

CAM RESOURCES BERHAD (Company No: 535311-D)

Quarterly Report on consolidated results for the third quarter ended 30/9/2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter ended (Unaudited) 30/9/18 RM'000	Preceding year corresponding quarter ended (Unaudited) 30/9/17 RM'000	Changes %	Current year to date (Unaudited) 30/9/18 RM'000	Preceding year corresponding period (Unaudited) 30/9/17 RM'000	Changes %
Revenue	60,818	67,509	(9.9)	158,331	194,299	(18.5)
Operating Expenses	(59,530)	(63,805)	(6.7)	(155,490)	(188,135)	(17.4)
Other Income	598	696	(14.1)	1,608	1,968	(18.3)
Profit from Operations	1,886	4,400	(57.1)	4,449	8,132	(45.3)
Finance Costs	(774)	(591)	31.0	(2,258)	(1,933)	16.8
Profit Before Tax	1,112	3,809	(70.8)	2,191	6,199	(64.7)
Income tax Expense	(833)	(716)	16.3	(1,163)	(1,727)	(32.7)
Profit For The Period	279	3,093	(91.0)	1,028	4,472	(77.0)
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income For The Period	279	3,093		1,028	4,472	
Attributable to:						
Equity Holders Of The Parent	279	3,093		1,028	4,472	
Non-Controlling Interest	-	-		-	-	
Total Comprehensive Income For The Period	279	3,093		1,028	4,472	
EPS - Basic (sen)	0.15	1.60		0.54	2.33	
- 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 2017 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 30/9/18 RM'000	As at preceding financial year end 31/12/17 RM'000
ASSETS		
Non Current Assets		
Property, Plant & Equipment	109,640	94,116
Intangible Assets	46	46
Goodwill on business combination	6,079	6,079
Deferred tax assets	109	109
	<u>115,874</u>	<u>100,350</u>
Current Assets		
Inventories	36,803	36,714
Trade receivables	20,149	18,401
Other receivables	2,607	2,333
Tax assets	1,089	1,085
Cash and bank balances	4,210	19,664
	<u>64,858</u>	<u>78,197</u>
Total Assets	<u>180,732</u>	<u>178,547</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	54,378	54,378
Treasury shares, at cost	(1,382)	(1,382)
Retained earnings	55,927	54,899
Total equity	<u>108,923</u>	<u>107,895</u>
Non Current Liabilities		
Long term borrowings	22,759	25,158
Deferred tax liabilities	6,198	6,256
	<u>28,957</u>	<u>31,414</u>
Current Liabilities		
Trade and other payables	10,351	13,425
Short term provisions	449	449
Short term borrowings	32,036	25,332
	<u>42,850</u>	<u>39,238</u>
Total Liabilities	71,807	70,652
Total Equity And Liabilities	<u>180,730</u>	<u>178,547</u>
Net Assets Per Share (RM)	0.57	0.56

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 30/9/2018- Unaudited</u>					
At 01/01/2018	54,378	(1,382)	-	54,899	107,895
Profit for the period	-	-	-	1,028	1,028
At 30/9/2018	<u>54,378</u>	<u>(1,382)</u>	<u>-</u>	<u>55,927</u>	<u>108,923</u>
<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>

