



**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPT 2017**

Note	(UNAUDITED) INDIVIDUAL QUARTER			(UNAUDITED) CUMULATIVE QUARTER		
	1 JUL 2017 to 30 SEPT 2017	1 JUL 2016 to 30 SEPT 2016	Changes Increase / (Decrease) RM'000	1 JAN 2017 to 30 SEPT 2017	1 JAN 2016 to 30 SEPT 2016	Changes Increase / (Decrease) RM'000
	CURRENT QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000		CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000	
Revenue	28,546	28,975	(429)	84,857	83,927	930
Cost of sales	(28,521)	(24,730)	(3,791)	(76,486)	(72,118)	(4,368)
<b>Gross Profit</b>	<b>25</b>	<b>4,245</b>	<b>(4,220)</b>	<b>8,371</b>	<b>11,809</b>	<b>(3,438)</b>
Interest income	1	-	1	1	-	1
Other income	18	19	(1)	42	47	(5)
Administrative expenses	(3,614)	(3,406)	(208)	(10,882)	(9,364)	(1,518)
Finance costs	(425)	(533)	108	(1,313)	(1,294)	(19)
<b>(Loss) / Profit before tax</b>	<b>(3,995)</b>	<b>325</b>	<b>(4,320)</b>	<b>(3,781)</b>	<b>1,198</b>	<b>(4,979)</b>
Income tax expense	B5 5	-	5	5	(15)	20
<b>(Loss) / Profit for the period</b>	<b>(3,990)</b>	<b>325</b>	<b>(4,315)</b>	<b>(3,776)</b>	<b>1,183</b>	<b>(4,959)</b>
Other comprehensive income	-	-	-	9,721	-	9,721
<b>Total comprehensive (loss) / profit</b>	<b>(3,990)</b>	<b>325</b>	<b>(4,315)</b>	<b>5,945</b>	<b>1,183</b>	<b>4,762</b>
<b>Attributable To :</b>						
Owner of the company	(3,990)	325	(4,315)	(3,776)	1,183	(4,959)
Non controlling interest	-	-	-	-	-	-
	<b>(3,990)</b>	<b>325</b>	<b>(4,315)</b>	<b>(3,776)</b>	<b>1,183</b>	<b>(4,959)</b>
<b>Earning Per Shares:</b>						
- Basic ( Sen )	(0.33)	0.04		(0.31)	0.14	
- Diluted*	N/A	N/A		N/A	N/A	

Note:

\* 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.

The Condensed Consolidated Income statement should be read in conjunction with the Audited Financial Statements 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 SEPT 2017**

	NOTES	UNAUDITED AS AT 30 SEPT 2017 RM'000	AUDITED AS AT 31 DEC 2016 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		80,050	68,120
		<u>80,050</u>	<u>68,120</u>
<b>Current assets</b>			
Inventories		8,313	6,781
Biological assets		12,683	9,725
Trade receivables		13,801	15,681
Other receivables, deposits and prepayments		9,858	8,838
Deposits with licensed banks		784	29
Cash and bank balances		1,969	1,183
		<u>47,408</u>	<u>42,237</u>
<b>TOTAL ASSETS</b>		<b><u>127,458</u></b>	<b><u>110,357</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		14,036	10,832
Share premium		15,657	9,961
Reserves		59,058	49,337
Redeemable Convertible Notes		369	202
Accumulated losses		(13,633)	(9,857)
<b>Total Equity</b>		<u>75,487</u>	<u>60,475</u>
<b>Non-current liabilities</b>			
Hire-purchase payables	B9	1,700	1,197
Term loans	B9	8,191	10,125
Deferred tax liabilities		5,830	3,000
		<u>15,721</u>	<u>14,322</u>
<b>Current liabilities</b>			
Trade payables		14,744	15,053
Other payables and accruals		7,399	8,236
Redeemable Convertible Notes		4,164	2,283
Amounts due to directors		122	46
Hire- purchase payables	B9	1,137	633
Tax liabilities		-	17
Term loans	B9	3,790	9,193
Other bank borrowings	B9	4,894	99
		<u>36,250</u>	<u>35,560</u>
<b>Total liabilities</b>		<u>51,971</u>	<u>49,882</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>127,458</u></b>	<b><u>110,357</u></b>
Net Assets per ordinary share of RM0.01 each (RM)		0.05	0.06

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements 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 NINE MONTHS PERIOD ENDED 30 SEPT 2017**

