

9. FINANCIAL INFORMATION

9.1 Consolidated Profit and Dividend Record

The following table has been extracted from the Accountants' Report set out in Section 11 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The summarised proforma consolidated results of the DBE Group for the past five (5) years ended 31 December 1998 to 31 December 2002 and the eight (8) months period ended 31 August 2003 have been prepared for illustrative purposes only after making such adjustments that are considered necessary and assuming that the present DBE Group structure had been in existence throughout those years / period under review:-

| | ←-----Audited-----> | | | | | 8 months period ended 31.08.2003 RM |
|--|--|------------------|------------------|------------------|------------------|---|
| | ←-----Financial Year Ended 31 December-----> | | | | | |
| | 1998 RM | 1999 RM | 2000 RM | 2001 RM | 2002 RM | |
| Turnover | 34,018,582 | 37,270,312 | 44,006,277 | 64,527,816 | 88,043,083 | 76,621,439 |
| EBIDTA | 3,539,172 | 5,665,297 | 6,489,901 | 10,346,383 | 12,023,672 | 10,031,970 |
| Interest expense | (615,718) | (555,018) | (488,876) | (600,979) | (1,566,136) | (1,671,768) |
| Depreciation | (281,100) | (300,594) | (537,639) | (631,122) | (769,338) | (2,535,498) |
| Operating profit | 2,642,354 | 4,809,685 | 5,463,386 | 9,114,282 | 9,688,198 | 5,824,704 |
| Exceptional item | - | - | - | - | - | - |
| PBT | 2,642,354 | 4,809,685 | 5,463,386 | 9,114,282 | 9,688,198 | 5,824,704 |
| Taxation | (361,100) | (358,041) | (1,431,872) | (1,890,147) | (890,186) | (777,256) |
| PAT | 2,281,254 | 4,451,644 | 4,031,514 | 7,224,135 | 8,798,012 | 5,047,448 |
| No. of shares of RM0.50 each assumed in issue | 68,400,000 | 68,400,000 | 68,400,000 | 68,400,000 | 68,400,000 | 68,400,000 |
| Gross EPS (sen) | 0.04 | 0.07 | 0.08 | 0.13 | 0.14 | 0.09 |
| Net EPS (sen) | 0.03 | 0.07 | 0.06 | 0.11 | 0.13 | 0.07 |
| Dividend rate (%) | - | - | - | - | 5 | - |

Note:-

(1) The gross and net EPS are calculated based on the PBT and PAT divided by the weighted average number of ordinary shares assumed in issue during the respective financial years.

Notes to the proforma financial information of the DBE Group are included in the Accountants' Report set out in Section 11 of this Prospectus.

9. FINANCIAL INFORMATION (CONT'D)

9.2 Segmental Analysis of Revenue and Profit

9.2.1 Analysis of Turnover and Profit

Analysis of turnover by companies:

| Subsidiaries: | Year ended 31 December | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 |
| DBE Breeding | 4,481 | 4,467 | 5,248 | 5,565 | 6,648 |
| DBE Hatchery | 5,031 | 5,134 | 5,929 | 6,223 | 7,524 |
| DBE Poultry | 29,496 | 31,935 | 39,081 | 50,680 | 75,331 |
| DBE Food Processing | 4,493 | 6,972 | 13,688 | 25,315 | 19,032 |
| DBE Marketing | 29,178 | 29,375 | 35,074 | 46,919 | 59,181 |
| DBE Gurney Chicken | - | - | 1,194 | 8,304 | 10,206 |
| DBE Feedmills | - | - | - | - | - |
| | 72,679 | 77,883 | 100,214 | 143,006 | 177,922 |
| Less: | | | | | |
| Consolidation adjustment on inter-company sales | (38,660) | (40,613) | (56,208) | (78,478) | (89,879) |
| Proforma Consolidated Turnover | 34,019 | 37,270 | 44,006 | 64,528 | 88,043 |

Analysis of Turnover by Division/Products:

| Divisions/Products: | Year ended 31 December | | | | |
|---------------------------------------|------------------------|----------------|----------------|----------------|----------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 |
| Dressed whole chickens | 2,719 | 4,136 | 10,115 | 19,625 | 13,424 |
| Chicken parts | 1,354 | 2,359 | 2,613 | 3,527 | 5,226 |
| Grown-out broilers (live chickens) | 21,636 | 21,371 | 17,239 | 18,843 | 38,683 |
| Day-old chicks | 2,864 | 2,734 | 4,339 | 6,172 | 7,572 |
| Chicken feeds and other products | 4,304 | 5,558 | 7,349 | 11,430 | 18,649 |
| Others | 1,142 | 1,112 | 2,351 | 4,931 | 4,489 |
| Total | 34,019 | 37,270 | 44,006 | 64,528 | 88,043 |

