

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.06.2012 RM'000	CORRESPONDING QUARTER ENDED 30.06.2011 RM'000	CURRENT YEAR TO DATE ENDED 30.06.2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.06.2011 RM'000
Revenue	54,660	52,641	115,226	99,876
Cost of sales	(34,968)	(33,428)	(75,303)	(63,120)
Gross Profit	19,692	19,213	39,923	36,756
Other Income	1,199	1,223	2,250	1,782
Administrative expenses	(6,925)	(6,403)	(12,889)	(12,051)
Selling and marketing expenses	(7,816)	(6,502)	(15,662)	(12,437)
Other expenses	(743)	(510)	(1,569)	(1,262)
Finance costs	(421)	(421)	(831)	(780)
Profit before taxation	4,986	6,600	11,222	12,008
Taxation	(1,469)	(2,218)	(2,920)	(3,465)
Profit for the year	3,517	4,382	8,302	8,543
Profit attributable to:				
Equity holders of the Company	3,379	3,974	7,996	7,775
Minority interests	138	408	306	768
Profit for the year	3,517	4,382	8,302	8,543
Earnings per share attributable to equity holders of the Company <i>(Note B11)</i>	2.56	3.01	6.04	5.84

(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 30 JUNE 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.06.2012 RM'000	CORRESPONDING QUARTER ENDED 30.06.2011 RM'000	CURRENT YEAR TO DATE ENDED 30.06.2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.06.2011 RM'000
Profit for the year	3,517	4,382	8,302	8,543
<i>Other comprehensive income for the year, net of tax</i>				
Foreign currency translation differences for foreign operations	651	683	308	630
Total comprehensive income for the year	4,168	5,065	8,610	9,173
Total comprehensive income attributable to:				
Equity holders of the Company	3,883	4,609	8,256	8,385
Minority interests	285	456	354	788
Total comprehensive income for the year	4,168	5,065	8,610	9,173

(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 (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As at 30.06.2012 RM'000 <i>(Unaudited)</i>	As at 31.12.2011 RM'000 <i>(Audited)</i>
ASSETS		
Non-current assets		
Property, Plant and Equipment	28,744	27,190
Investment Properties	6,402	6,468
Goodwill	7,888	7,888
Deferred tax assets	1,620	1,548
	<u>44,654</u>	<u>43,094</u>
Current assets		
Inventories	198,529	184,938
Trade Receivables	7,545	10,519
Other Receivables, Deposits & Prepayments	9,031	5,575
Tax Recoverable	26	568
Cash and Bank Balances	15,830	21,936
	<u>230,961</u>	<u>223,536</u>
TOTAL ASSETS	<u>275,615</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	136	(124)
Treasury Shares	(1,925)	(1,922)
Retained Earnings	108,104	100,109
	<u>183,751</u>	<u>175,499</u>
Minority interest	<u>6,975</u>	<u>6,621</u>
Total equity	<u>190,726</u>	<u>182,120</u>
Non-current liabilities		
Hire Purchase Creditors	1,156	641
Long Term Borrowings	26,115	26,332
Deferred Taxation	63	63
	<u>27,334</u>	<u>27,036</u>
Current liabilities		
Trade Payables	32,637	29,038
Other Payables & Accruals	15,919	18,347
Short Term Borrowings	6,268	6,606
Hire Purchase Creditors	193	187
Derivative financial instruments	105	90
Provision for Taxation	2,433	3,206
	<u>57,555</u>	<u>57,474</u>
Total liabilities	<u>84,889</u>	<u>84,510</u>
TOTAL EQUITY AND LIABILITIES	<u>275,615</u>	<u>266,630</u>
Net Assets Per Share (sen)	144	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)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 30 JUNE 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	(546)	(1,914)	79,685	154,661	5,059	159,720
Total comprehensive income for the year	-	-	(25)	-	7,775	8,385	788	9,173
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 30 June 2011	67,000	10,436	(571)	(1,916)	87,460	163,044	5,847	168,891
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	-	-	260	-	7,996	8,256	354	8,610
Shares repurchased	-	-	-	(3)	-	(3)	-	(3)
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 30 June 2012	67,000	10,436	136	(1,925)	108,105	183,752	6,975	190,727

(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 30 JUNE 2012

These figures have not been audited

	30.06.12	30.06.11
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,222	12,008
Adjustments for:		
Depreciation of property, plant & equipment	1,177	1,037
Loss on derivative financial instruments	15	-
Interest expense	831	780
Provision for slow moving inventory	(6)	937
Property, plant and equipment written off	139	65
Gain on disposal of property, plant and equipment	(354)	(1)
Gain on disposal of asset held for sale	-	(548)
Interest income	(63)	(133)
Unrealised foreign exchange (gain)/loss	280	557
Operating profit before working capital changes	13,241	14,702
Inventories	(13,585)	(18,774)
Debtors	(482)	(1,266)
Creditors	890	7,574
Cash generated from operations	64	2,236
Interest paid	(832)	(780)
Income tax paid	(3,275)	(2,865)
Interest received	63	133
Net cash generated from operating activities	(3,980)	(1,276)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,655)	(2,365)
Proceeds from disposal of property, plant and equipment	362	5
Proceeds from disposal of asset held for sale	-	1,778
Net cash used in investing activities	(2,293)	(582)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown from borrowings	-	833
Repayment of hire purchase creditors	(179)	(128)
Proceeds from hire purchase creditors	700	250
Repayment of borrowings	(1,797)	(1,055)
Share repurchased	(2)	(2)
Net cash generated from / (used in) financing activities	(1,278)	(102)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,551)	(1,960)
Effects of foreign exchange rate changes	75	602
OPENING CASH AND CASH EQUIVALENTS	21,923	19,614
CLOSING CASH AND CASH EQUIVALENTS	14,447	18,256
Cash and cash equivalents comprise the following:		
Cash and bank balances	15,830	21,444
Bank overdraft	(1,384)	(3,188)
	14,446	18,256

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

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, the Company repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM1.00 per share. The total consideration paid for the repurchase including transaction costs was RM 2,042.60 and this was financed by internally generated funds. As at 30 June 2012, a total of 1,944,800 shares repurchased were held at a total cost of RM1,924,711.02. 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.

