

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.12 RM'000	CORRESPONDING QUARTER ENDED 30.09.11 RM'000	CURRENT YEAR TO DATE ENDED 30.09.12 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.11 RM'000
Revenue	68,131	56,978	183,357	156,854
Cost of sales	(45,325)	(35,018)	(120,628)	(98,138)
Gross Profit	22,806	21,960	62,729	58,716
Other Income	1,051	1,042	3,301	2,824
Administrative expenses	(7,597)	(6,338)	(20,486)	(18,389)
Selling and marketing expenses	(6,981)	(6,922)	(22,643)	(19,359)
Other expenses	(890)	(1,187)	(2,459)	(2,449)
Finance costs	(456)	(401)	(1,287)	(1,181)
Profit before taxation	7,933	8,154	19,155	20,162
Taxation	(1,503)	(1,922)	(4,423)	(5,387)
Profit for the year	6,430	6,232	14,732	14,775
Profit attributable to:				
Equity holders of the Company	6,048	5,818	14,044	13,593
Minority interests	382	414	688	1,182
Profit for the year	6,430	6,232	14,732	14,775
Earnings per share attributable to equity holders of the Company (Note B11)	4.58	4.41	10.60	10.25

(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 SEPTEMBER 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.12 RM'000	CORRESPONDING QUARTER ENDED 30.09.11 RM'000	CURRENT YEAR TO DATE ENDED 30.09.12 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.11 RM'000
Profit for the year	6,430	6,232	14,732	14,775
<i>Other comprehensive income for the year, net of tax</i>				
Foreign currency translation differences for foreign operations	(537)	76	(229)	706
Total comprehensive income for the year	5,893	6,308	14,503	15,481
Total comprehensive income attributable to:				
Equity holders of the Company	5,653	5,727	13,909	14,112
Minority interests	240	581	594	1,369
Total comprehensive income for the year	5,893	6,308	14,503	15,481

(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 SEPTEMBER 2012

	As at 30.09.12 RM'000 <i>(Unaudited)</i>	As at 31.12.2011 RM'000 <i>(Audited)</i>
ASSETS		
Non-current assets		
Property, Plant and Equipment	29,149	27,190
Investment Properties	6,369	6,468
Goodwill	7,888	7,888
Deferred tax assets	1,475	1,548
	<u>44,881</u>	<u>43,094</u>
Current assets		
Inventories	188,914	184,938
Trade Receivables	12,021	10,519
Other Receivables, Deposits & Prepayments	7,251	5,575
Tax Recoverable	116	568
Cash and Bank Balances	21,761	21,936
	<u>230,063</u>	<u>223,536</u>
TOTAL ASSETS	<u>274,944</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	(259)	(124)
Treasury Shares	(1,925)	(1,922)
Retained Earnings	114,153	100,109
	<u>189,405</u>	<u>175,499</u>
Minority interest	<u>7,215</u>	<u>6,621</u>
Total equity	<u>196,620</u>	<u>182,120</u>
Non-current liabilities		
Hire Purchase Creditors	1,068	641
Long Term Borrowings	26,107	26,332
Deferred Taxation	63	63
	<u>27,238</u>	<u>27,036</u>
Current liabilities		
Trade Payables	23,920	29,038
Other Payables & Accruals	17,953	18,347
Short Term Borrowings	7,365	6,606
Hire Purchase Creditors	414	187
Derivative financial instruments	102	90
Provision for Taxation	1,332	3,206
	<u>51,086</u>	<u>57,474</u>
Total liabilities	<u>78,324</u>	<u>84,510</u>
TOTAL EQUITY AND LIABILITIES	<u>274,944</u>	<u>266,630</u>
Net Assets Per Share (sen)	148	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 SEPTEMBER 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 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
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	-	-	(135)	-	14,044	13,909	594	14,503
Shares repurchased	-	-	-	(3)	-	(3)	-	(3)
Increased of investment in a subsidiary company	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 30 September 2012	67,000	10,436	(259)	(1,925)	114,153	189,405	7,215	196,620

(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 SEPTEMBER 2012

These figures have not been audited

	30.09.12	30.09.11
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,155	20,162
Adjustments for:		
Depreciation of property, plant & equipment	1,868	-
Loss on derivative financial instruments	12	2,012
Interest expense	1,287	1,181
Provision for slow moving inventory	(7)	1,176
Property, plant and equipment written off	200	65
Gain on disposal of property, plant and equipment	(354)	(110)
Gain on disposal of asset held for sale	-	(548)
Interest income	(94)	(166)
Unrealised foreign exchange (gain)/loss	9	125
Operating profit before working capital changes	<u>22,076</u>	<u>23,897</u>
Inventories	(3,969)	(31,036)
Debtors	(3,177)	(4,163)
Creditors	(5,522)	16,383
Cash generated from operations	<u>9,408</u>	<u>5,081</u>
Interest paid	(1,287)	(1,181)
Income tax paid	(5,781)	(4,766)
Interest received	94	166
Net cash generated from / (used in) operating activities	<u>2,434</u>	<u>(700)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,807)	(7,743)
Proceeds from disposal of property, plant and equipment	362	116
Proceeds from disposal of asset held for sale	-	1,778
Net cash used in investing activities	<u>(3,445)</u>	<u>(5,849)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Payment	-	(2,971)
Drawdown from borrowings	-	10,341
Repayment of hire purchase creditors	(276)	(206)
Proceeds from hire purchase creditors	930	600
Repayment of borrowings	(2,704)	(1,710)
Share repurchased	(2)	(2)
Net cash (used in) / generated from financing activities	<u>(2,052)</u>	<u>6,052</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(3,063)</u>	<u>(497)</u>
Effects of foreign exchange rate changes	(568)	1,000
OPENING CASH AND CASH EQUIVALENTS	<u>21,923</u>	<u>19,614</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>18,292</u>	<u>20,117</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	21,761	20,117
Bank overdraft	(3,469)	-
	<u>18,292</u>	<u>20,117</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)