Analysis of PAT by companies:

| | Year ended 31 December | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 |
| DBE | - | - | - | (32) | (673) |
| DBE Breeding | 337 | 180 | 476 | 541 | 472 |
| DBE Hatchery | 276 | 383 | 226 | 280 | 325 |
| DBE Poultry | 1,561 | 3,262 | 2,739 | 5,807 | 8,620 |
| DBE Food Processing | 106 | 559 | 908 | 877 | 574 |
| DBE Marketing | 5 | 70 | 14 | 13 | (30) |
| DBE Gurney Chicken | (4) | (2) | (319) | (185) | (482) |
| DBE Feedmills | - | - | (12) | (77) | (8) |
| Proforma PAT/ As per audited accounts | 2,281 | 4,452 | 4,032 | 7,224 | 8,798 |

9. FINANCIAL INFORMATION (CONT'D)

9.2.2 Impact of Interest Rates on Operating Profits

For the financial year ended 31 December 2002, the impact of interest rates on operating profit is minimal as the Group's gearing level is only 0.85 times. The gearing level of the Group as at 31 August 2003 is 0.83 times. The interest cover ratios for the past five (5) financial years ended 31 December 2002 ranged from 5.29 times to 16.17 times as set out below:-

| | Year ended 31 December | | | | |
|-------------------------|------------------------|----------------|----------------|----------------|----------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 |
| PBT | 2,642 | 4,810 | 5,463 | 9,114 | 9,688 |
| Interest expense | 616 | 555 | 488 | 601 | 1,566 |
| PBT before interest | 3,258 | 5,365 | 5,951 | 9,715 | 11,254 |
| Interest coverage ratio | 5.29 | 9.67 | 12.19 | 16.17 | 7.19 |

9.3 Directors' Declaration on Financial Performance

Save as disclosed in Sections 3 and 9.4 of this Prospectus, the Directors are of the view that the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following :

- (i) any known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the DBE Group;
- (ii) any material commitment for capital expenditure;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the DBE Group;
- (iv) any substantial increase in revenue; and
- (v) any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position of the Group.

Trade Debts and Ageing Analysis

Total trade debts of the DBE Group as at 15 December 2003 (being the last practicable date prior to the printing of this Prospectus), totalled RM12.11 million. Ageing analysis of the trade debtors of the Group is as follows:

| | 0-60 days (RM) | 60-180 days (RM) | > 180 days (RM) | Total (RM) |
|-----------------------------|-------------------|---------------------|--------------------|---------------|
| Normal | 10,191,025.00 | 1,169,282.00 | 31,885.50 | 11,392,192.50 |
| Disputed/Non recoverable | 157.50 | 74,506.54 | 474,447.00 | 549,111.04 |
| Legal Action | - | - | 164,197.00 | 164,197.00 |
| Total | 10,191,182.50 | 1,243,788.54 | 670,529.50 | 12,105,500.54 |

9. FINANCIAL INFORMATION (CONT'D)

The Directors of DBE Group believe that to the best of their knowledge:

- (i) all trade debts exceeding the credit period (overdue trade debts) are recoverable; and
- (ii) full provision have been made in the financial statements for all trade debts where :
 - (a) there are any issues/ misunderstanding or disputed amount;
 - (b) where legal actions have been taken; or
 - (c) time period exceeds six (6) months.

9.4 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Material Litigation

(i) Working Capital

The Directors of DBE are of the opinion that after taking into account the cashflow forecast, banking facilities available and gross proceeds from the Public Issue, the Group will have adequate working capital for a period of not less than twelve (12) months from the date of issue of this Prospectus.

(ii) Borrowings

As at 15 December 2003 (being the last practicable date prior to the printing of this Prospectus), the total interest-bearing facilities of the DBE Group amounted to approximately RM66.99 million, out of which RM46.54 million has been utilised and still outstanding. The Group has no non-interest bearing borrowings.