DeGem Berhad (415726-T)

A8 Segmental Information

Business Segment

Results for 6 Months Ended 30 June 2012

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	112,450	18,530	9,664
Manufacturing	489	19,691	609
Others	2,287	2,618	948
Total	115,226	40,840	11,221
Consolidation adjustments: Intersegment transactions	-	(40,840)	-
Consolidated Total	115,226	-	11,221

Business Segment

Results for 6 Months Ended 30 June 2011

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	98,309	13,815	9,628
Manufacturing	419	18,094	1,750
Others	1,148	6,723	631
Total	99,876	38,632	12,008
Consolidation adjustments: Intersegment transactions	-	(38,632)	-
Consolidated Total	99,876	-	12,008

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.

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

B1. Review of Performance

For the financial quarter ended 30 June 2012, the Group registered a revenue of RM54.7 million compared to RM52.6 million in the preceding period, an increase of 3.99%. Profit before taxation was RM5.0 million compared to RM6.6 million in the corresponding period of the preceding year.

For cumulative six months ended 30 June 2012, the Group registered a revenue of RM115.2 million compared to RM 99.9 million in the first half of 2011, an increase of 15.3%. Profit before taxation was RM11.2 million compared to RM12.0 million in the corresponding six months of 2011.

The revenue and profit before taxation achieved by the Group was mainly attributable to the performance of the retail segment.

Revenue was higher due to increase in demand and an increased number of outlets. The lower profit before taxation was mainly due to the overhead expenses of the new outlets, as well as expenses for more promotional activities held by the Group during the quarter.

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

In the second quarter of 2012, the Group registered a revenue of RM54.7 million and profit before taxation of RM5.0 million versus a revenue of RM60.6 million and profit before taxation of RM6.2 million recorded in the immediate preceding quarter.

B3. Prospects For Financial Year 2012

Traditionally, the Group's performance is better in the second half of the year, in line with its cyclical trend. As such, the Group is cautiously optimistic that the outlook of the Group's operations will remain positive for the remaining period of 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 30.06.12 RM'000	Preceding Year Quarter 30.06.11 RM'000	Current Year To date 30.06.12 RM'000	Preceding Year Corresponding 30.06.11 RM'000
Income Taxation				
- Current period	1,502	2,218	2,959	3,506
- Overprovision in prior period	(33)	-	(33)	(41)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	(6)	-
	1,469	2,218	2,920	3,465

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

DeGem Berhad (415726-T)

B7. Borrowings and Debt Securities

The Group's borrowings (all denominated in Malaysian currency) as at 30 June 2012 are as follows:-

	Unsecured RM'000	Secured RM'000	Total RM'000
<i>Current</i>			
Hire purchase creditors	-	193	193
Bank overdraft	1,255	129	1,384
Term loans (in RM)	3,000	1,166	4,166
Term loans (in SGD)	-	62	62
Term loans (in USD)	-	656	656
	<u>4,255</u>	<u>2,206</u>	<u>6,461</u>
<i>Non-current</i>			
Hire purchase creditors	-	1,156	1,156
Term loans (in RM)	-	18,510	18,510
Term loans (in SGD)	-	3,362	3,362
Term loans (in USD)	-	4,243	4,243
	<u>4,255</u>	<u>29,477</u>	<u>33,732</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 30.06.12 RM'000	Group 31.12.11 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	111,664	100,763
- Unrealised	807	2,473
Consolidation Adjustment	(4,367)	(3,127)
Total retained profits of the Group	<u>108,104</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.

DeGem Berhad (415726-T)

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 30.06.12	Preceding Year Quarter 30.06.11	Current Year To date 30.06.12	Preceding Year Corresponding 30.06.11
Profit attributable to shareholders (RM'000)	3,379	3,974	7,996	7,775
Adjusted weighted average number of ordinary shares in issue ('000)	132,056	132,063	132,443	133,045
Basic earnings per share (sen)	2.56	3.01	6.04	5.84

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.12 RM'000	Preceding Year Quarter 30.06.11 RM'000	Current Year To date 30.06.12 RM'000	Preceding Year Corresponding 30.06.11 RM'000
<i>After crediting :-</i>				
Interest Income	29	70	63	133
Allowance on slow moving finished goods-reversal	(80)	557	6	557
Foreign exchange Gain / (Loss) - realised	274	-	893	366
Gain or (loss) on disposal of property, plant and equipment	353	-	354	-
Other income including investment income	623	596	934	726
<i>After charging :-</i>				
Interest Expense	421	421	831	780
Depreciation & amortisation	617	520	1,177	1,037
Provision for slow moving finished goods	-	656	-	937
Foreign exchange Gain / (Loss) - unrealised	(177)	-	280	(198)
Gain or (loss) on derivatives	(12)	-	(15)	-

BY ORDER OF THE BOARD

CHOW CHOOI YOONG

Company Secretary
MAICSA 0772574

Dated: 28 August 2012