

CAM RESOURCES BERHAD (Company No: 535311-D)

Quarterly Report on consolidated results for the third quarter ended 30/9/2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year to date	Preceding year corresponding period
	(Unaudited) 30/9/14 RM'000	(Unaudited) 30/9/13 RM'000	(Unaudited) 30/9/14 RM'000	(Unaudited) 30/9/13 RM'000
Revenue	57,195	40,625	172,238	112,324
Cost Of Sales	(51,139)	(36,625)	(157,887)	(101,440)
Gross Profit	6,056	4,000	14,351	10,884
Other Income	952	296	2,617	672
Distribution Costs	(1,975)	(1,652)	(5,541)	(4,856)
Administrative Expenses	(979)	(967)	(2,954)	(2,900)
Other Expenses	(767)	(2)	(1,098)	(183)
Finance Costs	(673)	(694)	(2,082)	(1,775)
Share of loss of associates	-	-	-	-
Profit Before Tax	2,614	981	5,293	1,842
Income tax Expense	(212)	(611)	(1,242)	(1,018)
Profit For The Period	2,402	370	4,051	824
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For The Period	2,402	370	4,051	824
Attributable to:				
Equity Holders Of The Parent	2,136	370	3,643	810
Non-Controlling Interest	266	-	408	14
Total Comprehensive Income For The Period	2,402	370	4,051	824
EPS - Basic (sen)	1.21	0.21	2.06	0.46
- Diluted (sen)	N/A	N/A	N/A	N/A

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Unaudited</u>	<u>Audited</u>
	As at end of current quarter 30/9/14 RM'000	As at preceding financial year end 31/12/13 RM'000
ASSETS		
Non Current Assets		
Property, Plant & Equipment	79,153	77,272
Goodwill on business combination	6,079	6,079
Deferred tax assets	423	423
	<u>85,655</u>	<u>83,774</u>
Current Assets		
Inventories	33,746	37,368
Trade receivables	19,756	21,658
Other receivables	8,596	7,235
Tax assets	612	357
Cash and bank balances	10,694	9,419
	<u>73,404</u>	<u>76,037</u>
Total Assets	<u>159,059</u>	<u>159,811</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	49,200	49,200
Treasury shares, at cost	(4,464)	(4,464)
Other reserves	5,178	5,178
Retained earnings	47,201	43,558
	<u>97,115</u>	<u>93,472</u>
Non-controlling interests	2,313	1,905
Total equity	<u>99,428</u>	<u>95,377</u>
Non Current Liabilities		
Long term borrowings	21,932	24,271
Deferred tax liabilities	3,572	3,432
	<u>25,504</u>	<u>27,703</u>
Current Liabilities		
Trade and other payables	8,712	11,732
Short term provisions	408	408
Short term borrowings	25,007	24,559
Current tax payables	-	32
	<u>34,127</u>	<u>36,731</u>
Total Liabilities	<u>59,631</u>	<u>64,434</u>
Total Equity And Liabilities	<u>159,059</u>	<u>159,811</u>
Net Assets Per Share (RM)	0.55	0.53

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
<u>Cumulative quarter ended 30/9/2014-Unaudited</u>							
At 01/01/2014	49,200	(4,464)	5,178	43,558	93,472	1,905	95,377
Profit for the period	-	-	-	3,643	3,643	408	4,051
At 30/9/2014	<u>49,200</u>	<u>(4,464)</u>	<u>5,178</u>	<u>47,201</u>	<u>97,115</u>	<u>2,313</u>	<u>99,428</u>
<u>Cumulative quarter ended 30/9/2013-Unaudited</u>							
At 01/01/2013	49,200	(4,464)	5,178	41,694	91,608	1,890	93,498
Profit for the period	-	-	-	810	810	14	824
At 30/9/2013	<u>49,200</u>	<u>(4,464)</u>	<u>5,178</u>	<u>42,504</u>	<u>92,418</u>	<u>1,904</u>	<u>94,322</u>

(The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarter ended 30/9/14 (Unaudited) RM'000	Cumulative quarter ended 30/9/13 (Unaudited) RM'000
Profit before tax	5,293	1,842
Adjustment for non-cash flow:-		
Non-cash items	4,375	3,082
Non-operating items (which are investing/financing)	1,967	1,661
Operating profit before changes in working capital	<u>11,635</u>	<u>6,585</u>
Changes in working capital		
Net change in inventories	3,622	(1,233)
Net change in receivables	541	(5,997)
Net change in payables	<u>(3,020)</u>	<u>(501)</u>
Cash flows from/(used in) operation	12,778	(1,146)
Tax paid	(1,390)	64
Interest paid	<u>(1,977)</u>	<u>(1,684)</u>
Net cash from/(used in) operating activities	<u>9,411</u>	<u>(2,766)</u>
Investing Activities		
Interest received	10	23
Purchase of property, plant and equipment	<u>(6,256)</u>	<u>(3,803)</u>
Net cash used in investing activities	<u>(6,246)</u>	<u>(3,780)</u>
Financing Activities		
Proceeds from borrowings	70,338	58,817
Repayment of borrowings	<u>(72,690)</u>	<u>(51,479)</u>
Net cash (used in)/from financing activities	<u>(2,352)</u>	<u>7,338</u>
Net Change in Cash & Cash Equivalents	813	792
Cash & Cash Equivalents at beginning of the period	7,498	3,895
Cash & Cash Equivalents at end of the period	<u>8,311</u>	<u>4,687</u>
Composition of Cash & Cash Equivalents:		
Deposits with licensed banks	1,000	1,000
Cash and bank balances	<u>7,311</u>	<u>3,687</u>
	<u>8,311</u>	<u>4,687</u>