Save as disclosed below, the DBE Group does not have any other loan capital or convertible debt securities outstanding or created but unissued, or mortgages or charges outstanding:-

| Borrowings as at 15 December 2003 | Total Facilities RM'000 | Facilities Outstanding RM'000 |
|--|------------------------------------|--|
| Short-term | | |
| Hire Purchase | 3,103 | 3,103 |
| Term Loan | 4,323 | 4,323 |
| Revolving Credit Facility | 133 | - |
| Banker acceptance | 15,000 | 8,652 |
| Bank overdrafts | 13,523 | 5,063 |
| Sub-total | 36,082 | 21,141 |
| Long-term | | |
| Hire Purchase | 11,627 | 8,736 |
| Term Loan | 19,277 | 16,666 |
| Sub-total | 30,904 | 25,402 |
| Grand Total of Borrowings | 66,986 | 46,543 |

9. FINANCIAL INFORMATION (CONT'D)**(iii) Contingent Liabilities**

Save as disclosed below, as at 15 December 2003 (being the last practicable date prior to the printing of this Prospectus), the Group does not have any material contingent liabilities.

| | RM'000 |
|---|---------------|
| Performance guarantee given by DBE to financial institutions for facilities granted to DBE Poultry - unsecured | 12,300 |
| Corporate guarantee given by DBE to a financial institution for hire purchase facilities granted to DBE Poultry | 4,500 |
| Total | 16,800 |

(iv) Material Commitment

Save as disclosed below, as at 15 December 2003 (being the last practicable date prior to the printing of this Prospectus), the DBE Group does not have any material commitment, which may have a substantial impact on the result or the financial position of the Group.

| | RM'000 |
|---------------------------------|---------------|
| Approved & contracted for * | 9,044 |
| Approved but not contracted for | - |
| Total | 9,044 |

* *For purchase of the closed-house system equipment for the broiler farms of the Group.*

(v) Material Litigation

As at 15 December 2003 (being the last practicable date prior to the printing of this Prospectus), the DBE Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the DBE Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of DBE and its subsidiaries.

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9. FINANCIAL INFORMATION (CONT'D)**9.5 Consolidated Profit Estimate and Forecast and Assumptions for the Financial Years Ended/Ending 31 December 2003 and 2004 respectively**
(Prepared for inclusion in this Prospectus)**D.B.E. GURNEY RESOURCES BERHAD (Company No.: 535763-A)**

The Directors of D.B.E. Gurney Resources Berhad ("DBE") forecast that the consolidated profit estimate and forecast of DBE for the financial years ending 31 December, 2003 and 2004 respectively will be as follows:-

| | Financial Year Ending 31 Dec 2003 (Estimate) RM'000 | Financial Year Ending 31 Dec 2004 (Forecast) RM'000 |
|---|---|---|
| Revenue | <u>134,600</u> | <u>133,396</u> |
| Consolidate profit before taxation | 12,515 | 14,864 |
| Taxation | <u>(2,364)</u> | <u>(2,789)</u> |
| Consolidated profit after taxation | <u>10,151</u> | <u>12,075</u> |
| Enlarged number of ordinary shares of RM0.50 each in issue ('000) | 80,000 | 80,000 |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | 64,810 | 64,810 |
| <u>Earnings Per Share</u> | | |
| i) Based on enlarged number of ordinary shares in issue: | | |
| - Gross earnings per share (sen) | 15.64 | 18.58 |
| - Net earnings per share (sen) | 12.69 | 15.09 |
| ii) Based on weighted average number of ordinary shares in issue*: | | |
| - Gross earnings per share (sen) | 19.31 | 22.93 |
| - Net earnings per share (sen) | 15.66 | 18.63 |
| <u>Price Earning Multiples</u> | | |
| i) Based on enlarged number of ordinary shares in issue: | | |
| - Gross earnings multiples (times) ** | 7.67 | 6.46 |
| - Net earnings multiples (times) ** | 9.46 | 7.95 |
| ii) Based on weighted average number of ordinary shares in issue*: | | |
| - Gross earnings multiples (times) ** | 6.21 | 5.23 |
| - Net earnings multiples (times) ** | 7.66 | 6.44 |

* Based on the weighted average number of ordinary shares of RM0.50 each after the sub-division of every one (1) existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each which was completed on 27 October 2003.

** Based on the Issue Price of RM1.20 per share.

9. FINANCIAL INFORMATION (CONT'D)

D.B.E. GURNEY RESOURCES BERHAD (Company No.: 535763-A)

NOTES TO THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDED/ ENDING 31 DECEMBER, 2003 AND 2004 RESPECTIVELY

The principal bases and assumptions upon which the consolidated profit estimate and forecast have been made are set out below:-

- 1 The listing scheme which incorporates the Conversion of Preference Shares to Ordinary Shares, Bonus Issue, Sub-division of every one (1) existing Ordinary Shares of RM1.00 each into two (2) new Ordinary Shares of RM0.50 each and Public Issue will be completed in the financial year ending 31 December 2003 and the proceeds from the Proposed Public Issue will be received during the financial year.
- 2 The proceeds from the Public Issue will be received during the financial year ended 31 December 2003 and utilised in the following manners:

| | RM'000 |
|----------------------------------|--------|
| (i) Repayment of bank borrowings | 5,410 |
| (ii) Estimated listing expenses | 1,400 |
| (iii) Working capital | 7,110 |
| Total | 13,920 |

