

CAM RESOURCES BERHAD (Company No: 535311-D)

Quarterly Report on consolidated results for the third quarter ended 30/9/2017

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) 30/9/17 RM'000	(Unaudited) 30/9/16 RM'000	(Unaudited) 30/9/17 RM'000	(Unaudited) 30/9/16 RM'000
Revenue	67,509	53,930	194,299	149,204
Cost Of Sales	(60,583)	(49,258)	(177,970)	(136,364)
Gross Profit	6,926	4,672	16,329	12,840
Other Income	696	1,077	1,968	3,099
Distribution Costs	(1,901)	(1,810)	(5,906)	(5,754)
Administrative Expenses	(1,279)	(1,228)	(4,096)	(3,807)
Other Expenses	(42)	53	(163)	(229)
Finance Costs	(591)	(632)	(1,933)	(2,067)
Profit Before Tax	3,809	2,132	6,199	4,082
Income tax Expense	(716)	(694)	(1,727)	(1,398)
Profit For The Period	<u>3,093</u>	<u>1,438</u>	<u>4,472</u>	<u>2,684</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For The Period	<u>3,093</u>	<u>1,438</u>	<u>4,472</u>	<u>2,684</u>
Attributable to:				
Equity Holders Of The Parent	3,093	1,438	4,472	2,684
Non-Controlling Interest	-	-	-	-
Total Comprehensive Income For The Period	<u>3,093</u>	<u>1,438</u>	<u>4,472</u>	<u>2,684</u>
EPS - Basic (sen)	1.61	0.74	2.33	1.39
- 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

	<u>Unaudited</u>	<u>Audited</u>
	As at end of current quarter 30/9/17 RM'000	As at preceding financial year end 31/12/16 RM'000
ASSETS		
Non Current Assets		
Property, Plant & Equipment	92,097	93,001
Intangible Assets	46	46
Goodwill on business combination	6,079	6,079
Deferred tax assets	272	271
	<u>98,494</u>	<u>99,397</u>
Current Assets		
Inventories	36,463	34,275
Trade receivables	20,074	19,792
Other receivables	2,712	2,163
Tax assets	-	1,143
Cash and bank balances	11,348	6,464
	<u>70,597</u>	<u>63,837</u>
Total Assets	<u>169,091</u>	<u>163,234</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	53,298	48,826
Total equity	<u>106,294</u>	<u>101,822</u>
Non Current Liabilities		
Long term borrowings	25,124	22,612
Deferred tax liabilities	3,475	3,536
	<u>28,599</u>	<u>26,148</u>
Current Liabilities		
Trade and other payables	12,865	13,540
Short term provisions	491	491
Short term borrowings	20,457	21,233
	<u>34,198</u>	<u>35,264</u>
Total Liabilities	62,797	61,412
Total Equity And Liabilities	<u>169,091</u>	<u>163,234</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 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 30/9/2017- Unaudited</u>					
At 01/01/2017	49,200	(1,382)	5,178	48,826	101,822
Profit for the period	-	-	-	4,472	4,472
At 30/9/2017	<u>49,200</u>	<u>(1,382)</u>	<u>5,178</u>	<u>53,298</u>	<u>106,294</u>
<u>Cumulative quarter ended 30/9/2016- Unaudited</u>					
At 01/01/2016	49,200	(823)	5,178	48,552	102,107
Profit for the period	-	-	-	2,684	2,684
Repurchase of own shares	-	(323)	-	-	(323)
At 30/09/2016	<u>49,200</u>	<u>(1,146)</u>	<u>5,178</u>	<u>51,236</u>	<u>104,468</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 30/9/17 (Unaudited) RM'000	Cumulative quarter ended 30/9/16 (Unaudited) RM'000
Profit before tax	6,199	4,082
Adjustment for non-cash flow:-		
Non-cash items	4,058	4,191
Non-operating items (which are investing/financing)	1,697	1,924
Operating profit before changes in working capital	<u>11,954</u>	<u>10,197</u>
Changes in working capital		
Net change in inventories	(2,188)	1,046
Net change in receivables	(2,108)	2,703
Net change in payables	(675)	(451)
Cash flows from operation	<u>6,983</u>	<u>13,495</u>
Tax paid	(261)	(909)
Net cash from operating activities	<u>6,722</u>	<u>12,586</u>
Investing Activities		
Interest received	35	44
Proceed from disposal of property, plant and equipment	48	147
Purchase of property, plant and equipment	(3,164)	(5,677)
Net cash (used in) investing activities	<u>(3,081)</u>	<u>(5,486)</u>
Financing Activities		
Interest paid	(1,732)	(1,968)
Proceeds from borrowings	75,615	67,801
Repayment of borrowings	(73,278)	(71,550)
Repurchase of own shares	-	(323)
Net cash from/(used in) financing activities	<u>605</u>	<u>(6,040)</u>
Net Change in Cash & Cash Equivalents	4,246	1,060
Effects of exchange rate changes	416	-
Cash & Cash Equivalents at beginning of the period	1,030	849
Cash & Cash Equivalents at end of the period	<u>5,692</u>	<u>1,909</u>
Composition of Cash & Cash Equivalents:		
Deposits with licensed banks	6,600	5,360
Cash and bank balances	4,748	2,016
Bank overdrafts	(5,656)	(5,467)
	<u>5,692</u>	<u>1,909</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

