

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 PERIOD ENDED 30 JUNE 2016**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Jun-16 RM'000	Preceding Year Corresponding Quarter 30-Jun-15 RM'000	Current Year To Date 30-Jun-16 RM'000	Preceding Year Corresponding Period 30-Jun-15 RM'000
Revenue	A8	15,011	16,334	30,710	44,312
Other income		5,549	1,815	7,692	9,670
Operating expenses		(7,120)	(7,490)	(22,155)	(13,811)
Operating profit		13,440	10,659	16,247	40,171
Finance costs		(577)	(571)	(1,140)	(9,100)
Profit before taxation	A8	12,863	10,088	15,107	31,071
Tax expense	B5	(3,000)	(950)	(3,000)	(2,200)
Profit for the financial period		9,863	9,138	12,107	28,871
Other comprehensive income					
- Foreign currency translation differences for foreign operations		163	492	(120)	196
Total comprehensive income for the period		10,026	9,630	11,987	29,067
Profit for the financial period attributable to:					
Owners of the Company		9,863	9,138	12,107	28,871
Non-controlling interests		-	-	-	-
Net profit for the financial period		9,863	9,138	12,107	28,871
Total comprehensive income for the financial period attributable to:					
Owners of the Company		10,026	9,630	11,987	29,067
Non-controlling interests		-	-	-	-
Total comprehensive income for the financial period		10,026	9,630	11,987	29,067
Earnings per share	B13				
(a) Basic earnings per share (sen)		0.27	0.26	0.33	0.83
(b) Diluted earnings per share (sen)		0.27	0.26	0.33	0.82

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 2015 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 30 JUNE 2016**

	Note	30-Jun-16 RM'000	AUDITED 31-Dec-15 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	2,145	4,352
Intangible asset		301,192	301,407
Trade and other receivables		249,112	214,154
Total non-current assets		<u>552,449</u>	<u>519,913</u>
Current assets			
Trade and other receivables		179,959	151,783
Amount due from associated companies		5,635	5,635
Fixed deposit with a licensed bank		230	230
Cash and bank balances		289	895
Total current assets		<u>186,113</u>	<u>158,543</u>
Non-current assets classified as held for sale		17,000	17,000
TOTAL ASSETS		<u>755,562</u>	<u>695,456</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company:			
Share capital	A6	541,256	490,146
Other reserves		321,535	327,112
Accumulated losses		(154,147)	(166,378)
		<u>708,644</u>	<u>650,880</u>
Non-controlling interests		-	-
Total equity		<u>708,644</u>	<u>650,880</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		1,023	1,023
Total non-current liabilities		<u>1,023</u>	<u>1,023</u>
Current liabilities			
Trade and other payables		20,305	20,730
Term loans	B9	22,530	22,530
Tax payable		3,060	293
Total current liabilities		<u>45,895</u>	<u>43,553</u>
Total liabilities		<u>46,918</u>	<u>44,576</u>
TOTAL EQUITY AND LIABILITIES		<u>755,562</u>	<u>695,456</u>
NET ASSETS PER SHARE (RM)		0.195	0.187

The condensed statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Attributable to owners of the Company						Accumulated losses	Total	Non-controlling Interests	Total Equity
	Non-distributable									
	Share Capital	Share Premium	Warrant reserve	Employee share option reserve	Capital reserve	Translation reserve	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	490,146	165,756	142,580	4,211	17,187	(2,622)	(166,378)	650,880	-	650,880
Other comprehensive income for the financial period	-	-	-	-	-	(120)	-	(120)	-	(120)
Net profit for the financial period	-	-	-	-	-	-	12,107	12,107	-	12,107
Total comprehensive income for the financial period	-	-	-	-	-	(120)	12,107	11,987	-	11,987
Transactions with owners:										
Exercise of ESOS	2,352	50	-	-	-	-	-	2,402	-	2,402
Employee share options forfeited	-	-	-	(352)	-	-	124	(228)	-	(228)
Employee share options granted	-	-	-	1,050	-	-	-	1,050	-	1,050
Private placement	48,758	-	-	-	-	-	-	48,758	-	48,758
Share issuance expense	-	(6,205)	-	-	-	-	-	(6,205)	-	(6,205)
Total transactions with owners	51,110	(6,155)	-	698	-	-	124	45,777	-	45,777
Transferred to share premium for ESOS exercised	-	517	-	(517)	-	-	-	-	-	-
Balance as at 30 June 2016	541,256	160,118	142,580	4,392	17,187	(2,742)	(154,147)	708,644	-	708,644
Balance as at 1 January 2015	487,577	165,138	142,580	4,379	17,187	95	(206,364)	610,592	(31)	610,561
Other comprehensive income for the financial period	-	-	-	-	-	196	-	196	-	196
Net profit for the financial period	-	-	-	-	-	-	28,871	28,871	-	28,871
Total comprehensive income for the financial period	-	-	-	-	-	196	28,871	29,067	-	29,067
Transactions with owners:										
Employee share options granted	-	-	-	2,081	-	-	-	2,081	-	2,081
Total transactions with owners	-	-	-	2,081	-	-	-	2,081	-	2,081
Balance as at 30 June 2015	487,577	165,138	142,580	6,460	17,187	291	(177,493)	641,740	(31)	641,709