- 3 The estimated listing expenses of RM1,400,000 will be set-off entirely against the share premium account.
- 4 There will be no material changes in the structure and principal activities of the Group.
- 5 There will be no significant variance in the projected average selling prices and sales volume of the Group from those used in the forecast which will adversely affect the performance of the Group.
- 6 There will be no significant adverse changes in the current demand and in the prevailing market conditions which will adversely affect the Group's performance.
- 7 There will be no significant adverse changes in the current demand and in the prevailing market conditions which will adversely affect the Group's performance.
- 8 There will be no unfavourable weather conditions, natural disasters or major disruption in the poultry farming industry that will adversely affect the production and yield of the Group's operations.
- 9 There will be no significant changes to the present legislations or regulations, bases of duties, levies and corporate tax rate affecting the activities or performance of the Group or the market in which it operates including the tax incentive of reinvestment allowance claimed by the Group.
- 10 There will be no significant changes to the prevailing economic and political conditions that will adversely affect the activities or performance of the Group.
- 11 There will be no material changes in the management and accounting policies currently adopted by the Group.
- 12 There will be no major acquisition of business ventures during the projected periods.
- 13 There will be no major industrial disputes or any abnormal factors which might affect the supply of materials and sales of the Group's products.
- 14 There will be no material changes in the cost of raw materials, cost of goods purchased, labour, and other incidental costs which may adversely affect the operations of the Group.
- 15 Capital expenditure plan will be implemented and incurred on schedule and there will be no material acquisition or disposal of property, plant and equipment other than those planned.
- 16 Existing financing facilities will remain available to the Group and there will be no material fluctuation in interest rate.
- 17 The inflation rate will not change significantly from the present level, which will adversely affect the performance of the Group.
- 18 There will be no significant variation in the exchange rates of foreign currencies, which is based on the prevailing rate of USD1.00 to RM3.80, that will adversely affect the performance of the Group.

9. FINANCIAL INFORMATION (CONT'D)

9.6 Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast of the DBE Group for the Financial Years Ended / Ending 31 December 2003 and 2004 respectively
(Prepared for inclusion in this Prospectus)



400A, Batu 2, Jalan Kamunting,
34600 Kamunting, Perak D.R., Malaysia.
Tel: 605-8088830, 8075998 Fax: 605-8073366
E-mail: sivatn@pc.jaring.my

Date : 7 January 2004

The Board of Directors
D.B.E. Gurney Resources Berhad
400, Jalan Kamunting Batu 2
34600 Kamunting
Perak Darul Ridzuan

Dear Sirs,

**D.B.E. GURNEY RESOURCES BERHAD ("DBE")
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDED/ENDING
31 DECEMBER, 2003 AND 2004 RESPECTIVELY**

We have reviewed the consolidated profit estimate and forecast of D.B.E. Gurney Resources Berhad and its subsidiary companies ("DBE Group") for the financial years ending 31 December, 2003 and 2004 respectively as set out in the Prospectus to be dated 15 January 2004 in accordance with the standard applicable to the review of forecasts. The estimate and forecast have been prepared for inclusion in the aforementioned Prospectus in connection with the public issue of 11,600,000 new ordinary shares of RM0.50 each in DBE at an issue price of RM1.20 per share, offer for sale of 9,400,000 ordinary shares of RM0.50 each in DBE at an offer price of RM1.20 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of DBE on the Second Board of the Malaysia Securities Exchange Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material aspect, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the DBE Group in its audited financial statements for the period ended 31 August 2003. The Directors of DBE are solely responsible for the preparation and presentation of the consolidated profit estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, mean prospective information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

In particular, the estimate and forecast of consolidated profit after taxation are substantially dependent on the achievability of the specific assumptions set out in the accompanying statement.

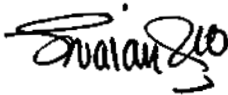
9. FINANCIAL INFORMATION (CONT'D)

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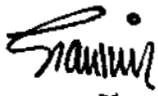
Subject to the matters stated in the preceding paragraphs:

- i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, set out in the aforementioned Prospectus, do not provide a reasonable basis for the preparation of the profit estimate and forecast; and
- ii) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the DBE Group in its audited financial statements for the period ended 31 August 2003.

