

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-18 RM'000	Preceding Year Corresponding Quarter 31-Mar-17 RM'000	Current Year To Date 31-Mar-18 RM'000	Preceding Year Corresponding Period 31-Mar-17 RM'000
Revenue	A8	1,492	4,166	1,492	4,166
Other income - others		877	2,882	877	2,882
Operating expenses		<u>(1,693)</u>	<u>(7,234)</u>	<u>(1,693)</u>	<u>(7,234)</u>
Operating profit		676	(186)	676	(186)
Finance costs		<u>(219)</u>	<u>(557)</u>	<u>(219)</u>	<u>(557)</u>
Profit before taxation	A8	457	(743)	457	(743)
Tax expense	B5	-	-	-	-
Profit for the financial period		457	(743)	457	(743)
Other comprehensive income - Foreign currency translation differences for foreign operations		-	304	-	304
Total comprehensive (loss) / income for the period		<u>457</u>	<u>(439)</u>	<u>457</u>	<u>(439)</u>
Profit for the financial period attributable to: Owners of the Company		<u>457</u>	<u>(743)</u>	<u>457</u>	<u>(743)</u>
Total comprehensive (loss) / income for the financial period attributable to: Owners of the Company		<u>457</u>	<u>(439)</u>	<u>457</u>	<u>(439)</u>
Earnings per share	B13				
(a) Basic earnings per share (sen)		<u>0.01</u>	<u>(0.02)</u>	<u>0.01</u>	<u>(0.02)</u>
(b) Diluted earnings per share (sen)		<u>0.01</u>	<u>(0.02)</u>	<u>0.01</u>	<u>(0.02)</u>

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHADCompany No. 428355-D
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	31-Mar-18 RM'000	Audited 31-Dec-17 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	1,330	1,383
Working Interest		302,100	298,953
Project Expenditure		225,824	-
Trade and other receivables		23,500	259,128
Total non-current assets		<u>552,754</u>	<u>559,464</u>
Current assets			
Trade and other receivables		303,274	293,002
Fixed deposit with a licensed bank		230	230
Cash and bank balances		98	1,165
Total current assets		<u>303,602</u>	<u>294,397</u>
TOTAL ASSETS		<u><u>856,356</u></u>	<u><u>853,861</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company:			
Share capital	A6	750,355	739,355
Other reserves		142,579	139,852
Accumulated losses		(451,967)	(340,085)
Total equity		<u>440,967</u>	<u>539,122</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		2,957	2,957
Total non-current liabilities		<u>2,957</u>	<u>2,957</u>
Current liabilities			
Trade and other payables		367,267	278,557
Tax payable		10,705	10,696
Term loan	B9	34,460	22,529
Total current liabilities		<u>412,432</u>	<u>311,782</u>
TOTAL LIABILITIES		<u>415,389</u>	<u>314,739</u>
TOTAL EQUITY AND LIABILITIES		<u><u>856,356</u></u>	<u><u>853,861</u></u>
NET ASSETS PER SHARE (RM)		0.104	0.289

The condensed statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018

	Attributable to owners of the Company							Total equity RM'000
	Non-distributable				Capital reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	
	Share Capital RM'000	Share Premium RM'000	Warrant reserve RM'000	Employee share option reserve RM'000				
Balance as at 1 January 2018	739,355	-	142,580	-	17,186	(2,354)	(452,424)	444,343
Adjustments for effects of Companies Act 2017 (Note a)	11,000	-	-	-	-	-	-	11,000
Other comprehensive income for the financial period	-	-	-	-	-	(14,833)	457	(14,376)
Net profit for the financial period	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	(14,833)	457	(14,376)
Transactions with owners:								
Employee share options forfeited	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	750,355	-	142,580	-	17,186	(17,187)	(451,967)	440,967
Balance as at 1 January 2017	541,256	164,562	142,580	248	17,186	(1,966)	(226,138)	637,728
Other comprehensive income for the financial period	-	-	-	-	-	(761)	-	(761)
Net profit for the financial period	-	-	-	-	-	-	(113,947)	(113,947)
Total comprehensive income for the financial period	-	-	-	-	-	(761)	(113,947)	(114,708)
Adjustments for effects of Companies Act 2017 (Note a)	181,749	(164,562)	-	-	-	-	-	17,187
Transactions with owners:								
Exercise of ESOS	-	-	-	-	-	-	-	-
Employee share options forfeited	-	-	-	(248)	-	-	-	(248)
Employee share options granted	-	-	-	-	-	-	-	-
Private placement	19,111	-	-	-	-	-	-	19,111
Share issuance expense	(2,761)	-	-	-	-	-	-	(2,761)
Total transactions with owners	16,350	-	-	(248)	-	-	-	16,102
Transferred to share premium for ESOS exercised	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	739,355	-	142,580	-	17,186	(2,727)	(340,085)	539,122

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 2017 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 31 MARCH 2018**

	31-Mar-18 RM'000	31-Mar-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	458	(743)
Adjustments for:		
Depreciation of property, plant and equipment	52	71
Loss on disposal of property, plant and equipment	-	-
Amortisation of intangible asset	(3,147)	166
Finance costs	219	557
Interest income	-	-
Unrealised loss on foreign exchange	-	2,876
Share option granted under ESOS, net of forfeiture	-	-
Amortisation of unwinding discount on financial assets	-	(2,882)
Property, plant and equipment written off	53	-
Operating profit before changes in working capital	(2,365)	45
Changes in working capital:		
Trade and other receivables	(9,780)	(2,167)
Trade and other payables	11,308	2,003
Cash used in operations	(837)	(119)
Net interest received / (paid)	-	-
Tax paid	-	-
Net cash used in operating activities	(837)	(119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	-
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
CASH AND CASH EQUIVALENTS		
Net (decrease) / increase	(837)	(119)
At beginning of financial year	1,165	371
At end of the financial period	328	252
CASH AND CASH EQUIVALENTS:		
Fixed deposit with a licensed bank	230	230
Cash and bank balances	98	22
	328	252

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes to this interim financial report.

