

CAM RESOURCES BERHAD (Company No: 535311-D)

Quarterly Report on consolidated results for the second quarter ended 30/6/2017

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) 30/6/17 RM'000 | (Unaudited) 30/6/16 RM'000 | (Unaudited) 30/6/17 RM'000 | (Unaudited) 30/6/16 RM'000 |
| Revenue | 64,685 | 51,957 | 126,790 | 95,274 |
| Cost Of Sales | (59,146) | (47,936) | (117,387) | (87,106) |
| Gross Profit | 5,539 | 4,021 | 9,403 | 8,168 |
| Other Income | 633 | 1,153 | 1,272 | 2,022 |
| Distribution Costs | (2,050) | (2,020) | (4,005) | (3,944) |
| Administrative Expenses | (1,481) | (1,207) | (2,817) | (2,579) |
| Other Expenses | (58) | (155) | (121) | (282) |
| Finance Costs | (695) | (706) | (1,342) | (1,435) |
| Profit Before Tax | 1,888 | 1,086 | 2,390 | 1,950 |
| Income tax Expense | (748) | (348) | (1,011) | (704) |
| Profit For The Period | 1,140 | 738 | 1,379 | 1,246 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income For The Period | 1,140 | 738 | 1,379 | 1,246 |
| Attributable to: | | | | |
| Equity Holders Of The Parent | 1,140 | 738 | 1,379 | 1,246 |
| Non-Controlling Interest | - | - | - | - |
| Total Comprehensive Income For The Period | 1,140 | 738 | 1,379 | 1,246 |
| EPS - Basic (sen) | 0.59 | 0.38 | 0.72 | 0.64 |
| - 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 2016 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited | Audited |
|----------------------------------|--|---|
| | As at end of current quarter 30/6/17 RM'000 | As at preceding financial year end 31/12/16 RM'000 |
| ASSETS | | |
| Non Current Assets | | |
| Property, Plant & Equipment | 92,170 | 93,001 |
| Intangible Assets | 46 | 46 |
| Goodwill on business combination | 6,079 | 6,079 |
| Deferred tax assets | 272 | 271 |
| | <u>98,567</u> | <u>99,397</u> |
| Current Assets | | |
| Inventories | 34,065 | 34,275 |
| Trade receivables | 19,436 | 19,792 |
| Other receivables | 2,485 | 2,163 |
| Tax assets | 237 | 1,143 |
| Cash and bank balances | 8,803 | 6,464 |
| | <u>65,026</u> | <u>63,837</u> |
| Total Assets | <u><u>163,593</u></u> | <u><u>163,234</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 49,200 | 49,200 |
| Treasury shares, at cost | (1,382) | (1,382) |
| Other reserves | 5,178 | 5,178 |
| Retained earnings | 50,205 | 48,826 |
| Total equity | <u>103,201</u> | <u>101,822</u> |
| Non Current Liabilities | | |
| Long term borrowings | 21,028 | 22,612 |
| Deferred tax liabilities | 3,495 | 3,536 |
| | <u>24,523</u> | <u>26,148</u> |
| Current Liabilities | | |
| Trade and other payables | 10,554 | 13,540 |
| Short term provisions | 491 | 491 |
| Short term borrowings | 24,824 | 21,233 |
| | <u>35,869</u> | <u>35,264</u> |
| Total Liabilities | 60,392 | 61,412 |
| Total Equity And Liabilities | <u><u>163,593</u></u> | <u><u>163,234</u></u> |