Yours faithfully,



SIVA TAN & CO
No. AF 0785
Chartered Accountants (Malaysia)



TAN TIN
Approval No.: 1451/06/04(J/PH)
Chartered Accountant (Malaysia)

9. FINANCIAL INFORMATION (CONT'D)

9.7 Directors' Comments on Profit Estimate and Forecast***Financial year ended 31 December 2003***

The Board of Directors of DBE expects the Group's turnover to increase by 52.9% to RM134.60 million in FY2003 (FY2002: RM88.04 million). The increase in turnover of approximately RM46.56 million is mainly attributable to the increase in live bird production and aggressive marketing.

The increase in the turnover vis a vis production is due to the expansion of DBE Poultry's farm houses in FY2003 as compared to 2002. The construction of closed houses will be completed in stages in FY2003, with secured financing from commercial banks and self generated funds. The expected increase in demand for broilers is mainly due to new customers secured and the expected increase in demand from the existing customers.

The remaining increase in turnover will come from the sales by DBE Food Processing which is expected to grow from RM19.03 million in FY2002 to RM33.75 million in FY2003 mainly due to expected increase in demand from the existing customers.

The other contributor is DBE Gurney Chicken whose turnover is expected to increase from RM10.2 million in FY2002 to RM11.98 million in FY2003, mainly from the newly set up outlets in mid 2002.

The Group's gross profit margin of 21.4% for 2002 is expected to decline to 15.4% in 2003 mainly due to higher depreciation charges in 2003. In 2002, the depreciation charges was RM2.68 million as compared to RM8.03 million in 2003. The increase in depreciation charges is mainly attributable to the Group's feedmill operation which was fully operational in July 2002 and also the newly constructed closed broiler houses in 2003. Besides, the cost of production mainly labor cost is expected to rise due to the additional labor required in the Group's poultry division.

In line with the increase in turnover, the Group's PBT is expected to improve by 29.1% to approximately RM12.51 million in FY2003 (FY2002:RM9.69 million). The PAT is also expected to increase by RM1.35 million to RM10.15 million in 2003 (FY2002: RM8.80 million) due to the increase in turnover whilst the overheads remain relatively consistent.

Financial year ending 31 December 2004

The Board of Directors of DBE expects a marginal decline of RM1.2 million in the Group's turnover to RM133.4 million in FY2004 (FY2003:RM134.6 million).

The decline in turnover in FY2004 compared to FY2003 is mainly attributed to the expected decrease in the selling prices. Further decline in the turnover is because the Group does not expect to embark on major operations of its broiler operation.

The Group's gross profit margin is 16.5% for 2004 as compared to 15.4% in 2003. The slight increase is due to the reduction in depreciation charges of RM629,000 to RM7.4 million in 2004 compared to RM8.30 million in 2003.

The Group's PBT is expected to improve significantly by 18.8% to approximately RM14.86 million in FY2004 (FY2003: RM12.52 million) due to the interest savings of RM1.6 million arising from the retiring of a term loan. In line with the increase in PBT, PAT is expected to increase by RM1.92 million to RM12.06 million representing an increase of 18.9% over the PAT for 2003.

The Board of Directors of DBE Group confirm that the profit estimate and forecast of the DBE Group and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the DBE Group and its level of gearing liquidity and working capital requirements, are of the opinion that the profit forecast of the DBE Group are achievable and the assumptions made are reasonable.

9. FINANCIAL INFORMATION (CONT'D)

Nevertheless, in the light of the current economic environment, certain assumptions, including market demand of its products and interest rates, may differ significantly from actual should the economic situation differ significantly from the date of this forecast and this may have a material impact on DBE Group's profit forecast.

9.8 Sensitivity Analysis**9.8.1 Variations in Turnover**

| Estimate for the financial year ended 31 December 2003 | | | | | | |
|--|----------|----------|--------|----------|--------|----------|
| RM'000 | Turnover | Change % | PBT | Change % | PAT | Change % |
| As Estimate | 134,600 | - | 12,515 | - | 10,151 | - |
| Up 10% | 148,060 | 10.00 | 25,975 | 107.55 | 21,067 | 107.53 |
| Up 5% | 141,330 | 5.00 | 19,245 | 53.78 | 15,608 | 53.75 |
| Down 10% | 121,140 | -10.00 | -944 | -107.55 | -944 | -107.35 |
| Down 5% | 127,870 | -5.00 | 5,785 | -53.78 | 4,692 | -54.97 |

| Forecast for the financial year ending 31 December 2004 | | | | | | |
|---|----------|----------|--------|----------|--------|----------|
| RM'000 | Turnover | Change % | PBT | Change % | PAT | Change % |
| As Forecast | 133,396 | - | 14,864 | - | 12,075 | - |
| Up 10% | 146,735 | 10.00 | 28,203 | 89.74 | 22,912 | 89.75 |
| Up 5% | 140,066 | 5.00 | 21,533 | 44.87 | 17,493 | 44.87 |
| Down 10% | 120,056 | -10.00 | 1,524 | -89.75 | 1,238 | -89.75 |
| Down 5% | 126,726 | -5.00 | 8,193 | -44.88 | 6,656 | -44.88 |