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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

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.

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8. Segmental reporting

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

30 Sep 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	-	44,765	149,534	-	194,299
Inter-segment revenue	-	88	-	(88)	-
	-	44,853	149,534	(88)	194,299
Segment Results					
Segment results	(370)	2,332	6,228	(294)	7,896
Operating profit					7,896
Interest revenue					35
Interest expense					(1,732)
Taxation					(1,727)
Net profit for the period					4,472
30 September 2016	Investment Holding RM'000	Manufacturing RM'000	Palm Oil Mill RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue					
External revenue	-	47,291	101,943	-	149,204
Inter-segment revenue	-	14	-	(32)	-
	-	47,305	101,943	(32)	149,204
Segment Results					
Segment results	(323)	3,079	3,627	(358)	6,006
Operating profit					6,006
Interest revenue					44
Interest expense					(1,968)
Taxation					(1,398)
Net profit for the period					2,684

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 RM45,581,000 as at 30 Sep 2017 (31 December 2016 : RM43,845,000).

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

	Current year quarter ended	Preceding year corresponding quarter ended	Changes	
	30/9/17 RM'000	30/9/16 RM'000	RM'000	%
Revenue				
-Manufacturing and Trading	14,710	14,317	393	2.7%
-Palm Oil Mill	52,799	39,613	13,186	33.3%
	<u>67,509</u>	<u>53,930</u>	<u>13,579</u>	<u>25.2%</u>
Profit before tax	3,809	2,132	1,677	78.7%

The manufacturing and trading segment's revenue in the current quarter stood at RM14.7million compared to RM14.3 million in the preceding year corresponding quarter was mainly due to the increase in sales volume in the quarter under review.

For the palm oil mill segment's revenue increased 33.3% from RM39.6 million recorded in preceding year corresponding quarter to RM52.8 million in the quarter under review which is mainly attributed to the increase in average CPO Price as well as higher production output.

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The profit before tax of RM3.8 million recorded higher in the current quarter compared to RM2.1 million in preceding year corresponding quarter was mainly due to higher revenue achieved in the palm oil mill segment.

