (ii) Limestone Production Quarry which is worth at least USD25.0 million. Under the terms of the SPA, SUMATEC shall appoint an independent valuer to value the Limestone Production Quarry to confirm the value of the Limestone Production Quarry to be at least USD25.0 million.

In addition, under the terms of the SPA, SUMATEC shall acquire BORNEO and Buzachi Neft free from all indebtedness and encumbrances (including but not limited to borrowings, trade payables and tax liabilities).

INTERIM FINANCIAL REPORT

In conjunction with the Proposed Acquisition, the Board of SUMATEC proposes to undertake the following:-

- (a) Proposed renounceable rights issue of up to 2,298,582,440 new SUMATEC Shares (“Rights Shares”) together with up to 2,298,582,440 free detachable warrants (“Rights Warrants”) at an indicative issue price of RM0.40 per Rights Share on the basis of one (1) Rights Share for every two (2) SUMATEC Shares held together with one (1) Rights Warrants for every one (1) Rights Shares subscribed (“Proposed Rights Issue with Warrants”);
- (b) Proposed increase in the authorised share capital of the Company from RM1,000,000,000 comprising 7,142,857,143 SUMATEC Shares to RM2,000,000,000 comprising 14,285,714,286 SUMATEC Shares (“Proposed IASC”); and
- (c) Proposed amendments to the Memorandum and/or Articles of Association of the Company to facilitate the Proposed IASC (“Proposed Amendments”).

The listing application for the Proposed Acquisition and Proposed Rights Issue with Warrants has been submitted to Bursa Malaysia Securities Berhad on 17 October 2014.

On 9 January 2015, the Company entered into a supplemental agreement with the Vendors to reduce the Purchase Price for the Proposed Acquisition by USD60.0 million to USD290.0 million, of which cash payment is USD210.0 million and the balance USD80.0 million is by way of issuance of 1,217,391,305 Consideration Shares to the Vendors at an issue price of RM0.23 per share.

The revised terms for the other proposals are as follows:-

- (a) The Proposed Rights Issue with Warrants will be a renounceable rights issue of up to 5,517,521,495 new Rights Shares together with up to 2,758,760,747 Rights Warrants at an indicative issue price of RM0.20 per Rights Share on the basis of six (6) Rights Share for every five (5) SUMATEC Shares held together with one (1) Rights Warrant for every two (2) Rights Shares subscribed; and
- (b) The Proposed IASC from RM1,000,000,000 comprising 7,142,857,143 SUMATEC Shares to RM5,000,000,000 comprising 35,714,285,714 SUMATEC Shares.

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

B9 Group borrowings and debt securities

The Group does not have or issue any debt securities during the quarter under review. The Group's borrowings as at 31 December 2014 are as follows:

	RM'000
Secured:	
- Short Term	17,000
- Long Term	<u>-</u>
	<u>17,000</u>

All Group borrowings are denominated in Ringgit Malaysia.

B10 Off balance sheet financial instruments

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

INTERIM FINANCIAL REPORT

B11 Material litigation

Save as disclosed below, the Company and its subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Company 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 the Company and its subsidiaries as at the date of this announcement.

**Kuala Lumpur High Court – winding up petition number 28NCC-209-03/2014
Sumatec Corporation Sdn Bhd (“SCSB”) v Greentech Chemical Sdn Bhd (“GCSB”) (formerly known as Himpunan Sari Sdn Bhd)**

SCSB had on 18 March 2014 presented a petition to wind-up GCSB for its failure to pay RM10,299,285.90 to SCSB as at 20 June 2012 pursuant to a turnkey engineering, procurement, construction and commissioning contract to build a biodiesel plant at the Telok Kalong Industrial Estate in Terengganu. The petition was heard on 17 June 2014 where the Court ordered GCSB to be wound up.

Current Status: SCSB’s solicitors will file in a proof of debt in due course.

B12 Dividends

No dividend has been recommended during the quarter under review.

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****B13 Earnings per share (sen)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-14	Preceding Year Corresponding Quarter 31-Dec-13	Current Year To Date 31-Dec-14	Preceding Year Corresponding Period 31-Dec-13
Basic earnings/(loss) per share				
Net profit/(loss) attributable to shareholders (RM'000)	26,739	88,900	53,216	73,598
Number of ordinary shares at the beginning of the period ('000)	3,259,333	214,364	3,084,968	214,364
Weighted average increase in Share Capital ('000)	4	370,552	174,369	370,552
Weighted average number of shares at the end the period ('000)	3,259,337	584,916	3,259,337	584,916
Basic earnings/(loss) per share (sen)	0.82	15.20	1.63	12.58
Diluted earnings /(loss) per share				
Weighted average number of shares ('000)	3,259,337	584,916	3,259,337	584,916
Effect of warrants ('000)	261,034	31,181	261,034	31,181
Weighted average number of ordinary shares - diluted ('000)	3,520,371	616,097	3,520,371	616,097
Diluted earnings/(loss) per share (sen)	0.76	14.43	1.51	11.95

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

B14 Disclosure of realised and unrealised loss

	Group RM'000	Company RM'000
Total accumulated losses of the Company and the Group		
- Realised	(208,655)	(206,113)
- Unrealised	6,602	6,602
	<hr/> <u>(202,053)</u>	<hr/> <u>(199,511)</u>

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.

The interim financial statements were approved for issue by the Board of Directors in accordance with Directors' resolution dated 24th February 2015.

By order of the Board

Lim Seck Wah (MAICSA 0799845)

M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031)

Company Secretaries

Kuala Lumpur.

24th February 2015.