The sensitivity analysis on turnover is prepared based on the assumptions as set out in Section 9.6 herein and assuming that all other things remain unchanged except for the 5% and 10% upward and downward variations in the selling price of the poultry products.

9.8.2 Variations in Cost of Sales

| Estimate for the financial year ended 31 December 2003 | | | | | | |
|--|---------------|----------|--------|----------|--------|----------|
| | Cost of Sales | Change % | PBT | Change % | PAT | Change % |
| As Estimate | 113,815 | - | 12,515 | - | 10,151 | - |
| Up 10% | 125,196 | 10.00 | 1,134 | -90.94 | 920 | -90.94 |
| Up 5% | 119,506 | 5.00 | 6,824 | -45.47 | 5,535 | -45.47 |
| Down 10% | 102,433 | -10.00 | 23,897 | 90.95 | 19,380 | 90.92 |
| Down 5% | 108,124 | -5.00 | 18,206 | 45.47 | 14,765 | 45.45 |

| Forecast for the financial year ending 31 December 2004 | | | | | | |
|---|---------------|----------|--------|----------|--------|----------|
| | Cost of Sales | Change % | PBT | Change % | PAT | Change % |
| As Forecast | 111,389 | - | 14,864 | - | 12,075 | - |
| Up 10% | 122,528 | 10.00 | 3,724 | -74.95 | 3,025 | -74.95 |
| Up 5% | 116,958 | 5.00 | 9,294 | -37.47 | 7,550 | -37.47 |
| Down 10% | 100,250 | -10.00 | 26,002 | 74.93 | 21,124 | 74.94 |
| Down 5% | 105,819 | -5.00 | 20,433 | 37.47 | 16,559 | 37.13 |

9. FINANCIAL INFORMATION (CONT'D)

The sensitivity analysis on cost of sales is prepared based on the assumptions as set out in Section 9.6 herein and that all other things remain unchanged except for the 5% and 10% upward and downward variations in the cost of sales.

9.9 Dividend Estimate and Forecast and Policy

On the basis of the consolidated profit forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of DBE Group anticipate that they will be in a position to propose, based on the issued share capital of the Group, a gross dividend of 1.35 sen or 2.7% per share for the financial year ended 31 December 2003 and a gross dividend of 2.5 sen or 5% per share for the financial year ending 31 December 2004 respectively.

The dividend represents a gross dividend yield of 1.13% and 2.1% based on the IPO price of RM 1.20 per share for the financial years ended/ending 31 December 2003 and 2004 respectively.

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the DBE Group.

The intended appropriation of the estimated consolidated profit for the financial year ended 31 December 2003 and projected forecast year ending 31 December 2004 will be as follows:-

| | Financial Year Ended/Ending | |
|---|-------------------------------|-------------------------------|
| | 31 December 2003 RM'000 | 31 December 2004 RM'000 |
| Consolidated PBT | 12,515 | 14,864 |
| Less : Taxation | (2,364) | (2,789) |
| Consolidated PAT | 10,151 | 12,075 |
| Less : | | |
| • Proposed dividend | (1,080) | (2,000) |
| Consolidated retained profit for the year | 9,071 | 10,075 |
| Gross dividend per Share (sen) | 1.35 | 2.5 |
| Net dividend per Share (sen) | 0.97 | 1.8 |
| Gross dividend yield based on the IPO price of RM1.20 per Share (%) | 1.13 | 2.1 |
| Net dividend yield based on the IPO price of RM1.20 per Share (%) | 0.81 | 1.5 |
| Net dividend cover (times) | 13.1 | 8.4 |

Investors should note that future dividends may be waived if:-

- the Group is in a loss position for the relevant financial period; or
- the Group has insufficient cashflow to meet any dividend payment.

