



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
		1 Apr 2016 to 30 Jun 2016 CURRENT QUARTER RM'000	1 Apr 2015 to 30 Jun 2015 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2016 to 30 Jun 2016 CURRENT YEAR TO DATE RM'000	1 Jan 2015 to 30 Jun 2015 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue		26,431	26,195	54,951	70,385
Cost of sales		(22,890)	(21,895)	(47,388)	(65,205)
Gross Profit		3,541	4,300	7,563	5,180
Interest income		-	-	-	-
Other income		10	7	28	7
Administrative expenses		(3,083)	(3,637)	(5,959)	(7,011)
Finance costs		(341)	(492)	(761)	(955)
Profit / (Loss) before tax		127	178	871	(2,779)
Income tax expense	B5	-	(24)	(15)	88
Profit / (Loss) for the period		127	154	856	(2,691)
Attributable To :					
Equity holders of the parent		127	154	856	(2,691)
Minority interest		-	-	-	-
		127	154	856	(2,691)
Profit / (Loss) per share attributable to equity holders of the parent (Note B13)					
- Basic (Sen)		0.02	0.02	0.11	(0.40)



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Apr 2016 to 30 Jun 2016 CURRENT QUARTER RM'000	1 Apr 2015 to 30 Jun 2015 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2016 to 30 Jun 2016 CURRENT YEAR TO DATE RM'000	1 Jan 2015 to 30 Jun 2015 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Profit / (Loss) for the period	127	154	856	(2,691)
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	<u>127</u>	<u>154</u>	<u>856</u>	<u>(2,691)</u>
Total Comprehensive income attributable to:				
Equity holders of the parent	127	154	856	(2,691)
Minority interest	-	-	-	-
	<u>127</u>	<u>154</u>	<u>856</u>	<u>(2,691)</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTES	UNAUDITED AS AT 30 Jun 2016 RM'000	AUDITED AS AT 31 Dec 2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		68,646	70,000
		<u>68,646</u>	<u>70,000</u>
Current assets			
Inventories		7,027	4,145
Biological assets		10,301	9,815
Trade receivables		16,346	12,859
Other receivables, deposits and prepayments		12,834	15,411
Deposits with licensed banks		29	29
Cash and bank balances		972	404
		<u>47,509</u>	<u>42,663</u>
TOTAL ASSETS		<u>116,155</u>	<u>112,663</u>
EQUITY AND LIABILITIES			
Share capital		8,425	7,682
Share premium		4,667	2,710
Reserves		55,940	55,940
Redeemable Convertible Notes		377	135
Accumulated losses		(15,853)	(16,709)
Total Equity		<u>53,556</u>	<u>49,758</u>
Non-current liabilities			
Hire-purchase payables	B9	1,136	1,070
Term loans	B9	12,749	14,731
Deferred tax liabilities		3,226	3,149
		<u>17,111</u>	<u>18,950</u>
Current liabilities			
Trade payables		25,343	24,487
Other payables and accruals		7,491	10,649
Redeemable Convertible Notes		4,254	1,522
Amounts due to directors		445	562
Hire- purchase payables	B9	703	654
Tax liabilities		-	-
Term loans	B9	7,153	5,980
Bank Overdrafts	B9	99	101
		<u>45,488</u>	<u>43,955</u>
Total liabilities		<u>62,599</u>	<u>62,906</u>
TOTAL EQUITY AND LIABILITIES		<u>116,155</u>	<u>112,663</u>
Net Assets per ordinary share of RM0.01 (RM)		0.06	0.06


**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	←	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 2016	7,682	2,710	11,301	38,578	6,061	135	(16,709)	49,758
Issuance of Redeemable Convertible Notes (Equity Component)	743	1,957	-	-	-	242	-	2,942
Profit for the period	-	-	-	-	-	-	856	856
As at 30 June 2016	8,425	4,667	11,301	38,578	6,061	377	(15,853)	53,556
As at 1 January 2015	67,333	109	15,440	-	6,061	-	(32,117)	56,826
Realisation of asset revaluation reserves / disposal	-	-	(653)	-	-	-	653	-
Loss for the period	-	-	-	-	-	-	(2,691)	(2,691)
As at 30 June 2015	67,333	109	14,787	-	6,061	-	(34,155)	54,135

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 16 to 30 Jun 16 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 15 to 30 Jun 15 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	871	(2,779)
Adjustments for :		
Depreciation of property, plant and equipment	2,444	2,868
Amortisation of leasehold land	51	51
Interest income	(7)	-
Finance costs	761	955
Property, plant and equipment written off	161	-
Gain on disposal of property, plant and equipment	-	(92)
Operating Profit Before Working Capital Changes	4,281	1,003
Changes in working capital:		
Net change in current assets	(4,279)	(1,017)
Net change in current liabilities	(2,301)	878
Income tax paid	(15)	(46)
Finance costs paid	(761)	(955)
Net Cash Used In Operating Activities	(3,075)	(137)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7	-
Proceeds from disposal of property, plant and equipment	(147)	1,521
Purchases of property, plant and equipment	(1,155)	(717)
Net Cash Generated From / (Used In) Investing Activities	(1,295)	804
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	2,700	-
Proceeds from issuance of Redeemable Convertible Notes	3,050	-
Drawdown / (Repayment) of term loans	(431)	1,680
Repayment of Islamic bank financing	(377)	(440)
Repayment of hire purchase liabilities	115	(210)
Repayment to directors	(117)	(987)
Net Cash Generated From Financing Activities	4,940	43
NET INCREASE IN CASH AND CASH EQUIVALENTS	570	710
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	332	246
CASH AND CASH EQUIVALENTS AT END OF PERIOD	902	956
Note :	30 Jun 2016	30 Jun 2015
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	972	1,055
Fixed deposits with licensed bank	29	-
Overdraft	(99)	(99)
	902	956



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 2015. 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 2015.

