

**SUMATEC RESOURCES BERHAD**Company 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 31 MARCH 2017**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-17 RM'000	Preceding Year Corresponding Quarter 31-Mar-16 RM'000	Current Year To Date 31-Mar-17 RM'000	Preceding Year Corresponding Period 31-Mar-16 RM'000
<b>Revenue</b>	A8	<b>4,166</b>	15,699	<b>4,166</b>	15,699
Other income		<b>2,882</b>	2,143	<b>2,882</b>	2,143
Operating expenses		<b>(7,234)</b>	(15,035)	<b>(7,234)</b>	(15,035)
<b>Operating profit / (loss)</b>		<b>(186)</b>	2,807	<b>(186)</b>	2,807
Finance costs		<b>(557)</b>	(563)	<b>(557)</b>	(563)
<b>Profit / (Loss) before taxation</b>	A8	<b>(743)</b>	2,244	<b>(743)</b>	2,244
Tax expense	B5	-	-	-	-
<b>Profit / (Loss) for the financial period</b>		<b>(743)</b>	2,244	<b>(743)</b>	2,244
Other comprehensive income					
- Foreign currency translation differences for foreign operations		<b>304</b>	(283)	<b>304</b>	(283)
<b>Total comprehensive income / (loss) for the period</b>		<b>(439)</b>	1,961	<b>(439)</b>	1,961
<b>Profit / (Loss) for the financial period attributable to:</b>					
Owners of the Company		<b>(743)</b>	2,244	<b>(743)</b>	2,244
<b>Total comprehensive income / (loss) for the financial period attributable to:</b>					
Owners of the Company		<b>(439)</b>	1,961	<b>(439)</b>	1,961
<b>Earnings / (Loss) per share</b>	B13				
(a) Basic earnings / (loss) per share (sen)		<b>(0.02)</b>	0.06	<b>(0.02)</b>	0.06
(b) Diluted earnings / (loss) per share (sen)		<b>(0.02)</b>	0.06	<b>(0.02)</b>	0.06

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 2016 and the accompanying explanatory notes to this interim financial report.

**SUMATEC RESOURCES BERHAD**Company No. 428355-D  
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Note	31-Mar-17 RM'000	Audited 31-Dec-16 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	1,927	1,999
Intangible asset		299,263	299,428
Trade and other receivables		248,336	246,321
Total non-current assets		<u>549,526</u>	<u>547,748</u>
<b>Current assets</b>			
Trade and other receivables		283,672	284,183
Fixed deposit with a licensed bank		230	230
Cash and bank balances		22	141
Total current assets		<u>283,924</u>	<u>284,554</u>
<b>TOTAL ASSETS</b>		<u><u>833,450</u></u>	<u><u>832,302</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company:</b>			
Share capital	A6	705,818	541,256
Other reserves		158,353	322,611
Accumulated losses		(226,881)	(226,138)
Total equity		<u>637,290</u>	<u>637,729</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,394	7,394
Total non-current liabilities		<u>7,394</u>	<u>7,394</u>
<b>Current liabilities</b>			
Trade and other payables		163,968	162,381
Tax payable		2,268	2,268
Term loan	B9	22,530	22,530
Total current liabilities		<u>188,766</u>	<u>187,179</u>
<b>TOTAL LIABILITIES</b>		<u>196,160</u>	<u>194,573</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>833,450</u></u>	<u><u>832,302</u></u>
<b>NET ASSETS PER SHARE (RM)</b>		<b>0.165</b>	<b>0.170</b>

*The condensed statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes to this interim financial report.*