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 2015 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 PERIOD ENDED 30 JUNE 2016**

	30-Jun-16	30-Jun-15
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,107	31,071
Adjustments for:		
Depreciation of property, plant and equipment	392	355
Amortisation of intangible assets	215	150
Finance cost	1,140	9,100
Interest income	(20)	(7)
Unrealised loss/ (gain) on foreign exchange	9,355	(9,663)
Share option granted under ESOS, net of forfeiture	822	2,081
Amortisation of unwinding discount on financial assets	(4,140)	-
Property, plant and equipment written off	1,814	-
Operating profit before changes in working capital	24,685	33,087
Changes in working capital:		
Trade and other receivables	(68,675)	5,587
Trade and other payables	(1,340)	(40,023)
Cash used in operations	(45,330)	(1,349)
Interest (paid)/ received	3	(16)
Tax paid	(233)	-
Net cash used in operating activities	(45,560)	(1,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	44,954	-
Net cash generated from financing activities	44,954	-
CASH AND CASH EQUIVALENTS		
Net decrease	(606)	(1,365)
At beginning of financial year	1,125	1,614
At end of the financial period	519	249
CASH AND CASH EQUIVALENTS:		
Fixed deposit with a licensed bank	230	230
Cash and bank balances	289	19
	519	249

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes to this interim financial report.

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 Main Market 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 2015. 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 2015.

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 2015, except for the adoption of the MFRSs and Amendments to MFRSs effective as of 1 January 2016:

MFRS effective 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRSs effective 1 January 2016

MFRS 10 Consolidated Financial Statements: Investment Entities- Applying the Consolidation Exception

MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

MFRS 12 Disclosure of Interests in Other Entities: Investment Entities – Applying the Consolidation Exception

MFRS 101 Presentation of Financial Statements: Disclosure Initiative

MFRS 116 Property, Plant and Equipment: Clarification of Acceptable Methods of Amortisation

MFRS 116 Property, Plant and Equipment – Agriculture: Bearer Plant

MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements

MFRS 128 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception

MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Amortisation

MFRS 141 Agriculture: Agriculture – Bearer Plants

Annual Improvements 2012-2014 Cycle issued in November 2014

The adoption of the above did not have any financial impact on the financial statements upon their initial application.

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A1 Basis of preparation (cont'd)

The Group has not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective:

Amendments to MFRS effective 1 January 2017

MFRS 107	Statements of Cash Flow: Disclosure Initiative
MFRS 112	Income Taxes: Recognition of Deferred Tax Assets on Unrealised Losses

MFRS and Amendments to MFRS effective 1 January 2018

MFRS 9	Financial Instruments (International Financial Reporting Standards 9 issued by International Accounting Standards Board in July 2014)
MFRS 15	Revenue from Contracts with Customers

MFRS effective 1 January 2019

MFRS 16	Leases
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Amendments to MFRS (deferred, effective date to be announced by the MASB)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

The initial application of the above standards, amendments and interpretation are not expected to have any significant financial impact to the financial statements, except for MFRS 9 and MFRS 5. The adoption of both standards will result in changes in accounting policy, and the Group is currently examining the impact of adopting these standards.

A2 Audit report of preceding annual financial statement

The audited financial statements of the Company and the Group for the year ended 31 December 2015 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.

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A5 Material changes in estimates

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

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 April 2016	3,517,445	492.442
Issued pursuant to exercise of ESOS	400	56
Issued pursuant to private placement	348,269	48,758
As at 30 June 2016	3,866,114	541,256

A7 Dividend paid

There were no dividends paid during the quarter under review.

