

D.B.E. GURNEY RESOURCES BERHAD

(Registration No. 200101000008 (535763-A))

(Incorporated in Malaysia)


**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Note	(UNAUDITED)			(UNAUDITED)		
		INDIVIDUAL QUARTER		Changes	CUMULATIVE QUARTER		Changes
		1 JAN 2020 to 31 MAR 2020	1 JAN 2019 to 31 MAR 2019		1 JAN 2020 to 31 MAR 2020	1 JAN 2019 to 31 MAR 2019	
Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Increase / (Decrease) RM'000	Current Financial Period RM'000	Preceding Year Corresponding Financial Period RM'000	Increase / (Decrease) RM'000		
Continuing operations							
Revenue		20,232	5,525	14,707	20,232	14,707	
Cost of sales		(13,810)	(2,214)	(11,596)	(13,810)	(11,596)	
Gross Profit		6,422	3,311	3,111	6,422	3,111	
Other income		71	40	31	71	31	
Administrative expenses		(1,838)	(704)	(1,134)	(1,838)	(1,134)	
Selling and marketing expenses		(367)	(432)	65	(367)	65	
Share of result of associates		1,488	-	1,488	1,488	1,488	
Profit before tax		5,776	2,215	3,561	5,776	3,561	
Income tax expense	B5	(1,417)	(675)	(742)	(1,417)	(742)	
Profit net of tax, from continuing operations		4,359	1,540	2,819	4,359	2,819	
Discontinued operations							
Loss from discontinued operations, net of tax		-	(1,695)	1,695	(1,695)	1,695	
Profit / (Loss) net of tax, representing total comprehensive income for the period		<u>4,359</u>	<u>(155)</u>	<u>4,514</u>	<u>4,359</u>	<u>(155)</u>	
Profit / (Loss) per share attribute to owners of the Company*							
Basic (Sen)							
- continuing operations		0.16	0.05		0.16	0.05	
- discontinued operations		-	(0.06)		-	(0.06)	
		<u>0.16</u>	<u>(0.01)</u>		<u>0.16</u>	<u>(0.01)</u>	

Note:

* The Group does not have any potential dilutive ordinary shares as the market price of the share was lower than the exercise price of the issued warrants. As a result, these warrants are anti-dilutive in nature and have not been considered in the computation of diluted earnings per shares

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	(UNAUDITED) INDIVIDUAL QUARTER			(UNAUDITED) CUMULATIVE QUARTER		
	1 JAN 2020 to 31 MAR 2020	1 JAN 2019 to 31 MAR 2019	Changes Increase (Decrease)	1 JAN 2020 to 31 MAR 2020	1 JAN 2019 to 31 MAR 2019	Changes Increase / (Decrease)
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	RM'000	Current Financial Period RM'000	Preceding Year Corresponding Financial Period RM'000	RM'000
Profit / (Loss) for the period						
- Continuing operations	4,359	1,540	2,819	4,359	1,540	2,819
- Discontinued operations	-	(1,695)	1,695	-	(1,695)	1,695
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	<u>4,359</u>	<u>(155)</u>	4,514	<u>4,359</u>	<u>(155)</u>	4,514
Total comprehensive income / (loss) attribute to :						
Owner of the Company	4,359	(155)	4,514	4,359	(155)	4,514
Non-controlling Interest	-	-	-	-	-	-
	<u>4,359</u>	<u>(155)</u>	4,514	<u>4,359</u>	<u>(155)</u>	4,514

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	(UNAUDITED) AS AT 31 MAR 2020 RM '000	(AUDITED) AS AT 31 DEC 2019 RM '000
ASSETS		
Non-current assets		
Investment in associates	11,288	9,800
Amount due from associate	17,576	17,598
	<u>28,864</u>	<u>27,398</u>
Current assets		
Inventories	41,055	40,008
Contract assets	30,619	31,474
Trade receivables	24,068	10,407
Other receivables, deposits and prepayments	10,387	10,224
Deposits with licensed banks	7,922	8,013
Cash and bank balances	5,925	1,843
	<u>119,976</u>	<u>101,969</u>
TOTAL ASSETS	<u>148,840</u>	<u>129,367</u>
EQUITY AND LIABILITIES		
Share capital	61,011	56,842
Retained earnings	10,394	6,035
Total Equity	<u>71,405</u>	<u>62,877</u>
Current liabilities		
Trade payables	47,906	32,284
Other payables and accruals	26,563	32,037
Tax Liabilities	2,966	2,169
	<u>77,435</u>	<u>66,490</u>
Total liabilities	<u>77,435</u>	<u>66,490</u>
TOTAL EQUITY AND LIABILITIES	<u>148,840</u>	<u>129,367</u>
Net Assets per ordinary share (RM)	0.03	0.02

