



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Jul 2015 to 30 Sep 2015 CURRENT QUARTER RM'000	1 Jul 2014 to 30 Sep 2014 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2015 to 30 Sep 2015 CURRENT YEAR TO DATE RM'000	1 Jan 2014 to 30 Sep 2014 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	25,324	42,401	95,709	118,839
Cost of sales	(23,826)	(40,914)	(89,031)	(115,418)
Gross Profit	1,498	1,487	6,678	3,421
Interest income	-	-	-	-
Other income	5	35	12	100
Administrative expenses	(4,149)	(3,324)	(11,160)	(7,145)
Finance costs	(241)	(302)	(1,196)	(1,436)
Loss before tax	(2,887)	(2,104)	(5,666)	(5,060)
Income tax expense	B5	-	88	-
Loss for the period	(2,887)	(2,104)	(5,578)	(5,060)
Attributable To :				
Equity holders of the parent	(2,887)	(2,104)	(5,578)	(5,060)
Minority interest	-	-	-	-
	(2,887)	(2,104)	(5,578)	(5,060)
Loss per share attributable to equity holders of the parent (Note B13)				
- Basic (Sen)	(0.43)	(0.31)	(0.83)	(0.75)

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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Jul 2015 to 30 Sep 2015 CURRENT QUARTER RM'000	1 Jul 2014 to 30 Sep 2014 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2015 to 30 Sep 2015 CURRENT YEAR TO DATE RM'000	1 Jan 2014 to 30 Sep 2014 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Loss for the period	(2,887)	(2,104)	(5,578)	(5,060)
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	<u>(2,887)</u>	<u>(2,104)</u>	<u>(5,578)</u>	<u>(5,060)</u>
Total Comprehensive income attributable to:				
Equity holders of the parent	(2,887)	(2,104)	(5,578)	(5,060)
Minority interest	-	-	-	-
	<u>(2,887)</u>	<u>(2,104)</u>	<u>(5,578)</u>	<u>(5,060)</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	NOTES	UNAUDITED AS AT 30 Sep 2015 RM'000	AUDITED AS AT 31 Dec 2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		76,202	79,292
		<u>76,202</u>	<u>79,292</u>
Current assets			
Inventories		4,061	4,507
Biological assets		9,848	2,833
Trade receivables		18,532	24,568
Other receivables, deposits and prepayments		1,537	1,163
Deposits with licensed banks		29	-
Cash and bank balances		685	346
		<u>34,692</u>	<u>33,417</u>
TOTAL ASSETS		<u>110,894</u>	<u>112,709</u>
EQUITY AND LIABILITIES			
Share capital		6,733	67,333
Share premium		109	109
Reserves		59,426	21,501
Redeemable Convertible Notes		99	-
Accumulated losses		(15,020)	(32,117)
Total Equity		<u>51,347</u>	<u>56,826</u>
Non-current liabilities			
Hire-purchase payables	B9	800	1,138
Term loans	B9	15,295	15,293
Deferred tax liabilities		3,924	4,004
		<u>20,019</u>	<u>20,435</u>
Current liabilities			
Trade payables		22,001	18,554
Other payables and accruals		9,328	9,225
Redeemable Convertible Notes		1,119	-
Amounts due to directors		80	1,026
Hire- purchase payables	B9	508	504
Tax liabilities		-	46
Term loans	B9	6,392	5,993
Bank Overdrafts	B9	100	100
		<u>39,528</u>	<u>35,448</u>
Total liabilities		<u>59,547</u>	<u>55,883</u>
TOTAL EQUITY AND LIABILITIES		<u>110,894</u>	<u>112,709</u>
Net Assets per ordinary share of RM0.01 (RM)		0.08	0.08