**SUMATEC RESOURCES BERHAD**

Company No. 428355-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017**

	Attributable to owners of the Company							Accumulated losses RM'000	Total equity RM'000
	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	Non-distributable		
<b>Balance as at 1 January 2017</b>	<b>541,256</b>	<b>164,562</b>	<b>142,580</b>	<b>249</b>	<b>17,186</b>	<b>(1,966)</b>	<b>(226,138)</b>	<b>637,729</b>	
Adjustments for effects of Companies Act 2016 (Note a)	164,562	(164,562)	-	-	-	-	-	-	
Other comprehensive income for the financial period	-	-	-	-	-	304	-	304	
Net loss for the financial period	-	-	-	-	-	-	(743)	(743)	
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	304	(743)	(439)	
<b>Balance as at 31 March 2017</b>	<b>705,818</b>	<b>-</b>	<b>142,580</b>	<b>249</b>	<b>17,186</b>	<b>(1,662)</b>	<b>(226,881)</b>	<b>637,290</b>	
<b>Balance as at 1 January 2016</b>	<b>490,146</b>	<b>165,756</b>	<b>142,580</b>	<b>4,211</b>	<b>17,187</b>	<b>(2,622)</b>	<b>(166,378)</b>	<b>650,880</b>	
Other comprehensive income for the financial period	-	-	-	-	-	(283)	-	(283)	
Net profit for the financial period	-	-	-	-	-	-	2,244	2,244	
Total comprehensive income for the financial period	-	-	-	-	-	(283)	2,244	1,961	
<b>Transactions with owners:</b>									
Exercise of ESOS	2,296	49	-	-	-	-	-	2,345	
Employee share options forfeited	-	-	-	(132)	-	-	132	-	
Employee share options granted	-	-	-	266	-	-	-	266	
Total transactions with owners	2,296	49	-	134	-	-	132	2,611	
Transferred to share premium for ESOS exercised	-	517	-	(517)	-	-	-	-	
<b>Balance as at 31 March 2016</b>	<b>492,442</b>	<b>166,322</b>	<b>142,580</b>	<b>3,828</b>	<b>17,187</b>	<b>(2,905)</b>	<b>(164,002)</b>	<b>655,452</b>	

**Note a**

With the Companies Act 2016 ("CA") coming into effect on 31 January 2017, the credit standing in the share premium account of RM164,562,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the CA, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the CA. The Board of Directors will make a decision thereon by 31 January 2019.

*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 2016 and the accompanying explanatory notes to this interim financial report.*

**SUMATEC RESOURCES BERHAD**

Company No. 428355-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2017**

	31-Mar-17 RM'000	31-Mar-16 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(743)	2,244
Adjustments for:		
Depreciation of property, plant and equipment	71	221
Amortisation of intangible asset	166	118
Finance cost	557	563
Interest income	-	(2)
Unrealised loss/ (gain) on foreign exchange	2,876	12,886
Share option granted under ESOS, net of forfeiture	-	266
Amortisation of unwinding discount on financial assets	(2,882)	(2,070)
<b>Operating profit / (loss) before changes in working capital</b>	<b>45</b>	<b>14,226</b>
Changes in working capital:		
Trade and other receivables	(2,167)	(15,892)
Trade and other payables	2,003	(1,392)
<b>Cash used in operations</b>	<b>(119)</b>	<b>(3,058)</b>
Interest (paid)/ received	-	1
Tax paid	-	(143)
<b>Net cash used in operating activities</b>	<b>(119)</b>	<b>(3,200)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	2,345
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>2,345</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase / (decrease)	(119)	(855)
At beginning of financial year	371	1,125
<b>At end of the financial period</b>	<b>252</b>	<b>270</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Fixed deposit with a licensed bank	230	230
Cash and bank balances	22	40
	<b>252</b>	<b>270</b>

*The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes to this interim financial report.*

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## **INTERIM FINANCIAL REPORT**

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### **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 2016. 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 2016.

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 2016, except for the adoption of the MFRSs and Amendments to MFRSs effective as of 1 January 2017:

*Amendments to MFRS effective 1 January 2017*

MFRS 12	Disclosure of Interests in Other Entities (under Annual Improvements to MFRS Standards 2014 – 2016 Cycle)
MFRS 107	Statements of Cash Flow: Disclosure Initiative
MFRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Initial application of the Amendments to the MFRSs did not have material impact to the financial statements.

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:

*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
Amendments to MFRS 4	Insurance Contracts: Applying MFRS 9 with MFRS 4
Amendments to MFRS 140	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosures of Interests in Other Entities)	

*MFRS effective 1 January 2019*

MFRS 16	Leases
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## **INTERIM FINANCIAL REPORT**

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### **A1 Basis of preparation (cont'd)**

#### *Amendments to MFRS - effective date deferred indefinitely*

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, MFRS 15 and MFRS 16. The adoption of these standards will result in changes in accounting policy, and the Group is currently assessing the impact of adopting these standards and will adopt the new standard on the required effective date.