9. FINANCIAL INFORMATION (CONT'D)

9.10 Proforma Consolidated Balance Sheets of the DBE Group as at 31 August 2003 (Prepared for inclusion in this Prospectus)

D.B.E. GURNEY RESOURCES BERHAD (Company No.: 535763-A) PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST, 2003

The proforma consolidated balance sheets of DBE Group as at 31 August 2003, as set out below are provided for illustrative purposes only to show the effects of implementation of the listing scheme which incorporates the Conversion of Preference shares to Ordinary Shares, Bonus Issue, Sub-division of Ordinary Shares, Public Issue and Offer for Sale on the assumptions that these transactions were completed on 31 August, 2003.

| | (I) Proforma (I) Conversion of Audited Balance as at 31.08.2003 RM'000 | (II) Proforma (II) After (I) and Bonus Issue RM'000 | (III) Proforma (III) After (II) and Sub-division of Ordinary Shares RM'000 | (IV) Proforma (IV) After (III) and Public Issue and Offer for Sale RM'000 |
|---|---|--|--|---|
| Assets | | | | |
| Property, plant and equipment | 69,999 | 69,999 | 69,999 | 69,999 |
| Investment | 13 | 13 | 13 | 13 |
| Goodwill on consolidation | 47 | 47 | 47 | 47 |
| Current Assets | | | | |
| Inventories | 5,449 | 5,449 | 5,449 | 5,449 |
| Trade receivables | 17,193 | 17,193 | 17,193 | 17,193 |
| Other receivables and deposits | 4,237 | 4,237 | 4,237 | 4,237 |
| Fixed deposit with licensed banks | 286 | 286 | 286 | 286 |
| Cash and bank balances | 533 | 533 | 533 | 7,643 |
| | 27,698 | 27,698 | 27,698 | 34,808 |
| Less: | | | | |
| Current Liabilities | | | | |
| Trade payables | 14,222 | 14,222 | 14,222 | 14,222 |
| Other payables and accruals | 2,547 | 2,547 | 2,547 | 2,547 |
| Amount due to directors | 8 | 8 | 8 | 8 |
| Hire-purchase payables | 2,014 | 2,014 | 2,014 | 2,014 |
| Tax liabilities | 3,338 | 3,338 | 3,338 | 3,338 |
| Dividend payable | 777 | 777 | 777 | 777 |
| Term loans | 3,127 | 3,127 | 3,127 | 3,127 |
| Other bank borrowings | 9,891 | 9,891 | 9,891 | 4,481 |
| | 35,924 | 35,924 | 35,924 | 30,514 |
| Net current assets/(liabilities) | (8,226) | (8,226) | (8,226) | 4,294 |
| Long-term and Deferred Liabilities | | | | |
| Hire purchase payables | (3,835) | (3,835) | (3,835) | (3,835) |
| Term loans | (15,581) | (15,581) | (15,581) | (15,581) |
| Deferred tax liabilities | (552) | (552) | (552) | (552) |
| | (19,968) | (19,968) | (19,968) | (19,968) |
| | 41,865 | 41,865 | 41,865 | 54,385 |
| Financed by: | | | | |
| Share capital: | | | | |
| Ordinary share capital | 17,106 | 21,593 | 34,200 | 40,000 |
| Preference share capital | 4,487 | - | - | - |
| Share premium | 7,242 | 7,242 | - | 6,720 |
| Retained profits | 13,030 | 13,030 | 7,665 | 7,665 |
| | 41,865 | 41,865 | 41,865 | 54,385 |
| Net tangible assets ("NTA") | 37,331 | 41,818 | 41,818 | 54,338 |
| Number of ordinary shares in issue:- | | | | |
| - ordinary shares of RM1.00 each ('000) | 17,106 | 21,593 | 34,200 | |
| - ordinary shares of RM0.50 each ('000) | | | | 68,400 |
| | | | | 80,000 |
| NTA per ordinary share of:- | | | | |
| - RM1.00 each (RM) | 2.18 | 1.94 | 1.22 | |
| - RM0.50 each (RM) | | | | 0.61 |
| | | | | 0.68 |

9. FINANCIAL INFORMATION (CONT'D)

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEET
OF THE DBE GROUP AS AT 31 AUGUST 2003**
(Prepared for inclusion in this Prospectus)

D.B.E. GURNEY RESOURCES BERHAD (Company No.: 535763-A)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

- The proforma consolidated balance sheets have been prepared based on the audited consolidated balance sheet of DBE Group made up to 31 August, 2003.
- The proforma consolidated balance sheets have been presented on a basis consistent with the accounting principles and bases consistent with those normally adopted by the Group in the preparation of consolidated financial statements.
- The consolidated balance sheets incorporated, on a proforma basis, the following transactions as if they were effected on 31 August, 2003:-

Proforma I After conversion of 4,487,558 cumulative redeemable preference shares of RM1.00 each into 4,487,558 new ordinary shares of RM1.00 each on the basis of one (1) existing preference share of RM1.00 each held converted into one (1) new ordinary share of RM1.00 each in DBE. The conversion was completed on 20 October 2003.