| Net Assets Per Share (RM) | 0.54 | 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 2016 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 Equity RM'000 |
|---|-------------------------------------|---------------------------------------|-------------------------------------|---|------------------------------------|
| <u>Cumulative quarter ended 30/6/2017- Unaudited</u> | | | | | |
| At 01/01/2017 | 49,200 | (1,382) | 5,178 | 48,826 | 101,822 |
| Profit for the period | - | - | - | 1,379 | 1,379 |
| At 30/6/2017 | <u>49,200</u> | <u>(1,382)</u> | <u>5,178</u> | <u>50,205</u> | <u>103,201</u> |
| <u>Cumulative quarter ended 30/6/2016- Unaudited</u> | | | | | |
| At 01/01/2016 | 49,200 | (823) | 5,178 | 48,552 | 102,107 |
| Profit for the period | - | - | - | 1,246 | 1,246 |
| Repurchase of own shares | - | (14) | - | - | (14) |
| At 30/06/2016 | <u>49,200</u> | <u>(837)</u> | <u>5,178</u> | <u>49,798</u> | <u>103,339</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 2016 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Cumulative quarter ended 30/6/17 (Unaudited) RM'000 | Cumulative quarter ended 30/6/16 (Unaudited) RM'000 |
|--|--|--|
| Profit before tax | 2,390 | 1,950 |
| Adjustment for non-cash flow:- | | |
| Non-cash items | 2,715 | 2,743 |
| Non-operating items (which are investing/financing) | 1,182 | 1,338 |
| Operating profit before changes in working capital | <u>6,287</u> | <u>6,031</u> |
| Changes in working capital | | |
| Net change in inventories | 209 | (47) |
| Net change in receivables | (1,239) | 2,095 |
| Net change in payables | (2,987) | 2,139 |
| Cash flows from operation | <u>2,270</u> | <u>10,218</u> |
| Tax paid | (147) | (624) |
| Net cash from operating activities | <u>2,123</u> | <u>9,594</u> |
| Investing Activities | | |
| Interest received | 20 | 25 |
| Proceed from disposal of property, plant and equipment | 32 | - |
| Purchase of property, plant and equipment | (1,875) | (4,580) |
| Net cash (used in) investing activities | <u>(1,823)</u> | <u>(4,555)</u> |
| Financing Activities | | |
| Interest paid | (1,202) | (1,363) |
| Proceeds from borrowings | 48,339 | 49,570 |
| Repayment of borrowings | (45,807) | (49,948) |
| Repurchase of own shares | - | (14) |
| Net cash from/(used in) financing activities | <u>1,330</u> | <u>(1,755)</u> |
| Net Change in Cash & Cash Equivalents | 1,630 | 3,284 |
| Effects of exchange rate changes | 409 | - |
| Cash & Cash Equivalents at beginning of the period | 1,030 | 840 |
| Cash & Cash Equivalents at end of the period | <u>3,069</u> | <u>4,124</u> |
| Composition of Cash & Cash Equivalents: | | |
| Deposits with licensed banks | 6,600 | 6,100 |
| Cash and bank balances | 2,203 | 3,555 |
| Bank overdrafts | (5,734) | (5,531) |
| | <u>3,069</u> | <u>4,124</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 2016 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 2015 except for the:

(i) 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:-

| | | Effective for financial periods beginning on or after |
|---|---|--|
| New MFRSs | | |
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 16 | Leases | 1 January 2019 |
| Amendments/Improvements to MFRSs | | |
| MFRS 1 | Annual Improvements to MFRS Standard 2014 – 2016 Cycle | 1 January 2018 |
| MFRS 2 | Share-based Payment | 1 January 2018 |
| MFRS 4 | Insurance Contracts | 1 January 2018 |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 12 | Disclosure of Interests in Other Entities | 1 January 2017 |
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| MFRS 107 | Statement of Cash Flows | 1 January 2017 |
| MFRS 112 | Income Taxes | 1 January 2017 |
| MFRS 128 | Investments in Associates and Joint Ventures | 1 January 2018/ Deferred |
| MFRS 140 | Investment Property | 1 January 2018 |
| New IC Int | | |
| IC Int 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Int 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |

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

2. Audit Report of Preceding Annual Financial Statements

The audit report of the annual financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

3. Seasonality and cyclical of operations

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

4. 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.

5. Changes in estimates

There were no material changes in estimates of amounts reported in prior periods of 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.

6. 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.

7. Dividend paid

There was no dividend paid in the current quarter.

8. Segmental reporting

The segmental analysis for the Group for the financial year-to-date ended 30 June 2017 and 30 June 2016 are as follows:-

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| 30 June 2017 | Investment Holding RM'000 | Manufacturing and Trading RM'000 | Palm Oil Mill RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---------------------------|------------------------------|-------------------------------------|-------------------------|------------------------|------------------------|
| Segment Revenue | | | | | |
| External revenue | - | 30,055 | 96,735 | - | 126,790 |
| Inter-segment revenue | - | 140 | - | (140) | - |
| | - | 30,195 | 96,735 | (140) | 126,790 |
| Segment Results | | | | | |
| Segment results | (212) | 1,925 | 2,049 | (190) | 3,572 |
| | | | | | <hr/> |
| Operating profit | | | | | 3,572 |
| Interest revenue | | | | | 20 |
| Interest expense | | | | | (1,202) |
| Taxation | | | | | (1,011) |
| Net profit for the period | | | | | <u>1,379</u> |
| | | | | | |
| 30 June 2016 | Investment Holding RM'000 | Manufacturing RM'000 | Palm Oil Mill RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Segment Revenue | | | | | |
| External revenue | - | 32,944 | 62,330 | - | 95,274 |
| Inter-segment revenue | - | (5) | - | 5 | - |
| | - | 32,939 | 62,330 | 5 | 95,274 |
| Segment Results | | | | | |
| Segment results | (244) | 2,167 | 1,586 | (221) | 3,288 |
| | | | | | <hr/> |
| Operating profit | | | | | 3,288 |
| Interest revenue | | | | | 25 |
| Interest expense | | | | | (1,363) |
| Taxation | | | | | (704) |
| Net profit for the period | | | | | <u>1,246</u> |

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

9. 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.

10. 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.

11. Changes in the composition of the Group

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

12. 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 RM45,852,000 as at 30 June 2017 (31 December 2016 : RM43,845,000).

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

During the quarter under review, the Group's revenue recorded higher at RM 64.7 million as compared to RM 52.0 million in preceding year corresponding quarter. The profit before tax in current quarter recorded higher at RM 1.9 million as compared to RM 1.1 million in preceding year corresponding quarter.

Manufacturing & Trading

The revenue from the manufacturing and trading segment stood at RM15.1 million, representing a decline of 13.7% from RM17.5 million of corresponding quarter in preceding year. Despite the decrease in revenue, the profit before tax for the current quarter had increased to RM 0.7 million compared to RM 0.3 million in preceding year corresponding quarter. The improvement in profit before tax was mainly attributed to contribution from sales with better profit margin products.

Palm Oil Mill

The palm oil mill segment's revenue for the current quarter had increased by 43.8% to RM49.6 million compared to RM34.5 million in the corresponding quarter of the preceding year. This had resulted in an increase of profit before tax to RM 1.4 million compared to RM 0.8 million for the same period under review. The rise of profit before tax was mainly due to higher crude palm oil ("CPO") extraction rate achieved in the current quarter.

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 July 2017 and the date of this report.

14. 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 was recorded higher at RM 1.9 million as compared to RM0.5 million in immediate preceding quarter. The higher profit before tax in current quarter was mainly due to higher sales contribution from better profit margin products for manufacturing segment and higher CPO extraction rate achieved in the quarter under review.

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15. Current year prospect

The Group continues to improve on its competitiveness in the market and to enhance its business activities by venturing into new markets. The Group remains optimistic on its performance for the coming quarters.

