

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPT 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.2011 RM'000	CORRESPONDING QUARTER ENDED 30.09.2010 RM'000	CURRENT YEAR TO DATE ENDED 30.09.2011 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.2010 RM'000
Revenue	56,978	44,131	156,854	125,507
Cost of sales	(35,018)	(27,423)	(98,138)	(78,195)
Gross Profit	21,960	16,708	58,716	47,312
Other Income	1,042	825	2,824	2,542
Administrative expenses	(6,338)	(5,952)	(18,389)	(16,208)
Selling and marketing expenses	(6,922)	(6,149)	(19,359)	(17,413)
Other expenses	(1,187)	(552)	(2,449)	(1,978)
Finance costs	(401)	(342)	(1,181)	(1,072)
Profit before taxation	8,154	4,538	20,162	13,183
Taxation	(1,922)	(1,675)	(5,387)	(4,180)
Profit for the period	6,232	2,863	14,775	9,003
Profit attributable to:				
Equity holders of the Company	5,818	2,903	13,593	8,837
Minority interests	414	(40)	1,182	166
Profit for the period	6,232	2,863	14,775	9,003
Earnings per share attributable to equity holders of the Company (Note B14)	4.41	2.20	10.25	6.64

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPT 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.2011 RM'000	CORRESPONDING QUARTER ENDED 30.09.2010 RM'000	CURRENT YEAR TO DATE ENDED 30.09.2011 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.2010 RM'000
Profit for the period	6,232	2,863	14,775	9,003
<i>Other comprehensive income for the period, net of tax</i>				
Foreign currency translation differences for foreign operations	76	(60)	706	(749)
Total comprehensive income for the period	6,308	2,803	15,481	8,254
Total comprehensive income attributable to:				
Equity holders of the Company	5,727	2,766	14,112	7,863
Minority interests	581	37	1,369	391
Total comprehensive income for the period	6,308	2,803	15,481	8,254

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

DeGem Berhad (Company No : 415726 - T)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPT 2011**

	As at 30.09.2011 RM'000 (Unaudited)	As at 31.12.2010 RM'000 (Audited) As restated
ASSETS		
Non-current assets		
Property, Plant and Equipment	32,661	26,975
Goodwill	7,888	7,888
Deferred tax assets	2,968	2,540
	<u>43,517</u>	<u>37,403</u>
Current assets		
Inventories	174,514	144,654
Trade Receivables	12,426	7,869
Asset held for sale	-	1,230
Other Receivables, Deposits & Prepayments	6,364	6,758
Tax Recoverable	568	966
Cash and Bank Balances	20,117	20,229
	<u>213,989</u>	<u>181,706</u>
TOTAL ASSETS	<u>257,506</u>	<u>219,109</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	67,000	67,000
Share Premium	10,436	10,436
Other Reserves	(27)	(546)
Treasury Shares	(1,916)	(1,914)
Retained Earnings	90,307	79,685
	<u>165,800</u>	<u>154,661</u>
Minority interest	<u>6,428</u>	<u>5,059</u>
Total equity	<u>172,228</u>	<u>159,720</u>
Non-current liabilities		
Hire Purchase Creditors	729	284
Long Term Borrowings	29,112	19,761
Deferred Taxation	78	138
	<u>29,919</u>	<u>20,183</u>
Current liabilities		
Trade Payables	30,309	16,978
Other Payables & Accruals	17,751	14,574
Short Term Borrowings	4,924	5,940
Hire Purchase Creditors	188	239
Provision for Taxation	2,187	1,475
	<u>55,359</u>	<u>39,206</u>
Total liabilities	<u>85,278</u>	<u>59,389</u>
TOTAL EQUITY AND LIABILITIES	<u>257,506</u>	<u>219,109</u>
Net Assets Per Share (sen)	130	119

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

DeGem Berhad (Company No : 415726 - T)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 SEPT 2011**

	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total RM'000
At 1 January 2010	67,000	10,436	191	(403)	67,524	144,748	4,494	149,242
Total comprehensive income for the period	-	-	(974)	-	8,837	7,863	391	8,254
Shares repurchased	-	-	-	(1,404)	-	(1,404)	-	(1,404)
Increased of investment in a subsidiary company	-	-	-	-	-	-	110	110
Dividend	-	-	-	-	(1,984)	(1,984)	-	(1,984)
At 30 September 2010	67,000	10,436	(783)	(1,807)	74,377	149,223	4,995	154,218
At 1 January 2011	67,000	10,436	(546)	(1,914)	79,685	154,661	5,059	159,720
Total comprehensive income for the period	-	-	519	-	13,593	14,112	1,369	15,481
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	(2,971)	(2,971)	-	(2,971)
At 30 September 2011	67,000	10,436	(27)	(1,916)	90,307	165,800	6,428	172,228