### **A2 Audit report of preceding annual financial statement**

The audited financial statements for the financial year ended 31 December 2016 were not subject to qualification except on a single matter. The current trade receivable of the Group which amounted to RM185,047,500 as at 31 December 2016 is due from Markmore Energy (Labuan) Limited (“MELL”), a company in which a controlling shareholder has control, and the auditors were unable to obtain sufficient appropriate audit evidence to ascertain its recoverability. The Company recognises this as a long term receivable which recoverability should be attributable from the gas production stream. Notwithstanding, the recoverability may also be derived from the Phase II of the Proposed Corporate Exercise as announced on 17 February 2017. The Company is confident and the chances is high for the Corporate Exercise to succeed and we have a local financial institution appointed as the placement agent and underwriter for the Corporate Exercise, subject to the Company obtaining the necessary approvals for the exercise and execution of the definitive underwriting and placement agreements.

### **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.

## **INTERIM FINANCIAL REPORT**

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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.

**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.

**SUMATEC RESOURCES BERHAD**Company No. 428355-D  
(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT**

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**A12 Contingent liabilities**

Below is the breakdown of the contingent liabilities as disclosed in the audited financial statements for the financial year ended 31 December 2016. There were no changes to the contingent liabilities during the quarter under review.

	<b>RM'000</b>	<b>Refer Note*</b>
Unsecured:		
<u>Corporate guarantee granted to Semua International Sdn. Bhd. Group:</u>		
NFC Labuan Shipleasing I Ltd.	58,606	<b>B11 (v)</b>
Ebony Ritz and its associates	<u>37,017</u>	<b>B11 (ii)</b>
	95,623	
<u>Parental guarantee:</u>		
Continental Industrial Supplies and Services Ltd. LLP	<u>27,351</u>	<b>B11(viii)</b>
	<u>122,974</u>	

The Board is of the opinion that the above obligations will not require any outflow of resources and thus no provision is recognised in the financial statements.

*\* The Company is involved in separate litigations and arbitration with the abovementioned parties, as disclosed in Note B11 of this interim financial report.*

**A13 Capital commitments**

The outstanding capital commitments as at 31 March 2017 are as follows:

	<b>RM'000</b>
Approved and contracted for – property, plant and equipment	<u>198</u>



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**INTERIM FINANCIAL REPORT**

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

For the period ended 31 March 2017, the Group's turnover was RM4.17 million as compared to RM15.70 million in the previous period ended 31 March 2016. The revenue was derived from the gas development contract billing, and although it was much lower, loss after tax recorded was RM0.74 million against profit of RM2.24 million reported for the first quarter of 2016. This was mainly due to smaller unrealised foreign exchange losses recorded as a result of a more stable Malaysian Ringgit against the US Dollar as compared to the condition experienced by the country a year ago.

**B2 Variation of results against preceding quarter**

	<b>Current Year Quarter 31-Mar-2017 RM'000</b>	<b>Immediate Preceding Quarter 31-Dec-2016 RM'000</b>
Revenue	<u>4,166</u>	<u>8,108</u>
Operating loss before provision	(743)	(12,024)
Less: Provision for liabilities	<u>-</u>	<u>(71,415)</u>
Loss before tax	<u>(743)</u>	<u>(83,439)</u>

The current quarter saw a reduction in revenue of approximately 50% as compared to the immediate preceding quarter ended 31 December 2016. The billing was in tandem with the current progress of the work program for the gas development plan. The current quarter saw the Group making marginal losses after providing for possible litigation cost of RM71.42 million in the previous quarter. In addition, the fourth quarter's operating loss was impacted by the RM22.64 million impairment loss on investment & amount due from an associate company, although it was partly cushioned by unrealised foreign exchange gains of RM16.60 million.

**B3 Prospects**

The Company has announced on 28 April 2017 that it will commence an oil production enhancement program on the back of better crude oil prices in 2017. The production enhancement program encompasses the improvement / repairing of existing wells that include rehabilitation and rejuvenation works, drilling of new wells for appraisal and production, construction of oilfield surface facilities and upgrading of the central processing facilities. The program is expected to gradually increase the daily average oil production from the second half of the year by 500 to 1,000 barrels per day. This, together with the Proposed Corporate Exercise announced on 17 February 2017, is anticipated to ease the liquidity constraints faced by the Company.

