

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31.12.17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.12.16 RM'000	CURRENT YEAR TO DATE ENDED 31.12.17 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 31.12.16 RM'000
<b>Revenue</b>	53,281	55,961	192,437	186,676
Cost of sales	(31,950)	(30,303)	(111,069)	(101,826)
<b>Gross Profit</b>	21,331	25,658	81,368	84,850
Other Income	8,367	570	12,523	2,132
Administrative expenses	(11,330)	(9,545)	(36,290)	(33,269)
Other operating expenses	(8,810)	(11,726)	(35,363)	(37,308)
Finance costs	(144)	(534)	(809)	(1,718)
<b>Profit before tax</b>	9,414	4,423	21,429	14,687
Tax expense (Note B5)	(919)	(1,359)	(4,212)	(4,598)
<b>Profit for the period</b>	8,495	3,064	17,217	10,089
<b>Profit attributable to:</b>				
Owners of the Company	8,167	3,115	17,188	10,211
Non-controlling interests	328	(51)	29	(122)
<b>Profit for the period</b>	8,495	3,064	17,217	10,089
Basic earnings per ordinary share (sen) (Note B11)	6.30	2.38	13.14	7.80

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31.12.17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.12.16 RM'000	CURRENT YEAR TO DATE ENDED 31.12.17 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 31.12.16 RM'000
<b>Profit for the period</b>	8,495	3,064	17,217	10,089
<i>Other comprehensive income, net of tax:</i>				
Foreign currency translation differences for foreign operations	(10,846)	7,723	(11,845)	2,417
<b>Total comprehensive income for the period</b>	<b>(2,351)</b>	<b>10,787</b>	<b>5,372</b>	<b>12,506</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(1,914)	9,986	5,343	12,116
Non-controlling interests	672	801	29	390
<b>Total comprehensive income for the period</b>	<b>(2,351)</b>	<b>10,787</b>	<b>5,372</b>	<b>12,506</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	As at 31.12.2017 RM'000 <i>(Unaudited)</i>	As at 31.12.2016 RM'000 <i>(Audited)</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,540	30,073
Investment properties	29,515	29,951
Goodwill	-	87
Deferred tax assets	1,655	822
	<u>60,710</u>	<u>60,933</u>
<b>Current assets</b>		
Inventories	215,308	210,324
Trade and other receivables	39,894	23,348
Prepayments and other assets	1,992	1,091
Current tax assets	1,611	1,712
Cash and cash equivalents	35,767	47,324
	<u>294,572</u>	<u>283,799</u>
<b>TOTAL ASSETS</b>	<b><u>355,282</u></b>	<b><u>344,732</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	67,000	67,000
Share premium	10,435	10,435
Reserves	171,683	168,311
	<u>249,118</u>	<u>245,746</u>
<b>Non-controlling interests</b>	<u>1,211</u>	<u>13,906</u>
<b>Total equity</b>	<b><u>250,329</u></b>	<b><u>259,652</u></b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	38,035	40,514
Deferred tax liabilities	595	401
	<u>38,630</u>	<u>40,915</u>
<b>Current liabilities</b>		
Loans and borrowings	6,326	6,014
Trade and other payables	58,203	35,833
Deferred revenue	1,440	1,192
Current tax liabilities	354	1,126
	<u>66,323</u>	<u>44,165</u>
<b>Total liabilities</b>	<b><u>104,953</u></b>	<b><u>85,080</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>355,282</u></b>	<b><u>344,732</u></b>
Net assets per share (RM)	1.91	1.98