(The Unaudited Condensed Consolidated Statement of Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying notes attached to these interim financial statements)

NOTES TO THE QUARTERLY RESULTS

1. Accounting policies

This condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134 - Interim Financial Reporting, IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (IASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in this period in this financial statements of the Group are consistent with those adopted for the annual financial statements of the Group for the financial year ended 31 December 2013 except for the:

(i) adoption of the following amendments/improvements to Malaysian Financial Reporting Standards (“MFRSs”) and new IC Interpretation (“IC Int”):

Amendments/Improvements to MFRSs

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement
New IC Int	
IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int does not have any significant impact on the financial statements of the Group.

(ii) New MFRSs, amendments/improvement to MFRSs that are issued, but not yet effective and have not been early adopted

The Group have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group:-

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		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 11	Joint Arrangements	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when FRS 9 is applied
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

The Group is in the process of assessing the impact which may arise from adoption of the above standards and amendments.

2. Seasonality and cyclicity of operations

The Group's operations for the current quarter and financial year-to-date are not significantly affected by seasonal and cyclical factors.

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3. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter and financial year-to-date.

4. Changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimate of amounts reported in prior financial years that have material effect in the current quarter and financial year-to-date.

5. Issuance and repayment of debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter and financial year-to-date.

6. Dividend paid

There was no dividend paid in the current quarter.

7. Segmental reporting

The segmental analysis for the Group for the financial year-to-date ended 30 September 2014 and 30 September 2013 are as follows:-

30 September 2014	Investment Holding RM'000	Manufacturing RM'000	Trading RM'000	Palm Oil Mill RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue						
External revenue	-	39,478	29,789	102,971	-	172,238
Inter-segment revenue	-	17,007	114	-	(17,121)	-
	-	56,485	29,903	102,971	(17,121)	172,238
Segment Results						
Segment results	(171)	4,915	1,164	2,862	(1,510)	7,260
Operating profit						7,260
Interest revenue						10
Interest expense						(1,977)
Taxation						(1,242)
Net profit for the period						4,051

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30 September 2013	Investment Holding RM'000	Manufacturing RM'000	Trading RM'000	Palm Oil Mill RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue						
External revenue	-	24,936	25,828	61,560	-	112,324
Inter-segment revenue	-	19,697	274	-	(19,971)	-
	-	44,633	26,102	61,560	(19,971)	112,324
Segment Results						
Segment results	(150)	2,549	1,003	404	(303)	3,503
Operating profit						3,503
Interest revenue						23
Interest expense						(1,684)
Taxation						(1,018)
Net profit for the period						824

No geographical analysis has been presented as the operations of the Group are solely based in Malaysia.

8. Valuation of property, plant and equipment

There were no amendments made to the valuation of property, plant and equipment that have been brought forward from the previous annual financial statements.

9. Subsequent event

There were no material subsequent events since the end of the current quarter to the date of issue of this report that have not been reflected in the financial statements for the current quarter and financial year-to-date, except for the share sales agreement (“SSA”) entered into on 31/10/2014 with Mega Western Resources Sdn Bhd (“MWRSB”) for the acquisition of the remaining 2,000,000 ordinary shares of RM1.00 each in Central Palm Oil Mill Sdn Bhd (“CPOM”), representing 16.37% of the issued and paid-up capital of CPOM from MWRSB for a total purchase consideration of RM7,200,000 to be satisfied by cash. The acquisition is expected to be completed within 3 months from the date of the SSA.

10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

11. Contingent liabilities or assets

Save as disclosed below, there were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at end of the current quarter.

The contingent liabilities pertaining to the corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries were RM46,939,433 as at 30 September 2014 (31 December 2013 : RM48,830,123).

12. Review of performance of the Company and its principal subsidiary companies

During the quarter under review, the Group's revenue increased to RM 57.2 million as compared to RM 40.6 million in preceding year corresponding quarter. The profit before tax in current quarter recorded at RM2.6 million as compared to RM1.0 million in preceding year corresponding quarter.