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 Cyclical 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 30 September 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.

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A8 Segmental Information

Business Segment

Results for 9 Months Ended 30 September 2012

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	169,316	27,650	15,580
Manufacturing	2,583	26,899	1,691
Others	11,458	7,155	1,884
Total	183,357	61,704	19,155
Consolidation adjustments: Intersegment transactions	-	(61,704)	-
Consolidated Total	183,357	-	19,155

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

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 September 2012, the Group registered a revenue of RM68.1 million compared to RM57.0 million in the preceding period, an increase of 19.6%. Profit before taxation was RM7.9 million compared to RM8.1 million in the corresponding period of the preceding year.

For the cumulative nine months ended 30 September 2012, the Group registered a revenue of RM183.4 million compared to RM156.8 million in the first nine months of 2011, an increase of 16.9%. Profit before taxation was RM19.2 million compared to RM20.2 million in the corresponding nine 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.

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

In the third quarter of 2012, the Group registered a revenue of RM68.1 million and profit before taxation of RM7.9 million versus a revenue of RM54.7 million and profit before taxation of RM5.0 million recorded in the immediate preceding quarter.

B3. Prospects For Financial Year 2012

The year 2012 continues to be challenged by uncertainties arising from the financial issues of the Eurozone and the United States of America. In addition, the economy of China is also showing signs of slowing down, further dampening consumer sentiments. Despite the gloomy outlook, the Group's performance remained satisfactory to date, and the Group will continue with its efforts to strengthen its brands and gain wider recognition.

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 30.09.12 RM'000	Preceding Year Quarter 30.09.11 RM'000	Current Year To date 30.09.12 RM'000	Preceding Year Corresponding 30.09.11 RM'000
Income Taxation				
- Current period	2,066	1,960	5,025	5,466
- Overprovision in prior period	(563)	(38)	(596)	(79)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	(6)	-
	1,503	1,922	4,423	5,387

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

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B7. Borrowings and Debt Securities

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

	Unsecured RM'000	Secured RM'000	Total RM'000
<i>Current</i>			
Hire purchase creditors	-	414	414
Bank overdraft	875	2,594	3,469
Term loans (in RM)	3,000	606	3,606
Term loans (in SGD)	-	31	31
Term loans (in USD)	-	259	259
	<u>3,875</u>	<u>3,904</u>	<u>7,779</u>
<i>Non-current</i>			
Hire purchase creditors	-	1,068	1,068
Term loans (in RM)	-	18,510	18,510
Term loans (in SGD)	-	3,354	3,354
Term loans (in USD)	-	4,243	4,243
	<u>3,875</u>	<u>31,079</u>	<u>34,954</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 30.09.12 RM'000	Group 31.12.11 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	117,645	100,763
- Unrealised	441	2,473
Consolidation Adjustment	(3,933)	(3,127)
Total retained profits of the Group	<u>114,153</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.

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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 30.09.12	Preceding Year Quarter 30.09.11	Current Year To date 30.09.12	Preceding Year Corresponding 30.09.11
Profit attributable to shareholders (RM'000)	6,048	5,818	14,044	13,593
Adjusted weighted average number of ordinary shares in issue ('000)	132,042	132,063	132,440	132,557
Basic earnings per share (sen)	4.58	4.41	10.60	10.25

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.12 RM'000	Preceding Year Quarter 30.09.11 RM'000	Current Year To date 30.09.12 RM'000	Preceding Year Corresponding 30.09.11 RM'000
<i>After crediting :-</i>				
Interest Income	31	33	94	166
Allowance on slow moving finished goods-reversal	1	(557)	7	-
Foreign exchange Gain / (Loss) - realised	329	1,222	1,222	1,588
Gain or (loss) on disposal of property, plant and equipment	-	659	354	659
Other income including investment income	690	(315)	1,624	411
<i>After charging :-</i>				
Interest Expense	456	401	1,287	1,181
Depreciation & amortisation	608	881	1,785	1,918
Provision for slow moving finished goods	-	239	-	1,176
Foreign exchange Gain / (Loss) - unrealised	(271)	323	9	125
Gain or (loss) on derivatives	3	-	(12)	-

BY ORDER OF THE BOARD

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574

Dated: 19 November 2012