

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-15 RM'000	Preceding Year Corresponding Quarter 31-Dec-14 RM'000	Current Year To Date 31-Dec-15 RM'000	Preceding Year Corresponding Period 31-Dec-14 RM'000
Revenue	6,123	28,810	62,590	81,117
Other income	6,515	16,141	23,268	16,501
Operating expenses	<u>(1,279)</u>	<u>(6,208)</u>	<u>(25,911)</u>	<u>(28,266)</u>
Operating profit	11,359	38,743	59,947	69,352
Finance costs	<u>(11,823)</u>	<u>(15,725)</u>	<u>(21,504)</u>	<u>(15,845)</u>
Profit / (loss) before taxation	(464)	23,018	38,443	53,507
Tax expense	<u>846</u>	<u>(592)</u>	<u>169</u>	<u>(4,603)</u>
Profit for the financial year	382	22,426	38,612	48,904
Other comprehensive income				
- Foreign currency translation differences for foreign operations	<u>(6,453)</u>	922	<u>(7,129)</u>	95
Total comprehensive income for the year	<u>(6,071)</u>	<u>23,348</u>	<u>31,483</u>	<u>48,999</u>
Profit for the financial year attributable to:				
Owners of the Company	382	22,426	38,612	48,904
Non-controlling interests	-	-	-	-
Net profit for the financial year	<u>382</u>	<u>22,426</u>	<u>38,612</u>	<u>48,904</u>
Total comprehensive income for the financial year attributable to:				
Owners of the Company	(6,071)	23,348	31,483	48,999
Non-controlling interests	-	-	-	-
Total comprehensive income for the financial year	<u>(6,071)</u>	<u>23,348</u>	<u>31,483</u>	<u>48,999</u>
Earnings per share				
(a) Basic earnings per share (sen)	<u>0.01</u>	<u>0.69</u>	<u>1.11</u>	<u>1.50</u>
(b) Diluted earnings per share (sen)	<u>0.01</u>	<u>0.64</u>	<u>1.11</u>	<u>1.39</u>

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 2014 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 2015**

	31-Dec-15	AUDITED 31-Dec-14
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,352	4,788
Intangible assets	301,542	301,869
Trade and other receivables	214,899	190,494
Total non-current assets	<u>520,793</u>	<u>497,151</u>
Current assets		
Trade and other receivables	148,914	159,970
Amount due from associated company	5,635	5,635
Tax recoverable	-	26
Cash and bank balances	895	1,384
Fixed deposits with licensed bank	230	230
Total current assets	<u>155,674</u>	<u>167,245</u>
Non-current assets classified as held for sale	17,000	17,000
TOTAL ASSETS	<u><u>693,467</u></u>	<u><u>681,396</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company:		
Share capital	490,146	487,577
Other reserves	322,701	329,379
Accumulated losses	(165,593)	(206,364)
	<u>647,254</u>	<u>610,592</u>
Non-controlling interests	-	(31)
Total equity	<u><u>647,254</u></u>	<u><u>610,561</u></u>
LIABILITIES		
Non-current liability		
Deferred tax liabilities	331	331
Other payables	-	37,881
Total non-current liabilities	<u>331</u>	<u>38,212</u>
Current liabilities		
Trade and other payables	22,954	9,488
Term loans and short-term borrowings	22,635	22,635
Tax payable	293	500
Total current liabilities	<u>45,882</u>	<u>32,623</u>
Total liabilities	<u>46,213</u>	<u>70,835</u>
TOTAL EQUITY AND LIABILITIES	<u><u>693,467</u></u>	<u><u>681,396</u></u>
NET ASSETS PER SHARE (RM)	0.186	0.175

