



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

Note	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Apr 2017 to 30 Jun 2017 CURRENT QUARTER RM'000	1 Apr 2016 to 30 Jun 2016 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2017 to 30 Jun 2017 CURRENT YEAR TO DATE RM'000	1 Jan 2016 to 30 Jun 2016 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	28,423	26,431	56,311	54,951
Cost of sales	(24,277)	(22,890)	(47,965)	(47,388)
Gross Profit	4,146	3,541	8,346	7,563
Interest income	-	-	-	-
Other income	15	10	24	28
Administrative expenses	(3,698)	(3,083)	(7,268)	(5,959)
Finance costs	(419)	(341)	(888)	(761)
Profit before tax	44	127	214	871
Income tax expense	B5 -	-	-	(15)
Profit for the period	44	127	214	856
Other comprehensive income	9,721	-	9,721	-
Revaluation surplus, net of deferred tax				
Total comprehensive profit	9,766	127	9,936	856
Attributable To :				
Equity holders of the parent	44	127	214	856
Minority interest	-	-	-	-
	44	127	214	856
- Basic (Sen)	0.01	0.01	0.02	0.08
- Anti-dilutive (Sen)	0.01	0.01	0.02	0.10

The Condensed Consolidated Income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	(UNAUDITED) INDIVIDUAL QUARTER		(UNAUDITED) CUMULATIVE QUARTER	
	1 Apr 2017 to 30 Jun 2017 CURRENT QUARTER RM'000	1 Apr 2016 to 30 Jun 2016 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jan 2017 to 30 Jun 2017 CURRENT YEAR TO DATE RM'000	1 Jan 2016 to 30 Jun 2016 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Profit for the period	44	127	214	856
Other Comprehensive Income, net of tax:	-	-	-	-
Total comprehensive income for the period	<u>44</u>	<u>127</u>	<u>214</u>	<u>856</u>
Total Comprehensive income attributable to:				
Equity holders of the parent	44	127	214	856
Minority interest	-	-	-	-
	<u>44</u>	<u>127</u>	<u>214</u>	<u>856</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	NOTES	UNAUDITED AS AT 30 Jun 2017 RM'000	AUDITED AS AT 31 Dec 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		80,550	68,120
		<u>80,550</u>	<u>68,120</u>
Current assets			
Inventories		7,864	6,781
Biological assets		11,945	9,725
Trade receivables		14,492	15,681
Other receivables, deposits and prepayments		8,998	8,838
Deposits with licensed banks		216	29
Cash and bank balances		1,125	1,183
		<u>44,640</u>	<u>42,237</u>
TOTAL ASSETS		<u>125,190</u>	<u>110,357</u>
EQUITY AND LIABILITIES			
Share capital		13,196	10,832
Share premium		14,596	9,961
Reserves		59,058	49,337
Redeemable Convertible Notes		361	202
Accumulated losses		(9,642)	(9,857)
Total Equity		<u>77,569</u>	<u>60,475</u>
Non-current liabilities			
Hire-purchase payables	B9	1,332	1,197
Term loans	B9	8,794	10,125
Deferred tax liabilities		5,827	3,000
		<u>15,953</u>	<u>14,322</u>
Current liabilities			
Trade payables		13,501	15,053
Other payables and accruals		7,885	8,236
Redeemable Convertible Notes		4,075	2,283
Amounts due to directors		8	46
Hire- purchase payables	B9	874	633
Tax liabilities		17	17
Term loans	B9	4,054	9,193
Other bank borrowings	B9	1,254	99
		<u>31,668</u>	<u>35,560</u>
Total liabilities		<u>47,621</u>	<u>49,882</u>
TOTAL EQUITY AND LIABILITIES		<u>125,190</u>	<u>110,357</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 2016 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 2017**

	←	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 2017	10,832	9,961	10,759	38,578	-	202	(9,856)	60,476
Issuance of Redeemable Convertible Notes (Equity Component)	2,364	4,635	-	-	-	159	-	7,158
Total comprehensive income for the period	-	-	9,721	-	-	-	-	9,721
Profit for the period	-	-	-	-	-	-	214	214
As at 30 June 2017	<u>13,196</u>	<u>14,596</u>	<u>20,480</u>	<u>38,578</u>	<u>-</u>	<u>361</u>	<u>(9,642)</u>	<u>77,569</u>
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
Loss for the period	-	-	-	-	-	-	856	856
As at 30 June 2016	<u>8,425</u>	<u>4,667</u>	<u>11,301</u>	<u>38,578</u>	<u>6,061</u>	<u>377</u>	<u>(15,853)</u>	<u>53,556</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 2016 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 Jan 17 to 30 Jun 17 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 Jan 16 to 30 Jun 16 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	214	871
Adjustments for :		
Depreciation of property, plant and equipment	2,486	2,444
Amortisation of leasehold land	51	51
Deficit in Revaluation	124	-
Interest income	(0)	(7)
Finance costs	888	761
Property, plant and equipment written off	1	161
Gain on disposal of property, plant and equipment	(35)	-
Operating Profit Before Working Capital Changes	3,729	4,281
Changes in working capital:		
Net change in current assets	(4,152)	(4,279)
Net change in current liabilities	(25)	(2,301)
Income tax paid	-	(15)
Finance costs paid	(888)	(761)
Net Cash Used In Operating Activities	(1,336)	(3,075)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0	7
Proceeds from disposal of property, plant and equipment	139	(147)
Purchases of property, plant and equipment	(2,697)	(1,155)
Net Cash Used In Investing Activities	(2,558)	(1,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	7,000	2,700
Net of Proceeds from issuance of Redeemable Convertible Notes	2,000	3,050
Repayment of term loans	(6,279)	(431)
Drawdown of banker acceptance	1,155	-
Repayment of Islamic bank financing	(191)	(377)
Drawdown of hire purchase liabilities	377	115
Repayment to directors	(39)	(117)
Net Cash Generated From Financing Activities	4,023	4,940
NET INCREASE IN CASH AND CASH EQUIVALENTS	129	570
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,113	332
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,242	902
Note :	30 Jun 2017	30 Jun 2016
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	1,125	972
Fixed deposits with licensed bank	216	29
Overdraft	(99)	(99)
	1,242	902

