DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31.03.2013 **RM'000**	CORRESPONDING QUARTER ENDED 31.03.2012 **RM'000**	CURRENT YEAR TO DATE ENDED 31.03.2013 **RM'000**	CORRESPONDING YEAR TO DATE ENDED 31.03.2012 **RM'000**
Revenue	52,011	60,566	52,011	60,566
Cost of sales	(34,341)	(40,335)	(34,341)	(40,335)
Gross Profit	17,670	20,231	17,670	20,231
Other Income	863	1,051	863	1,051
Administrative expenses	(6,951)	(5,964)	(6,951)	(5,964)
Selling and marketing expenses	(6,710)	(7,846)	(6,710)	(7,846)
Other expenses	(983)	(826)	(983)	(826)
Finance costs	(317)	(410)	(317)	(410)
Profit before taxation	3,572	6,236	3,572	6,236
Taxation	(983)	(1,451)	(983)	(1,451)
Profit for the year	2,589	4,785	2,589	4,785
Profit attributable to:				
Equity holders of the Company	2,436	4,617	2,436	4,617
Minority interests	153	168	153	168
Profit for the year	2,589	4,785	2,589	4,785
Earnings per share attributable to equity holders of the Company (sen) *(Note B11)*	1.84	3.50	1.84	3.50

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31.03.2013 **RM'000**	CORRESPONDING QUARTER ENDED 31.03.2012 **RM'000**	CURRENT YEAR TO DATE ENDED 31.03.2013 **RM'000**	CORRESPONDING YEAR TO DATE ENDED 31.03.2012 **RM'000**
Profit for the year	2,589	4,785	2,589	4,785
Other comprehensive income for the year, net of tax				
Foreign currency translation differences for foreign operations	24	(343)	24	(343)
Total comprehensive income for the year	2,613	4,442	2,613	4,442
Total comprehensive income attributable to:				
Equity holders of the Company	2,518	4,373	2,518	4,373
Minority interests	185	69	185	69
Total comprehensive income for the year	2,703	4,442	2,703	4,442

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	As at 31.03.2013 RM'000 *(Unaudited)*	As at 31.12.2012 RM'000 *(Audited)*
ASSETS		
Non-current assets		
Property, Plant and Equipment	29,782	30,021
Investment Properties	6,519	6,557
Deferred tax assets	1,105	1,172
	37,406	37,750
Current assets		
Inventories	191,753	180,024
Trade Receivables	7,630	9,042
Other Receivables, Deposits & Prepayments	7,085	5,732
Tax Recoverable	177	186
Cash and Bank Balances	34,048	30,421
	240,693	225,405
TOTAL ASSETS	**278,099**	**263,155**
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	(167)	(249)
Treasury Shares	(1,938)	(1,938)
Retained Earnings	116,338	113,902
	191,669	189,151
Minority interest	7,594	7,669
Total equity	**199,263**	**196,820**
Non-current liabilities		
Hire Purchase Creditors	866	1,098
Long Term Borrowings	25,831	27,053
Deferred Taxation	158	178
	26,855	28,329
Current liabilities		
Trade Payables	28,229	11,008
Other Payables & Accruals	15,124	17,819
Short Term Borrowings	7,913	7,913
Hire Purchase Creditors	400	276
Derivative financial instruments	149	168
Provision for Taxation	166	822
	51,981	38,006
Total liabilities	**78,836**	**66,335**
TOTAL EQUITY AND LIABILITIES	**278,099**	**263,155**
Net Assets Per Share (sen)	151	149