**SUMATEC RESOURCES BERHAD**

Company No. 428355-D  
(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT**

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**B4 Forecast profit**

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

**B5 Taxation**

	<b>Current Year Quarter 31-Mar-17 RM'000</b>	<b>Current Year To Date 31-Mar-17 RM'000</b>
Income tax:		
Current year provision	<u>                    -</u>	<u>                    -</u>

There were no tax provided for the current quarter owing to utilization of unabsorbed business losses.

**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) 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 30 March 2017, the Company has withdrawn the application for the extension of time under the advice of the Principal Advisor due to the following reasons:

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## **INTERIM FINANCIAL REPORT**

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### **B8 Status of corporate proposals (cont'd)**

**(i) Proposed acquisition of 100% equity in Borneo Energy Oil & Gas Ltd (“Proposed Acquisition”) (cont'd)**

- (a) The Company shall review its funding scheme in view of the current market sentiment and its share price; and
- (b) The Company shall consider reducing its cash composition of the purchase price and negotiate with the vendors to increase their share component under the payment mechanism of the purchase price.

**(ii) Proposed acquisition of 100% equity in MELL**

On 13 March 2017, the Board of the Company agreed to enter into a Deed of Mutual Termination in relation to the proposed acquisition.

**(iii) Proposed Corporate Exercise**

On 17 February 2017, the Company announced that it intends to undertake a proposed private placement exercise, proposed issuance of shares and proposed rights issue with warrants (collectively, “Phase I”). In addition, it entered into a Framework Agreement with Kenmakmur Holdings Sdn Bhd and MELL for the production of liquefied petroleum gas (“LPG”) and condensate from the natural gas supplied from the Rakushechnoye Oil and Gas Field (“Phase II”). Phase II shall be implemented after the completion of Phase I.

The Group is in the midst of completing the due diligence requirements necessary for the implementation of Phase 1 of the Proposed Corporate Exercise. A reputable financial institution has agreed to underwrite a certain amount of the Right Shares subject to the Company obtaining the necessary approvals.

### **B9 Group borrowings and debt securities**

The Group’s borrowings as at 31 March 2017 are as follows:

	<b>RM’000</b>
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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## **INTERIM FINANCIAL REPORT**

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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**

There were no changes in material litigation, including the status of pending material litigation since the last annual statement of financial position as at 31 December 2016, except for the following cases:

**(i) Sumatec Corporation Sdn. Bhd. (“the Subsidiary”) vs. Greentech Chemical Sdn. Bhd. (formerly known as Himpunan Sari Sdn. Bhd.) (“GCSB”)**

On 28 July 2016, the Subsidiary’s solicitors filed proof of debt for RM10,979,325, being total amount claimed from GCSB as at 17 June 2014. The matter is pending the calling of a creditors meeting by the liquidator.

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

By its Writ of Summons dated 24 May 2016, Ebony Ritz claimed that the Company owes RM37,017,163. On 20 April 2017, the Court in Singapore decided for a stay in judgment until further notice. However, the Company also filed a Writ of Summons and Statement of Claim on 19 April 2017 against Hoe Leong Corporation Ltd., Ebony Ritz Sdn. Bhd. and Setinggi Holdings Ltd. (“Ebony Ritz and its associates”) in the Kuala Lumpur High Court for the default in completing the share sale agreement dated 21 December 2012. The Company’s solicitor is of the opinion that the Company has a fair chance of defending once the claim is filed in Malaysia.

**(iii) Sumatec Resources Berhad (“the Company”) vs. Hoe Leong Corporation Ltd. / Ebony Ritz Sdn. Bhd. / Setinggi Holdings Ltd. (“the Defendants”) Kuala Lumpur High Court – suit no. WA-22NCC-142-04/2017**

The Company filed a Writ of Summons and Statement of Claim on 19 April 2017 against the Defendants for the Defendants’ breach of contract and conspiracy to defraud and injure the Company. The Company is seeking an order of specific performance against the Defendants in respect of the Sale and Purchase Agreement dated 21 December 2012 and the Primary CLO Transaction Settlement Agreement dated 28 May 2013 (“Agreements”). The Defendants are to indemnify the Company against all loss and damage, contingent or otherwise, sustained by the Company.