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 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 2016. 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 2016.

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 2016.

A4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2016 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 RM3,500,000 which subsequently converted into 122,623,109 new ordinary shares.

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

During the quarter under review, the Board of Directors had approved a revaluation exercise undertaken on some land and buildings belonging to its subsidiary, namely D.B.E. Poultry Sdn Bhd by an independent qualified valuer namely Jordan Lee & Jaafar Sdn Bhd for a total valuation figure of RM59,300,000. After deduction of deferred tax amounting to RM5,713,348, the revaluation has resulted in a net surplus of RM20,480,608 which was then credited into the Revaluation Reserve.

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 Jun 2017		2nd Quarter ended 30 Jun 2016	
	'000 KG	RM'000	'000 KG	RM'000
Sales of Processed Chicken	3,100	20,502	3,168	19,630
Sales of Live Broiler	1,421	6,990	1,373	5,939
Sales of Marinated & Breaded Chicken		681		301
Others		250		561
		28,423		26,431
Profit before tax		44		127

For the current quarter ended 30 Jun 2017, the Group's revenue recorded RM28.42 million, which represented an increase of 7.54% over the prior year corresponding quarter's revenue of RM26.43 million. This was mainly due to higher demand in sales of live broiler coupled with it better selling price in current quarter as compared to the prior year corresponding quarter.

The Group recorded a profit before tax of RM0.04 million in current quarter as compared to the profit before tax of RM0.12 million in the prior year corresponding quarter. This decrease in profit in current quarter was mainly due the impairment loss amounting RM123,772 in current quarter as compared to the prior year corresponding quarter.

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

	2nd Quarter ended 30 Jun 2017		1st Quarter ended 31 Mar 2017	
	'000 KG	RM'000	'000 KG	RM'000
Sales of Processed Chicken	3,100	20,502	3,010	19,774
Sales of Live Broiler	1,421	6,990	1,519	7,050
Sales of Marinated & Breaded Chicken	-	681		682
Others		250		382
		28,423		27,888
Profit before tax		44		170

For the current quarter ended 30 Jun 2017, the Group's revenue had slightly increased. This was mainly due to higher demand in sales of processed chicken in current quarter as compared to preceding quarter.

Despite the higher revenue, the Group recorded a lower profit before tax of RM0.04 million in current quarter as compared to the profit before tax of RM0.17 million in the preceding quarter. This was mainly due to impairment loss amounting RM123,772 in current quarter as compared to the preceding quarter.

B3. Commentary on prospects

The Group continues to improve on its competitiveness in the poultry industry and enhance its business activities by venturing into retailing of chicken products under the HARUMi brand.

B4. Profit forecast

Not applicable for the current quarter.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 2017 RM'000	Preceding Year Quarter 30 Jun 2016 RM'000	Current Year To Date 30 Jun 2017 RM'000	Preceding Year To Date 30 Jun 2016 RM'000
Taxation	-	-	-	(15)

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.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B9. Borrowings and debts securities

The Group's borrowings as at 30 June 2017 all of which were denominated in Ringgit Malaysia are as follows:

	RM'000
<u>Short Term</u>	
- Bank overdrafts	99
- Hire purchases	874
- Bankers' acceptances/STA	1,155
- Term loans	4,054
Sub-total	6,182
<u>Long Term</u>	
- Hire purchases	1,332
- Term Loans	8,794
Sub-total	10,126
Total borrowings	16,308

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 2017	Corresponding Quarter Ended 30 Jun 2016	Current Year Period To date 30 Jun 2017	Corresponding Period To date 30 Jun 2016
Net Profit (RM'000)	44	127	214	856
Weighted average number of ordinary shares in issue ('000)	1,052,494	1,083,164	1,052,494	1,083,164
Diluted number of share in issue ('000)	1,252,494	873,333	1,252,494	873,333
Profit per share (sen)	0.01	0.01	0.02	0.08

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 2017 RM'000	As at 31 Dec 2016 RM'000
Profit/(loss) :		
Realised	(3,815)	(6,856)
Unrealised	(5,827)	(3,000)
	(9,642)	(9,856)

BY ORDER OF THE BOARD

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

Perak
09-Aug-17