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 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

	Current year quarter ended	Current year preceding quarter ended	Changes	
	30/9/17	30/6/17	RM'000	%
	RM'000	RM'000		
Revenue				
-Manufacturing and Trading	14,710	15,095	(385)	-2.6%
-Palm Oil Mill	52,799	49,590	3,209	6.5%
	<u>67,509</u>	<u>64,685</u>	<u>2,824</u>	<u>4.4%</u>
Profit before tax	3,809	1,888	1,921	101.7%

The profit before tax for the quarter under review was recorded higher at RM 3.8 million as compared to RM1.9 million in immediate preceding quarter. The higher profit before tax in current quarter was mainly due to higher sales achieved in the palm oil mill segment as a result of higher production output.

15. Current year prospect

The Group continues to improve on its competitiveness in the manufacturing and trading segment and production efficiency in the palm oil mill segment. The Group remains optimistic on its performance for the remaining quarter.

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):

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	Current year Quarter ended	Preceding year Corresponding Quarter ended	Cumulative Quarter Current year to date	Cumulative Quarter Preceding year to date
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Depreciation of property, plant & equipment	1,364	1,427	4,038	4,189
Interest expenses	530	605	1,732	1,968
Foreign exchange (gain)/loss - realised	19	(100)	20	(86)
Foreign exchange (gain)/loss - unrealised	(32)	-	10	-
Allowance for doubtful debts no longer required	(10)	-	(10)	-
Interest income	(15)	(19)	(35)	(44)
Other income	(671)	(1,162)	(1,923)	(2,969)

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	30/9/2017 RM'000	30/09/2016 RM'000	30/9/2017 RM'000	30/09/2016 RM'000
Based on results for the period	735	244	1,788	625
Origination / (reversal) of temporary differences	(19)	450	(61)	773
	716	694	1,727	1,398
Under/(Over) provision in prior period	-	-	-	-
Tax expense	716	694	1,727	1,398

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.

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19. Status of corporate proposals

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

20. Trade Receivables

	As at 30/9/2017 RM	As at 31/12/2016 RM
External parties	20,698	20,411
Less: Allowance for impairment loss	(624)	(619)
Trade receivables, net	<u>20,074</u>	<u>19,792</u>

The Group's normal trade credit term extended to customers ranges from 30 to 120 days. (2016: 30 to 120 days).

Ageing analysis of trade receivables:

	As at 30/9/2017 RM	As at 31/12/2016 RM
Neither past due nor impaired	16,859	17,593
1 to 90 days past due not impaired	915	1,323
91 to 120 days past due not impaired	1,112	89
More than 121 days past due not impaired	1,188	787
	3,215	2,199
Impaired individually		
Brought forward	619	719
Impairment loss during the period	15	40
Written off	-	(117)
Reversal of impairment loss	(10)	(23)
	624	619
	<u>20,698</u>	<u>20,411</u>

Trade receivables that are past due but not impaired are creditworthy debtors who, by past trade practices, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problem in respect of these debtors.

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21. Group borrowings and debt securities

Group Borrowings as at 30 Sep 2017	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	2,971	2,685	5,656
Revolving credit	-	3,000	3,000
Bankers' acceptance	1,072	7,565	8,637
Hire purchase loans	188	-	188
Term loans	2,976	-	2,976
	<u>7,207</u>	<u>13,250</u>	<u>20,457</u>
Long term borrowings			
Hire purchase loans	214	-	214
Term loans	24,910	-	24,910
	<u>25,124</u>	<u>-</u>	<u>25,124</u>
Total Borrowings	<u>32,331</u>	<u>13,250</u>	<u>45,581</u>

Group Borrowings as at 31 Dec 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.

22. Material pending litigation

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

23. Dividend

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

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24. 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 193,263,024 and 193,271,084 respectively.

25. 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 30/9/2017 RM'000	As at 31/12/2016 RM'000
Total retained profits of CAM Resources Berhad and its subsidiaries:		
-Realised	98,337	93,555
-Unrealised	(1,214)	(1,136)
	<hr/> 97,123	<hr/> 92,419
Less: Consolidation adjustments	(43,825)	(43,593)
	<hr/>	<hr/>
Total Group retained profit as per consolidated accounts	53,298	48,826
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