Proforma II After Proforma I and the Bonus Issue of 12,606,641 new ordinary shares of RM1.00 each on the basis of approximately 584 bonus shares for every 1,000 existing ordinary shares held after Proforma I. The bonus issue was completed on 25 October 2003.

Proforma III After Proforma II and the sub-division of 34,200,000 ordinary shares of RM1.00 each into 68,400,000 ordinary shares of RM0.50 each on the basis of every one (1) existing ordinary share of RM1.00 each sub-divided into two (2) new ordinary shares of RM0.50 each. The sub-division of ordinary shares was completed on 27 October 2003.

Proforma IV After Proforma III and the Public Issue of 11,600,000 new ordinary shares of RM0.50 each at an issue price of RM1.20 per share and the Offer for Sale of 9,400,000 ordinary shares of RM0.50 at an offer price of RM1.20 per share.

The above listing scheme is expected to be completed in January 2004 and the proceeds from the Public Issue will be received in that month.

- The proposed utilisation of proceeds from the Public Issue is as follows:

| | RM'000 |
|----------------------------------|---------------|
| (i) Repayment of bank borrowings | 5,410 |
| (ii) Estimated listing expenses | 1,400 |
| (iii) Working capital | 7,110 |
| Total | <u>13,920</u> |

- The estimated listing expenses will be wholly off-set against the share premium account. Proceeds from the Offer for Sale shall accrue to the offerers

- The movements in share capital, share premium and retained profits of the Group are as follows:-

| | Share Capital RM'000 | Share Premium RM'000 | Retained Profits RM'000 |
|--|----------------------------|----------------------------|-------------------------------|
| As at 31 August, 2003 | 17,106 | 7,242 | 13,030 |
| Conversion of 4,487,558 preference shares of RM1.00 each into 4,487,558 new ordinary shares of RM1.00 each | 4,487 | - | - |
| After Conversion of Preference Shares to Ordinary Shares - Proforma I | 21,593 | 7,242 | 13,030 |
| Bonus Issue of 12,606,641 new ordinary shares of RM1.00 each | 12,607 | (7,242) | (5,365) |
| After Proforma I and Bonus Issue - Proforma II | 34,200 | - | 7,665 |
| Sub-division of every one (1) ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each | - | - | - |
| After Proforma II and Sub-division of Ordinary Shares - Proforma III | 34,200 | - | 7,665 |
| Public Issue of 11,600,000 new ordinary shares of RM0.50 each at an issue price of RM1.20 per share and Offer for Sale of 9,400,000 ordinary shares of RM0.50 each at an offer price of RM1.20 per share | 5,800 | 8,120 | - |
| Estimated listing expenses | - | (1,400) | - |
| After Proforma III, Public Issue and Offer for Sale - Proforma (IV) | <u>40,000</u> | <u>6,720</u> | <u>7,665</u> |

9. FINANCIAL INFORMATION (CONT'D)

9.11 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



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**PROFORMA CONSOLIDATED BALANCE SHEETS OF D.B.E. GURNEY RESOURCES BERHAD
AS AT 31 AUGUST, 2003 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER**
(prepared for inclusion in this Prospectus)

Date : 7 January 2004

The Board of Directors
D.B.E. Gurney Resources Berhad
400, Jalan Kamunting Batu 2
34600 Kamunting
Perak Darul Ridzuan

Dear Sirs

D.B.E. GURNEY RESOURCES BERHAD ("DBE")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST, 2003

We have reviewed the Proforma Consolidated Balance Sheets of D.B.E. Gurney Resources Berhad and its subsidiaries ("DBE Group") as at 31 August 2003 together with the notes thereon, for which the directors of DBE are solely responsible, as set out in the Prospectus of DBE to be dated 15 January 2004 in connection with the public issue of 11,600,000 new ordinary shares of RM0.50 each in DBE at an issue price of RM1.20 per share, offer for sale of 9,400,000 ordinary shares of RM0.50 each in DBE at an offer price of RM1.20 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of DBE on the Second Board of the Malaysia Securities Exchange Berhad.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon, have been prepared for illustrative purposes only, have been properly compiled on the accounting principles and bases consistent with those normally adopted by the DBE Group and that the adjustments made are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully,

SIVA TAN & CO
No. AF 0785
Chartered Accountants (Malaysia)

TAN TIN
Approval No.: 1451/06/04(J/PH)
Chartered Accountant (Malaysia)