A8 Segment information

The Group is essentially engaged in the management and oversight of the oil production operations at the Rakushechnoye Oil and Gas Field in Kazakhstan, and the provision of a gas development, implementation and production plan for the same field.

Due to the interrelated nature of oil and gas production, and similar operational characteristics of managing the same field, the Board believes that the Group operates in a single reportable segment.

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.

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A10 Material events subsequent to the end of the interim period

There were no other 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.

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 to suppliers, licensed banks and financial institution for banking facility granted to and supply contracts with Semua International Sdn Bhd (“SISB”) group of companies (“Semua Group”) in 2008 when SISB was a subsidiary company. SISB became an associate company in 2013 and the investment in Semua Group were reclassified as non-current assets held for sale in the same year. The contingent liabilities arising from the corporate guarantees are as follows:

	RM'mil
Outstanding term loan of Semua Group	255
Claims from suppliers under a winding up petition	<u>54</u>
	<u><u>309</u></u>

Based on the facts and merits of the winding up petition above, the Directors have instructed the Company’s solicitors to defend the petition since the amount claimed is unsubstantiated and has never been agreed by Semua Group.

A13 Capital commitments

The outstanding capital commitments as at 30 June 2016 are as follows:

	RM'000
Approved and contracted for – property, plant and equipment	<u><u>317</u></u>

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

For the current quarter under review, the Group recorded turnover of RM15.01 million from gas development contract billings. Against the second quarter of 2015, revenue was lower due slowdown in oil production activities and deferment of major capital expenditure following from the low oil prices. Nonetheless, the Group posted a higher profit before tax of RM12.86 million as compared to RM10.09 million in the corresponding period last year as a result of savings in operating expenses, amortisation of unwinding discount on receivables and unrealised foreign exchange gain from translation of United States Dollar ("USD") denominated receivables.

For the financial period ended 30 June 2016, the Group registered a lower profit before tax of RM15.11 million as compared to the RM31.07 million in the corresponding period last year due to the lower revenue coupled with unrealised foreign exchange loss from translation of USD denominated receivables. The loss occurred as USD weakened by approximately 6% during the period under review whereas it strengthened by about 8% during the same period in 2015.

B2 Variation of results against preceding quarter

	Current Year Quarter 30-Jun-2016 RM'000	Immediate Preceding Quarter 31-Mar-2016 RM'000
Revenue	15,011	15,699
Profit before tax	12,863	2,244

Compared to the immediate preceding quarter ended 31 March 2016, the Group's profit for the current quarter was higher mainly owing to the unrealised foreign exchange gain of RM3.53 million as compared to unrealised loss of RM12.89 million registered in the first quarter. The USD strengthened marginally from RM3.92 as at 31 March 2016 to RM4.02 as at 30 June 2016. However, the increase in profit before tax was partially offset by expenditures incurred in relation to corporate proposals and assets written off.

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B3 Prospects

In the short term, the Group will continue to focus on increasing its operations efficiency, conscious of the current sluggish market conditions of the oil and gas industry. Another external factor that influences the Group's results in the coming quarters is the foreign currency movement, especially Ringgit's volatility against the USD, due to the large USD denominated receivables.

Barring unforeseen circumstances, the Board remains cautious on the financial performance of the Group for the remaining period of the year.

B4 Forecast profit

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

B5 Taxation

	Current Year Quarter 30-Jun-16 RM'000	Current Year To Date 30-Jun-16 RM'000
Current year tax	<u>3,000</u>	<u>3,000</u>

The effective tax rate of the Group for the current quarter and for the financial period ended 30 June 2016 were lower than the statutory tax rate mainly owing to 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.

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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 RM18.8 million comprising its entire shipping division. The disposal is part of the debt settlement scheme with the CLO bondholders.

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. The 2nd Tranche Consideration of RM17.0 million, representing the disposal value of the remaining 49% equity interest in SISB, together with interest thereon, shall be paid within 24 months, or earlier, from 31 January 2013. However, the third parties were unable to fulfil the settlement obligations to CLO bondholders.

Subsequently, the Company has entered into negotiation with a new third party for the disposal of the 49% equity interest in SISB. The Directors expect the sale to be completed in 2016.

