

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 SEPTEMBER 2016**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-16 RM'000	Preceding Year Corresponding Quarter 30-Sep-15 RM'000	Current Year To Date 30-Sep-16 RM'000	Preceding Year Corresponding Period 30-Sep-15 RM'000
Revenue	A8	7,589	12,155	38,299	56,467
Other income		8,792	7,083	16,484	16,753
Operating expenses		(845)	(10,821)	(23,000)	(24,632)
Operating profit		15,536	8,417	31,783	48,588
Finance costs		(581)	(581)	(1,721)	(9,681)
Profit before taxation	A8	14,955	7,836	30,062	38,907
Tax expense	B5	(1,203)	1,523	(4,203)	(677)
Profit for the financial period		13,752	9,359	25,859	38,230
Other comprehensive income					
- Foreign currency translation differences for foreign operations		268	(872)	148	(676)
Total comprehensive income for the period		14,020	8,487	26,007	37,554
Profit for the financial period attributable to:					
Owners of the Company		13,752	9,359	25,859	38,230
Non-controlling interests		-	-	-	-
Net profit for the financial period		13,752	9,359	25,859	38,230
Total comprehensive income for the financial period attributable to:					
Owners of the Company		14,020	8,487	26,007	37,554
Non-controlling interests		-	-	-	-
Total comprehensive income for the financial period		14,020	8,487	26,007	37,554
Earnings per share	B13				
(a) Basic earnings per share (sen)		0.37	0.27	0.70	1.10
(b) Diluted earnings per share (sen)		0.37	0.27	0.70	1.09

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 SEPTEMBER 2016**

		30-Sep-16	AUDITED 31-Dec-15
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	2,071	4,352
Intangible asset		301,105	301,407
Trade and other receivables		247,919	214,154
Total non-current assets		<u>551,095</u>	<u>519,913</u>
Current assets			
Trade and other receivables		188,082	151,783
Amount due from associated companies		5,635	5,635
Fixed deposit with a licensed bank		230	230
Cash and bank balances		1,553	895
Total current assets		<u>195,500</u>	<u>158,543</u>
Non-current assets classified as held for sale		17,000	17,000
TOTAL ASSETS		<u><u>763,595</u></u>	<u><u>695,456</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company:			
Share capital	A6	541,256	490,146
Other reserves		320,351	327,112
Accumulated losses		<u>(140,395)</u>	<u>(166,378)</u>
		721,212	650,880
Non-controlling interests		-	-
Total equity		<u><u>721,212</u></u>	<u><u>650,880</u></u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>1,023</u>	<u>1,023</u>
Total non-current liabilities		<u>1,023</u>	<u>1,023</u>
Current liabilities			
Trade and other payables		14,630	20,730
Term loans	B9	22,530	22,530
Tax payable		4,200	293
Total current liabilities		<u>41,360</u>	<u>43,553</u>
Total liabilities		<u><u>42,383</u></u>	<u><u>44,576</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>763,595</u></u>	<u><u>695,456</u></u>
NET ASSETS PER SHARE (RM)		0.194	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 SEPTEMBER 2016

	Attributable to owners of the Company							Total	Non-controlling Interests	Total Equity
	Non-distributable									
	Share Capital	Share Premium	Warrant reserve	Employee share option reserve	Capital reserve	Translation reserve	Accumulated losses			
	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	-	-	-	-	-	148	-	148	-	148
Net profit for the financial period	-	-	-	-	-	-	25,859	25,859	-	25,859
Total comprehensive income for the financial period	-	-	-	-	-	148	25,859	26,007	-	26,007
Transactions with owners:										
Exercise of ESOS	2,352	50	-	-	-	-	-	2,402	-	2,402
Employee share options forfeited	-	-	-	(1,781)	-	-	124	(1,657)	-	(1,657)
Employee share options granted	-	-	-	1,027	-	-	-	1,027	-	1,027
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)	-	(754)	-	-	124	44,325	-	44,325
Transferred to share premium for ESOS exercised	-	517	-	(517)	-	-	-	-	-	-
Balance as at 30 September 2016	541,256	160,118	142,580	2,940	17,187	(2,474)	(140,395)	721,212	-	721,212
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	-	-	-	-	-	(676)	-	(676)	-	(676)
Net profit for the financial period	-	-	-	-	-	-	38,230	38,230	-	38,230
Total comprehensive income for the financial period	-	-	-	-	-	(676)	38,230	37,554	-	37,554
Realised upon disposal of subsidiary	-	-	-	-	-	-	-	-	31	31
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 September 2015	487,577	165,138	142,580	6,460	17,187	(581)	(168,134)	650,227	-	650,227

