



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
		1 Jul 2016 to 30 Sep 2016 CURRENT QUARTER RM'000	1 Jul 2015 to 30 Sep 2015 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2016 to 30 Sep 2016 CURRENT YEAR TO DATE RM'000	1 Jan 2015 to 30 Sep 2015 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue		28,975	25,324	83,927	95,709
Cost of sales		(24,730)	(23,826)	(72,118)	(89,031)
Gross Profit		4,245	1,498	11,809	6,678
Interest income		-	-	-	-
Other income		19	5	47	12
Administrative expenses		(3,406)	(4,149)	(9,364)	(11,160)
Finance costs		(533)	(241)	(1,294)	(1,196)
Profit / (Loss) before tax		325	(2,887)	1,198	(5,666)
Income tax expense	B5	-	-	(15)	88
Profit / (Loss) for the period		325	(2,887)	1,183	(5,578)
Attributable To :					
Equity holders of the parent		325	(2,887)	1,183	(5,578)
Minority interest		-	-	-	-
		325	(2,887)	1,183	(5,578)
Profit / (Loss) per share attributable to equity holders of the parent (Note B13)					
- Basic (Sen)		0.04	(0.43)	0.14	(0.83)

The Condensed Consolidated Income statement 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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Jul 2016 to 30 Sep 2016 CURRENT QUARTER RM'000	1 Jul 2015 to 30 Sep 2015 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2016 to 30 Sep 2016 CURRENT YEAR TO DATE RM'000	1 Jan 2015 to 30 Sep 2015 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Profit / (Loss) for the period	325	(2,887)	1,183	(5,578)
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	<u>325</u>	<u>(2,887)</u>	<u>1,183</u>	<u>(5,578)</u>
Total Comprehensive income attributable to:				
Equity holders of the parent	325	(2,887)	1,183	(5,578)
Minority interest	-	-	-	-
	<u>325</u>	<u>(2,887)</u>	<u>1,183</u>	<u>(5,578)</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2016

	NOTES	UNAUDITED AS AT 30 Sep 2016 RM'000	AUDITED AS AT 31 Dec 2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		67,831	70,000
		<u>67,831</u>	<u>70,000</u>
Current assets			
Inventories		6,243	4,145
Biological assets		12,105	9,815
Trade receivables		17,587	12,859
Other receivables, deposits and prepayments		4,721	15,411
Deposits with licensed banks		29	29
Cash and bank balances		1,058	404
		<u>41,743</u>	<u>42,663</u>
TOTAL ASSETS		<u>109,574</u>	<u>112,663</u>
EQUITY AND LIABILITIES			
Share capital		10,832	7,682
Share premium		9,961	2,710
Reserves		49,879	55,940
Redeemable Convertible Notes		83	135
Accumulated losses		(9,466)	(16,709)
Total Equity		<u>61,289</u>	<u>49,758</u>
Non-current liabilities			
Hire-purchase payables	B9	1,023	1,070
Term loans	B9	11,731	14,731
Deferred tax liabilities		3,133	3,149
		<u>15,887</u>	<u>18,950</u>
Current liabilities			
Trade payables		15,480	24,487
Other payables and accruals		6,848	10,649
Redeemable Convertible Notes		940	1,522
Amounts due to directors		7	562
Hire- purchase payables	B9	652	654
Term loans	B9	8,372	5,980
Bank Overdrafts	B9	99	101
		<u>32,398</u>	<u>43,955</u>
Total liabilities		<u>48,285</u>	<u>62,906</u>
TOTAL EQUITY AND LIABILITIES		<u>109,574</u>	<u>112,663</u>
Net Assets per ordinary share of RM0.01 (RM)		0.06	0.06

The Condensed Consolidated Statement of Financial Position 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 STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	←		Non-Distributable Asset			→		Total Equity RM'000
	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	
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)	3,150	7,251	-	-	-	(52)	-	10,349
Reversal of warrants reserve	-	-	-	-	(6,061)	-	6,061	-
Profit for the period	-	-	-	-	-	-	1,182	1,182
As at 30 September 2016	10,832	9,961	11,301	38,578	-	83	(9,466)	61,289
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 / disposal	-	-	(653)	-	-	-	653	-
Loss for the period	-	-	-	-	-	-	(5,578)	(5,578)
As at 30 September 2015	6,733	109	14,787	38,578	6,061	99	(15,020)	51,347