The condensed statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company							Distributable Accumulated losses Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable									
	Share Capital RM'000	Share Premium 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 2014	431,896	86,579	142,609	3,809	17,187	-	(255,297)	426,783	(198)	426,585
Net profit for the financial year	-	-	-	-	-	-	48,904	48,904	-	48,904
Foreign currency translation difference	-	-	-	-	-	95	-	95	-	95
Transfer to share premium for share options exercised	-	5,700	-	(5,700)	-	-	-	-	-	-
Realised upon subsidiaries written off	-	-	-	-	-	-	-	-	167	167
Transactions with owners:										
Issuance of shares	43,203	74,063	-	-	-	-	-	117,266	-	117,266
Share issuance expenses	-	(10,465)	-	-	-	-	-	(10,465)	-	(10,465)
Exercise of ESOS	12,460	9,256	-	-	-	-	-	21,716	-	21,716
Employee share options	-	-	-	6,270	-	-	-	6,270	-	6,270
Conversion of warrants	18	5	(29)	-	-	-	29	23	-	23
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	95	(206,364)	610,592	(31)	610,561
Balance as at 1 January 2015	487,577	165,138	142,580	4,379	17,187	95	(206,364)	610,592	(31)	610,561
Net profit for the financial year	-	-	-	-	-	-	38,612	38,612	-	38,612
Foreign currency translation difference	-	-	-	-	-	(7,129)	-	(7,129)	-	(7,129)
Realised upon disposal of subsidiary	-	-	-	-	-	-	-	-	31	31
Transactions with owners:										
Issuance of shares	-	-	-	-	-	-	-	-	-	-
Employee share options	2,569	53	-	398	-	-	2,159	5,179	-	5,179
Total transactions with owners	2,569	53	-	398	-	-	2,159	5,179	-	5,179
Balance as at 31 December 2015	490,146	165,191	142,580	4,777	17,187	(7,034)	(165,593)	647,254	-	647,254

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 2014 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 CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	31-Dec-15 RM'000	31-Dec-14 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	38,443	53,507
Adjustments for:		
Depreciation of property, plant and equipment	718	388
Amortisation of intangible assets	327	231
Finance cost	21,504	15,845
Interest income	(10)	(8,242)
Gain on disposal of property, plant and equipment	-	(74)
Property, plant and equipment written off	6	2
Unrealised loss/ (gain) on foreign exchange	(15,699)	(7,093)
Share option granted under ESOS	2,557	6,270
Bad debts written off	-	31
Loss from subsidiary companies written off	-	143
Reversal of provision for liquidated ascertained damages	-	(609)
Waiver of debts	-	(136)
Amount due from subsidiary company written off	7	-
Reversal of impairment no longer required	(228)	-
Other investment written off	228	-
Operating profit before changes in working capital	47,853	60,263
Changes in working capital:		
Trade and other receivables	(16,699)	(131,641)
Trade and other payables	(34,167)	41,622
Cash (used in)/generated from operations	(3,013)	(29,756)
Interest (paid)/ received	(11)	266
Tax refund/ (paid)/ recovered	(12)	(3,719)
Net cash (used in)/generated from operating activities	(3,036)	(33,209)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(21)	(1,537)
Proceeds from disposal of property, plant and equipment	-	193
Deposit paid	-	(96,510)
Net cash used in investing activity	(21)	(97,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	2,622	128,541
(Repayment)/ Drawdown of loans and other borrowings	-	(602)
Repayment of finance lease payables	-	(311)
Interest paid	-	(16)
Net cash from financing activities	2,622	127,612
NET INCREASE IN CASH AND CASH EQUIVALENTS	(435)	(3,451)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(54)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,614	5,065
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,125	1,614
CASH AND CASH EQUIVALENTS		
Cash and bank balances	895	1,384
Fixed deposits with licensed bank	230	230
	1,125	1,614

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes to this interim financial report.

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**SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31/12/2015**

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-15 RM'000	Preceding Year Corresponding Quarter 31-Dec-14 RM'000	Current Year To Date 31-Dec-15 RM'000	Preceding Year Corresponding 31-Dec-14 RM'000
1	Revenue	6,123	28,810	62,590	81,117
2	Gain/(Loss) before tax	(464)	23,018	38,443	53,507
3	Gain/(Loss) for the period	382	22,426	38,612	48,904
4	Gain/(Loss) attributable to ordinary equity holders of the parent	382	22,426	38,612	48,904
5	Basic earnings per share (sen)	0.01	0.69	1.11	1.50
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)	0.186	0.175
Remarks:			

ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-15 RM'000	Preceding Year Corresponding Quarter 31-Dec-14 RM'000	Current Year To Date 31-Dec-15 RM'000	Preceding Year Corresponding Period 31-Dec-14 RM'000
1	Gross interest income	2	8,010	10	8,242
2	Gross interest expense	(11,823)	(15,725)	(21,504)	(15,845)

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 2014. 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 2014.

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 2014, except for the adoption of the Amendments and Annual Improvements to Standards effective as of 1 January 2015:

MFRS 119 Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)
Annual improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above did not have material impact on the financial statements of the Group.