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 SEPTEMBER 2016**

	30-Sep-16	30-Sep-15
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,062	38,907
Adjustments for:		
Depreciation of property, plant and equipment	465	533
Amortisation of intangible assets	302	302
Finance cost	1,721	9,681
Interest income	(25)	(8)
Unrealised loss/ (gain) on foreign exchange	3,592	(16,746)
Share option granted under ESOS, net of forfeiture	(630)	2,081
Amortisation of unwinding discount on financial assets	(6,210)	-
Property, plant and equipment written off	1,816	-
Operating profit before changes in working capital	31,093	34,750
Changes in working capital:		
Trade and other receivables	(67,717)	(4,447)
Trade and other payables	(7,373)	(31,618)
Cash used in operations	(43,997)	(1,315)
Interest (paid)/ received	(3)	(15)
Tax paid	(296)	(12)
Net cash used in operating activities	(44,296)	(1,342)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(21)
Net cash generated from investing activities	-	(21)
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 increase / (decrease)	658	(1,363)
At beginning of financial year	1,125	1,614
At end of the financial period	1,783	251
CASH AND CASH EQUIVALENTS:		
Fixed deposit with a licensed bank	230	230
Cash and bank balances	1,553	21
	1,783	251

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
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions

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 15. 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.

INTERIM FINANCIAL REPORT

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.

A7 Dividend paid

There were no dividends paid during the quarter under review.

A8 Segment information

The Group operates in a single reportable segment. It 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 study, design and planning of an integrated natural gas monetization programme in preparation of the exploitation of the gas / condensate in accordance to a detailed full field geological and geophysical study of the entire oil / gas concession area.

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 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.

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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 loans of Semua Group	255
Claims from the lessor (NFC Labuan Shipleasing I Ltd) of two ships from Semua Chemical Shipping Sdn Bhd under a winding up petition	54
	<u>309</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 and is to be referred to an arbitration proceeding in accordance to the Lease Agreement terms and condition.

A13 Capital commitments

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

	RM'000
Approved and contracted for – property, plant and equipment	<u>277</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 RM7.59 million from the gas development contract billing. Against the third quarter of 2015, revenue was lower due to slowdown in the gas development contract activities, in tandem with the current downturn in the industry. Nonetheless, the Group posted a higher profit before tax of RM14.96 million as compared to RM7.84 million in the corresponding period last year due to the reduction in direct cost, cutbacks in operating expenses and income from fair value adjustment on amount receivable from the concession holder of the Rakushechnoye Oil and Gas Field.

For the financial period ended 30 September 2016, the Group registered a lower profit before tax of RM30.06 million as compared to the RM38.91 million in the corresponding period last year due to the lower revenue coupled with unrealised foreign exchange loss of RM3.59 million. However, the loss was partially offset by smaller finance cost incurred in the current year under review.

B2 Variation of results against preceding quarter

	Current Year Quarter 30-Sep-2016 RM'000	Immediate Preceding Quarter 30-Jun-2016 RM'000
Revenue	7,589	15,011
Profit before tax	14,955	12,863

Compared to the immediate preceding quarter ended 30 June 2016, the Group recorded lower revenue from the gas development contract. However, profit before tax for the current quarter was higher owing to smaller operating expenses arising from reduced operational activity. The second quarter result was also adversely affected by expenditures incurred in relation to corporate proposals and assets written off, which did not occur in the current quarter under review.

B3 Prospects

The global economic outlook is anticipated to remain uncertain over the next several quarters, with lawmakers and investors assessing the possible impact from the outcome of the US presidential election, and the failure by OPEC members in reaching an agreement to cut oil production. The low oil price environment is expected to persist and impact the Group's growth trajectory.

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B3 Prospects (cont'd)

On a more positive note, the Group has announced the acquisition of CaspiOilGas LLP, the concession owner of the Rakushechnoye Oil and Gas Field in Kazakhstan. The exercise will increase the Group's share of hydrocarbon reserves and enhance the effectiveness and efficiency of operations at the field, thereby providing a wider avenue for future growth.

B4 Forecast profit

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

B5 Taxation

	Current Year Quarter 30-Sep-16 RM'000	Current Year To Date 30-Sep-16 RM'000
Income tax:		
- Current year provision	1,200	4,200
- Under provision in prior year	3	3
	<u>1,203</u>	<u>4,203</u>

The effective tax rate of the Group for the current quarter and for the financial period ended 30 September 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

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 purchaser gave RM1.8 million, representing the disposal value of 2% equity interest in SISB, to the CLO bondholders. The remaining 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 31 January 2017 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 (“EOT Application”). On 26 October 2016, representatives of the Company and Borneo Energy Oil & Gas Ltd have met with Bursa Securities to provide justification to the EOT Application. The Company has also replied in writing to subsequent queries made by Bursa Securities.

(iii) 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 (“Markmore”) 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. On 26 August 2016, the Company and Markmore signed a Share Sale Agreement to formalise the intention of both parties.

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B9 Group borrowings and debt securities

The Group's borrowings as at 30 September 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.

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.

- (i) **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. 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.

Current Status: The matter is now pending the calling of a creditors meeting by the liquidator.

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B11 Material litigation (cont'd)

**(ii) 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-filed the winding up petition which was served on the Company on 25 July 2016.

Current Status: The Company has filed a striking out application of the petition on 19 October 2016 and the application is fixed for hearing on 11 January 2017.

**(iii) 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. The Company also entered into an Option and Financial Representation Agreement (“OFRA”) with Ebony Ritz and Auspicious Journey Sdn Bhd to guarantee profits of Semua, and provided a guarantee to Ebony Ritz (“Guarantee”) on the same day.

