



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	Note	(UNAUDITED)			(UNAUDITED)		
		INDIVIDUAL QUARTER		Changes Increase / (Decrease) RM'000	CUMULATIVE QUARTER		Changes Increase / (Decrease) RM'000
		1 JAN 2018 to 31 MAR 2018	1 JAN 2017 to 31 MAR 2017		1 JAN 2018 to 31 MAR 2018	1 JAN 2017 to 31 MAR 2017	
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		22,128	27,888	(5,760)	22,128	27,888	(5,760)
Cost of sales		(23,779)	(23,687)	(92)	(23,779)	(23,687)	(92)
Gross (Loss) / Profit		(1,651)	4,201	(5,852)	(1,651)	4,201	(5,852)
Interest income		128	-	128	128	-	128
Other income		13	9	4	13	9	4
Administrative expenses		(3,168)	(3,571)	403	(3,168)	(3,571)	403
Finance costs		(271)	(469)	198	(271)	(469)	198
Share of result on an associate		(19)	-	(19)	(19)	-	(19)
(Loss) / Profit before tax		(4,968)	170	(5,138)	(4,968)	170	(5,138)
Income tax expense	B5	-	-	-	-	-	-
(Loss) / Profit for the period		(4,968)	170	(5,138)	(4,968)	170	(5,138)
Attributable To :							
Owner of the company		(4,968)	170	(5,138)	(4,968)	170	(5,138)
Non controlling interest		-	-	-	-	-	-
		(4,968)	170	(5,138)	(4,968)	170	(5,138)
(Loss) / Earning Per Shares:							
- Basic (Sen)		(0.27)	0.02		(0.27)	0.02	
- 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.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

Note	(UNAUDITED) INDIVIDUAL QUARTER			(UNAUDITED) CUMULATIVE QUARTER		
	1 JAN 2018 to 31 MAR 2018	1 JAN 2017 to 31 MAR 2017	Changes Increase / (Decrease) RM'000	1 JAN 2018 to 31 MAR 2018	1 JAN 2017 to 31 MAR 2017	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	
(Loss) / Profit for the period	(4,968)	170	(5,138)	(4,968)	170	(5,138)
Other comprehensive income						
Revaluation surplus, net of deferred tax	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(4,968)</u>	<u>170</u>	<u>(5,138)</u>	<u>(4,968)</u>	<u>170</u>	<u>(5,138)</u>
Total Comprehensive (loss) / income attributable to:						
Equity holders of the parent	(4,968)	170	(5,138)	(4,968)	170	(5,138)
Minority interest	-	-	-	-	-	-
	<u>(4,968)</u>	<u>170</u>	<u>(5,138)</u>	<u>(4,968)</u>	<u>170</u>	<u>(5,138)</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTES	UNAUDITED AS AT 31 MAR 2018 RM'000	AUDITED AS AT 31 DEC 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		78,035	79,963
Investment in associates		192	211
		78,227	80,174
Current assets			
Inventories		8,269	7,125
Biological assets		10,420	8,733
Trade receivables		4,633	13,474
Other receivables, deposits and prepayments		5,077	7,146
Tax recoverable		8	7
Deposits with licensed banks		29	1,363
Cash and bank balances		13,488	15,302
		41,924	53,150
TOTAL ASSETS		120,151	133,324
EQUITY AND LIABILITIES			
Share capital		56,842	56,842
Reserves		58,425	58,425
Accumulated losses		(34,505)	(29,537)
Total Equity		80,762	85,730
Non-current liabilities			
Hire-purchase payables	B9	1,378	1,572
Term loans	B9	8,476	8,926
Deferred tax liabilities		5,513	5,513
		15,367	16,011
Current liabilities			
Trade payables		15,467	15,686
Other payables and accruals		6,025	8,470
Amounts due to directors		94	107
Hire - purchase payables	B9	959	1,035
Term loans	B9	1,477	1,387
Other bank borrowings	B9	-	4,898
		24,022	31,583
Total liabilities		39,389	47,594
TOTAL EQUITY AND LIABILITIES		120,151	133,324
Net Assets per ordinary share of RM0.01 each (RM)		0.03	0.03

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	←	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 Losses RM'000	Total Equity RM'000
As at 1 January 2018	56,842	-	19,847	38,578	-	-	(29,537)	85,730
Total comprehensive loss for the period	-	-	-	-	-	-	(4,968)	(4,968)
As at 31 March 2018	56,842	-	19,847	38,578	-	-	(34,505)	80,762
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)	1,138	2,361	-	-	-	40	-	3,539
Total comprehensive income for the period	-	-	-	-	-	-	170	170
As at 31 March 2017	11,970	12,322	10,759	38,578	-	242	(9,687)	64,184

