

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31.03.2012 RM'000	CORRESPONDING QUARTER ENDED 31.03.2011 RM'000	CURRENT YEAR TO DATE ENDED 31.03.2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 31.03.2011 RM'000
Revenue	60,566	47,235	60,566	47,235
Cost of sales	(40,335)	(29,692)	(40,335)	(29,692)
Gross Profit	20,231	17,543	20,231	17,543
Other Income	1,051	559	1,051	559
Administrative expenses	(5,964)	(5,648)	(5,964)	(5,648)
Selling and marketing expenses	(7,846)	(5,935)	(7,846)	(5,935)
Other expenses	(826)	(752)	(826)	(752)
Finance costs	(410)	(359)	(410)	(359)
Profit before taxation	6,236	5,408	6,236	5,408
Taxation	(1,451)	(1,247)	(1,451)	(1,247)
Profit for the year	4,785	4,161	4,785	4,161
Profit attributable to:				
Equity holders of the Company	4,617	3,801	4,617	3,801
Minority interests	168	360	168	360
Profit for the year	4,785	4,161	4,785	4,161
Earnings per share attributable to equity holders of the Company (Note B11)	3.50	2.88	3.50	2.88

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31.03.2012 RM'000	CORRESPONDING QUARTER ENDED 31.03.2011 RM'000	CURRENT YEAR TO DATE ENDED 31.03.2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 31.03.2011 RM'000
Profit for the year	4,785	4,161	4,785	4,161
<i>Other comprehensive income for the year, net of tax</i>				
Foreign currency translation differences for foreign operations	(343)	(53)	(343)	(53)
Total comprehensive income for the year	4,442	4,108	4,442	4,108
Total comprehensive income attributable to:				
Equity holders of the Company	4,373	3,776	4,373	3,776
Minority interests	69	332	69	332
Total comprehensive income for the year	4,442	4,108	4,442	4,108

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

DeGem Berhad (Company No : 415726 - T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012**

	As at 31.03.2012 RM'000 (Unaudited)	As at 31.12.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	27,482	27,190
Investment Properties	6,435	6,468
Goodwill	7,888	7,888
Deferred tax assets	1,531	1,548
	<u>43,336</u>	<u>43,094</u>
Current assets		
Inventories	190,843	184,938
Trade Receivables	7,273	10,519
Other Receivables, Deposits & Prepayments	8,666	5,575
Tax Recoverable	22	568
Cash and Bank Balances	18,568	21,936
	<u>225,372</u>	<u>223,536</u>
TOTAL ASSETS	<u>268,708</u>	<u>266,630</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	(368)	(124)
Treasury Shares	(1,922)	(1,922)
Retained Earnings	104,726	100,109
	<u>179,872</u>	<u>175,499</u>
Minority interest	<u>6,690</u>	<u>6,621</u>
Total equity	<u>186,562</u>	<u>182,120</u>
Non-current liabilities		
Hire Purchase Creditors	537	641
Long Term Borrowings	26,054	26,332
Deferred Taxation	63	63
	<u>26,654</u>	<u>27,036</u>
Current liabilities		
Trade Payables	30,278	29,038
Other Payables & Accruals	15,807	18,347
Short Term Borrowings	6,617	6,606
Hire Purchase Creditors	202	187
Derivative financial instruments	93	90
Provision for Taxation	2,495	3,206
	<u>55,492</u>	<u>57,474</u>
Total liabilities	<u>82,146</u>	<u>84,510</u>
TOTAL EQUITY AND LIABILITIES	<u>268,708</u>	<u>266,630</u>
Net Assets Per Share (sen)	141	138

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

DeGem Berhad (Company No : 415726 - T)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2012**

	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 2011	67,000	10,436	(571)	(1,914)	79,685	154,661	5,059	159,720
Total comprehensive income for the year	-	-	(25)	-	3,801	3,776	332	4,108
Shares repurchased	-	-	-	-	-	-	-	-
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 March 2011	67,000	10,436	(596)	(1,914)	83,486	158,437	5,391	163,828
At 1 January 2012	67,000	10,436	(124)	(1,922)	100,109	175,499	6,621	182,120
Total comprehensive income for the year	-	-	(244)	-	4,617	4,373	69	4,442
Shares repurchased	-	-	-	-	-	-	-	-
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 March 2012	67,000	10,436	(368)	(1,922)	104,726	179,872	6,690	186,562

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2012**

These figures have not been audited

	31.03.12	31.03.11
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,236	5,408
Adjustments for:		
Amortisation of investment properties	-	-
Depreciation of property, plant & equipment	560	517
Loss on derivative financial instruments	3	-
Interest expense	410	359
Provision for slow moving inventory	(86)	281
Property, plant and equipment written off	6	3
Gain on disposal of property, plant and equipment	1	-
Interest income	(34)	-
Unrealised foreign exchange (gain)/loss	260	(198)
Operating profit before working capital changes	<u>7,356</u>	<u>6,370</u>
Inventories	(5,819)	(6,887)
Debtors	156	780
Creditors	(1,561)	(250)
Cash generated from operations	<u>132</u>	<u>13</u>
Interest paid	(410)	(359)
Income tax paid	(1,584)	(1,412)
Interest received	34	-
Net cash generated from operating activities	<u>(1,828)</u>	<u>(1,758)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(827)	(1,242)
Proceeds from disposal of property, plant and equipment	(1)	-
Net cash used in investing activities	<u>(828)</u>	<u>(1,242)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown from borrowings	-	829
Repayment of hire purchase creditors	(89)	(59)
Repayment of borrowings	(890)	(528)
Net cash generated from / (used in) financing activities	<u>(979)</u>	<u>242</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,635)	(2,758)
Effects of foreign exchange rate changes	(651)	(72)
OPENING CASH AND CASH EQUIVALENTS	<u>21,923</u>	<u>19,614</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>17,637</u>	<u>16,784</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	18,568	21,227
Bank overdraft	(931)	(4,443)
	<u>17,637</u>	<u>16,784</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 31 March 2012**

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The condensed consolidated interim financial statements has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") 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 2011. This condensed consolidated interim financial statements also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards.