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

	<----- Attributable to owners of the Company ----->							Total equity RM'000
	< ----- Non-distributable ----- >				Distributable	Total RM'000	Non-controlling interests RM'000	
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
<b>At 1 January 2017</b>	67,000	10,435	16,048	(3,194)	155,457	245,746	13,906	259,652
Total comprehensive income for the period	-	-	(11,845)	-	17,188	5,343	29	5,372
Shares repurchased	-	-	-	(8)	-	(8)	-	(8)
Changes in non controlling interest transactions	-	-	-	-	-	-	(12,724)	(12,724)
Dividends to shareholders	-	-	-	-	(1,963)	(1,963)	-	(1,963)
<b>At 31 December 2017</b>	<b>67,000</b>	<b>10,435</b>	<b>4,203</b>	<b>(3,202)</b>	<b>170,682</b>	<b>249,118</b>	<b>1,211</b>	<b>250,329</b>
<b>At 1 January 2016</b>	67,000	10,435	14,143	(3,189)	149,826	238,215	13,516	251,731
Total comprehensive income for the period	-	-	1,905	-	10,211	12,116	390	12,506
Shares repurchased	-	-	-	(5)	-	(5)	-	(5)
Dividends to shareholders	-	-	-	-	(4,580)	(4,580)	-	(4,580)
<b>At 31 December 2016</b>	<b>67,000</b>	<b>10,435</b>	<b>16,048</b>	<b>(3,194)</b>	<b>155,457</b>	<b>245,746</b>	<b>13,906</b>	<b>259,652</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2017

*These figures have not been audited*

	31.12.2017 RM'000	31.12.2016 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	21,429	14,687
Adjustments for:		
Depreciation	3,430	3,882
Gain on disposal of a subsidiary	(1,360)	-
Interest expense	809	1,718
Provision for slow moving inventory	400	272
Property, plant and equipment written off	1,373	715
Negative goodwill	-	(215)
Impairment loss on trade receivable	-	1,017
Gain on disposal of property, plant and equipment	(268)	(247)
Interest income	(235)	(122)
Unrealised foreign exchange loss / (gain)	(2,816)	(15)
<b>Operating profit before working capital changes</b>	<u>22,762</u>	<u>21,692</u>
Inventories	(5,384)	(10,930)
Receivables	(17,385)	8,725
Payables	21,993	(4,908)
<b>Cash (used in)/ generated from operations</b>	<u>21,986</u>	<u>14,579</u>
Interest paid	(809)	(1,718)
Net Income tax paid	(5,666)	(4,307)
Interest received	235	122
<b>Net cash (used in) / generated from operating activities</b>	<u>15,746</u>	<u>8,676</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(3,898)	(2,092)
Proceeds from disposal of investment properties	1,447	-
Proceeds from disposal of property, plant and equipment	312	363
Proceeds from disposal of subsidiary company	3,379	-
Purchase of investment in a subsidiary company	-	1,087
<b>Net cash used in investing activities</b>	<u>1,240</u>	<u>(642)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(1,963)	(4,580)
Dividends paid to non controlling interest	-	-
Changes in non controlling interest transactions	(12,723)	-
Net repayment from borrowings	(5,943)	5,252
Payment of finance lease liabilities	90	(401)
Share repurchased	(8)	(5)
<b>Net cash (used in)/ generated from financing activities</b>	<u>(20,547)</u>	<u>266</u>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,561)	8,300
Effects of foreign exchange rate changes	(11,823)	2,368
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>47,324</u>	<u>36,656</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u><b>31,940</b></u>	<u><b>47,324</b></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017****A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of Preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions 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 2016.

The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its annual audited financial statements for the year ended 31 December 2016 except for the adoption of the following Amendments to Standards during the current financial period:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, and Amendments to MFRS 128 which are not applicable to the Group.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

**A2. Seasonality or Cyclicalities of Operations**

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

**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period.

**A4. Changes in Estimates**

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

**A5. Issuance, Cancellation or Repayments of Debt and Equity Securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities by the Company for the current financial period-to-date:

During the current quarter, the Company repurchased 3,000 of its issued ordinary shares from the open market at an average price of RM0.975 per share. The total consideration paid for the repurchase including transaction costs was RM2,971.33 and this was financed by internally generated funds. As at 31 December 2017, a total of 3,167,900 shares repurchased were held at a total cost of RM3,201,991.22 The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report.

