



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
		1 Apr 2014 to 30 Jun 2014 CURRENT QUARTER RM'000	1 Apr 2013 to 30 Jun 2013 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2014 to 30 Jun 2014 CURRENT YEAR TO DATE RM'000	1 Jan 2013 to 30 Jun 2013 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue		38,634	38,186	76,438	72,940
Cost of sales		(38,398)	(34,864)	(74,504)	(66,368)
Gross profit		236	3,322	1,934	6,572
Other income		-	-	65	-
Administrative expenses		(587)	(2,484)	(3,821)	(4,884)
Finance costs		(550)	(741)	(1,134)	(1,471)
(Loss) / Profit before tax		(901)	97	(2,956)	217
Income tax expense	B5	-	1,173	-	1,509
(Loss) / Profit for the period		(901)	1,270	(2,956)	1,726
Attributable To :					
Equity holders of the parent		(901)	1,270	(2,956)	1,726
Minority interest		-	-	-	-
		(901)	1,270	(2,956)	1,726
Earnings per share attributable to equity holders of the parent (Note B13)					
- Basic (Sen)		(0.13)	0.19	(0.44)	0.26
- Anti-dilutive (Sen)		(0.10)	0.15	(0.34)	0.20

The Condensed Consolidated Income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Apr 2014 to 30 Jun 2014 CURRENT QUARTER RM'000	1 Apr 2013 to 30 Jun 2013 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2014 to 30 Jun 2014 CURRENT YEAR TO DATE RM'000	1 Jan 2013 to 30 Jun 2013 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
(Loss) / Profit for the period	(901)	1,270	(2,956)	1,726
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	(901)	1,270	(2,956)	1,726
Total Comprehensive income attributable to:				
Equity holders of the parent	(901)	1,270	(2,956)	1,726
Minority interest	-	-	-	-
	(901)	1,270	(2,956)	1,726

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTES	UNAUDITED AS AT 30 June 2014 RM'000	AUDITED AS AT 31 Dec 2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		83,235	84,844
		<u>83,235</u>	<u>84,844</u>
Current assets			
Inventories		6,543	7,459
Trade receivables		24,992	26,362
Other receivables, deposits and prepayments		850	3,186
Cash and bank balances		878	718
		<u>33,263</u>	<u>37,725</u>
TOTAL ASSETS		<u>116,498</u>	<u>122,569</u>
EQUITY AND LIABILITIES			
Share capital		67,333	67,333
Share premium		109	109
Reserve		23,199	23,199
Retained loss		(26,595)	(23,639)
Total Equity		<u>64,046</u>	<u>67,002</u>
Non-current liabilities			
Hire-purchase payables	B9	1,404	1,606
Term loans	B9	16,502	17,070
Deferred tax liabilities		4,567	4,567
		<u>22,473</u>	<u>23,243</u>
Current liabilities			
Trade payables		14,594	13,176
Other payables and accruals		8,108	7,957
Amounts due to directors		957	1,365
Hire- purchase payables	B9	433	443
Tax liabilities		214	312
Term loans	B9	5,574	8,971
Other bank borrowings	B9	99	100
		<u>29,979</u>	<u>32,324</u>
Total liabilities		<u>52,452</u>	<u>55,567</u>
TOTAL EQUITY AND LIABILITIES		<u>116,498</u>	<u>122,569</u>
Net Assets per ordinary share of RM0.10 (RM)		0.10	0.10



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	← Non-Distributable →				Retained Profit/(Loss) RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Warrants Reserve RM'000		
As at 1 January 2014	67,333	109	17,138	6,061	(23,639)	67,002
Loss for the period	-	-	-	-	(2,956)	(2,956)
As at 30 June 2014	67,333	109	17,138	6,061	(26,595)	64,046
As at 1 January 2013	67,333	109	27,371	6,061	(33,359)	67,515
Revaluation Surplus	-	-	(9,374)	-	9,374	-
Profit for the period	-	-	-	-	1,726	1,726
As at 30 June 2013	67,333	109	17,997	6,061	(22,259)	69,241