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018**

	(UNAUDITED) 3 MONTHS CURRENT FINANCIAL PERIOD 1 JAN 18 TO 31 MAR 18 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING YEAR TO DATE 1 JAN 17 TO 31 MAR 17 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(4,968)	170
Adjustments for :		
Depreciation of property, plant and equipment	1,516	1,279
Amortisation of leasehold land	41	31
Interest income	(128)	-
Finance costs	271	469
Share of result in associate	19	-
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	-	(35)
Operating (Loss) / Profit Before Working Capital Changes	(3,249)	1,915
Changes in working capital:		
Net change in current assets	8,078	(515)
Net change in current liabilities	(2,663)	(940)
Finance costs paid	(271)	(469)
Net Cash Generated From / (Used In) Operating Activities	1,895	(9)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	128	-
Proceeds from disposal of property, plant and equipment	2,000	35
Withdrawal of fixed deposits pledged to bank	1,334	-
Purchases of property, plant and equipment	(1,629)	(1,648)
Net Cash Generated From / (Used In) Investing Activities	1,833	(1,613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	3,500
Net of Proceeds from issuance of Redeemable Convertible Notes	-	500
Repayment of term loans	(360)	(2,076)
Repayment of banker acceptance	(4,800)	-
Repayment of Islamic bank financing	-	(257)
(Repayment) / Drawdown of hire purchase liabilities	(269)	548
Repayment to directors	(14)	(19)
Net Cash (Used In) / Generated From Financing Activities	(5,443)	2,196
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,715)	574
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,232	1,113
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,517	1,687
Note :	31 MAR 2018	31 MAR 2017
Cash and cash equivalent comprises :	RM'000	RM'000
Cash and bank balances	13,488	1,757
Fixed deposits with licensed bank	29	29
Overdraft	-	(99)
	13,517	1,687
Fixed deposits pledged bank	-	-
	13,517	1,687



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 2017. 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 year ended 31 December 2017.

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 2017.

A4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2017 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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

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

The Company via its wholly-owned subsidiary, D.B.E. Poultry Sdn Bhd (“DBEP”) had on 23 May 2018 entered into a Joint Venture Agreement (“JVA”) with Farmmesh Foods Co LTD (“FFCL”) to open and operate jointly the Quick Service Restaurant (“QSR”) operations with Harumi™ fried chicken brand concept in Thailand in furtherance to the Memorandum of Understanding signed between DBEP and FFCL on 8 March 2018. Both parties will jointly establish as a private limited company for the exclusive purpose of running a chain of QSR under the Harumi™ system.

A13. Changes in composition of the Group

During the quarter under review, the Company received the final Notice pursuant to Section 308(4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia, which confirmed that its wholly-owned subsidiary namely D.B.E. Poultry Feedmills Sdn Bhd (“DBEPF”) has been struck-off from the Register and the said Notice shall be published in the Gazette. Henceforth, DBEPF shall be dissolved on the publication of the Notice in the Gazette.

During the quarter under review, the Company has incorporated a 98.7% subsidiary namely Harumi International Holdings Limited in Taiwan (Republic of China) and also two wholly-owned subsidiaries namely DBE Development Sdn Bhd (“DBED”) and D Construction Sdn Bhd (“DCON”). The incorporation of the new subsidiary in Taiwan is to promote the Harumi products via retail chains in Taiwan as well as in China whilst the principal activities of DBED and DCON are property development and construction of buildings and houses respectively.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

	1st Quarter ended 31 MAR 2018		1st Quarter ended 31 MAR 2017		Increase / (Decrease) RM'000
	'000 KG	RM'000	'000 KG	RM'000	
Sales of Processed Chicken	1,602	9,128	3,010	19,774	(10,646)
Sales of Live Broiler	2,525	11,850	1,519	7,050	4,800
Sales of Marinated & Breaded Chicken		366		683	(317)
Others		784		381	403
		<u>22,128</u>		<u>27,888</u>	(5,760)
(Loss) / Profit before tax		<u>(4,968)</u>		<u>170</u>	(5,137)

For the current quarter ended 31 March 2018, the Group's revenue recorded RM22.12 million, which represented a decrease of 20.65% over the prior year corresponding quarter's revenue of RM27.88 million. The decrease in revenue of approximately RM5.76 million in current quarter was mainly due to the one-off KFC contracts which ended on 31 December 2017 whereby KFC did not renew the contract in current quarter. Therefore, explain the decrease in the revenue of RM10.64 million from RM19.77 million to RM9.12 million in the relation to the sales of processed chicken.