**A6. Dividend Paid**

A final single tier dividend of 1.5sen totalling RM1,962,527 in respect of the financial year ended 31 December 2016 and was paid to the shareholders on 13 July 2017.

**A7. Segmental Information**

Segmental information is presented in respect of the Group's business segments.

**Business Segments:**

Retail: Suppliers and retailers of jewellery, diamonds, precious gemstone and gold bullion

Manufacturing: Manufacturer and trading in gold and jewellery

Others: Investment holding and property investment

**Business Segment**

**Results for Year to Date Ended 31 December 2017**

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	175,084	84,082	16,276
Manufacturing	10,092	34,208	3,797
Others	7,260	19,100	1,025
Total	192,437	137,390	21,098
Consolidation adjustments:			
Intersegment transactions	-	(137,390)	-
<b>Consolidated Total</b>	<b>192,437</b>	<b>-</b>	<b>21,098</b>

**Business Segment**

**Results for Year to Date Ended 30 September 2016**

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	120,884	43,638	6,855
Manufacturing	4,907	21,377	2,016
Others	3,650	1,755	291
Total	129,441	66,770	9,163
Consolidation adjustments:			
Intersegment transactions	-	(66,770)	-
<b>Consolidated Total</b>	<b>129,441</b>	<b>-</b>	<b>9,163</b>

# **DeGem Berhad** (415726-T)

## **A8. Material Events Subsequent To The Financial Period**

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

## **A9. Changes in the Composition of the Company**

Save as disclosed below, there were no changes in the composition of the Company during the quarter under review.

On 6 November 2017, DeGem Masterpiece Pte. Ltd, a 30.0% owned by Jewelmart International Sdn. Bhd. and 30.0% owned by DeGem Masterpiece Sdn. Bhd., which in turn is an indirect subsidiary of DeGem, was deregistered from the Accounting and Corporate Regulatory Authority of Singapore ("De-Registration") and has ceased to be the subsidiary of the Company.

## **A10. Contingent Liabilities**

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

## **A11. Capital Commitments**

The Group did not have any capital commitments which were contracted but not provided for as at 31 December 2017.

## **A12. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter under review.

## **B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES**

### **BERHAD LISTING REQUIREMENTS**

#### **B1. Review of Performance**

##### **Quarter results**

For the current quarter under review, the Group recorded a revenue of RM53.3 million as compared with a revenue of RM56.0 million for the preceding year corresponding quarter. The decrease in revenue of 4.8% was mainly due lower sales volume from the retail segment.

The Group registered a higher profit before tax ("PBT") of RM9.4 million for the current quarter under review, representing an increase of 113.6% compared to a PBT of RM4.4 million recorded in the preceding year corresponding quarter. The improvement in PBT mainly due to substantial gain from foreign exchange arising from inter company balances.

##### **Year-to-date results**

For the current year-to-date, the Group registered a revenue of RM192.4 million and a PBT of RM21.4 million as compared with a revenue of RM186.7 million and a PBT of RM14.7 million recorded in the preceding year-to-date. The increase in both revenue and PBT of 3.1% and 45.6% were attributed to higher revenue achieved from retail segment and substantial gain from foreign exchange arising from inter company balances.

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

For the current quarter, the Group registered a revenue of RM53.3 million and PBT of RM9.4 million as compared with a revenue of RM43.8 million and PBT of RM3.6 million recorded in the immediate preceding quarter. The increase in PBT was mainly due to higher sales volume from retail segment and substantial gain from foreign exchange arising from inter company balances.

#### **B3. Prospects For Financial Year 2018**

Due to current economy remain challenging, the Group has taken steps to weather such challenging time by streamlining its operations, redistributing its resources, implementing cost control activities with aim to improve productivity, going forward the Group expect to achieve satisfactory results for the financial year ending 2018.

