



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
		1 Apr 2015 to 30 Jun 2015 CURRENT QUARTER RM'000	1 Apr 2014 to 30 Jun 2014 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2015 to 30 Jun 2015 CURRENT YEAR TO DATE RM'000	1 Jan 2014 to 30 Jun 2014 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue		26,195	38,634	70,385	76,438
Cost of sales		(21,895)	(38,398)	(65,205)	(74,504)
Gross Profit		4,300	236	5,180	1,934
Interest income		-	-	-	-
Other income		7	-	7	65
Administrative expenses		(3,637)	(587)	(7,011)	(3,821)
Finance costs		(492)	(550)	(955)	(1,134)
Profit / (Loss) before tax		178	(901)	(2,779)	(2,956)
Income tax expense	B5	(24)	-	88	-
Profit / (Loss) for the period		154	(901)	(2,691)	(2,956)
Attributable To :					
Equity holders of the parent		154	(901)	(2,691)	(2,956)
Minority interest		-	-	-	-
		154	(901)	(2,691)	(2,956)
Profit / (Loss) per share attributable to equity holders of the parent (Note B13)					
- Basic (Sen)		0.02	(0.13)	(0.40)	(0.44)

The Condensed Consolidated Income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Apr 2015 to 30 Jun 2015 CURRENT QUARTER RM'000	1 Apr 2014 to 30 Jun 2014 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2015 to 30 Jun 2015 CURRENT YEAR TO DATE RM'000	1 Jan 2014 to 30 Jun 2014 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Profit / (Loss) for the period	154	(901)	(2,691)	(2,956)
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	154	(901)	(2,691)	(2,956)
Total Comprehensive income attributable to:				
Equity holders of the parent	154	(901)	(2,691)	(2,956)
Minority interest	-	-	-	-
	154	(901)	(2,691)	(2,956)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	NOTES	UNAUDITED AS AT 30 Jun 2015 RM'000	AUDITED AS AT 31 Dec 2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		75,661	79,292
		<u>75,661</u>	<u>79,292</u>
Current assets			
Inventories		3,488	4,507
Biological assets		8,928	2,833
Trade receivables		19,833	24,568
Other receivables, deposits and prepayments		1,838	1,163
Cash and bank balances		1,055	346
		<u>35,142</u>	<u>33,417</u>
TOTAL ASSETS		<u>110,803</u>	<u>112,709</u>
EQUITY AND LIABILITIES			
Share capital		67,333	67,333
Share premium		109	109
Reserves		20,848	21,501
Accumulated losses		(34,155)	(32,117)
Total Equity		<u>54,135</u>	<u>56,826</u>
Non-current liabilities			
Hire-purchase payables	B9	914	1,138
Term loans	B9	16,308	15,293
Deferred tax liabilities		3,892	4,004
		<u>21,114</u>	<u>20,435</u>
Current liabilities			
Trade payables		20,659	18,554
Other payables and accruals		8,022	9,225
Amounts due to directors		39	1,026
Hire- purchase payables	B9	518	504
Tax liabilities		-	46
Term loans	B9	6,217	5,993
Bank Overdrafts	B9	99	100
		<u>35,554</u>	<u>35,448</u>
Total liabilities		<u>56,668</u>	<u>55,883</u>
TOTAL EQUITY AND LIABILITIES		<u>110,803</u>	<u>112,709</u>
Net Assets per ordinary share of RM0.10 (RM)		0.08	0.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	← Non-Distributable			→		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserve RM'000	Warrants Reserve RM'000	Accumulated Profit / (Losses) RM'000	
As at 1 January 2015	67,333	109	15,440	6,061	(32,117)	56,826
Realisation of asset revaluation reserves	-	-	(653)	-	653	-
Loss for the period	-	-	-	-	(2,691)	(2,691)
As at 30 June 2015	<u>67,333</u>	<u>109</u>	<u>14,787</u>	<u>6,061</u>	<u>(34,155)</u>	<u>54,135</u>
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	<u>67,333</u>	<u>109</u>	<u>17,138</u>	<u>6,061</u>	<u>(26,595)</u>	<u>64,046</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 15 to 30 Jun 15 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 14 to 30 Jun 14 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(2,779)	(2,956)
Adjustments for :		
Depreciation of property, plant and equipment	2,868	2,175
Amortisation of leasehold land	51	49
Interest income	(0)	-
Finance costs	955	1,133
Property, plant and equipment written off	-	3
Gain on disposal of property, plant and equipment	(92)	(5)
Operating Profit Before Working Capital Changes	<u>1,003</u>	<u>399</u>
Changes in working capital:		
Net change in current assets	(1,017)	4,622
Net change in current liabilities	878	1,569
Income tax paid	(46)	(98)
Finance costs paid	(955)	(1,133)
Net Cash (Used in) / Generated From Operating Activities	<u>(137)</u>	<u>5,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0	-
Proceeds from disposal of property, plant and equipment	1,521	5
Withdrawal of fixed deposits pledged to bank	-	-
Purchases of property, plant and equipment	(717)	(618)
Net Cash Generated From / (Used in) Investing Activities	<u>804</u>	<u>(613)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of term loans	1,680	(3,599)
(Repayment) / Drawdown of Islamic bank financing	(440)	(367)
Repayment of hire purchase liabilities	(210)	(212)
Repayment to directors	(987)	(408)
Net Cash Generated from / (Used In) Financing Activities	<u>43</u>	<u>(4,586)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	710	160
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>246</u>	<u>619</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>956</u>	<u>779</u>
Note :	30 Jun 2015	30 Jun 2014
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	1,055	878
Overdraft	(99)	(99)
	<u>956</u>	<u>779</u>