The loss as compared to prior year corresponding quarter was mainly due to lower gross profit margin from 15.0% in prior year corresponding quarter to gross loss margin 7.5% in current quarter. The negative margin was attributed to lower average selling price of processed chicken from RM6.65 per kg to RM5.70 per kg.

The Group recorded a loss before tax of RM4.96 million in current quarter as compared to the profit before tax of RM0.17 million in the prior year corresponding quarter. This was mainly due to the sales volume dropped in current quarter as compared to prior year corresponding quarter.

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

	1st Quarter ended 31 MAR 2018		4th Quarter ended 31 DEC 2017		Increase / (Decrease) RM'000
	'000 KG	RM'000	'000 KG	RM'000	
Sales of Processed Chicken	1,602	9,128	3,177	20,480	(11,352)
Sales of Live Broiler	2,525	11,850	1,286	5,330	6,520
Sales of Marinated & Breaded Chicken		366		255	111
Others		784		807	(23)
		<u>22,128</u>		<u>26,872</u>	(4,744)
Loss before tax		<u>(4,968)</u>		<u>(16,740)</u>	11,772

For the current quarter ended 31 March 2018, the Group's revenue had decreased from RM26.87 million to RM22.12 million. This was mainly due to lower selling price of its processed chicken which approximately RM5.70 per kg in current quarter as compared to RM6.45 per kg in preceding quarter and coupled with the lower demand. The decrease in sales volume of processed chicken in current quarter was mainly due to the one-off KFC contracts which ended on 31 December 2017 whereby KFC did not renew the contract in current quarter.

The Group recorded a loss before tax of RM4.96 million in current quarter as compared to the loss before tax of RM16.74 million in the preceding quarter. The main reasons are as follow:

- decrease in cost of sales of approximately RM7.97 million from RM31.75 million in preceding quarter to RM23.77 million in current quarter because of higher closing stock in current quarter in light of the higher demand in preceding quarter as there were no festive season in March 2018 as compared to December 2017.
- The loss in preceding quarter was due to high in administrative expenses of approximately RM8.29 million which were as a result of impairment loss on debtors amounting to RM7.17 million, impairment loss on revaluation amounting to RM0.12 million and additional professional fees amounting to RM1 million in current quarter.

B3. Commentary on prospects

Despite the continued challenging conditions, the Group will strive to improve its operation efficiencies in the coming quarter 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.

In addition, the recent diversification into property sector which is expected to begin in the second quarter of this year to cushion the Group's performance in the future once the property projects to be taken come into fruition.

B4. Profit forecast

The Group did not issue any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31 MAR 2018	31 MAR 2017	31 MAR 2018	31 MAR 2017
	RM'000	RM'000	RM'000	RM'000
Taxation	-	-	-	-

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.



ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B8. Corporate Proposals

The Group had on 5 February 2018 proposed to undertake the following corporate proposals:-

- (i) proposed joint development via the Joint Development Agreement entered into between DBE Development Sdn Bhd and Misi Jutari Sdn Bhd for the construction and development of a mixed development project comprising 10 units of single-storey semi-detached house, 85 units of single-storey terrace house, 3 units of double-storey shop house and 16 units of single-storey shop house;
- (ii) proposed diversification of DBE's existing business into property development and construction; and
- (iii) proposed variation to the utilisation of the remaining unutilised proceeds raised via the issuance of RCN amounting to RM12.56 million.

On 16 April 2018, the shareholders of the Company via an Extraordinary General Meeting approved the above proposals.

B9. Borrowings and debts securities

The Group's borrowings as at 31 March 2018 all of which were denominated in Ringgit Malaysia are as follows:

	RM'000
<u>Short Term - Secured</u>	
- Hire purchases	959
- Term loans	1,477
Sub-total	2,436
<u>Long Term - Secured</u>	
- Hire purchases	1,378
- Term Loans	8,476
Sub-total	9,854
Total borrowings	12,290

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

(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 31 MAR 2018	Corresponding Quarter Ended 31 MAR 2017	Current Year Period To date 31 MAR 2018	Corresponding Period To date 31 MAR 2017
Net (Loss) / Profit (RM'000)	(4,968)	170	(4,968)	170
Weighted average number of ordinary shares in issue ('000)	1,812,734	1,007,122	1,812,734	1,007,122
Basic (loss) / Earning Per Share (sen)	(0.27)	0.02	(0.27)	0.02

(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.

BY ORDER OF THE BOARD

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

Perak
28-May-18