			Non-Distributable				Accumulated Profit / (Losses) RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Warrants Reserve RM'000	Redeemable Convertible Notes RM'000		
As at 1 January 2017	10,832	9,961	10,759	38,578	-	202	(9,857)	60,475
Issuance of Redeemable Convertible Notes (Equity Component)	3,204	5,696	-	-	-	167	-	9,067
Total comprehensive income / (loss) for the period	-	-	9,721	-	-	-	(3,776)	5,945
As at 30 September 2017	14,036	15,657	20,480	38,578	-	369	(13,633)	75,487
As at 1 January 2016	7,682	2,710	11,301	38,578	6,061	135	(16,709)	49,758
Reversal of warrants reserve	-	-	-	-	(6,061)	-	6,061	-
Issuance of Redeemable Convertible Notes (Equity Component)	3,150	7,251	-	-	-	(52)	-	10,349
Total comprehensive income for the period	-	-	-	-	-	-	1,182	1,182
As at 30 September 2016	10,833	9,961	11,301	38,578	-	83	(9,466)	61,289

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements 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 NINE MONTHS PERIOD ENDED 30 SEPT 2017**

	(UNAUDITED) 9 MONTHS CURRENT FINANCIAL PERIOD 1 JAN 17 TO 30 SEPT 17 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 JAN 16 TO 30 SEPT 16 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax	(3,781)	1,198
Adjustments for :		
Depreciation of property, plant and equipment	3,940	3,667
Amortisation of leasehold land	94	77
Deficit in Revaluation	124	-
Interest income	(1)	-
Finance costs	1,313	1,294
Property, plant and equipment written off	1	8
Gain on disposal of property, plant and equipment	(31)	-
<b>Operating Profit Before Working Capital Changes</b>	<u>1,659</u>	<u>6,244</u>
Changes in working capital:		
Net change in current assets	(5,507)	1,575
Net change in current liabilities	730	(12,807)
Income tax paid	(12)	(15)
Finance costs paid	(1,313)	(1,294)
<b>Net Cash Used In Operating Activities</b>	<u>(4,443)</u>	<u>(6,297)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1	-
Proceeds from disposal of property, plant and equipment	144	13
Purchases of property, plant and equipment	(3,703)	(1,597)
<b>Net Cash Used In Investing Activities</b>	<u>(3,558)</u>	<u>(1,584)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	8,900	10,400
Net of Proceeds from issuance of Redeemable Convertible Notes	2,100	(650)
(Repayment) / Drawdown of term loans	(6,825)	32
Drawdown of banker acceptance	4,795	-
Repayment of Islamic bank financing	(511)	(640)
Drawdown / (Repayment) of hire purchase liabilities	1,008	(49)
Repayment By / (To) directors	76	(556)
<b>Net Cash Generated From Financing Activities</b>	<u>9,543</u>	<u>8,537</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,542	656
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>1,113</u>	<u>332</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>2,655</u>	<u>988</u>
<b>Note :</b>	<b>30 SEPT 2017</b>	<b>30 SEPT 2016</b>
<b>Cash and cash equivalent comprises :</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	1,969	1,058
Fixed deposits with licensed bank	784	29
Overdraft	(98)	(99)
	<u>2,655</u>	<u>988</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.



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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 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.

#### Effective for annual periods beginning on or after 1 January 2018

FRS 9	Financial Instruments
FRS 15	Revenue from Contracts with Customers
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
Annual Improvements to FRS Standards 2014-2016 Cycle	
Amendments to FRS 128	Investments in Associates and Joint Ventures
Amendments to FRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Directors anticipate that the abovementioned Annual Improvements, Amendments to Standards and Standards will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Annual Improvements, Amendments to Standards and Standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

### 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.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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**A8. Debt and equity securities**

During the quarter under review, the Company issued Redeemable Convertible Notes amounting to RM1,900,000 which subsequently converted into 83,955,088 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**

There was no revaluation of property, plant and equipment for the current quarter under review.

**A12. Subsequent events**

On 19 October 2017, D.B.E. Gurney Resources Berhad, through its wholly-owned subsidiary, D.B.E. Poultry Sdn Bhd formed a joint venture arrangement with Ong Chooi Ping, to subscribe for 40% shareholding in Super Harumi Sdn Bhd ("Super Harumi"), comprising of 240,000 ordinary shares in Super Harumi. As at todate, the total paid up share capital in Super Harumi is RM 600,000.00. The principal activity of Super Harumi is to facilitate the operations of HARUMi signature restaurants in shopping complexes and/or malls in Klang Valley.

**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 SEPT 2017		3rd Quarter ended 30 SEPT 2016		Increase / (Decrease) RM'000
	'000 KG	RM'000	'000 KG	RM'000	
Sales of Processed Chicken	3,004	19,681	3,148	20,072	(391)
Sales of Live Broiler	1,559	7,478	1,670	8,110	(632)
Sales of Marinated & Breaded Chicken		219		480	(261)
Others		1,168		313	855
		<u>28,546</u>		<u>28,975</u>	(429)
(Loss) / Profit before tax		<u>(3,995)</u>		<u>325</u>	(4,321)

For the current quarter ended 30 Sept 2017, the Group's revenue recorded RM28.54 million, which represented a decrease of 1.48% over the prior year corresponding quarter's revenue of RM28.97 million. This was mainly due to lower demand in sales of live broiler and processed chicken coupled with its lower selling price in current quarter as compared to the prior year corresponding quarter.