At the date of authorisation of the interim financial report, the Group has not applied the following Standards, Amendments and Annual Improvements to Standards that are not yet effective:

		<i>Effective for annual periods beginning on or after</i>
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)	Deferred
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 2018
MFRS 101	Disclosure Initiative (Amendments to MFRS 101)	1 January 2016

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A1 Basis of preparation (cont'd)

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 127	Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016
MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred
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
	Amendments to MFRS 7 Financial Instruments Disclosure: Mandatory effective date of MFRS 9 and transitional disclosures.	1 January 2018
	Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016

The initial application of the above standards, amendments and interpretation are not expected to have material financial impacts to the financial statements, except for MFRS 9 Financial Instruments. The Group is currently examining the financial impact of adopting MFRS 9.

A2 Audit report of preceding annual financial statement

The audited financial statements of the Company and the Group for the year ended 31 December 2014 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.

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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:

	No. of ordinary shares of RM0.14 each '000	Amount RM'000
As at 1 October 2015	3,482,695	487,577
Issued pursuant to exercise of ESOS	<u>18,350</u>	<u>2,569</u>
As at 31 December 2015	<u>3,501,045</u>	<u>490,146</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-Dec-2015	
	Revenue RM'000	Profit/(loss) before tax RM'000
Oil & Gas Development and Production	62,590	38,449
Others	-	(6)
	<u>62,590</u>	<u>38,443</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.

INTERIM FINANCIAL REPORT

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

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, investments in which are currently held for sale. Consequently, the Company is liable for the amount of banking facilities utilised by the associate companies totaling RM266 million.

A13 Capital commitments

There are no capital commitments at the end of the current quarter.

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

For the financial quarter under review, the Group recorded turnover of RM6.12 million and loss before tax of RM0.46 million against RM28.81 million turnover and profit before tax of RM23.02 million in the fourth quarter of 2014. For the financial year ended 31 December 2015, the unaudited profit before tax was lower by RM15.07 million, at RM38.44 million against 2014's figure of RM53.51 million. This was mainly due to the slowdown in the oil and gas activities following the continued global oil price crisis during the year. The current year decrease in income was also contributed by additional finance cost arising from fair value adjustments on long term receivables.

B2 Variation of results against preceding quarter

	Current Year Quarter 31-Dec-2015 RM'000	Immediate Preceding Quarter 30-Sep-2015 RM'000
Revenue	6,123	12,155
Profit / (loss) before tax	(464)	7,836

Compared to the immediate preceding quarter ended 30 September 2015, the Group's results for the current quarter decreased in line with the continued slowdown in the oil and gas activity in the fourth quarter. The current quarter loss was also attributed to additional finance cost arising from fair value adjustments on long term receivables.

B3 Prospects

The economic outlook for 2016 for Malaysia and elsewhere is expected to remain uncertain and challenging. The Group will continue to carry on its cost cutting measures to ensure profitability in 2016. Additionally, the Board will exercise extra caution in evaluating future investments.

B4 Forecast profit

The Company has not issued any profit forecast for the financial period under review.

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B5 Taxation

	Current Year	Current Year
	Quarter	To Date
	31-Dec-15	31-Dec-15
	RM'000	RM'000
Current tax	(846)	-
Over provision in prior years	-	(169)
	<u>(846)</u>	<u>(169)</u>

The effective tax rate of the Group for the current quarter and for the financial year ended 31 December 2015 were lower than the statutory tax rate owing to certain income which were non-taxable for tax purposes coupled with utilisation 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 current quarter under review and current 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 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 to dispose its 51% equity interest, representing 64,496,272 ordinary shares of Semua International Sdn. Bhd. (“SISB”) for a total sales consideration of RM18,800,000, comprising its entire shipping division. On 19 July 2013, the Company received RM1.8 million (“1st Tranche Consideration”), representing the disposal value of 2% equity interest in SISB from the purchaser. However, the third parties were subsequently unable to fulfil the settlement obligations to CLO bondholders.

The Company has entered into an agreement with another buyer and the Directors expect the sale to be completed in 2016.

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B8 Status of corporate proposals (cont'd)

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 Energy”), 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 the Company (“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 Energy and Buzachi Neft free from all indebtedness and encumbrances (including but not limited to borrowings, trade payables and tax liabilities).

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

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B8 Status of corporate proposals (cont'd)

ii) PROPOSED ACQUISITION OF 100% EQUITY IN BORNEO (cont'd)

- (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 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.