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

DeGem Berhad (415726-T)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2013

	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 2012								
- as previously reported	67,000	10,436	(124)	(1,922)	100,109	175,499	6,621	182,120
- effects of MFRS adoption	-	-	-	-	(7,888)	(7,888)	-	(7,888)
At 1 January 2012, as restated	**67,000**	**10,436**	**(124)**	**(1,922)**	**92,221**	**167,611**	**6,621**	**174,232**
Total comprehensive income for the year	-	-	(244)	-	4,617	4,373	69	4,442
Shares repurchased	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 March 2012	**67,000**	**10,436**	**(368)**	**(1,922)**	**96,838**	**171,984**	**6,690**	**178,674**
At 1 January 2013	67,000	10,436	(249)	(1,938)	113,902	189,151	7,669	196,820
At 1 January 2013	**67,000**	**10,436**	**(249)**	**(1,938)**	**113,902**	**189,151**	**7,669**	**196,820**
Total comprehensive income for the year	-	-	82	-	2,436	2,518	185	2,703
De-registration of a subsidiary	-	-	-	-	-	-	(260)	(260)
At 31 December 2013	**67,000**	**10,436**	**(167)**	**(1,938)**	**116,338**	**191,669**	**7,594**	**199,263**

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2013
These figures have not been audited

	31.03.2013 RM'000	31.03.2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,572	6,236
Adjustments for:		
Depreciation of property, plant & equipment	742	560
(Gain)/Loss on derivative financial instruments	(19)	3
Gain on de-registration of a subsidiary	(4)	-
Interest expense	317	410
Provision for slow moving inventory	(10)	(86)
Property, plant and equipment written off	25	6
Gain on disposal of property, plant and equipment	-	1
Interest income	(72)	(34)
Unrealised foreign exchange (gain)/loss	(57)	260
Operating profit before working capital changes	4,494	7,356
Inventories	(11,718)	(5,819)
Debtors	60	156
Creditors	14,585	(1,561)
Cash generated from operations	7,421	132
Interest paid	(317)	(410)
Income tax paid	(1,601)	(1,584)
Interest received	72	34
Net cash generated from/(used in) operating activities	5,575	(1,828)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(507)	(827)
Proceeds from disposal of property, plant and equipment	-	(1)
Capital repayment to minority interests	(256)	-
Net cash used in investing activities	(763)	(828)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchase creditors	(109)	(89)
Repayment of borrowings	(1,237)	(890)
Net cash used in financing activities	(1,346)	(979)
NET INCREASE USED IN/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,466	(3,635)
Effects of foreign exchange rate changes	161	(651)
OPENING CASH AND CASH EQUIVALENTS	30,421	21,923
CLOSING CASH AND CASH EQUIVALENTS	**34,048**	**17,637**
Cash and cash equivalents comprise the following:		
Cash and bank balances	34,048	18,568
Bank overdraft	-	(931)
	34,048	**17,637**

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 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 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards.

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs and Amend ments to MFRSs which are applicable for the Group's financial period beginning 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in the Other Entities
MFRS 13	Fair Value Measurement
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 127	Separate financial statements
MFRS 128	Investments in associates and joint ventures
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting

Adoption of the above MFRSs and Amendments to FRSs did not have any material effect on the financial performance, position or presentation of financials of the Group.

The followings MFRSs and Amendments to MFRSs have been issued by the MASB but not yet effective and have not been applied to the Group:

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendment to MFRS 132	Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commercing on or after 1 January 2015

MFRS 9	Financial instrucments(IFRS 9 issued by IASB in November 2009 and October 2010)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon thier initial application.

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 Cyclicality 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 were no share repurchased. As at 31 March 2013, a total of 1,959,800 shares repurchased were held at a total cost of RM1,937,819. 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.

A8 Segmental Information

Business Segment
Results for 3 Months Ended 31 March 2013

	Segment revenue		**Segment profit**
	External	Intersegment	**before tax**
	RM '000	**RM '000**	**RM '000**
Retail	45,301	7,769	1,877
Manufacturing	3,637	6,397	933
Others	3,073	3,442	761
Total	52,011	17,608	3,572
Consolidation adjustments:			
Intersegment transactions	-	(17,608)	-
Consolidated Total	**52,011**	-	**3,572**

Business Segment
Results for 3 Months Ended 31 March 2012

	Segment revenue		**Segment profit**
	External	Intersegment	**before tax**
	RM '000	**RM '000**	**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**

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

On 16 January 2013, MECA JEWELLERY LIMITED ("MECA"), a 60.0% owned subsidiary of Jewelmart International Sdn. Bhd., which in turn is a wholly-owned subsidiary of DeGem Berhad, had proceeded with an application for de-registration from the Register of the Hong Kong Companies Registry ("De-Registration").