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 14 to 30 June 14 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 13 to 30 June 13 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(2,956)	217
Adjustments for :		
Depreciation of property, plant and equipment	2,175	2,496
Amortisation of leasehold land	49	49
Finance costs	1,133	1,471
Property, plant and equipment written off	3	-
Gain on disposal of property, plant and equipment	(5)	(65)
Operating Profit Before Working Capital Changes	399	4,168
Changes in working capital:		
Net change in current assets	4,622	(4,298)
Net change in current liabilities	1,569	(2,299)
Income tax paid	(98)	(144)
Finance costs paid	(1,133)	(1,471)
Net Cash Generated From / (Used in) Operating Activities	5,359	(4,044)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5	12,780
Purchases of Property, Plant and Equipment	(618)	(184)
Net Cash (Used In)/Generated From Investing Activities	(613)	12,596
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(3,599)	(6,770)
Repayment of banker acceptance/STA	-	(1,082)
Repayment of Islamic bank financing	(367)	(220)
Repayment of hire purchase liabilities	(212)	(395)
(Repayment to) / Advance from directors	(408)	79
Net Cash Used In Financing Activities	(4,586)	(8,388)
NET INCREASE IN CASH AND CASH EQUIVALENTS	160	164
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	619	(379)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	779	(215)
Note :	30 June 2014	30 Jun 2013
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	878	384
Overdraft	(99)	(599)
	779	(215)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statement of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“BMSB”).

The quarterly consolidated financial statement should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to the quarterly consolidated financial statement provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the financial position and performance of the Group since the financial year ended 31 December 2013.

On 19 November 2011, the Malaysia Accounting Standard Board (“MASB”) issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreement for Construction or Real Estate, including its parent, significant investor and venture (herein called “Transitioning Entities”).

Based on the MASB announcement on 30 June 2012, Transitioning Entities are allowed to defer the adoption of new MFRS Framework from the previous adoption date of 1 January 2013 to 1 January 2014.

On 7 August 2013, MASB announced that the Transitioning Entities will be allowed to defer the adoption of the new MFRS Framework from the previous adoption date of 1 January 2014 to 1 January 2015. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group is a transitioning entity, elected to continue preparing its financial statement in accordance with the FRS framework for annual financial periods beginning before 1 January 2015. As such, the Group will prepare its first financial statements using the MFRS framework for the financial year ending 31 December 2015. In presenting its first MFRS financial statements, the Group may be required to restate the comparative financial statement to amounts reflecting the application of the MFRS Framework.

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

Financial reporting standards under the existing FRS Framework that have yet to be adopted in presenting this quarterly consolidated financial statement are disclosed below. These adoptions will not result in any significant changes to the Group’s accounting policies, results and financial position.

<u>New FRS</u>		Effective for financial periods beginning on or after
FRS 9	Financial Instruments	To be advised by MASB
FRS 14	Regulatory Deferral Account*	1-Jan-2016
<u>Amendments / Improvements to FRSs</u>		
FRS 2	Share-based Payment	1-Jul-2014
FRS 3	Business Combinations	1-Jul-2014
FRS 8	Operating Segments*	1-Jul-2014
FRS 11	Joint Arrangement*	1-Jan-2016
FRS 13	Fair Value Measurement	1-Jul-2014
FRS 116	Property, Plant and Equipment	1-Jul-2014
FRS 116	Property, Plant and Equipment	1-Jan-2016
FRS 119	Employee Benefit	1-Jul-2014
FRS 124	Related Party Disclosures	1-Jul-2014
FRS 138	Intangible Assets	1-Jul-2014
FRS 138	Intangible Assets	1-Jan-2016
FRS 140	Investment Property*	1-Jul-2014

* *Not applicable to the Group*

A2. Comparatives

The comparative figures have not been restated.

A3. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013.

A4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

A5. Seasonal or cyclical factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

A6. Unusual items affecting Assets, Liabilities, Equity, Net income or Cash flow

There was no unusual item of significant size or nature recorded during the current quarter.

A7. Material changes in estimates

There were no significant changes in estimates that have had material effect in the current quarter results.

A8. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

A9. Dividend paid

There were no dividend paid during the quarter under review.

A10. Segment information

No segmental reporting by industry and geographical segments has been prepared as the Group is primarily involved in the business of poultry farming and operates principally in Malaysia.

A11. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment for the current quarter under review.

A12. Subsequent events

No material subsequent events arises after the end of the current quarter.

A13. Changes in composition of the Group

There was no changes in the composition of the Group during the current quarter under review.

A14. Capital commitment

There were no material capital expenditure commitments during the current quarter under review.

A15. Related party transactions

There were no significant related party transactions during the quarter under review.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Performance review

	2nd Quarter ended 30 June 2014		2nd Quarter ended 30 Jun 2013	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.17 million	14,055	1.94 million	12,109
Sales of Feeds	7.43 million	12,158	7.68 million	13,230
Sales of Live Broiler	2.11 million	8,460	1.92 million	8,534
Others		3,961		4,313
		38,634		38,186
(Loss) / Profit before tax		(901)		97

For the current quarter ended 30 June 2014, the Group's revenue recorded RM 38.60 million, which represented an increase of 1.17% over the prior year corresponding quarter's revenue of RM 38.18 million. This was mainly due to the increase in demand from sales of processed chicken with better average selling price as compared to the prior year corresponding quarter.