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020**

	← Non-Distributable →		→ Distributable	Total Equity RM '000
	Share capital RM '000	Asset revaluation reserve RM '000	Retained earnings/ (Accumulated losses) RM '000	
As at 1 January 2020	56,842	-	6,035	62,877
Profit for the year	-	-	4,359	4,359
Issuance of ordinary shares pursuant to a private placement	4,169	-	-	4,169
As at 31 March 2020	<u>61,011</u>	<u>-</u>	<u>10,394</u>	<u>71,405</u>
As at 1 January 2019	56,842	19,530	(18,945)	57,427
Profit for the year	-	-	1,540	1,540
Other comprehensive income				
Discontinued operations	-	-	(1,695)	(1,695)
As at 31 March 2019	<u>56,842</u>	<u>19,530</u>	<u>(19,100)</u>	<u>57,272</u>

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020**

	(UNAUDITED) 3 MONTHS CURRENT FINANCIAL PERIOD 1 JAN 20 TO 31 MAR 20 RM '000	(UNAUDITED) PRECEDING YEAR CORRESPONDING FINANCIAL PERIOD 1 JAN 19 TO 31 MAR 19 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Pofit / (Loss) before tax from:		
- continuing operations	5,776	2,215
- discontinued operations	-	(1,688)
	5,776	527
Adjustments for :		
Amortisation of leasehold land	-	41
Depreciation of property, plant and equipment	-	1,633
Loss on disposal of property, plant and equipment	-	2
Reversal of impairment on investment in associates	-	(99)
Interest income	(58)	(40)
Finance costs	-	367
Share of result in associate	(1,488)	149
Operating profit before working capital changes	4,230	2,580
Biological assets	-	(667)
Inventories	(1,047)	(5,883)
Contract assets	854	-
Receivables	(16,920)	2,648
Payables	13,205	(560)
Cash generated from/(used in) operations	322	(1,882)
Interest received	58	40
Finance costs paid	-	(367)
Income tax paid	(619)	(7)
Net cash used in operating activities	(239)	(2,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(2,008)
Proceeds from disposal of property, plant and equipment	-	7
Investment in associates company	-	(221)
Net cash used in investing activities	-	(2,222)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of share capital	4,229	-
Repayment of borrowings	-	(254)
Repayment to hire purchase liabilities	-	(16)
Repayment to directors	-	(340)
Drawdown of banker acceptance	-	1,814
Net cash generated from financing activities	4,229	1,204
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,990	(3,234)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,857	8,503
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,847	5,269
	31 MAR 2020	31 MAR 2019
	RM '000	RM '000
Cash and cash equivalent comprise the followings:		
- continuing operations	5,925	863
- discontinued operations	-	1,911
Fixed deposits with licensed bank		
- continuing operations	7,922	2,495
	13,847	5,269

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basic of preparation

The interim financial report has been prepared in accordance with the Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting, the requirements of the Companies Act, 2016 in Malaysia, and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached. These explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

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 2019.

A4. Auditors’ Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

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 were no items or events that arose during the quarter under review, which affected assets, liabilities, equity, net income or cash flows that are unusual by reason of their nature, size or incidence.

A7. Material changes in estimates

There were no changes in estimates that have had any material effect during the quarter under review.

A8. Debt and equity securities

The Company has issued 159,000,000 new ordinary shares pursuant to a private placement exercises (“Private Placement Shares”) and the Private Placement Shares has been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 18 February 2020.

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 property development business 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

There was no significant events after the end of the quarter under review.

A13. Changes in composition of the Group

During the quarter under review, there was no changes in the composition of the Group.

A14. Capital commitment

There were no material capital expenditure commitments during the current quarter under review.

A15. Related party transactions

Significant related party transactions for the current year to date ended 31 March 2020

Transaction with party connected to the Director
- Land owner entitlement

RM '000

4,085

A16. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2019.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD****B1. Performance review**

	1st Quarter ended 31 Mar 2020 RM '000	1st Quarter ended 31 Mar 2019 RM '000	Increase RM '000	Increase %
Revenue				
- Continuing operation				
Property Development	20,232	5,525	14,707	266.2
Profit before tax				
- Continuing operation				
Property Development	5,776	2,215	3,561	160.8

For the current quarter ended 31 March 2020, the Group's revenue recorded at RM20.23 million which represents an increase of 266.2% as compared to prior year corresponding quarter's revenue of RM5.53 million. This was mainly due to revenue contributed from Pengkalan Prisma project.

The Group recorded a profit before tax of RM5.78 million in current quarter as compared to the profit before tax of RM2.22 million in the prior year corresponding quarter mainly due to the recognition of 3 additional development projects for the quarter under review.