MECA was incorporated in Hong Kong on 10 September 2007. The authorised share capital of MECA is HK$1,000,000.00 divided into 1,000,000 ordinary shares of HK$1.00 each of which 10,000 shares of HK$1.00 are issued and fully paid-up. The principal activity of MECA was design and distribution of jewellery. MECA has ceased business operations since 30 September 2012.

The de-registration of MECA will not have any material impact on the business of the Group.

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 31 March 2013, the Group registered a revenue of RM52.0 million compared to RM60.6 million in the preceding period, an increase of 14.2%. Profit before taxation was RM3.6 million compared to RM6.2 million in the corresponding period of the preceding year.

The revenue and profit before taxation achieved by the Group was mainly attributable to the performance of the retail segment. Current year's profit before taxation was lower due to lower retail revenue.

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

In the first quarter of 2013, the Group registered a revenue of RM52.0 million and profit before taxation of RM3.6 million versus a revenue of RM67.4 million and profit before taxation of RM10.6 million recorded in the immediate preceding quarter.

B3. Prospects For Financial Year 2013

Uncertainties arising from the financial issues of major global economies will continue to be a challenge. Domestically, the Malaysian economy is expected to grow between 4.5% and 5.5% in 2013, driven mainly by domestic demand. However, the Group's perfomance is also affected by festive seasons, with performance for the first half of the year being historically less robust than that of the second half.

The Group is cautiously optimistic that the outlook of the Group's operations will remain positive for the remaining financial year. The Group will continue with its efforts to strengthen its brands and gain wider recognition both locally and regionally.

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 31.03.2013 **RM'000**	Preceding Year Quarter 31.03.2012 **RM'000**	Current Year To date 31.03.2013 **RM'000**	Preceding Year Corresponding 31.03.2012 **RM'000**
Income Taxation				
- Current period	1,005	1,492	1,005	1,492
- Overprovision in prior period	(22)	(41)	(22)	(41)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	-	-
	983	1,451	983	1,451

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

B7. Borrowings and Debt Securities

The Group's borrowings (all denominated in Malaysian currency) as at 31 March 2013 are as follows:-

	Unsecured **RM'000**	Secured **RM'000**	Total **RM'000**
Current			
Hire purchase creditors	-	400	400
Term loans (in RM)	3,000	2,374	5,374
Term loans (in SGD)	-	133	133
Term loans (in USD)	-	2,406	2,406
	3,000	5,313	8,313
Non-current			
Hire purchase creditors	-	866	866
Term loans (in RM)	-	15,585	15,585
Term loans (in SGD)	-	3,188	3,188
Term loans (in USD)	-	7,058	7,058
	3,000	32,010	35,010

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 31.03.2013 RM'000	Group 31.12.2012 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	118,683	116,904
- Unrealised	751	468
Consolidation Adjustment	(3,096)	(3,470)
Total retained profits of the Group	**116,338**	**113,902**

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.

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 31.03.2013	Preceding Year Quarter 31.03.2012	Current Year To date 31.03.2013	Preceding Year Corresponding 31.03.2012
Profit attributable to shareholders (RM'000)	2,436	4,617	2,436	4,617
Adjusted weighted average number of ordinary shares in issue ('000)	132,084	132,057	132,084	132,057
Basic earnings per share (sen)	1.84	3.50	1.84	3.50

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2013 RM'000	Preceding Year Quarter 31.03.2012 RM'000	Current Year To date 31.03.2013 RM'000	Preceding Year Corresponding 31.03.2012 RM'000
After crediting :-				
Interest Income	72	34	72	34
Allowance on slow moving finished goods-reversal	10	86	10	86
Foreign exchange gain - realised	140	619	140	619
Gain on disposal of property, plant and equipment	-	1	-	1
Other income including investment income	641	311	641	311
After charging :-				
Interest Expense	317	410	317	410
Depreciation & amortisation	714	560	714	560
Foreign exchange gain / (loss) - unrealised	274	457	274	457
Loss on derivatives	19	3	19	3

BY ORDER OF THE BOARD

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574

Dated: 27 May 2013