Although the Group had made the higher revenue as compare to preceding quarter, the Group recorded a loss before tax of RM 0.90 million as compared with the prior year corresponding quarter profit before tax of RM0.09 million. This was mainly due to increase in production cost as compared to the prior corresponding quarter.

B2. Material change in profit before taxation of current quarter compared with immediate preceding quarter

	2nd Quarter ended 30 June 2014		1st Quarter ended 31 Mar 2014	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.17 million	14,055	2.05 million	12,951
Sales of Feeds	7.43 million	12,158	7.47 million	12,186
Sales of Live Broiler	2.11 million	8,460	1.95 million	8,967
Others		3,961		3,700
		38,634		37,804
Loss before tax		(901)		(2,055)

For the current quarter ended 30 June 2014, the Group's revenue increase mainly due to the higher demand from sales of processed chicken together with the better selling price as compare to the preceding year.

The Groups' incurred a loss before tax of RM 0.90 million in current quarter compared to the loss before tax RM 2.05 million in preceding quarter. This was mainly due to the reversal of impairment loss from the settlement of contract farming.

B3. Commentary on prospects

The Group continues to emphasise on its production efficiency and better cost management in order to improve its future results.

B4. Profit forecast

Not applicable for the current quarter.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 June 2014 RM'000	Preceding Year Quarter 30 Jun 2013 RM'000	Current Year To Date 30 June 2014 RM'000	Preceding Year To Date 30 Jun 2013 RM'000
Taxation	-	1,173	-	1,509

B6. Profit & loss on sale of unquoted investments and properties

There were no material sale of unquoted investments and properties during the current quarter.

B7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities during the current quarter and financial year to-date.

B8. Corporate Proposals

There are no corporate developments for the current quarter under review.

DBE GURNEY RESOURCES BERHAD (Company No : 535763-A)
(Incorporated in Malaysia)

B9. Borrowings and debts securities

The Group's borrowings as at 30 June 2014 all of which were denominated in Ringgit Malaysia are as follows:

	RM'000
<u>Short Term</u>	
- Bank overdrafts	99
- Hire purchases	433
- Term loans	5,574
Sub-total	<u>6,106</u>
<u>Long Term</u>	
- Hire purchases	1,404
- Term Loans	16,502
Sub-total	<u>17,906</u>
Total borrowings	<u>24,012</u>

The above bank borrowings are secured by means of the followings:-

- (i) a debenture incorporating fixed charge over the assets of the Group,
- (ii) legal charge over landed properties belonging to certain subsidiaries,
- (iii) joint and several guarantee of some of the directors of the company, and
- (iv) pledge and lodgement of a subsidiary company's fixed deposits.

B10. Financial instruments

There were no outstanding financial instruments as at the date of issue of this quarterly report.

B11. Material Litigation

There was no pending material litigation as at the date of issue of this quarterly report.

B12. Dividend

The Directors do not recommend any dividend for the current quarter.

B13. Earnings per share

The basic earnings per ordinary share and diluted earnings per ordinary shares were calculated by dividing the Group's net (loss) / profit attribute to ordinary shareholders by the number of weighted ordinary shares in issue as follows:-

	Current Year Quarter Ended 30 June 2014	Corresponding Quarter Ended 30 Jun 2013	Current Year Period To date 30 June 2014	Corresponding Period To date 30 Jun 2013
Net Profit / (Loss) (RM'000)	(901)	1,270	(2,956)	1,726
Weighted average number of ordinary shares in issue ('000)	673,333	673,333	673,333	673,333
Diluted number of share in issue ('000)	873,333	873,333	873,333	873,333
Basic earnings per share (sen)	(0.13)	0.19	(0.44)	0.26
Anti-dilutive earnings per share (sen)	(0.10)	0.15	(0.34)	0.20

B14. Disclosure of realised and unrealised portions of revenue reserve:-

	As at 30 June 2014 RM'000	As at 31 Dec 2013 RM'000
Profit/(loss) :		
Realised	(22,028)	(19,072)
Unrealised	(4,567)	(4,567)
	<u>(26,595)</u>	<u>(23,639)</u>

The second quarter results has been reviewed by the company's external auditors, Moore Stephens.

BY ORDER OF THE BOARD

ERIC TOH CHEE SEONG (MAICSA 7016178)
JESSLYN ONG BEE FANG (MAICSA 7020672)
Company Secretaries

Perak
29-Aug-14