On 23 February 2015, Bursa Securities had approved the following:

- (a) Admission to the Official List of the Main Market of Bursa Securities and the listing and quotation for up to 2,758,760,747 Rights Warrants to be issued together with the Rights Shares pursuant to the Proposed Rights Issue with Warrants;
- (b) Listing of and quotation for:
- 1,217,391,305 Consideration Shares to be issued pursuant to the Proposed Acquisition;
 - Up to 5,517,521,495 new Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
 - Up to 2,758,760,747 new Sumatec Shares to be issued pursuant to the full exercise of the Rights Warrants;
 - Up to 1,379,173 additional Warrants A pursuant to the Rights Adjustments;
 - Up to 6,591,070 additional Warrants B pursuant to the Rights Adjustments; and
 - Up to 7,970,243 new Sumatec Shares to be issued pursuant to the full exercise of additional Warrants A and additional Warrants B.

On 8 April 2015, the shareholders of the Company at the Company’s Extraordinary General Meeting approved the Proposed Acquisition, Proposed Rights Issues with Warrants, Proposed IASC and Proposed Amendments.

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INTERIM FINANCIAL REPORT**B8 Status of corporate proposals (cont'd)****ii) PROPOSED ACQUISITION OF 100% EQUITY IN BORNEO (cont'd)**

On 14 August 2015, the Company announced that Bursa Securities had approved for the extension of time of six months from 23 August 2015 to 22 February 2016 for the Company to complete the implementation of the above proposals.

On 25 August 2015, the Company announced that Bank Negara Malaysia has approved the following:

- (a) Payment for the total amount of USD127.4 million to Dr Murat Safin for the Proposed Acquisition; and
- (b) Remittance of funds amounting to USD124.9 million to Buzachi Neft as foreign currency lending in stages within thirty six (36) months from the date of the Rights Shares.

On 2 February 2016, the Company entered into a third supplemental agreement with the Vendors ("Third Supplemental SPA") for the following:-

- (a) Extension of the deadline to 22 August 2016 ("New Cut-Off Date") for the fulfillment of the Conditions Precedent and the payment by Sumatec of the Balance Cash Payment ("Extension");
- (b) The Vendors have agreed to re-allocate the Purchase Price between themselves as follows:

Name	Allocation (USD million)	Balance Purchase Price (Cash Portion USD million)			Share Portion (USD million)	Number of Consideration Share (USD1.00: RM3.50)
		Deposit	Balance Cash Payment	Final Balance Payment		
Abu Talib bin Abdul Rahman	140	30	-	75	35	532,608,696
Dr. Murat Safin	150	-	105	-	45	684,782,609
Total	290		210		80	1,217,391,305

For avoidance of doubt, the total purchase price payable by Sumatec for the Proposed Acquisition of USD290.0 million (including the number of Consideration Shares to be issued at an issue price of RM0.23 per share) remains unchanged.

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B8 Status of corporate proposals (cont'd)**ii) PROPOSED ACQUISITION OF 100% EQUITY IN BORNEO (cont'd)**

(c) The payment by Sumatec for Abu Talib bin Abdul Rahman's portion of the Balance Cash Payment shall be deferred ("Deferred Payment") in the following manner:-

(i) Deferred Payment schedule:

Payment due date	31.12.2016	31.12.2017	31.12.2018	31.12.2019	Total
	USD million	USD million	USD million	USD million	USD million
Amount	5.0	17.5	17.5	35.0	75.0

(ii) Interest calculated at 5% per annum on any amount outstanding on the respective Deferred Payment dates for the full or any part of the calendar year shall be paid by Sumatec to Abu Talib bin Abdul Rahman together with the Deferred Payment on the Deferred Payment date.

(iii) During the Deferred Payment period and for as long the Deferred Payment remains outstanding, Abu Talib bin Abdul Rahman shall have the right to request for reports on the operation and financial position of Buzachi Neft from Sumatec and Sumatec shall not unreasonably withhold the release of such reports upon receiving the request from Abu Talib bin Abdul Rahman.

The Deferred Payment is expected to alleviate the upfront financial commitment for Sumatec, and provide additional financial flexibility as the Deferred Payment can be funded through Buzachi Neft's internally generated funds post completion of the Proposed Acquisition.

(d) As disclosed in the Circular, Sumatec shall acquire Borneo Energy and Buzachi Neft free from all liabilities and encumbrances (including but not limited to borrowings, trade payables and tax liabilities). In view of the Extension and Buzachi Neft's obligations under the work programs under the Subsurface Use Rights, Sumatec has agreed that any debt assumed by Buzachi Neft for the aforesaid purpose obtained prior to the Cut-off Date and Completion Date shall be the responsibility of Buzachi Neft provided that such debts does not exceed USD5.0 million ("Work Program Debts").