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 statements 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 2014. 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 2014.

On 19 November 2011, the Malaysian Accounting Standard Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian 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 venturer (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. Subsequently, on the 2 September 2014, MASB has further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual period beginning on or after 1 January 2017.

The Group is a transitioning entity has elected to continue preparing its financial statement in accordance with the FRS framework for annual financial periods beginning before 1 January 2017. As such, the Group will prepare its first financial statements using the MFRS framework for the financial year ending 31 December 2017. 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 statements are disclosed below. These adoptions will not result in any significant changes to the Group’s accounting policies, results and financial position.

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 9	Financial Instruments	01-Jan-16
FRS 9 (2014)	Financial Instruments	01-Jan-18
FRS 14	Regulatory Deferral Accounts*	01-Jan-16
<u>Amendments / Improvements to FRSs</u>		
FRS 2	Amendment to Share-Based Payment	01-Jul-14
FRS 3	Amendment to Business Combinations	01-Jul-14
FRS 5	Amendment to Non-current Assets Held for Sale and Discontinued Operations*	01-Jan-16
FRS 7	Amendment to Financial Instruments: Disclosures	01-Jan-16
FRS 8	Amendment to Operating Segments	01-Jul-14
FRS 10	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 10 and FRS 128)*	01-Jan-16
FRS 10	Investment Entities: Applying the Consolidation Exception	01-Jan-16
FRS 11	Accounting for Acquisitions of Interests in Joint Operations*	01-Jan-16
FRS 12	Investment Entities*	01-Jan-16
FRS 13	Amendment to Fair Value Measurement	01-Jul-14
FRS 101	Disclosure Initiative	01-Jan-16
FRS 116	Amendment to Property, Plant and Equipment	01-Jul-14
FRS 116	Clarification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16
FRS 119	Defined Benefit Plans: Employee Contributions	01-Jul-14
FRS 119	Amendment to Employee Benefits	01-Jan-16
FRS 124	Amendment to Related Party Disclosures	01-Jul-14
FRS 127 (2011)	Equity Method in Separate Financial Statements	01-Jan-16
FRS 128 (2011)	Investment Entities: Applying the Consolidation Exception	01-Jan-16
FRS 134	Amendment to Interim Financial Reporting	01-Jan-16
FRS 138	Amendment to Intangible Assets	01-Jul-14
FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16
FRS 140	Amendment to Investment Property	01-Jul-14

* 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 2014.