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 SEPT 2011**

These figures have not been audited

	30.09.11	30.09.10
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,162	13,183
Adjustments for:		
Amortisation of investment properties	-	27
Depreciation of property, plant & equipment	2,012	1,574
Interest expense	1,181	389
Provision for slow moving inventory	1,176	208
Property, plant and equipment written off	65	464
Gain on disposal of property, plant and equipment	(110)	(118)
Gain on disposal of asset held for sale	(548)	-
Loss on disposal of a subsidiary company	-	109
Unrealised foreign exchange (gain)/loss	125	330
Operating profit before working capital changes	<u>24,063</u>	<u>16,166</u>
Inventories	(31,036)	(10,417)
Debtors	(4,163)	(1,708)
Creditors	16,383	5,238
Cash generated from operations	<u>5,247</u>	<u>9,279</u>
Interest paid	(1,181)	(389)
Income tax paid	(4,766)	(5,109)
Net cash used in operating activities	<u>(700)</u>	<u>3,781</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,743)	(1,708)
Acquisition of short tem investment	-	(638)
Disposal of property, plant and equipment	116	339
Disposal of asset held for sale	1,778	-
Proceeds from disposal of a subsidiary company	-	163
Net cash used in investing activities	<u>(5,849)</u>	<u>(1,844)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment	(2,971)	(1,984)
Drawdown from borrowings	10,341	-
Repayment of hire purchase creditors	(206)	(176)
Proceeds from hire purchase creditors	600	-
Repayment of borrowings	(1,710)	(6,044)
Share repurchased	(2)	(1,404)
Net cash used in financing activities	<u>6,052</u>	<u>(9,608)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(497)</u>	<u>(7,671)</u>
Effects of foreign exchange rate changes	1,000	(767)
OPENING CASH AND CASH EQUIVALENTS	<u>19,614</u>	<u>23,983</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>20,117</u>	<u>15,545</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	20,117	16,321
Bank overdraft	-	(776)
	<u>20,117</u>	<u>15,545</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Accounting Policies and Methods of Computation

The interim financial report has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and Chapter 9, Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010.

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current year compared with the audited financial statements of the Group for the year ended 31 December 2010.

For the current financial year, the Group has adopted the following revised Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board (“MASB”), which are relevant to its operations:-

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- FRS 3, Business Combinations
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments.
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

The adoption of the abovementioned FRS, Amendments to FRS and Interpretations will have no material impact on the financial statements of the Group except for the following:

(i) FRS 3, Business Combinations (revised)

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group’s operations:

The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

Contingent consideration will be measured at fair value, with subsequent changes therein recognised in the income statements.

Transaction costs, other than share and debt issue costs, will be expensed as incurred.

Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in the income statements.

Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group’s 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group’s consolidated financial statements.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

A1. Accounting Policies and Methods of Computation (continued)

(ii) FRS 127, Consolidated and Separate Financial Statements (revised)

The amendments to FRS 127 (revised) require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders.

The amendments to FRS 127 (revised) require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest.

A2. Audit Report

The audit report of the preceding annual financial statements of the Group and the Company were reported without any qualification.

A3. Seasonality or Cyclicity of Operations

Festive seasons do have an effect on the operations of the Group.

A4. Unusual Items

There were no unusual and extraordinary items for the current interim period and financial period to date.

A5. Changes in Estimates

There were no material changes in the estimates used for the preparation of interim financial report.

A6. Issuance, Cancellation or Repayments of Debt and Equity Securities.

Save as disclose below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial period-to-date:-

During the current quarter, there was no share repurchased. As at 30 September 2011, a total of 1,936,800 shares repurchased were held at a total cost of RM1,916,559.60. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report.

A7. Dividend

For the year ended 31 December 2010, the Board of Director had recommended a first and final dividend of 6% (3.0 sen per share) less 25% tax amounting to RM2,971,467 which was subsequently approved by the shareholders at the Annual General Meeting held on 21 June 2011. The dividend was paid on 22 August 2011 to the depositors registered in the Record of Depositors on 03 August 2011.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

A8 Segmental Information

Business Segment

Results for 9 Months Ended 30 September 2011

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	153,664	22,895	14,269
Manufacturing	610	29,023	3,155
Others	2,580	8,148	2,738
Total	156,854	60,066	20,162
Consolidation adjustments: Intersegment transactions	-	(60,066)	-
Consolidated Total	156,854	-	20,162

Business Segment

Results for 9 Months Ended 30 September 2010

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	81,030	9,674	9,592
Manufacturing	263	15,833	2,802
Others	129	5,540	790
Total	81,422	31,046	13,184
Consolidation adjustments: Intersegment transactions	-	(31,046)	-
Consolidated Total	81,422	-	13,184

A9. Valuations of Property, Plant & Equipment

The Group did not carry out any valuations on its property, plant & equipment.