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

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 2015.

A4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2015 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

During the quarter under review, the Company issued Redeemable Convertible Notes amounting to RM2,000,000 which subsequently converted into 55,555,555 new ordinary shares of RM0.01 each.

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 20 July 2016, the Company via its wholly-owned subsidiary D.B.E. Poultry Sdn Bhd ("DBEP") has entered into a joint venture agreement ("Agreement") with Distinct Legacy Sdn Bhd ("DLSB") and Tengku Faizwa Binti Tengku Razif ("TFW") to jointly establish a dedicated entrepreneur development programme involving the establishment of HARUMi retail outlets through license arrangements for the benefit of selected entrepreneurs ("JV Business").

The joint venture will be carried out by a newly set up company ("SPV") with the following shareholding structure: - DBEP - 40% DLSB - 40% TFW - 20%.

The JV Business will enable DBE Group to expand its retailing business through HARUMi products, which is in line with the Company's intention to increase its market presence in the local poultry industry.

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 2016		2nd Quarter ended 30 Jun 2015	
	Thousand KGs	RM'000	Thousand KGs	RM'000
Sales of Processed Chicken	3,168	19,631	2,488	15,243
Sales of Live Broiler	1,373	5,939	2,320	10,453
Sales of Marinated & Breaded Chicken	18	302	-	-
Others		559		499
		26,431		26,195
Profit before tax		127		178

For the current quarter ended 30 June 2016, the Group's revenue recorded RM 26.43 million, which represented an increase of 0.9% over the prior year corresponding quarter's revenue of RM26.19 million. This was partly due to higher sales volume in processed chicken as compared to the prior year corresponding quarter, which led to a profit before tax of RM0.12 million during the quarter under review.

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

	2nd Quarter ended 30 Jun 2016		1st Quarter ended 31 March 2016	
	Thousand KGs	RM'000	Thousand KGs	RM'000
Sales of Processed Chicken	3,168	19,631	3,362	20,839
Sales of Live Broiler	1,373	5,939	1,654	7,186
Sales of Marinated & Breaded Chicken	18	302	2	42
Others		559		453
		26,431		28,520
Profit before tax		127		744

For the current quarter ended 30 June 2016, the Group's revenue had slightly decreased. This was mainly due to poor demand in sales of processed chicken and sales of live broiler in current quarter as compared to preceding quarter.

The Group recorded a profit before tax of RM 0.12 million in current quarter as compared to the profit before tax of RM 0.74 million in the preceding quarter. This was partly due to increase in production cost in current quarter as compared to the preceding quarter.

B3. Commentary on prospects

The Group continues to emphasize on its production efficiency and better cost management in order to improve its future results. The development of HARUMi products and the increase in supply to KFC outlets in Perak and certain areas of Selangor are expected to increase sales revenue in remaining quarters of the year.

B4. Profit forecast

Not applicable for the current quarter.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 2016 RM'000	Preceding Year Quarter 30 Jun 2015 RM'000	Current Year To Date 30 Jun 2016 RM'000	Preceding Year To Date 30 Jun 2015 RM'000
Taxation	-	(24)	(15)	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)

(Incorporated in Malaysia)

B9. Borrowings and debts securities

The Group's borrowings as at 30 June 2016 all of which were denominated in Ringgit Malaysia are as follows:

RM'000

<u>Short Term</u>	
- Bank overdrafts	99
- Hire purchases	703
- Term loans	7,153
Sub-total	<u>7,955</u>
<u>Long Term</u>	
- Hire purchases	1,136
- Term Loans	12,749
Sub-total	<u>13,885</u>
Total borrowings	<u>21,840</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, 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 2016	Corresponding Quarter Ended 30 Jun 2015	Current Year Period To date 30 Jun 2016	Corresponding Period To date 30 Jun 2015
Net Profit / (Loss) (RM'000)	127	154	856	(2,691)
Weighted average number of ordinary shares in issue ('000)	783,086	673,333	783,086	673,333
Diluted number of share in issue ('000)	983,086	873,333	983,086	873,333
Profit / (Loss) per share (sen)	0.02	0.02	0.11	(0.40)

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 2016 RM'000	As at 31 Dec 2015 RM'000
Profit/(loss) :		
Realised	(12,626)	(13,560)
Unrealised	(3,226)	(3,149)
	<u>(15,853)</u>	<u>(16,709)</u>

BY ORDER OF THE BOARD

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

Perak
30-Aug-16