Manufacturing & Trading

The manufacturing and trading segment's revenue in current quarter and preceding year corresponding quarter are 22.9 million and RM17.3 million respectively. The profit before tax recorded at RM1.0 million in current quarter as well as in preceding year corresponding quarter. The lower profit margin was mainly due to reduce in sales composition from higher margin products.

Palm Oil Mill

The palm oil mill segment's revenue in current quarter is RM34.3 million as compared to RM23.3 million in preceding year corresponding quarter. This segment registered a profit before tax of RM 1.6 million in the quarter under review as compared to profit before tax of RM 4,000 in preceding year corresponding quarter. The higher profit before tax was mainly due to improve operational efficiency and higher sales achieved.

The results for the current quarter and financial year-to-date have not been affected by any transaction or event of a material or unusual nature which have arisen between 1 October 2014 and the date of this report.

13. Material changes in the profit before taxation for the current quarter as compared with the immediate preceding quarter

The profit before tax for the quarter under review is at RM 2.6 million as compared with RM2.0 million in immediate preceding quarter. The higher profit before tax in current quarter was mainly attributed to improve efficiency achieved in Oil Mill segment.

14. Current year prospect

The Group remains optimistic on its performance in the remaining quarter for the current financial year.

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15. Variance on forecast profit and/or profit guarantee

This was not applicable as no profit forecast and/or profit guarantee was published.

16. Profit for the period

Profit for the period is arrived at after charging/(crediting):

	Current year Quarter ended	Preceding year Corresponding Quarter ended	Cumulative Quarter Current year to date	Cumulative Quarter Current year to date
	30/9/2014 RM'000	30/9/2013 RM'000	30/9/2014 RM'000	30/9/2013 RM'000
Interest income	(6)	(23)	(10)	(23)
Other income	(952)	(296)	(2,617)	(672)
Interest expenses	638	663	1,977	1,684
Depreciation of property, plant & equipment	1,238	993	3,380	2,956
Foreign exchange (gain)/loss - realised	(534)	(98)	(1,337)	(145)

17. Taxation

Taxation comprises the following:-

Particulars	Current year quarter	Current year to date
	30/09/2014 RM'000	30/09/2014 RM'000
Based on results for the period	21	1,102
Origination / (reversal) of temporary differences	191	140
Under/(Over) provision in prior period	-	-
Tax expense	212	1,242

The effective tax expense rate for the current quarter and financial year-to-date were lower than the statutory tax rate mainly due to availability of tax relief to certain subsidiary companies within the group.

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18. Status of corporate proposals

There was no corporate proposal announced for the current quarter and financial year-to-date.

19. Group borrowings and debt securities

Group Borrowings as at 30-Sep-14	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	1,171	1,212	2,383
Revolving credit	-	2,500	2,500
Bankers' acceptance	3,213	13,253	16,466
Hire purchase loans	103	-	103
Term loans	3,555	-	3,555
	<u>8,042</u>	<u>16,965</u>	<u>25,007</u>
Long term borrowings			
Hire purchase loans	126	-	126
Term loans	21,806	-	21,806
	<u>21,932</u>	<u>-</u>	<u>21,932</u>
Total Borrowings	<u>29,974</u>	<u>16,965</u>	<u>46,939</u>

Group Borrowings as at 31-Dec-13	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	-	1,921	1,921
Revolving credit	-	3,600	3,600
Bankers' acceptance	-	15,531	15,531
Hire purchase loans	102	-	102
Term loans	3,405	-	3,405
	<u>3,507</u>	<u>21,052</u>	<u>24,559</u>
Long term borrowings			
Hire purchase loans	202	-	202
Term loans	24,069	-	24,069
	<u>24,271</u>	<u>-</u>	<u>24,271</u>
Total Borrowings	<u>27,778</u>	<u>21,052</u>	<u>48,830</u>

The above Group borrowings are denominated in Ringgit Malaysia.

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20. Material pending litigation

There were no material litigations pending since the last annual financial statement.

21. Dividend

There was no dividend declared or recommended for the current quarter and financial year-to-date.

22. Earnings per share

- (a) The amount used as the numerator in calculating basic earnings per share is profit after tax attributable to equity holder of the parent reported for the respective period.
- (b) The weighted average number of shares used as the denominator in calculating basic earnings per share is 177,127,500 for current quarter and financial year-to-date and also for preceding year corresponding quarter and financial year-to date.

23. Realised and Unrealised Profits/Losses Disclosure

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, is as follows:-

	As at 30/9/2014 RM'000	As at 31/12/2013 RM'000
Total retained profits of CAM Resources Berhad and its subsidiaries:		
-Realised	50,349	80,438
-Unrealised	(963)	(636)
	<hr/> 49,386	<hr/> 79,802
Less: Consolidation adjustments	(2,185)	(36,244)
	<hr/>	<hr/>
Total Group retained profit as per consolidated accounts	47,201	43,558
	<hr/>	<hr/>