The Company’s claim against the Defendants is also related to the ongoing legal claims made by Ebony Ritz Sdn. Bhd., Bank Pembangunan Malaysia Berhad, NFC Labuan Shipleasing I Ltd., Malaysian Trustees Berhad and Malayan Banking Berhad due to the Defendants’ failure to release and discharge the Plaintiff from the Sumatec Guarantees pursuant to the terms of the Agreements.

## **INTERIM FINANCIAL REPORT**

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### **B11 Material litigation (cont'd)**

- (iv) **Bank Pembangunan Malaysia Berhad (“BPMB”) vs. Semado Maritime Sdn Bhd (“Semado”), a subsidiary of associated company  
Kuala Lumpur High Court – suit no. WA-27NCC-61-10/2016 and WA-27NCC-62-10/2016**

Pursuant to the corporate guarantee issued by Sumatec Resources Berhad (“Sumatec”) in year 2008 to BPMB for Semado, Sumatec is liable only if the value realised from the sale of Semado’s vessels is less than the total amount outstanding. The outstanding sum agreed by BPMB before the disposal of the vessels is RM73.8 million. The Kuala Lumpur High Court, during the hearing on 27 April 2017 for BPMB’s application for judicial sale, has granted order in terms of the judicial sale applications with costs of RM5,000 for each application to be paid by Semado to BPMB. Sumatec is not a named party to the above suits and has not received any legal recourse. Pursuant to the corporate guarantee issued to BPMB for Semado, Sumatec has been prudent and made provision of RM44,192,400 in the 2016 audited financial statements.

Semado has also been ordered to be wound up by an Order of the High Court of Malaya at Kuala Lumpur dated 13 April 2017.

- (v) **NFC Labuan Shipleasing I Ltd. (“NFC”) vs. Sumatec Resources Berhad (“the Company”)  
Kuala Lumpur High Court – suit no. WA-28NCC-594-07/2016**

On 5 April 2016, NFC through its solicitors issued a letter of demand for the Company to settle the debt of Semua Chemical Shipping Sdn Bhd totalling USD13,064,272 or approximately RM58,606,324. Subsequently, a winding up petition was served on the Company. On 15 March 2017, the Court has dismissed NFC’s winding up petition and with costs of RM20,000 to be paid to the Company. On the 30 March 2017, NFC has filed an appeal against the dismissal of the NFC winding-up petition against the Company. The Company’s solicitor is of the opinion that the Company stands a good chance of success in opposing the appeal.

- (vi) **Malaysian Trustees Berhad & 3 Ors (“CLO”) vs. Sumatec Resources Berhad (“the Company”)  
Kuala Lumpur High Court – suit no. WA-22NCC-52-02/2017**

The Company has been served the Writ and Statement of Claim filed by the CLO on 23 February 2017 for an amount owing under the Facilities, in the sum of RM72,333,945.10 together with interest. The Company has filed its Defence and Counterclaim on 27 April 2017.

## **INTERIM FINANCIAL REPORT**

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### **B11 Material litigation (cont'd)**

**(vi) Malaysian Trustees Berhad & 3 Ors (“CLO”) vs. Sumatec Resources Berhad (“the Company”)  
Kuala Lumpur High Court – suit no. WA-22NCC-52-02/2017 (cont'd)**

The Counterclaim is filed against the CLO, Hoe Leong Corporation Ltd. and Setinggi Holdings Ltd. for among others – i) the breach of the settlement agreement dated 28 May 2013 and ii) for Hoe Leong Corporation Ltd. and Setinggi Holdings Ltd. to make payment to the CLO under the settlement agreement and to indemnify the Company against all loss and damage sustained by the Company. The solicitor of the Company is of the opinion that the Company stands a fair chance in defending the CLO claims under the enforced settlement agreement dated 28 May 2013. The matter has been fixed for further case management on the 30 May 2017.