**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	←	Non-Distributable Asset	→					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Other Reserve RM'000	Warrants Reserve RM'000	Redeemable Convertible Notes RM'000	Accumulated Profit / (Losses) RM'000	Total Equity RM'000
As at 1 January 2015	67,333	109	15,440	-	6,061	-	(32,117)	56,826
Reduction in share capital	(60,600)	-	-	-	-	-	60,600	-
Transfer to other reserve on Par Value Reduction	-	-	-	38,578	-	-	(38,578)	-
Issuance of Redeemable Convertible Notes (Equity Component)	-	-	-	-	-	99	-	99
Realisation of asset revaluation reserves	-	-	(653)	-	-	-	653	-
Loss for the period	-	-	-	-	-	-	(5,578)	(5,578)
As at 30 September 2015	<u>6,733</u>	<u>109</u>	<u>14,787</u>	<u>38,578</u>	<u>6,061</u>	<u>99</u>	<u>(15,020)</u>	<u>51,347</u>
As at 1 January 2014	67,333	109	17,138	-	6,061	-	(23,639)	67,002
Loss for the period	-	-	-	-	-	-	(5,060)	(5,060)
As at 30 September 2014	<u>67,333</u>	<u>109</u>	<u>17,138</u>	<u>-</u>	<u>6,061</u>	<u>-</u>	<u>(28,699)</u>	<u>61,942</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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	(UNAUDITED) 9 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 15 to 30 Sep 15 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 14 to 30 Sep 14 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(5,666)	(5,060)
Adjustments for :		
Depreciation of property, plant and equipment	4,298	3,242
Amortisation of leasehold land	77	73
Interest income	(0)	-
Finance costs	1,196	1,436
Property, plant and equipment written off	-	75
Gain on disposal of property, plant and equipment	(92)	(5)
Operating Loss Before Working Capital Changes	(187)	(239)
Changes in working capital:		
Net change in current assets	(909)	3,558
Net change in current liabilities	3,526	4,420
Income tax paid	(46)	(182)
Finance costs paid	(1,196)	(1,436)
Net Cash Generated From Operating Activities	1,188	6,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0	-
Proceeds from disposal of property, plant and equipment	1,628	5
Withdrawal of fixed deposits pledged to bank	-	-
Purchases of property, plant and equipment	(2,820)	(657)
Net Cash Used In Investing Activities	(1,192)	(652)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Redeemable Convertible Notes	1,250	-
Drawdown / (Repayment) of term loans	989	(4,479)
Repayment of Islamic bank financing	(587)	(514)
Repayment of hire purchase liabilities	(334)	(326)
Repayment to directors	(946)	(495)
Net Cash Used In Financing Activities	372	(5,814)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	368	(345)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	246	618
CASH AND CASH EQUIVALENTS AT END OF PERIOD	614	273

Note :

Cash and cash equivalent comprises :

	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Cash and bank balances	685	373
Fixed deposits with licensed bank	29	-
Overdraft	(100)	(100)
	614	273



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	1-Jan-16
FRS 9 (2014)	Financial Instruments	1-Jan-18
FRS 14	Regulatory Deferral Accounts*	1-Jan-16
<u>Amendments / Improvements to FRSs</u>		
FRS 2	Amendment to Share-Based Payment	1-Jul-14
FRS 3	Amendment to Business Combinations	1-Jul-14
FRS 5	Amendment to Non-current Assets Held for Sale and Discontinued Operations*	1-Jan-16
FRS 7	Amendment to Financial Instruments: Disclosures	1-Jan-16
FRS 8	Amendment to Operating Segments	1-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)*	1-Jan-16
FRS 10	Investment Entities: Applying the Consolidation Exception	1-Jan-16
FRS 11	Accounting for Acquisitions of Interests in Joint Operations*	1-Jan-16
FRS 12	Investment Entities*	1-Jan-16
FRS 13	Amendment to Fair Value Measurement	1-Jul-14
FRS 101	Disclosure Initiative	1-Jan-16
FRS 116	Amendment to Property, Plant and Equipment	1-Jul-14
FRS 116	Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
FRS 119	Defined Benefit Plans: Employee Contributions	1-Jul-14
FRS 119	Amendment to Employee Benefits	1-Jan-16
FRS 124	Amendment to Related Party Disclosures	1-Jul-14
FRS 127 (2011)	Equity Method in Separate Financial Statements	1-Jan-16
FRS 128 (2011)	Investment Entities: Applying the Consolidation Exception	1-Jan-16
FRS 134	Amendment to Interim Financial Reporting	1-Jan-16
FRS 138	Amendment to Intangible Assets	1-Jul-14
FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
FRS 140	Amendment to Investment Property	1-Jul-14

* Not applicable to the Group

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

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 11 September 2015, the Proposed Par Value Reduction took effect upon the lodgment with the Companies Commission of Malaysia copy of the sealed order of the High Court of Malaya dated 27 August 2015 confirming the par value reduction.

