

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.06.2013 RM'000	CORRESPONDING QUARTER ENDED 30.06.2012 RM'000	CURRENT YEAR TO DATE ENDED 30.06.2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.06.2012 RM'000
Revenue	60,854	54,660	112,865	115,226
Cost of sales	(41,054)	(34,968)	(75,395)	(75,303)
Gross Profit	19,800	19,692	37,470	39,923
Other Income	781	1,079	1,644	2,130
Administrative expenses	(6,978)	(6,877)	(13,929)	(12,841)
Selling and marketing expenses	(7,415)	(7,745)	(14,125)	(15,591)
Other expenses	(695)	(743)	(1,678)	(1,569)
Finance costs	(457)	(421)	(774)	(831)
Profit before taxation	5,036	4,985	8,608	11,221
Taxation	(1,375)	(1,469)	(2,358)	(2,920)
Profit for the year	3,661	3,516	6,250	8,301
Profit attributable to:				
Equity holders of the Company	3,258	3,378	5,694	7,995
Minority interests	403	138	556	306
Profit for the year	3,661	3,516	6,250	8,301
Earnings per share attributable to equity holders of the Company (sen) (Note B11)	2.47	2.56	4.30	6.04

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.06.2013 RM'000	CORRESPONDING QUARTER ENDED 30.06.2012 RM'000	CURRENT YEAR TO DATE ENDED 30.06.2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.06.2012 RM'000
Profit for the year	3,661	3,516	6,250	8,301
<i>Other comprehensive income for the year, net of tax</i>				
Foreign currency translation differences for foreign operations	493	651	607	308
Total comprehensive income for the year	4,154	4,167	6,857	8,609
Total comprehensive income attributable to:				
Equity holders of the Company	3,606	3,882	6,124	8,255
Minority interests	546	285	731	354
Total comprehensive income for the year	4,152	4,167	6,855	8,609

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	As at 30.06.2013 RM'000 (Unaudited)	As at 31.12.2012 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	29,615	30,021
Investment Properties	6,482	6,557
Deferred tax assets	1,162	1,172
	<u>37,259</u>	<u>37,750</u>
Current assets		
Inventories	195,656	180,024
Trade Receivables	9,598	9,042
Other Receivables, Deposits & Prepayments	10,045	5,732
Tax Recoverable	1,450	186
Cash and Bank Balances	26,307	30,421
	<u>243,056</u>	<u>225,405</u>
TOTAL ASSETS	<u>280,315</u>	<u>263,155</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	183	(249)
Treasury Shares	(1,940)	(1,938)
Retained Earnings	119,596	113,902
	<u>195,275</u>	<u>189,151</u>
Minority interest	<u>8,140</u>	<u>7,669</u>
Total equity	<u>203,415</u>	<u>196,820</u>
Non-current liabilities		
Hire Purchase Creditors	748	1,098
Long Term Borrowings	25,840	27,053
Deferred Taxation	158	178
	<u>26,746</u>	<u>28,329</u>
Current liabilities		
Trade Payables	25,795	11,008
Other Payables & Accruals	14,927	17,819
Short Term Borrowings	7,232	7,913
Hire Purchase Creditors	757	276
Derivative financial instruments	101	168
Provision for Taxation	1,342	822
	<u>50,154</u>	<u>38,006</u>
Total liabilities	<u>76,900</u>	<u>66,335</u>
TOTAL EQUITY AND LIABILITIES	<u>280,315</u>	<u>263,155</u>
 Net Assets Per Share (sen)	 154	 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)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 JUNE 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	-	-	260	-	7,995	8,255	354	8,609
Shares repurchased	-	-	-	(3)	-	(3)	-	(3)
Dividend	-	-	-	-	-	-	-	-
At 30 June 2012	67,000	10,436	136	(1,925)	100,216	175,863	6,975	182,838
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	-	-	432	(2)	5,694	6,124	731	6,855
De-registration of a subsidiary	-	-	-	-	-	-	(260)	(260)
At 31 June 2013	67,000	10,436	183	(1,940)	119,596	195,275	8,140	203,415

(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)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2013***These figures have not been audited*

	30.06.2013	30.06.2012
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,608	11,221
Adjustments for:		
Depreciation of property, plant & equipment	1,503	1,177
(Gain)/Loss on derivative financial instruments	(67)	15
Gain on de-registration of a subsidiary	(4)	-
Interest expense	774	831
Allowance for slow moving inventory-reversal	(21)	(6)
Property, plant and equipment written off	31	139
Gain on disposal of property, plant and equipment	-	(354)
Interest income	(125)	(63)
Unrealised foreign exchange (gain)/loss	(104)	280
Operating profit before working capital changes	10,595	13,240
Inventories	(15,611)	(13,585)
Debtors	(4,867)	(482)
Creditors	12,000	890
Cash generated from operations	2,117	63
Interest paid	(774)	(831)
Income tax paid	(3,089)	(3,275)
Interest received	125	63
Net cash used in operating activities	(1,621)	(3,980)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,053)	(2,655)
Proceeds from disposal of property, plant and equipment	-	362
Capital repayment to minority interests	(256)	-
Net cash used in investing activities	(1,309)	(2,293)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchase creditors	(269)	(179)
Repayment of borrowings	(4,312)	(1,797)
Proceeds from hire purchase creditors	400	700
Share repurchased	(2)	(2)
Net cash used in financing activities	(4,183)	(1,278)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,113)	(7,551)
Effects of foreign exchange rate changes	452	74
OPENING CASH AND CASH EQUIVALENTS	30,421	21,923
CLOSING CASH AND CASH EQUIVALENTS	23,760	14,446
Cash and cash equivalents comprise the following:		
Cash and bank balances	26,307	15,830
Bank overdraft	(2,547)	(1,384)
	23,760	14,446