**(vii) Notice of Demand to Sumatec Resources Berhad (“the Company”) by Malayan Banking Berhad (“MBB”)**

In total, the amount demanded by MBB is RM121,428,857 arising from six term loans and one overdraft facility. There are in total six vessels attached as security to the term loans. The notice of demand arises from MBB’s claim against the subsidiary of an associated company, Semua Shipping Sdn Bhd (“SSSB”). Pursuant to the corporate guarantee issued by the Company to MBB for SSSB, the Company has been prudent and made provision of RM27,222,857 in the 2016 audited financial statements. The Company has not received any further notice of legal proceedings in relation to the corporate guarantee.

SSSB has been ordered to be wound up by an Order of the High Court of Malaya at Kuala Lumpur dated 9 March 2017.

**(viii) Continental Industrial Supplies and Services Ltd LLP vs. Sumatec Resources Berhad (“the Company”) LCIA Arbitration No. UN163528**

In 2013, Continental Industrial Supplies and Services Ltd LLP (“CISS”) entered into a contract for the provision of integrated project management of the Rakushechnoye Oil and Gas Field with COG. However, in 2015, with market price for oil plummeting, CISS was advised to slow down on the contracted works. CISS then entered into a Parent Guarantee Agreement (“PGA”) dated 2 May 2016 with the Company of which the Company has agreed to guarantee the payment to CISS of USD6,097,044.05 or approximately RM27,351,340 plus interest. Pursuant to the PGA, the Company has fulfilled partial payment of USD1,175,746.00 or approximately RM5,274,397. Both parties intends to commence arbitration proceedings at the London Court of International Arbitration on the claim of the balance in the PGA.

### **B12 Dividends**

No dividend has been recommended during the quarter under review.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b> <b>31-Mar-17</b>	<b>Preceding Year Corresponding Quarter</b> 31-Mar-16	<b>Current Year To Date</b> <b>31-Mar-17</b>	<b>Preceding Year Corresponding Year</b> 31-Mar-16
<b>Basic earnings / (loss) per share</b>				
Net profit attributable to shareholders (RM'000)	<b>(743)</b>	2,244	<b>(743)</b>	2,244
Number of ordinary shares at the beginning of the period ('000)	<b>3,866,114</b>	3,501,045	<b>3,866,114</b>	3,501,045
Weighted average increase in share capital ('000)	-	10,840	-	10,840
Weighted average number of shares at the end the period ('000)	<b>3,866,114</b>	3,511,885	<b>3,866,114</b>	3,511,885
Basic earnings / (loss) per share (sen)	<b>(0.02)</b>	0.06	<b>(0.02)</b>	0.06
<b>Diluted earnings/ (loss) per share</b>				
Weighted average number of shares ('000)	<b>3,866,114</b>	3,511,885	<b>3,866,114</b>	3,511,885
Effect of warrants and ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares - diluted ('000)	<b>3,866,114</b>	3,511,885	<b>3,866,114</b>	3,511,885
Diluted earnings / (loss) per share (sen)	<b>(0.02)</b>	0.06	<b>(0.02)</b>	0.06

**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:

	<b>Current Year Quarter</b> <b>31-Mar-17</b> <b>RM'000</b>	<b>Current Year To Date</b> <b>31-Mar-17</b> <b>RM'000</b>
Depreciation of property, plant and equipment	(71)	(71)
Amortisation of intangible asset	(166)	(166)
Amortisation of unwinding discount on financial assets	2,882	2,882
Foreign exchange gain / (loss) - realised	(24)	(24)
Foreign exchange gain / (loss) - unrealised	(2,876)	(2,876)

**SUMATEC RESOURCES BERHAD**

Company No. 428355-D  
(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT**

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**B15 Disclosure of realised and unrealised accumulated losses**

	<b>Group</b>	<b>Company</b>
	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated profit / (losses):		
- Realised	(232,135)	(288,691)
- Unrealised	(50,122)	(65,748)
	<u>(282,257)</u>	<u>(354,439)</u>
Consolidated adjustments	55,376	-
	<u><b>(226,881)</b></u>	<u><b>(354,439)</b></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 29 May 2017.

**By Order of the Board**

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

Dated: 29 May 2017  
Kuala Lumpur