A4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2014 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

On 27 April 2015, the Group announced its intention to undertake the following exercises:

- (i) reduction of the issued and paid-up share capital of DBE pursuant to Section 64 of the Companies Act, 1965 ("Act") involving cancellation of RM0.09 of the par value of each existing ordinary shares of RM0.10 in DBE ("**Proposed Par Value Reduction**");
 - (ii) amendment to the Memorandum of Association of DBE ("**MA**") to facilitate the implementation of the Proposed Par Value Reduction ("**Proposed MA Amendment**"); and
 - (iii) issuance of redeemable convertible notes with an aggregate principal amount of up to RM50 million ("**Proposed Notes Issue**").
- (collectively referred to as the "Proposals")

On 4 June 2015, the Board of Directors ("Board") announced that the Securities Commission, had vide its letter dated 4 June 2015 authorised the issuance of the Notes and Bursa Securities had, vide its letter dated 10 June 2015 approved the listing of and quotation for up to 5,000,000,000 New DBE Shares to be issued upon the conversion of the Notes.

The Shareholders of the Company had at the Extraordinary General Meeting held on 24 July 2015 approved the above Proposals. Subsequently on 27 July 2015, the Board announced that the fulfillment date for the fulfillment for the conditions precedent to the closing of the first sub-tranche of Tranche 1 Notes has been extended for a further period of two (2) months from 27 July 2015 to 27 September 2015.

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 Jun 2015		2nd Quarter ended 30 Jun 2014	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.49 million	15,243	2.17 million	14,055
Sales of Feeds	-	-	7.43 million	12,158
Sales of Live Broiler	2.32 million	10,453	2.11 million	8,460
Others		499		3,961
		26,195		38,634
Profit / (Loss) before tax		178		(901)

For the current quarter ended 30 June 2015, the Group's revenue recorded RM 26.19 million, which represented an decrease of 32.20% over the prior year corresponding quarter's revenue of RM 38.63 million. The decrease in turnover was mainly due to the termination of sales contract with a major sub contractor which resulted the sub contractor turning into a service provider.

The Group recorded a profit from operations of RM 0.17 million as compared with the prior year corresponding quarter loss from operation of RM 0.90 million. The profit recorded was mainly due to better selling prices and better costs control on its production as compared to previous.

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

	2nd Quarter ended 30 Jun 2015		1st Quarter ended 31 March 2015	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.49 million	15,243	2.51 million	15,501
Sales of Feeds	-	-	8.57 million	14,118
Sales of Live Broiler	2.32 million	10,453	2.50 million	9,582
Others		499		4,989
		26,195		44,190
Profit / (Loss) before tax		178		(2,957)

For the current quarter ended 30 June 2015, the Group's revenue decreased also mainly due to termination of sales contract with a major sub contractor which resulted the sub contractor turning into a service provider.

The Groups' incurred a profit before tax of RM 0.178 million in current quarter compared to the loss before tax of RM 2.95 million in preceding quarter. This was mainly due to a relatively higher production costs incurred in previous quarter coupled with approximately RM 2.49 million on depreciation of revalued building in 2013 which was under provided in 2014.

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	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
Taxation	(24)	-	88	-

Taxation for current year quarter was due to reversal of over provision for taxation in 2010.

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 2015 all of which were denominated in Ringgit Malaysia are as follows:

	RM'000
<u>Short Term</u>	
- Bank overdrafts	99
- Hire purchases	518
- Term loans	6,217
Sub-total	6,834
<u>Long Term</u>	
- Hire purchases	914
- Term Loans	16,308
Sub-total	17,222
Total borrowings	24,056

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, and
- (iii) joint and several guarantee of some of the directors of the company.

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 profit / (loss) attributable to ordinary shareholders by the number of weighted ordinary shares in issue as follows:-

	Current Year Quarter Ended 30 Jun 2015	Corresponding Quarter Ended 30 Jun 2014	Current Year Period To date 30 Jun 2015	Corresponding Period To date 30 Jun 2014
Net Profit / (Loss) (RM'000)	154	(901)	(2,691)	(2,956)
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 earning / (loss) per share (sen)	0.02	(0.13)	(0.40)	(0.44)

The Group does not have any dilutive potential ordinary shares as the market price of the share was lower than the exercise price. As a result, these warrant are anti-dilutive in nature and have not been considered in the computation of diluted earning per share.

B14. Disclosure of realised and unrealised portions of accumulated losses:-

	As at 30 Jun 2015 RM'000	As at 31 Dec 2014 RM'000
Profit/(loss) :		
Realised	(30,263)	(28,113)
Unrealised	(3,892)	(4,004)
	(34,155)	(32,117)

BY ORDER OF THE BOARD

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

Perak
28-Aug-15