The market price of Sumatec Shares has declined from an average of RM0.2109 per share (in April 2015) to RM0.1183 (in January 2016). As disclosed in the Circular, Sumatec is expected to raise at least RM835.8 million from the Proposed Rights Issue with Warrants based on the indicative issue price of RM0.20 per share ("Minimum Scenario"). Based on the prevailing share price of Sumatec and the Deferred Payment, the Board has resolved to revise the amount to be raised under the Minimum Scenario to RM487.6 million based on the minimum issue price of RM0.14 per Rights Share.

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B8 Status of corporate proposals (cont'd)

ii) PROPOSED ACQUISITION OF 100% EQUITY IN BORNEO (cont'd)

In addition, consequent to the variation as set out in item (b) above, the number of Consideration Shares subject to the Proposed Offer for Sale shall be revised to 532,608,696 Offer Shares.

The other changes to the terms of the SPA resulting from the variations/modifications described above are as follows:-

- (a) In view of the Deferred Payment, the Retention Sum will no longer be applicable. Instead, Sumatec shall be allowed to set-off, from the Deferred Payment, an amount of up to USD10,000,000 (“Adjustment”) for the purpose of satisfying any unresolved tax and tax liabilities with the tax authorities in Kazakhstan as may be deemed required by Sumatec, upon written notification to Abu Talib bin Abdul Rahman. Sumatec is able to set-off such claims from the Adjustment within a period of twelve (12) months from the Completion Date and an automatic extension of twelve (12) months thereafter (“Set-off Period”).
- (b) Consequential amendments to the Conditions Precedent and Conditions Subsequent after taking into account the variations/modifications described above, conditions that have already been satisfied and to clarify certain terms therein.
- (c) Consequential amendments to the mechanics of completion after taking into account the deferred Payment and Work Program Debts.
- (d) Sumatec has completed its legal due diligence on Borneo Energy and Buzachi Neft, the minimum net book value of Buzachi Neft as at the Pre-Completion Audit is no longer applicable.

Save as disclosed above, there are no other variations to the salient terms of the Proposed Acquisition, Proposed Rights Issue with Warrants, Proposed Offer for Sale, Proposed IASC and Proposed Amendments (collectively, the “Proposals”).

On 4 February 2016, the Company announced that it has submitted to Bursa Securities an application for further extension of time of six (6) months up to 22 August 2016 to complete the implementation of the Proposals.

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B8 Status of corporate proposals (cont'd)

iii) PROPOSED PRIVATE PLACEMENT OF UP TO 348,269,000 NEW ORDINARY SHARES

On 23 October 2015, the Company announced the proposed private placement of up to 348,269,000 new ordinary shares of RM0.14 each in the Company, representing ten percent (10%) of the total issued and paid-up share capital of the Company, to independent third party investor(s) to be identified. On 11 November 2015, the Company announced that approval from Bursa Securities for the listing and quotation of these new shares has been obtained.

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 2015 are as follows:

	RM'000
Secured:	
- Short Term	22,635
- Long Term	-
	<u>22,635</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.

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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.

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	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-15	Preceding Year Corresponding Quarter 31-Dec-14	Current Year To Date 31-Dec-15	Preceding Year Corresponding Period 31-Dec-14
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	382	22,426	38,612	48,904
Number of ordinary shares at the beginning of the period ('000)	3,482,695	3,259,333	3,482,695	3,084,968
Weighted average increase in share Capital ('000)	2,988	4	2,988	174,369
Weighted average number of shares at the end the period ('000)	3,485,683	3,259,337	3,485,683	3,259,337
Basic earnings per share (sen)	0.01	0.69	1.11	1.50
Diluted earnings per share				
Weighted average number of shares ('000)	3,485,683	3,259,337	3,485,683	3,259,337
Effect of warrants and ESOS ('000)	4,735	261,034	4,735	261,034
Weighted average number of ordinary shares - diluted ('000)	3,490,418	3,520,371	3,490,418	3,520,371
Diluted earnings per share (sen)	0.01	0.64	1.11	1.39

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B14 Disclosure of realised and unrealised unappropriated profits/accumulated losses

	Group	Company
	RM'000	RM'000
Total accumulated profits/ (losses):		
- Realised	(160,909)	(208,990)
- Unrealised	(4,684)	(1,436)
	<u>(165,593)</u>	<u>(210,426)</u>

The disclosure of realised and unrealized profits/losses 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 24 February 2016.

By Order of the Board

Lim Seck Wah (MAICSA 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031)
Company Secretaries

Dated: 24 February 2016
Kuala Lumpur