B2. Material change in profit before taxation of current quarter compared with immediate preceding quarter

	1st Quarter ended 31 Mar 2020 RM '000	4th Quarter ended 31 Dec 2019 RM '000	Increase / (Decrease) RM '000	Increase / (Decrease) %
Revenue				
- Continuing operations				
Property Development	20,232	24,260	(4,028)	(16.6)
Profit before tax				
- Continuing operations				
Property Development	5,776	5,364	412	7.6

For the current quarter ended 31 March 2020, the Group's revenue had decreased to RM20.23 million from RM24.26 million in the immediate preceding quarter. This was mainly due to the decrease in work progress of both Taman Desa Harmoni and Pangsapuri Seri Iskandar Apartment as both projects had reached completion stage during the immediate preceding quarter.

The Group recorded a profit before tax RM5.78 million in current quarter as compared to the profit before tax of RM5.36 million in the preceding quarter mainly due to the reduce in operating expenses in the current quarter.

B3. Commentary on prospects

During the quarter under review, the Government has on 18 March 2020 announced the implementation of Movement Control Order ("MCO"). The prohibitions from MCO has restricted the progress of our work at all project sites. However, the Group has taken preventive steps to ensure that all Standard Operating Procedures under the MCO was adhere to. Plans of catching up on progressive work at all sites are in place with the support from our contractors.

The Group will continue to adapt to the challenging times ahead to ensure its long-term sustainability, despite the uncertainties caused by the MCO. In future, the Group will still continue to expand its property development business especially in the affordable housing segment via acquisition of existing ongoing projects or potential land bank for development or joint venture with potential landowners.

B4. Profit forecast

The Group did not issue any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 Mar 2020 RM '000	Preceding Year Corresponding Quarter 31 Mar 2019 RM '000	Current Financial Period 31 Mar 2020 RM '000	Preceding Year Corresponding Financial Period 31 Mar 2019 RM '000
Continuing operations				
Deferred tax liabilities	-	-	-	-
Taxation	(1,417)	(675)	(1,417)	(1,117)
Income tax expenses	(1,417)	(675)	(1,417)	(1,117)

B6. Profit & loss on sale of unquoted investments and properties

There were no material sale of unquoted investments and properties during the current quarter.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities during the current quarter.

B8. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report:-

On 26 February 2020, the Company had announced the following proposals:

- proposed acquisition of the entire equity interest in Blossom Eastland Sdn Bhd, for a purchase consideration of RM642,546,412;
- proposed acquisition of the entire equity interest in Rantau Urusan (M) Sdn Bhd for a purchase consideration of RM148,269,909;
- proposed acquisitions of the entire equity interest in Yik Wang Trading Sdn Bhd, for a purchase consideration of RM32,500,000;
- proposed amendments to the Constitution of the Company to facilitate inter alia the creation and issuance of new redeemable convertible preference shares by DBE as part satisfaction of the purchase consideration pursuant to the proposed acquisition of Blossom Eastland Sdn Bhd;
- proposed consolidation of every twenty-five (25) existing ordinary shares of DBE into one (1) new consolidated ordinary shares in DBE held on an entitlement date to be determined later; and
- proposed private placement of up to 135,000,000 new consolidated ordinary shares in DBE at an issue price to be determined by the Board and to placee(s) to be identified at a later stage.

The proposals are subject to the approval from its non-interested shareholders in the extraordinary general meeting to be convened at a date to be announced later.

B9. Financial instruments

There were no outstanding financial instruments as at the date of issue of this quarterly report.

B10. Material Litigation

There was no pending material litigation as at the date of issue of this quarterly report.

B11. Dividend

There was no dividend declared during the quarter under review.

B12. Earnings / (Loss) per share

(i) Basic Earning / (Loss) Per Share

The basic earnings / (loss) 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 Quarter 31 Mar 2020	Preceding Year Corresponding Quarter 31 Mar 2019	Current Financial Period 31 Mar 2020	Preceding Year Corresponding Financial Period 31 Mar 2019
Profit/(Loss) net of tax attributable to owners of the parent (RM'000)				
- Continuing operations	4,359	1,540	4,359	1,540
- Discontinued operations	-	(1,695)	-	(1,695)
	<u>4,359</u>	<u>(155)</u>	<u>4,359</u>	<u>(155)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,753,361</u>	<u>2,678,229</u>	<u>2,753,361</u>	<u>2,678,229</u>
Basic earning / (loss) per share (sen)				
- Continuing operations	0.16	0.05	0.16	0.05
- Discontinued operations	-	(0.06)	-	(0.06)
	<u>0.16</u>	<u>(0.01)</u>	<u>0.16</u>	<u>(0.01)</u>

(ii) Diluted Earning Per Shares

The Group does not have any potential dilutive 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.

B13. Auditors' Report on the Preceding Annual Financial Statements

There was no qualification in the audit report on the preceding audited annual financial statements.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company on 15 June 2020.