By 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, through its solicitors Messrs Morgan Lewis Stamford LLC, 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 and the Settlement Agreement dated 28 May 2013. Subsequently, on 21 July 2016, Ebony Ritz filed two applications, to strike out the Company’s Defence, and for a Summary Judgment (the “Applications”). The Company has filed its objections to the Applications and filed its reply affidavit on 5 August 2016. On 15 August 2016, Ebony Ritz sought an adjournment of the hearing of its two applications following the Malaysian High Court’s order dated 3 August 2016 that Ebony Ritz be wound up pursuant to proceedings initiated by its other shareholder Auspicious Journey Sdn Bhd in Originating Summons No 24NCC189-06/2013. On 21 October 2016, Ebony Ritz filed its rejoinder affidavit in its Applications.

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B11 Material litigation (cont'd)

**(iii) High Court of the Republic of Singapore – suit no. HC/S 534/2016
Ebony Ritz Sdn Bhd v the Company (cont'd)**

On 28 October 2016, the Company through its solicitors Messrs Morgan Lewis Stamford LLC, filed its application for Ebony Ritz to give security for the Company's costs for SGD100,000.00 up to trial (or any other amount the Court deems appropriate). On 9 November 2016, the Company filed its application to amend its Defence.

Current Status:

The hearing of Ebony Ritz's two applications and the Company's application to amend its Defence was part heard on 18 November 2016 and the hearing will continue on 28 November 2016. Ebony Ritz has filed its reply affidavit to the Company's application for security for costs on 21 November 2016 and the Company has been directed to file its response on 5 December 2016. A pre-trial conference will be held on 30 November 2016.

**(iv) Kuala Lumpur High Court – suit no. WA-27NCC-61-10/2016 and WA-27NCC-62-10/2016
Bank Pembangunan Malaysia Berhad v Semado Maritime Sdn Bhd (“Semado”)**

On 11 October and 12 October 2016, Semado was served a Writ Of Summons Admiralty Writ In Rem and warrant of arrest on vessels Semua Mutiara and Semua Muhibbah (collectively “the Vessels”), respectively, by Messrs Joseph & Partners, the solicitors acting for Bank Pembangunan (“Writ of Summons”). Under the Writ Of Summons, in return for the release of the Vessels, Bank Pembangunan is claiming settlement of principal sum of RM143,317,378.31 (plus RM100,000 in cost), or providing alternative security in the sum of RM165,214,985.06 by way of either a first class bank guarantee or a letter of undertaking from a P&I Club who is a member of the International Group of P&I Clubs, within 7 days from the dates the Writ of Summons were served. The sum to be guaranteed of RM165,214,985.06 comprises principal amount of RM143,317,378.31, interest at 5% up to 4 October 2016 of RM21,497,606.75, and RM400,000.00 in cost.

Pursuant to the corporate guarantee issued by Sumatec Resources Berhad (“Sumatec”) in 2008 to Bank Pembangunan for Semado, Sumatec is liable only if the value realised from the sale of the Vessels is less than the total amount outstanding.

Current Status:

Semado is currently sourcing for potential buyers. The realisable value of the Vessels cannot be determined at this juncture since the disposal is still pending. Bank Pembangunan has not made a call on Sumatec's corporate guarantee.

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**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	13,752	9,359	25,859	38,230
Number of ordinary shares at the beginning of the period ('000)	3,643,030	3,482,695	3,482,695	3,482,695
Weighted average increase in share capital ('000)	74,904	-	235,239	-
Weighted average number of shares at the end the period ('000)	3,717,934	3,482,695	3,717,934	3,482,695
Basic earnings per share (sen)	0.37	0.27	0.70	1.10
Diluted earnings per share				
Weighted average number of shares ('000)	3,717,934	3,482,695	3,717,934	3,482,695
Effect of warrants and ESOS ('000)	-	40,179	-	40,179
Weighted average number of ordinary shares - diluted ('000)	3,717,934	3,522,874	3,717,934	3,522,874
Diluted earnings per share (sen)	0.37	0.27	0.70	1.09

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	Current Year To Date
	30-Sep-16	30-Sep-16
	RM'000	RM'000
Interest income	5	25
Depreciation of property, plant and equipment	(73)	(465)
Amortisation of intangible assets	(87)	(302)
Amortisation of unwinding discount on financial assets	2,070	6,210
Foreign exchange gain / (loss) - realised	(185)	(409)
Foreign exchange gain / (loss) - unrealised	5,763	(3,592)

SUMATEC RESOURCES BERHAD

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B15 Disclosure of realised and unrealised accumulated losses

	Group	Company
	30-Sep-16	30-Sep-16
	RM'000	RM'000
Total accumulated losses:		
- Realised	(173,544)	(211,588)
- Unrealised	(4,615)	(3,318)
	<u>(178,159)</u>	<u>(214,906)</u>
Consolidated adjustments	37,764	-
	<u>(140,395)</u>	<u>(214,906)</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 23 November 2016.

By Order of the Board

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

Dated: 23 November 2016
Kuala Lumpur