(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 2017 and the accompanying notes attached to these interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarter ended 30/9/18 (Unaudited) RM'000	Cumulative quarter ended 30/9/17 (Unaudited) RM'000
Profit before tax	2,191	6,199
Adjustment for non-cash flow:-		
Non-cash items	4,549	4,058
Non-operating items (which are investing/financing)	2,196	1,697
Operating profit before changes in working capital	<u>8,936</u>	<u>11,954</u>
Changes in working capital		
Net change in inventories	(89)	(2,188)
Net change in receivables	(2,011)	(2,108)
Net change in payables	(3,074)	(675)
Cash flows from operation	<u>3,762</u>	<u>6,983</u>
Tax paid	(1,242)	(261)
Net cash from operating activities	<u>2,520</u>	<u>6,722</u>
Investing Activities		
Interest received	62	35
Proceed from disposal of property, plant and equipment	28	48
Purchase of property, plant and equipment	(20,109)	(3,164)
Net cash used in investing activities	<u>(20,019)</u>	<u>(3,081)</u>
Financing Activities		
Interest paid	(2,258)	(1,732)
Proceeds from borrowings	90,359	75,615
Repayment of borrowings	(85,368)	(73,278)
Net cash from financing activities	<u>2,733</u>	<u>605</u>
Net Change in Cash & Cash Equivalents	(14,766)	4,246
Cash & Cash Equivalents at beginning of the period	11,503	1,030
Cash & Cash Equivalents at end of the period	<u>(3,263)</u>	<u>5,692</u>
Composition of Cash & Cash Equivalents:		
Deposits with licensed banks	2,982	6,600
Cash and bank balances	1,228	4,748
Bank overdrafts	(7,473)	(5,656)
	<u>(3,263)</u>	<u>5,692</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 2017 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 financial statement of the Group are consistent with those adopted for the annual financial statements of the Group for the financial year ended 31 December 2017 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”) and amendments/improvements to MFRSs:

		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
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018
MFRS 140	Investment Property	1 January 2018
New IC Interpretations		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

(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:-

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	Effective for financial periods beginning on or after
New MFRSs	
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs	
MFRS 2 Share-based payment	1 January 2020
MFRS 3 Business Combinations	1 January 2019/ 1 January 2020
MFRS 6 Exploration for an Evaluation of Mineral Resources	1 January 2020
MFRS 9 Financial Instruments	1 January 2019
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 11 Joint Arrangement	1 January 2019
MFRS 14 Regulatory Deferral Accounts	1 January 2020
MFRS 101 Presentation of Financial Statements	1 January 2020
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 112 Income Taxes	1 January 2019
MFRS 119 Employee Benefits	1 January 2019
MFRS 123 Borrowing Costs	1 January 2019
MFRS 128 Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 134 Interim Financial Reporting	1 January 2020
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 138 Intangible Assets	1 January 2020
New IC Interpretations	
IC Int 23 Uncertainty over Income Tax Treatments	1 January 2019
New IC Interpretations	
IC Int 12 Service Concession Arrangements	1 January 2020
IC Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20 Stripping Cost in the Production Phase of a Surface Mine	1 January 2020
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
IC Int 132 Intangible Assets – Web Site Costs	1 January 2020

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 2017 was not subject to any qualification.

3. 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.

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 September 2018 and 30 September 2017 are as follows:-

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30 Sep 2018	Investment Holding RM'000	Manufacturing and Trading RM'000	Palm Oil Mill RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue					
External revenue	-	43,745	114,586	-	158,331
Inter-segment revenue	-	13	-	(13)	-
	-	43,758	114,586	(13)	158,331
Segment Results					
Segment results	(285)	(756)	5,676	(248)	4,387
Operating profit					4,387
Interest revenue					62
Interest expense					(2,258)
Taxation					(1,163)
Net profit for the period					1,028
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

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 RM54,795,000 as at 30 September 2018 (31 December 2017 : RM50,490,000).

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

	Current year quarter ended	Preceding year corresponding quarter ended	Changes	
	30/9/18 RM'000	30/9/17 RM'000	RM'000	%
Revenue				
-Manufacturing and Trading	16,143	14,710	1,433	9.7%
-Palm Oil Mill	44,675	52,799	(8,124)	-15.4%
	<u>60,818</u>	<u>67,509</u>	<u>(6,691)</u>	<u>-9.9%</u>
Profit before tax	1,112	3,809	(2,697)	-70.8%

The manufacturing and trading segment's revenue recorded higher at RM 16.1 million in the current quarter as compared with RM 14.7 million in the preceding year corresponding quarter as a result of higher sales volume achieved for the quarter under review.

For palm oil mill segment, revenue reduced by 15.4% to RM 44.7 million from RM 52.8 million in the preceding year corresponding quarter. This was mainly attributed to lower average selling price of Crude Palm Oil ("CPO") and Palm Kernel ("PK")

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as well as lesser available fresh fruit bunches (“FFB”) for production in the quarter under review.

