

Report on Review of Interim Financial Information

Firm No: AF1366

The Board of Directors

Sumatec Resources Berhad 43-3
The Boulevard Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur Wilayah Persekutuan

Introduction

We have reviewed the accompanying condensed statements of financial positions of **Sumatec Resources Berhad ("the Company")** as of 30 June 2019 and the related condensed statements of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The following events and conditions as stated below, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern:

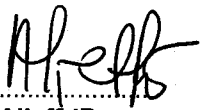
- a) The Group incurred a net loss of RM2.382 Million for the financial period ended 30 June 2019 and as of that date, the current liabilities of the Group exceeded its current assets by RM88.773 Million;
- b) The Company is facing a number of material litigation cases which includes the corporate guarantees issued to the banks for borrowings by its former subsidiary company where the then had failed to release and discharge the Company from the corporate guarantees under the Settlement Agreement. The Company was also served with a winding up petition by the creditors and the petition has now been subject to a stay of execution on the grounds of an allegation of an ongoing suit alleging fraud in the Settlement Agreement which allows the Company to file a civil action against various defendants to declare inter alia, that the Settlement Agreement is null and void. Should the Company receive a judgement in their favour, their duty of debt for this material litigation may be reversed;
- c) The Group and the Company are currently undertaking a series of corporate exercises in order to achieve profit and positive cash flows from its operating activities. However, there are no significant developments as at the date of this report; and

- d) On 30 April 2018, the Company has triggered the Prescribed Criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") as the Company's predecessor auditors have expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 31 December 2017.

Following the classification of the Company as a PN17 Company, it is required to submit a proposed Regularisation Plan within 12 months and the Company is still formulating a Regularisation Plan. However, the Company had on 15 April 2019 submitted an application for an extension of time to Bursa to submit the Company's Regularisation Plan. The application of an extension of time is deferred pending the decision on the application.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.



AljeffriDean
Kuala Lumpur, Malaysia
28 June 2019