#### **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 31.12.2017 RM'000	Preceding Year Quarter 31.12.2016 RM'000	Current Year To date 31.12.2017 RM'000	Preceding Year Corresponding 31.12.2016 RM'000
Income Tax				
- Current period	338	1,469	4,380	4,738
- (Over)/Under provision in prior period	-	-	30	30
Deferred Taxation				
- Current period	581		581	
- Prior period	-	(110)	(779)	(110)
	919	1,359	4,212	4,598

**B6. Status of Corporate Proposals**

Jewelmart International Sdn. Bhd. ("JISB"), which is a wholly owned subsidiary of the Company had on 10 August 2017 enter into Sales and Purchase Agreement to dispose Seven Million (7,000,000) ordinary shares of HKDI.00 each representing 70% of the equity in Bestline International Corporation Ltd. ("BICL") and its wholly owned subsidiary companies for cash consideration of HKD6,150,000. After the completion of the disposal, BICL and its wholly owned subsidiary companies ceased to be the subsidiary of the Company.

On 6 November 2017, DeGem Masterpiece Pte. Ltd, a 30.0% owned by Jewelmart International Sdn. Bhd. and 30.0% owned by DeGem Masterpiece Sdn. Bhd., which in turn is an indirect subsidiary of DeGem, was deregistered from the Accounting and Corporate Regulatory Authority of Singapore ("De-Registration") and has ceased to be the subsidiary of the Company.

**B7. Borrowings and Debt Securities**

The Group's borrowings as at 31 December 2017 are as follows:-

	Unsecured RM'000	Secured RM'000	Total RM'000
<b>Current</b>			
Finance lease liabilities	-	367	367
Bank overdraft	-	3,827	3,827
Term loans (in RM)	-	2,132	2,132
Term loans (in SGD)	-	-	-
	-	6,326	6,326
<b>Non-current</b>			
Finance lease liabilities	-	415	415
Term loans (in RM)	-	34,284	34,284
Term loans (in SGD)	-	3,336	3,336
	-	38,035	38,035
Total	-	44,361	44,361

**B8. Material Litigation**

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

**B9. Dividend**

As of the date of this announcement, there was no dividend declared for the current financial period ended 31 December 2017.

**B10. Qualification of Audit Report of the Preceding Annual Financial Statements**

There was no qualification on audit report of the preceding annual financial statements.

**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	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	To date	Year To Date
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to the owners (RM'000)	8,167	3,115	17,188	9,505
Weighted average number of ordinary shares in issue ('000)	129,713	130,772	130,837	130,845
Basic earnings per share (sen)	6.30	2.38	13.14	7.26

Diluted earnings per share is not applicable for the Group.

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

	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	To date	Year To Date
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
<i>After crediting :-</i>				
Interest Income	38	93	235	118
Foreign exchange gain - realised	506	-	1,523	-
Foreign exchange gain - unrealised	7,483	-	9,287	-
Gain on disposal of property, plant and equipment	82	119	268	254
Allowance on slow moving inventories-reversal	-	-	-	-
<i>After charging :-</i>				
Interest Expense	144	534	809	1,818
Depreciation	724	850	3,304	3,800
Foreign exchange loss - realised	-	456	400	107
Allowance on slow moving inventories	-	(32)	293	151
Property, plant and equipment written off	204	531	1,373	865
Foreign exchange loss - unrealised	-	468	-	855

**B13. Realised and Unrealised Profits and Losses**

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), are as follows:

	31.12.2017	31.12.2016
	RM'000	RM'000
Total Retained earnings of the Group		
- Realised	163,909	158,615
- Unrealised	9,637	(399)
	<u>173,546</u>	<u>158,216</u>
Consolidation Adjustment	(2,864)	(2,759)
<b>Total retained earnings of the Group</b>	<b><u>170,682</u></b>	<b><u>155,457</u></b>

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.

**BY ORDER OF THE BOARD**

**ANDREA HUONG JIA MEI**  
Company Secretary  
MIA 36347

Dated: 28 February 2018