SUMATEC RESOURCES BERHAD
(Incorporated in Malaysia)

APPENDIX I

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>SRB</u> <u>Mar '2018</u> RM	<u>SOG</u> <u>Mar '2018</u> RM	<u>SCORP</u> <u>Mar '2018</u> RM	<u>S-PET</u> <u>Mar '2018</u> RM	<u>S-DEV</u> <u>Mar '2018</u> RM
ASSETS					
Non-current assets					
Investment in subsidiary companies	-	-	-	-	-
Investment in associate companies	-	-	-	-	-
Other investment	-	-	-	-	-
Property, plant and equipment	534,502	-	795,554	-	-
Working Interest	-	302,100,000	-	-	-
Project Expenditure	-	225,824,109	-	-	-
Interest in Subsidiary in SOG	449,666,523	-	-	-	-
Trade receivables	23,499,174	-	-	-	-
Other receivables	-	-	-	-	-
Total non-current assets	473,700,199	527,924,109	795,554	-	-
Current assets					
Trade receivables	-	6,793,476	195,788,400	-	-
Other receivables	100,590,728	91,838	11,996	-	-
Amount due from subsidiary companies	-	-	-	-	-
Amount due from associate companies	-	-	-	-	-
Fixed deposits with a licensed bank	-	-	230,000	-	-
Cash and bank balances	56,274	41,369	653	-	195
Total current assets	100,647,002	6,926,684	196,031,049	-	195
Total assets	574,347,201	534,850,793	196,826,603	-	195
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the					
Share capital	739,355,262	-	10,000,000	10	1,000,000
Other reserves	142,579,832	-	-	-	-
Accumulated losses	(520,191,875)	(10,990,429)	80,321,724	(68,679)	(1,036,725)
Total equity	361,743,219	(10,990,429)	90,321,724	(68,669)	(36,725)
LIABILITIES					
Non-current liability					
Deferred tax liabilities	105,000	-	2,852,000	-	-
Total non-current liability	105,000	-	2,852,000	-	-
Current liabilities					
Trade payables	-	5,961,725	-	-	-
Other payables	16,880,837	78,274,871	92,956,521	68,669	36,920
Provision for liabilities	173,088,556	-	-	-	-
Term loan	22,529,589	11,929,905	-	-	-
Amount Owing to SRB	-	449,666,523	-	-	-
Tax payable	-	8,198	10,696,358	-	-
Total current liabilities	212,498,982	545,841,222	103,652,879	68,669	36,920
Total liabilities	212,603,982	545,841,222	106,504,879	68,669	36,920
Total equity and liabilities	574,347,201	534,850,793	196,826,603	-	195

Novation Agreement between Sumatec Resources Berhad (“SRB”), Sumatec Oil and Gas LLP (“SOG”), Markmore Energy (Labuan) Limited (“MELL”) and CaspiOilGas LLP (“COG”)

On 8 March 2012, Sumatec Resources Berhad (“SRB”) entered into a Joint Investment Agreement (“JIA”) with Markmore Energy (Labuan) Limited (“MELL”) and CaspiOilGas LLP (“COG”), a wholly-owned subsidiary company of MELL, whereby SRB acquired the rights to develop, extract and produce oil from the Rakushechnoye Oil and Gas Field in Kazakhstan.

On 26 September 2017, Sumatec Oil and Gas LLP (“SOG”) entered into a Novation Agreement with SRB, MELL, and COG whereby SRB transfers to SOG and SOG accepts and assumes all the rights, title, benefits, interest, obligations and liabilities of SRB under the JIA. SRB shall cease to be, and shall be substituted by SOG as a party to the JIA. SOG is a 100% subsidiary of SRB.

Working Interest

	SOG Company	
	<u>March 2018</u>	<u>March 2018</u>
	Tenge	RM
	'000	
Working Interest	25,099,223	302,100,000
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	<u>25,099,223</u>	<u>302,100,000</u>

Working interest is a percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract property.

Project Expenditure

	SOG Company	
	<u>March 2018</u>	<u>March 2018</u>
	Tenge	RM
	'000	
Project Expenditure		
Performance Deposit	9,976,350	123,420,041
Interest Free Loan	8,298,652	102,664,794
	<hr/>	<hr/>
	<u>18,275,002</u>	<u>226,084,835</u>

The cost that is related to exploration, development and production are capitalized as project expenditure until completion of drilling of the well and evaluation of results. If reserves are not discovered,

Appendix 2

exploration assets are tested for impairment. If extractable hydrocarbons are discovered and, according to results of further evaluating activities, which may include the drilling of additional wells, it is probable that reserves will be a subject for commercial development.

Included in the abovementioned is the amount under JIA whereby the amount is transferred from SRB to the SOG in Novation Agreement dated 26th September 2017.

Other Payables - MELL

	SOG Company	
	<u>March 2018</u>	<u>March 2018</u>
	Tenge	RM
	'000	
Other Payable		
Markmore Energy (Labuan) Limited ("MELL")	6,325,756	78,257,586
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	<u>6,325,756</u>	<u>78,257,586</u>

Included in other payables of SOG is advances of RM78,257,586(KZE 6,325,756) from MELL which is unsecured, non-interest bearing and repayable on demand. The amount has been transferred from SRB accounts.