Subsequent to the end of the current quarter, the Company issued Redeemable Convertible Notes amounting to RM1,250,000 which subsequently converted to 33,512,063 shares of RM0.01 each in the months of October and November.

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

	3rd Quarter ended 30 Sep 2015		3rd Quarter ended 30 Sep 2014	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.13 million	13,178	2.08 million	13,863
Sales of Feeds	-	-	8.00 million	13,154
Sales of Live Broiler	2.48 million	10,772	2.30 million	10,516
Others		1,374		4,868
		25,324		42,401
Loss before tax		(2,887)		(2,104)

For the current quarter ended 30 September 2015, the Group's revenue recorded RM 25.32 million, which represented a decrease of 40.27% over the prior year corresponding quarter's revenue of RM 42.40 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 incurred slightly higher loss from operation of RM 2.88 million as compared to the prior year corresponding quarter loss from operation of RM 2.10 million. This was partly due to the cost for the corporate exercise in relation to the issuance of redeemable convertible notes.

B2. Material change in profit / (loss) before taxation of current quarter compared with immediate preceding quarter

	3rd Quarter ended 30 Sep 2015		2nd Quarter ended 30 Jun 2015	
	KGs	RM'000	KGs	RM'000
Sales of processed chicken	2.13 million	13,178	2.49 million	15,243
Sales of Feeds	-	-	-	-
Sales of Live Broiler	2.48 million	10,772	2.32 million	10,453
Others		1,374		499
		25,324		26,195
(Loss) / Profit before tax		(2,887)		178

For the current quarter ended 30 September 2015, the Group's revenue decreased mainly due to poor demand and lower selling price for processed chickens.

The Groups' incurred a loss before tax of RM 2.88 million in current quarter compared to the profit before tax of RM 0.17 million in preceding quarter. This was mainly due to increase in production cost as compared to preceding quarter.

B3. Commentary on prospects

With the securing of supply and purchase deals with Kentucky Fried Chicken (Malaysia) Sendirian Berhad, KFC (Peninsular Malaysia) Sdn Bhd and QSR Stores Sdn Bhd for the designated KFC outlets in the territories of Perak and Selangor, DBE Group expects positive contribution from its poultry division on its earnings for the next financial year ending 31 December 2016. This augurs well with the Group's intention to increase its market share locally and sustain its business competitiveness in the foreseeable future.

B4. Profit forecast

Not applicable for the current quarter.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sep 2015 RM'000	Preceding Year Quarter 30 Sep 2014 RM'000	Current Year To Date 30 Sep 2015 RM'000	Preceding Year To Date 30 Sep 2014 RM'000
Taxation	-	-	88	-

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)

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B9. Borrowings and debts securities

The Group's borrowings as at 30 September 2015 all of which were denominated in Ringgit Malaysia are as follows:

	RM'000
<u>Short Term</u>	
- Bank overdrafts	100
- Hire purchases	508
- Term loans	6,392
Sub-total	7,000
<u>Long Term</u>	
- Hire purchases	800
- Term Loans	15,295
Sub-total	16,095
Total borrowings	23,095

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

	Current Year Quarter Ended 30 Sep 2015	Corresponding Quarter Ended 30 Sep 2014	Current Year Period To date 30 Sep 2015	Corresponding Period To date 30 Sep 2014
Net Loss (RM'000)	(2,887)	(2,104)	(5,578)	(5,060)
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)	(0.43)	(0.31)	(0.83)	(0.75)

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 Sep 2015 RM'000	As at 31 Dec 2014 RM'000
Profit/(loss) :		
Realised	(11,097)	(28,113)
Unrealised	(3,924)	(4,004)
	(15,020)	(32,117)

BY ORDER OF THE BOARD

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

Perak
27-Nov-15