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	(UNAUDITED) 9 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 16 to 30 Sep 16 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 15 to 30 Sep 15 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	1,198	(5,666)
Adjustments for :		
Depreciation of property, plant and equipment	3,667	4,298
Amortisation of leasehold land	77	77
Finance costs	1,294	1,196
Property, plant and equipment written off	8	-
Gain on disposal of property, plant and equipment	-	(92)
Operating Profit / (Loss) Before Working Capital Changes	6,244	(187)
Changes in working capital:		
Net change in current assets	1,575	(909)
Net change in current liabilities	(12,807)	3,526
Income tax paid	(15)	(46)
Finance costs paid	(1,294)	(1,196)
Net Cash Generated From / (Used In) Operating Activities	(6,297)	1,188
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	13	1,628
Purchases of property, plant and equipment	(1,597)	(2,820)
Net Cash Used In Investing Activities	(1,584)	(1,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	10,400	-
Net of Proceeds from issuance of Redeemable Convertible Notes	(650)	1,250
Drawdown of term loans	32	989
Repayment of Islamic bank financing	(640)	(587)
Repayment of hire purchase liabilities	(49)	(334)
Repayment to directors	(556)	(946)
Net Cash Generated From Financing Activities	8,537	372
NET INCREASE IN CASH AND CASH EQUIVALENTS	656	368
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	332	246
CASH AND CASH EQUIVALENTS AT END OF PERIOD	988	614
Note :	30 Sep 2016	30 Sep 2015
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	1,058	685
Fixed deposits with licensed bank	29	29
Overdraft	(99)	(100)
	988	614



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 RM7,700,000 which subsequently converted into 240,625,000 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 11 November 2016, the Company via wholly-owned subsidiary, D.B.E. Poultry Sdn Bhd ("DBE Poultry") has renewed two (2) Supply of Poultry Products Agreements ("Agreements") with KFC (Peninsular Malaysia) Sdn Bhd ("KFCPM") and QSR Stores Sdn Bhd ("QSR") (collectively hereinafter referred to as "Retailers"), to supply poultry products to the Retailers for a period effective from 1 January 2017 to 31 December 2017.

The renewal of the Agreements is expected to continue to generate approximately RM50 million in turnover with an assured margin to DBE Group for the next financial year ending 31 December 2017.

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 2016		3rd Quarter ended 30 Sep 2015	
	'000 KGs	RM'000	'000 KGs	RM'000
Sales of Processed Chicken	3,148	20,072	2,133	13,178
Sales of Live Broiler	1,670	8,110	2,488	10,772
Sales of Marinated & Breaded Chicken	35	480	-	-
Others		313		1,374
		28,975		25,324
Profit / (Loss) before tax		325		(2,887)

For the current quarter ended 30 Sept 2016, the Group's revenue recorded RM 28.97 million, which represented an increase of 14.42% over the prior year corresponding quarter's revenue of RM25.32 million. This was mainly due to higher sales volume in processed chicken together with its better selling price as compared to the prior year corresponding quarter, which led to a profit before tax of RM0.32 million during the quarter under review.

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

	3rd Quarter ended 30 Sep 2016		2nd Quarter ended 30 Jun 2016	
	'000 KGs	RM'000	'000 KGs	RM'000
Sales of Processed Chicken	3,148	20,072	3,168	19,631
Sales of Live Broiler	1,670	8,110	1,373	5,939
Sales of Marinated & Breaded Chicken	35	480	18	302
Others		313		559
		28,975		26,431
Profit before tax		325		127

For the current quarter ended 30 Sept 2016, the Group's revenue had slightly increased. This was mainly due to increase in sales of live broiler in current quarter as compared to preceding quarter although the selling price in current quarter were slightly lower as compared to preceding quarter.

The Group recorded a profit before tax of RM 0.32 million in current quarter as compared to the profit before tax of RM 0.12 million in the preceding quarter. This was mainly due to improvements in costs control in addition to increase of revenue 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.

B4. Profit forecast

Not applicable for the current quarter.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sep 2016 RM'000	Preceding Year Quarter 30 Sep 2015 RM'000	Current Year To Date 30 Sep 2016 RM'000	Preceding Year To Date 30 Sep 2015 RM'000
Taxation	-	-	(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

On 18 October 2016, the Company announced on its proposal to undertake the Proposed Bonus Issue of Warrants of up to 2,344,081,972 free warrants in DBE on the basis of one (1) Warrant for every two (2) DBE Shares held by DBE's shareholder on an entitlement date to be determined and announced later.

On 31 October 2016, the listing application in relation to the Proposed Bonus Issue of Warrants had been submitted to Bursa Malaysia Securities Berhad for approval.

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

(Incorporated in Malaysia)

B9. Borrowings and debts securities

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

	RM'000
<u>Short Term</u>	
- Bank overdrafts	99
- Hire purchases	652
- Term loans	8,372
Sub-total	9,123
<u>Long Term</u>	
- Hire purchases	1,023
- Term Loans	11,731
Sub-total	12,754
Total borrowings	21,877

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 Sep 2016	Corresponding Quarter Ended 30 Sep 2015	Current Year Period To date 30 Sep 2016	Corresponding Period To date 30 Sep 2015
Net Profit / (Loss) (RM'000)	325	(2,887)	1,183	(5,578)
Weighted average number of ordinary shares in issue ('000)	827,450	673,333	827,450	673,333
Diluted number of share in issue ('000)	1,027,450	873,333	1,027,450	873,333
Profit / (Loss) per share (sen)	0.04	(0.43)	0.14	(0.83)

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 2016 RM'000	As at 31 Dec 2015 RM'000
Profit/(loss) :		
Realised	(6,332)	(13,560)
Unrealised	(3,133)	(3,149)
	(9,466)	(16,709)

BY ORDER OF THE BOARD

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

Perak
25-Nov-16