The Group recorded a loss before tax of RM3.99 million in current quarter as compared to the profit before tax of RM0.32 million in the prior year corresponding quarter. The loss in this quarter was mainly attributable to lower gross profit margin of 0.1% in this quarter as compared to similar quarter in previous year of 14.65%. The main reason for the lower margin are as follows:

- (i) Average selling price of poultry declined to RM 4.80 per kg as compared to RM 4.86 per kg in prior year corresponding quarter; and
- (ii) Increased in direct costs in production such as; feedmill, maintenance of factory and farm which registered as average increase of 15.33% as compared to prior year corresponding quarters.

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

	3rd Quarter ended 30 SEPT 2017		2nd Quarter ended 30 JUN 2017		Increase / (Decrease) RM'000
	'000 KG	RM'000	'000 KG	RM'000	
Sales of Processed Chicken	3,004	19,681	3,100	20,502	(821)
Sales of Live Broiler	1,559	7,478	1,421	6,990	488
Sales of Marinated & Breaded Chicken	-	219		681	(462)
Others		1,168		250	918
		<u>28,546</u>		<u>28,423</u>	123
(Loss) / Profit before tax		<u>(3,995)</u>		<u>44</u>	(4,039)

For the current quarter ended 30 Sept 2017, the Group's revenue had a slight increased. This was mainly due to higher other sales in current quarter as compared to preceding quarter of RM0.91 million. However, the increased was offsetted against the decrease in sales of processed chicken.

The Group recorded a loss before tax of RM3.99 million in current quarter as compared to the profit before tax of RM0.04 million in the preceding quarter. The loss in this quarter was mainly attributable to lower gross profit margin of 0.1% in this quarter as compared to last quarter in current year of 14.58%. The main reason for the lower margin are as follows:

- (i) Average selling price of poultry declined to RM 4.80 per kg as compared to RM 4.92 per kg in previous quarter; and
- (ii) Increased in direct costs in production such as; feedmill, maintenance of factory and farm which registered as average increase of 17.48% as compared to previous quarters.

**B3. Commentary on prospects**

Despite the continued challenging conditions, the Group will strive to improve its operation efficiencies in the coming quarter December 2017 and would continue to enhance its investments in the downstream activities via HARUMi brand with the aim achieving a more sustainable income stream in the future.

**B4. Profit forecast**

The Group did not issue any profit forecast.



**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 SEPT 2017 RM'000	Preceding Year Quarter 30 SEPT 2016 RM'000	Current Year To Date 30 SEPT 2017 RM'000	Preceding Year To Date 30 SEPT 2016 RM'000
Taxation	5	-	5	(15)

Taxation for current year quarter was due to reversal of over provision for taxation during year 2016.

**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.

**B9. Borrowings and debts securities**

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

	RM'000
<b><u>Short Term - Secured</u></b>	
- Bank overdrafts	98
- Hire purchases	1,137
- Bankers' acceptances/STA	4,796
- Term loans	3,790
Sub-total	9,821
<b><u>Long Term - Secured</u></b>	
- Hire purchases	1,700
- Term Loans	8,191
Sub-total	9,891
<b>Total borrowings</b>	19,712

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.





**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**

**B13. Earnings per share**

**(i) Basic Earning Per Shares**

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 SEPT 2017	Corresponding Quarter Ended 30 SEPT 2016	Current Year Period To date 30 SEPT 2017	Corresponding Period To date 30 SEPT 2016
Net (Loss) / Profit (RM'000)	(3,990)	325	(3,776)	1,183
Weighted average number of ordinary shares in issue ('000)	1,226,872	827,450	1,226,872	827,450
Basic (loss) / earning per share (sen)	(0.33)	0.04	(0.31)	0.14

**(ii) Diluted Earning Per Shares**

The Group does not have any dilutive potential ordinary shares as the market price of the share was lower than the exercise price. As 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 SEPT 2017 RM'000	As at 31 Dec 2016 RM'000
Accumulated Loss:		
- Realised loss	(7,803)	(51,557)
- Unrealised loss	(5,830)	(2,936)
	<u>(13,633)</u>	<u>(54,493)</u>
Less: Consolidation Adjustment	-	44,636
Total Accumulated Loss	<u>(13,633)</u>	<u>(9,857)</u>

BY ORDER OF THE BOARD

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

Perak  
24-Nov-17