16. Variance on forecast profit and/or profit guarantee

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

17. 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 Preceding year to date |
|---|---------------------------------------|---|--|--|
| | 30/6/2017 RM'000 | 30/6/2016 RM'000 | 30/6/2017 RM'000 | 30/6/2016 RM'000 |
| Depreciation of property, plant & equipment | 1,361 | 1,324 | 2,674 | 2,762 |
| Interest expenses | 629 | 677 | 1,202 | 1,363 |
| Foreign exchange (gain)/loss - realised | (18) | 63 | 1 | 14 |
| Foreign exchange (gain)/loss - unrealised | 42 | - | 42 | - |
| Interest income | (9) | (16) | (20) | (25) |
| Other income | (624) | (996) | (1,252) | (1,807) |

18. Taxation

Taxation comprises the following:-

| | Current year quarter | Preceding year quarter | Cumulative Quarter Current year to date | Cumulative Quarter Preceding year to date |
|---|---------------------------------|-----------------------------------|--|--|
| Particulars | 30/6/2017 RM'000 | 30/06/2016 RM'000 | 30/6/2017 RM'000 | 30/06/2016 RM'000 |
| Based on results for the period | 895 | 12 | 1,053 | 381 |
| Origination / (reversal) of temporary differences | (147) | 336 | (42) | 323 |
| Under/(Over) provision in prior period | 748 | 348 | 1,011 | 704 |
| Tax expense | - | - | - | - |
| | 748 | 348 | 1,011 | 704 |

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The effective tax expense rate for the current quarter and financial year-to-date were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and non-availability of the Group tax relief in respect of losses suffered by certain companies.

19. Status of corporate proposals

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

20. Group borrowings and debt securities

| Group Borrowings as at 30 June 2017 | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--|---------------------------|-----------------------------|-------------------------|
| Short term borrowings | | | |
| Bank overdraft | 3,429 | 2,305 | 5,734 |
| Revolving credit | - | 3,400 | 3,400 |
| Bankers' acceptance | 5,042 | 7,452 | 12,494 |
| Hire purchase loans | 168 | - | 168 |
| Term loans | 3,028 | - | 3,028 |
| | <u>11,667</u> | <u>13,157</u> | <u>24,824</u> |
| Long term borrowings | | | |
| Hire purchase loans | 167 | - | 167 |
| Term loans | 20,861 | - | 20,861 |
| | <u>21,028</u> | <u>-</u> | <u>21,028</u> |
| Total Borrowings | <u>32,695</u> | <u>13,157</u> | <u>45,852</u> |
| | | | |
| Group Borrowings as at 31 December 2016 | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
| Short term borrowings | | | |
| Bank overdraft | 1,915 | 3,519 | 5,434 |
| Revolving credit | - | 3,000 | 3,000 |
| Bankers' acceptance | 2,416 | 7,237 | 9,653 |
| Hire purchase loans | 225 | - | 225 |
| Term loans | 2,921 | - | 2,921 |
| | <u>7,477</u> | <u>13,756</u> | <u>21,233</u> |
| Long term borrowings | | | |
| Hire purchase loans | 243 | - | 243 |
| Term loans | 22,369 | - | 22,369 |
| | <u>22,612</u> | <u>-</u> | <u>22,612</u> |
| Total Borrowings | <u>30,089</u> | <u>13,756</u> | <u>43,845</u> |

The above Group borrowings are denominated in Ringgit Malaysia.

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21. Material pending litigation

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

22. Dividend

There was no dividend declared or recommended for the current quarter.

23. 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 for current quarter and financial year-to-date are 191,903,044 whereas the weighted average number of shares used for preceding year corresponding quarter and period are 193,627,344 and 193,635,426 respectively.

24. 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 30/6/2017 RM'000 | As at 31/12/2016 RM'000 |
|--|---------------------------------------|--|
| Total retained profits of CAM Resources Berhad and its subsidiaries: | | |
| -Realised | 95,276 | 93,555 |
| -Unrealised | (1,329) | (1,136) |
| | <hr/> | <hr/> |
| | 93,947 | 92,419 |
| Less: Consolidation adjustments | (43,742) | (43,593) |
| | <hr/> | <hr/> |
| Total Group retained profit as per consolidated accounts | 50,205 | 48,826 |
| | <hr/> | <hr/> |