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 2011.

The Group has adopted the MFRS framework and MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards for the first time in this condensed consolidated interim financial statements. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

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 Cyclicalities 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 the financial year.

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 31 March 2012, a total of 1,942,800 shares repurchased were held at a total cost of RM1,922,668.42. 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

No dividend was paid during the quarter under review.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 31 March 2012**

A8 Segmental Information

Business Segment

Results for 3 Months Ended 31 March 2012

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	59,282	8,052	6,023
Manufacturing	383	9,538	24
Others	901	2,895	189
Total	60,566	20,485	6,236
Consolidation adjustments: Intersegment transactions	-	(20,485)	-
Consolidated Total	60,566	-	6,236

Business Segment

Results for 3 Months Ended 31 March 2011

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	47,083	6,106	4,515
Manufacturing	100	8,286	773
Others	52	2,374	121
Total	47,235	16,766	5,408
Consolidation adjustments: Intersegment transactions	-	(16,766)	-
Consolidated Total	47,235	-	5,408

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

There were no subsequent material events as at the date of this quarterly report.

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 31 March 2012**

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

B1. Review of Performance

For the financial period ended 31 March 2012, the Group registered a revenue of RM60.6 million compared to RM47.2 million in the preceding period, an increase of 28.4%. The increase was contributed mainly by the retail segment. Profit before taxation was RM6.2 million compared to RM5.4 million in the corresponding period of the preceding year.

The improved performance of the retail segment was mainly due to increase in demand, sales mix and increased number of outlets.

The manufacturing segment of the Group caters mainly to the retail segment of the Group. The drop in profit of the manufacturing segment during the period was mainly due to the restructuring of certain expenses.

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

In the first quarter of year 2012, the Group registered a revenue of RM60.6 million and profit before taxation of RM6.2 million versus a revenue of RM62.8 million and profit before taxation of RM14.2 million recorded in the immediate preceding quarter. The lower profit of the current quarter is in line with the cyclical trend of the Group's business.

B3. Prospects For Financial Year 2012

The outlook for the Group's operations remains positive for the financial year 2012.

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 31.03.12 RM'000	Preceding Year Quarter 31.03.11 RM'000	Current Year To date 31.03.12 RM'000	Preceding Year Corresponding 31.03.11 RM'000
Income Taxation				
- Current period	1,457	1,288	1,457	1,288
- Overprovision in prior period	-	(41)	-	(41)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	(6)	-	(6)	-
	1,451	1,247	1,451	1,247

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 31 March 2012**

B7. Borrowings and Debt Securities

The Group's borrowings (all denominated in Malaysian currency) as at 31 March 2012 are as follows:-

	Secured RM'000
<i>Short Term Borrowings</i>	
Hire purchase creditors	202
Bank overdraft	931
Term loans (in RM)	4,703
Term loans (in SGD)	90
Term loans (in USD)	893
	<u>6,819</u>
<i>Long Term Borrowings</i>	
Hire purchase creditors	537
Term loans (in RM)	18,539
Term loans (in SGD)	3,272
Term loans (in USD)	4,243
Total	<u>33,410</u>

B8. 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 31.03.12 RM'000	Group 31.12.11 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	108,821	100,763
- Unrealised	8	2,473
Consolidation Adjustment	(4,103)	(3,127)
Total retained profits of the Group	<u>104,726</u>	<u>100,109</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.

B9. Material Litigation

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

B10. Dividend

During the quarter under review, no dividend was declared.

**Quarterly Report On Consolidated Results
For The Year-To-Date Ended 31 March 2012**

B11. 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 31.03.12	Preceding Year Quarter 31.03.11	Current Year To date 31.03.12	Preceding Year Corresponding 31.03.11
Profit attributable to shareholders (RM'000)	4,617	3,801	4,617	3,801
Adjusted weighted average number of ordinary shares in issue ('000)	132,057	132,065	132,057	132,065
Basic earnings per share (sen)	3.50	2.88	3.50	2.88

B12. Notes To Condensed Consolidated Income Statements For The Quarter And Year-To-Date.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.12 RM'000	Preceding Year Quarter 31.03.11 RM'000	Current Year To date 31.03.12 RM'000	Preceding Year Corresponding 31.03.11 RM'000
<i>After crediting :-</i>				
Interest Income	34	63	34	63
Allowance on slow moving finished goods-reversal	86	-	86	-
Foreign exchange Gain / (Loss) - realised	619	366	619	366
Gain or (loss) on disposal of properties	1	-	1	-
Other income including investment income	311	130	311	130
<i>After charging :-</i>				
Interest Expense	410	359	410	359
Depreciation & amortisation	560	517	560	517
Provision for slow moving finished goods	-	281	-	281
Foreign exchange Gain / (Loss) - unrealised	457	(198)	457	(198)
Gain or (loss) on derivatives	(3)	-	(3)	-

BY ORDER OF THE BOARD**CHOW CHOOI YOONG**

Company Secretary
MAICSA 0772574

Dated: 23 May 2012