The lower profit before tax of RM 1.1 million as compared to RM 3.8 million in preceding year corresponding quarter was mainly due to lower sales contribution from better margin products in manufacturing and trading segment despite higher revenue achieved in the quarter under review as well as lower production output in 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 January 2018 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	
	30/9/18 RM'000	30/6/18 RM'000	RM'000	%
Revenue				
-Manufacturing and Trading	16,143	14,466	1,677	11.6%
-Palm Oil Mill	44,675	36,038	8,637	24.0%
	<u>60,818</u>	<u>50,504</u>	<u>10,314</u>	<u>20.4%</u>
Profit before tax	1,112	533	579	108.6%

The profit before tax in the current quarter recorded higher at RM1.1 million as compared to RM 0.5 million in the immediate preceding quarter. This was mainly contributed by higher sales achieved in manufacturing and trading segment as well as higher production output in palm oil mill segment in the quarter under review.

15. Current year prospect

The global economic condition remains challenging. The Group will continue to develop new markets and to improve on its cost effectiveness in the manufacturing and trading segment as well as production efficiency in the palm oil mill segment. The Group remains positive on its performance in 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.

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17. Profit for the period

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

	Current year Quarter ended	Current year Quarter ended	Cumulative Quarter Current year to date	Cumulative Quarter Current year to date
	30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
Depreciation of property, plant & equipment	1,539	1,364	4,496	4,038
Interest expenses	774	530	2,258	1,732
Foreign exchange (gain)/loss - realised	30	19	35	20
Foreign exchange (gain)/loss - unrealised	9	(32)	(45)	10
Allowance for doubtful debts no longer required	-	(10)	(7)	(10)
Interest income	(17)	(15)	(62)	(35)
Other income	(583)	(671)	(1,494)	(1,923)

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	30/09/2018 RM'000	30/9/2017 RM'000	30/09/2018 RM'000	30/9/2017 RM'000
Based on results for the period	852	735	1,221	1,788
Origination / (reversal) of temporary differences	(19)	(19)	(58)	(61)
	833	716	1,163	1,727
Under/(Over) provision in prior period	-	-	-	-
Tax expense	833	716	1,163	1,727

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. Trade Receivables

	As at 30/9/2018 RM'000	As at 31/12/2017 RM'000
External parties	20,815	19,074
Less: Allowance for impairment loss	(666)	(673)
Trade receivables, net	<u>20,149</u>	<u>18,401</u>

The Group's normal trade credit term extended to customers ranges from 30 to 120 days. (2017: 30 to 120 days).

Ageing analysis of trade receivables:

	As at 30/9/2018 RM'000	As at 31/12/2017 RM'000
Neither past due nor impaired	17,395	15,507
1 to 90 days past due not impaired	1,816	2,239
91 to 120 days past due not impaired	47	199
More than 121 days past due not impaired	891	456
	2,754	2,894
Impaired individually		
Brought forward	673	619
Impairment loss during the year	-	66
Written off	-	-
Reversal of impairment loss	(7)	(12)
	666	673
	<u>20,815</u>	<u>19,074</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 2018	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	2,560	4,913	7,473
Revolving credit	-	3,600	3,600
Bankers' acceptance	7,350	10,114	17,464
Hire purchase loans	186	-	186
Term loans	3,313	-	3,313
	<u>13,409</u>	<u>18,627</u>	<u>32,036</u>
Long term borrowings			
Hire purchase loans	234	-	234
Term loans	22,525	-	22,525
	<u>22,759</u>	<u>-</u>	<u>22,759</u>
Total Borrowings	<u>36,168</u>	<u>18,627</u>	<u>54,795</u>

Group Borrowings as at 31 Dec 2017	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	2,408	5,752	8,160
Revolving credit	-	3,000	3,000
Bankers' acceptance	2,931	7,891	10,822
Hire purchase loans	173	-	173
Term loans	3,177	-	3,177
	<u>8,689</u>	<u>16,643</u>	<u>25,332</u>
Long term borrowings			
Hire purchase loans	174	-	174
Term loans	24,984	-	24,984
	<u>25,158</u>	<u>-</u>	<u>25,158</u>
Total Borrowings	<u>33,847</u>	<u>16,643</u>	<u>50,490</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.

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 as well as preceding year corresponding quarter and period are 191,903,044 respectively.