A10. Material Events Subsequent To The Financial Period

On 10 October 2011, a wholly-owned company of DeGem Berhad, Diamond & Platinum Sdn Bhd ("D&P"), incorporated a new subsidiary, D & P Franchise Pte. Limited. ("DPFPL") in Hong Kong. The issued and paid-up share capital of DPFPL is HKD2.00 divided into 2 ordinary shares of HKD1.00 each held wholly by D&P. DPFPL has not commenced operations since the date of incorporation. The intended principal activity of DPFPL is franchising.

A11. Changes in the Composition of the Company

There were no changes in the composition of the Company during the quarter under review.

A12. Contingent Liabilities

There were no contingent liabilities as at the date of this quarterly report.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS**

B1. Review of Performance

For the financial quarter ended 30 September 2011, the Group registered a revenue of RM57.0 million compared to RM44.1 million in the corresponding quarter, an increase of 29.0%. The increase is due higher revenue for the quarter. Profit before taxation was RM8.1 million compared to RM4.5 million in the corresponding quarter.

In respect of the financial period up to 30 September 2011, the Group registered a revenue of RM156.8 million compared to RM125.5 million in the corresponding period of 2010, an increase of 25%. Profit before taxation for the nine months was RM20.2 million, compared to RM13.2 million in the corresponding period.

B2. Material Changes in Current Quarter Results compared to Immediate Preceding Quarter

In the third quarter of year 2011, the Group registered a revenue of RM57.0 million and profit before taxation of RM8.1 million versus a revenue of RM52.6 million and profit before taxation of RM6.6 million recorded in the immediate preceding quarter.

B3. Prospects for the Current Financial Year 2011

The outlook for the Group's operations is positive for the financial year 2011.

B4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.11 RM'000	Preceding Year Quarter 30.09.10 RM'000	Current Year To date 30.09.11 RM'000	Preceding Year Corresponding 30.09.10 RM'000
Income Taxation				
- Current period	1,960	1,348	5,466	3,737
- (Over)/Underprovision in prior period	(38)	327	(79)	358
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	-	85
	1,922	1,675	5,387	4,180

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and properties for the current quarter under review.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

B7. Quoted Securities

- (a) There were no purchases or disposals of quoted securities for the current quarter and financial period to date.
- (b) There were no investments in quoted securities for the current quarter and financial period to date.

B8. Status of Corporate Proposals Announced

There were no corporate proposals announced.

B9. Borrowings and Debt Securities

The Group's borrowings (all denominated in Malaysian currency) as at 30 September 2011 are as follows:-

	Secured RM'000
<i>Short Term Borrowings</i>	
Hire purchase creditors	188
Term loans (in RM)	3,563
Term loans (in SGD)	143
Term loans (in USD)	1,218
	<u>5,112</u>
<i>Long Term Borrowings</i>	
Hire purchase creditors	729
Term loans (in RM)	20,753
Term loans (in SGD)	3,300
Term loans (in USD)	5,059
Total	<u>34,953</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this quarterly report and the financial year to date.

B11. Realised and Unrealised Profits and Losses

The breakdown of the Retained Profits of the Group as at the reporting date, into realised and unrealised losses, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Cumulative	
	Group 30.09.11 RM'000	Group 31.12.10 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	89,731	80,569
- Unrealised	3,728	2,153
Consolidation Adjustment	(3,152)	(3,037)
Total retained profits of the Group	<u><u>90,307</u></u>	<u><u>79,685</u></u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 30 Sept 2011**

B12. Material Litigation

There was no material litigation as at the date of this quarterly report and the financial year to date.

B13. Dividend

During the quarter under review, no dividend was declared.

B14. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.11	Preceding Year Quarter 30.09.10	Current Year To date 30.09.11	Preceding Year Corresponding 30.09.10
Profit attributable to shareholders (RM'000)	5,818	2,903	13,593	8,837
Adjusted weighted average number of ordinary shares in issue ('000)	132,063	132,065	132,557	133,064
Basic earnings per share (sen)	4.41	2.20	10.25	6.64

BY ORDER OF THE BOARD

CHOW CHOOI YOONG

Company Secretary
MAICSA 0772574

Dated: 22 November 2011