The 49% equity interest in SISB is pledged to CLO bondholders as security for the term loan granted to the Company. The Company has applied for approval from the CLO bondholders for extension of up to 30 September 2016 for settlement of outstanding term loan and interest.

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

The Proposed Acquisition, together with the Proposed Rights Issues with Warrants, Proposed Offer for Sale, Proposed IASC and Proposed Amendments are collectively known as the “Proposals”.

On 5 August 2016, the Company announced that it has submitted to Bursa Securities an application for further extension of time up to 21 May 2017 to complete the implementation of the Proposals.

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

A private placement exercise of the Company’s shares to independent third party investors was completed on 25 April 2016 with the listing of 348,269,000 new ordinary shares, at an issue price of RM0.14 per placement share. The gross proceeds raised from the private placement exercise was RM48,758,000 and the current utilisation status is set out in the next page.

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INTERIM FINANCIAL REPORT**B8 Status of corporate proposals (cont'd)****iii) PRIVATE PLACEMENT OF 348,269,000 NEW ORDINARY SHARES (cont'd)**

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation (from listing date)	Deviation		Explanation (if the deviation is 5% or more)
	RM'000	RM'000		RM'000	%	
Capital expenditure for the Rakushechnoye Oil and Gas Field	41,017	37,460	Within 6 months	(3,557)	-9%	
General working capital	5,841	4,571	Within 12 months	(1,270)	-22%	
Estimated expenses in relation to the private placement	1,900	6,208	Within 1 month	4,308	227%	Higher brokerage fees and commission incurred to secure investors
Total	48,758	48,239		(519)		

iv) PROPOSED ACQUISITION OF 100% EQUITY IN MARKMORE ENERGY (LABUAN) LIMITED

On 1 July 2016, the Company entered into a Heads of Agreement with Markmore Sdn Bhd for the purpose of recording the understanding and intention in respect of the proposed acquisition of 100% equity in Markmore Energy (Labuan) Limited ("MELL"). The proposed acquisition is conditional upon the fulfilment of conditions precedent including approval by the relevant authorities and due diligence exercise(s) to be conducted on MELL and its group of companies.

B9 Group borrowings and debt securities

The Group's borrowings as at 30 June 2016 are as follows:

	RM'000
Secured:	
- Short Term	22,530
- Long Term	-
	<u>22,530</u>

All of the Group current borrowings are denominated in Ringgit Malaysia. The Group does not have or issue any debt securities during the quarter under review.

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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, 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: On 28 July 2016, SCSB’s solicitors filed proof of debt for RM10,979,324.90, being total amount claimed from GCSB as at 17 June 2014.

Kuala Lumpur High Court – suit number WA-28NCC-594-07/2016

NFC Labuan Shipleasing I Ltd (“the Petitioner”) v Sumatec Resources Berhad (“the Company”)

The Company had on 25 February 2008 issued a Deed of Guarantee and Indemnity to the Petitioner for its former subsidiary, Semua Chemical Shipping Sdn Bhd, for the leasing of two chemical vessels (Semua Perdana and Semua Perkasa) from the Petitioner on the same date (Bareboat Charters). The lease was terminated on 19 May 2014 by the Petitioner. The Petitioner has now claimed for various payments under the Perdana Bareboat Charter Agreement and Perkasa Bareboat Charter Agreement in the aggregate sum of USD6,377,034 and USD6,687,238 respectively.

On 5 April 2016, the Petitioner through its solicitors, Messrs Sativale Mathew Arun, issued a letter of demand for the Company to settle the debt of Semua Chemical Shipping Sdn Bhd totalling USD13,064,272 within 21 days. On 20 April 2016, Arbain & Co. responded on behalf of the Company to deny owing the Petitioner the sums claimed in its notice of 5 April 2016. On 25 May 2016, a winding-up petition was served on the Company by the Petitioner. The Petitioner applied to withdraw the first petition on 8 June 2016 and subsequently re-applied for the winding up petition which was served on the Company on 25 July 2016.

Current Status: The Company is contesting the winding-up petition which is fixed to be heard on 6 September 2016. Our solicitors are of the opinion that the Company has a strong chance of success.