(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 Amendments 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 commencing on or after 1 January 2015

MFRS 9	Financial instruments (IFRS 9 issued by IASB in November 2009 and October 2010)
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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 their 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 Cyclicity 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 2013, a total of 1,961,800 shares repurchased were held at a total cost of RM1,939,862. 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 Year to Date Ended 30 June 2013

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	102,827	19,303	6,036
Manufacturing	4,607	15,808	1,426
Others	5,431	6,793	1,147
Total	112,865	41,905	8,608
Consolidation adjustments:			
Intersegment transactions	-	(41,905)	-
Consolidated Total	112,865	-	8,608

Business Segment

Results for Year to Date Ended 30 June 2012

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	112,450	8,052	9,083
Manufacturing	489	9,538	1,189
Others	2,287	2,895	949
Total	115,226	20,485	11,221
Consolidation adjustments:			
Intersegment transactions	-	(20,485)	-
Consolidated Total	115,226	-	11,221

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.

On 3 May 2013, D&P FRANCHISE PTE LIMITED (“DPF”), a 100.0% owned subsidiary of Diamond & Platinum 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”).

DPF was incorporated in Hong Kong on 10 October 2011. The authorised share capital of DPF is HK\$10,000.00 divided into 10,000 ordinary shares of HK\$1.00 each of which 2 shares of HK\$1.00 are issued and fully paid-up. DPF has been dormant since its incorporation.

The de-registration of MECA and DPF 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 30 June 2013, the Group registered a revenue of RM60.8 million compared to RM54.7 million in the preceding period, an increase of 11.1%. Profit before taxation was RM5.0 million, the same as that of 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.

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

In the second quarter of 2013, the Group registered a revenue of RM60.8 million and profit before taxation of RM5.0 million versus a revenue of RM52.0 million and profit before taxation of RM3.6 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 performance 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 30.06.2013 RM'000	Preceding Year Quarter 30.06.2012 RM'000	Current Year To date 30.06.2013 RM'000	Preceding Year Corresponding 30.06.2012 RM'000
Income Taxation				
- Current period	1,397	1,510	2,380	2,961
- Overprovision in prior period	(22)	(41)	(22)	(41)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	-	-
	1,375	1,469	2,358	2,920

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 30 June 2013 are as follows:-

	Unsecured RM'000	Secured RM'000	Total RM'000
<i>Current</i>			
Hire purchase creditors	-	757	757
Bank overdraft	-	2,547	2,547
Term loans (in RM)	1,000	2,446	3,446
Term loans (in SGD)	-	61	61
Term loans (in USD)	-	1,178	1,178
	1,000	6,989	7,989
<i>Non-current</i>			
Hire purchase creditors	-	748	748
Term loans (in RM)	-	14,922	14,922
Term loans (in SGD)	-	3,239	3,239
Term loans (in USD)	-	7,679	7,679
	1,000	33,577	34,577

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 30.06.2013 RM'000	Group 31.12.2012 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	122,091	116,904
- Unrealised	774	468
Consolidation Adjustment	(3,269)	(3,470)
Total retained profits of the Group	119,596	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

A first and final dividend of 4% less income tax of 25% for the financial year ended 31 December 2012 was proposed for the shareholders' approval at the Sixteenth Annual General Meeting held on 27 May 2013. The dividend was paid on 21 August 2013.

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 30.06.2013	Preceding Year Quarter 30.06.2012	Current Year To date 30.06.2013	Preceding Year Corresponding 30.06.2012
Profit attributable to shareholders (RM'000)	3,258	3,378	5,694	7,995
Adjusted weighted average number of ordinary shares in issue ('000)	132,051	132,057	132,436	132,432
Basic earnings per share (sen)	2.47	2.56	4.30	6.04

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter 30.06.2012 RM'000	Current Year To date 30.06.2013 RM'000	Preceding Year Corresponding 30.06.2012 RM'000
<i>After crediting :-</i>				
Interest Income	53	29	125	63
Allowance on slow moving finished goods-reversal	11	(80)	21	6
Foreign exchange gain - realised	287	274	427	893
Foreign exchange gain - unrealised	(170)	20	104	280
Gain on disposal of property, plant and equipment	-	353	-	354
Gain on derivatives	48	(12)	67	(15)
Other income including investment income	553	515	901	481
<i>After charging :-</i>				
Interest Expense	457	421	774	831
Depreciation & amortisation	789	520	1,503	1,177

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

Company Secretary
MAICSA 0772574

Dated: 22 August 2013