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B11 Material litigation (cont'd)

High Court of the Republic of Singapore – suit no. HC/S 534/2016 Ebony Ritz Sdn Bhd v Sumatec Resources Berhad (“the Company”)

On 5 May 2010, the Company entered into a Sale and Purchase Agreement with Ebony Ritz Sdn Bhd (“Ebony Ritz”) for Ebony Ritz’s proposed acquisition of the 49% equity interest in Semua International Sdn Bhd (“Semua”). The Company also entered into an Option and Financial Representation Agreement with Ebony Ritz and Auspicious Journey Sdn Bhd to guarantee profits of Semua (“OFRA”), and provided a guarantee to Ebony Ritz (“Guarantee”) on the same day.

Under its Writ of Summons dated 24 May 2016, Ebony Ritz claimed that the Company owes RM27,017,162.68, being the financial shortfall calculated under the OFRA and RM10,000,000.00 for the loan provided under the Guarantee.

The Company has entered its Defence on 15 June 2016. The Company is disputing Ebony Ritz’s claims as the relevant parties signed a Sale and Purchase Agreement dated 21 December 2012 (“2012 SPA”) and the Settlement Agreement dated 28 May 2013 whereby it was mutually agreed that the profit shortfall will be treated as part of the consideration to be paid to the bondholders for the acquisition of the remaining 51% equity interest in Semua by Ebony Ritz and its nominees from the Company. The Company had on November 2013 paid the shortfall to the bondholders and fulfilled the obligations under the 2012 SPA.

Subsequently, on 21 July 2016, Ebony Ritz has filed two applications, to strike out the Company’s Defence, and for a Summary Judgment. The Company objected to the applications and submitted its affidavit on 5 August 2016. The hearing of the applications was scheduled for 25 August 2016

Current Status: This hearing date has been vacated because Ebony Ritz had, on 18 August 2016, sought an adjournment of the hearing of its two applications following the Malaysian High Court order on 3 August 2016 that Ebony Ritz be wound up pursuant to proceedings initiated by its shareholder in Originating Summons No 24NCC189-06/2013. A hearing date has not yet been set.

Our Singapore counsel is of the view that it is too early in the proceedings to assess the Company’s chances of winning the case.

B12 Dividends

No dividend has been recommended during the quarter under review.

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	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Jun-16	Preceding Year Corresponding Quarter 30-Jun-15	Current Year To Date 30-Jun-16	Preceding Year Corresponding Period 30-Jun-15
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	9,863	9,138	12,107	28,871
Number of ordinary shares at the beginning of the period ('000)	3,511,885	3,482,695	3,501,045	3,482,695
Weighted average increase in share capital ('000)	131,145	-	141,985	-
Weighted average number of shares at the end the period ('000)	3,643,030	3,482,695	3,643,030	3,482,695
Basic earnings per share (sen)	0.27	0.26	0.33	0.83
Diluted earnings per share				
Weighted average number of shares ('000)	3,643,030	3,482,695	3,643,030	3,482,695
Effect of warrants and ESOS ('000)	-	24,505	-	24,505
Weighted average number of ordinary shares - diluted ('000)	3,643,030	3,507,200	3,643,030	3,507,200
Diluted earnings per share (sen)	0.27	0.26	0.33	0.82

B14 Additional disclosure

Save as disclosed below and included in the consolidated statements of profit and loss and other comprehensive income or in the notes of these statements, there were no other items applicable to be disclosed pursuant to item 16 of Appendix 9B of the Listing Requirements of Bursa Securities:

	Current Year Quarter 30-Jun-16 RM'000	Current Year To Date 30-Jun-16 RM'000
Interest income	18	20
Depreciation of property, plant and equipment	(171)	(392)
Amortisation of intangible assets	(97)	(215)
Amortisation of unwinding discount on financial assets	2,070	4,140
Foreign exchange gain / (loss) - realised	(277)	(224)
Foreign exchange gain / (loss) - unrealised	3,531	(9,355)

SUMATEC RESOURCES BERHAD

Company No. 428355-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

B15 Disclosure of realised and unrealised accumulated losses

	Group	Company
	30-Jun-16	30-Jun-16
	RM'000	RM'000
Total accumulated losses:		
- Realised	(180,600)	(213,215)
- Unrealised	(10,377)	(6,970)
	<u>(190,977)</u>	<u>(220,185)</u>
Consolidated adjustments	36,830	-
	<u>(154,147)</u>	<u>(220,185)</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 a Directors' resolution dated 25 August 2016.

By Order of the Board

Lim Seck Wah (MAICSA No. 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA No. 0781031)
Company Secretaries

Dated: 25 August 2016
Kuala Lumpur