DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31.03.2016 **RM'000**	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.03.2015 **RM'000**	CURRENT YEAR TO DATE ENDED 31.03.2016 **RM'000**	PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 31.03.2015 **RM'000**
Revenue	38,572	61,606	38,572	61,606
Cost of sales	(20,152)	(34,277)	(20,152)	(34,277)
Gross Profit	18,420	27,329	18,420	27,329
Other Income	615	288	615	288
Administrative expenses	(7,213)	(7,702)	(7,213)	(7,702)
Other operating expenses	(8,115)	(9,948)	(8,115)	(9,948)
Finance costs	(420)	(328)	(420)	(328)
Profit before tax	3,287	9,639	3,287	9,639
Tax expense *(Note B5)*	(961)	(3,361)	(961)	(3,361)
Profit for the period	2,326	6,278	2,326	6,278
Profit attributable to:				
Owners of the Company	2,289	6,096	2,289	6,096
Non-controlling interests	37	182	37	182
Profit for the period	2,326	6,278	2,326	6,278
Basic earnings per ordinary share (sen) *(Note B11)*	1.75	4.66	1.75	4.66

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31.03.2016 **RM'000**	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.03.2015 **RM'000**	CURRENT YEAR TO DATE ENDED 31.03.2016 **RM'000**	PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 31.03.2015 **RM'000**
Profit for the period	2,326	6,278	2,326	6,278
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	(8,298)	1,682	(8,298)	1,682
Total comprehensive income for the period	(5,972)	7,960	(5,972)	7,960
Total comprehensive income attributable to:				
Owners of the Company	(5,061)	7,299	(5,061)	7,299
Non-controlling interests	(911)	661	(911)	661
Total comprehensive income for the period	(5,972)	7,960	(5,972)	7,960

(The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	As at 31.03.2016 RM'000 *(Unaudited)*	As at 31.12.2015 RM'000 *(Audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	39,139	35,067
Investment properties	20,820	25,867
Deferred tax assets	858	847
	60,817	61,781
Current assets		
Inventories	191,733	199,666
Trade and other receivables	19,994	21,800
Prepayments and other assets	1,129	1,182
Current tax assets	780	2,362
Cash and cash equivalents	38,765	40,255
	252,401	265,265
TOTAL ASSETS	**313,218**	**327,046**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	67,000	67,000
Share premium	10,435	10,435
Reserves	155,719	160,780
	233,154	238,215
Non-controlling interests	12,605	13,516
Total equity	**245,759**	**251,731**
LIABILITIES		
Non-current liabilities		
Loans and borrowings	37,403	36,987
Deferred tax liabilities	250	375
	37,653	37,362
Current liabilities		
Loans and borrowings	6,236	7,397
Trade and other payables	22,094	27,786
Deferred revenue	1,210	1,222
Current tax liabilities	266	1,548
	29,806	37,953
Total liabilities	**67,459**	**75,315**
TOTAL EQUITY AND LIABILITIES	**313,218**	**327,046**
Net assets per share (RM)	1.88	1.92

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DeGem Berhad (415726-T)

CONDESED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016

	<---------- Attributable to owners of the Company ---------->							
	< ---------- Non-distributable ---------->				Distributable			
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2016	67,000	10,435	14,143	(3,189)	149,826	238,215	13,516	251,731
Total comprehensive income for the period	-	-	(7,350)	-	2,289	(5,061)	(911)	(5,972)
Shares repurchased	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-
At 31 March 2016	**67,000**	**10,435**	**6,793**	**(3,189)**	**152,115**	**233,154**	**12,605**	**245,759**
At 1 January 2015	67,000	10,435	4,575	(3,166)	141,041	219,885	10,926	230,811
Total comprehensive income for the period	-	-	1,203	-	6,096	7,299	661	7,960
Shares repurchased	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-
At 31 March 2015	**67,000**	**10,435**	**5,778**	**(3,166)**	**147,137**	**227,184**	**11,587**	**238,771**

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

DeGem Berhad (415726-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2016
These figures have not been audited

	31.03.2016 RM'000	31.03.2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,287	9,639
Adjustments for:		
Depreciation	927	833
Interest expense	420	328
Provision for slow moving inventory	138	21
Property, plant and equipment written off	48	7
Gain on disposal of property, plant and equipment	(99)	-
Interest income	(52)	(26)
Unrealised foreign exchange loss	385	194
Operating profit before working capital changes	5,054	10,996
Inventories	7,794	(84)
Receivables	3,164	174
Payables	(7,395)	(267)
Cash generated from operations	8,617	10,819
Interest paid	(420)	(328)
Income tax paid	(833)	(1,573)
Interest received	52	26
Net cash generated from operating activities	7,416	8,944
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(299)	(597)
Proceeds from disposal of property, plant and equipment	160	-
Proceeds from disposal of subsidiary company	-	-
Net cash used in investing activities	(139)	(597)
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	(637)	(2,696)
Payment of finance lease liabilities	(103)	(104)
Net cash used in financing activities	(740)	(2,800)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,537	5,547
Effects of foreign exchange rate changes	(8,027)	1,539
CASH AND CASH EQUIVALENTS AT 1 JANUARY	40,255	31,815
CASH AND CASH EQUIVALENTS AT 31 MARCH	**38,765**	**38,901**

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016
A. EXPLATORY 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 2015. 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 2015.

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 2015 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 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

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

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

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

MFRS 16	Leases

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption other than MFRS 9, Financial Instruments, MFRS 15, Revenue from Contracts with Customers

A2. Seasonality or Cyclicality 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

Saved 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, there was no share repurchased. As at 31 December 2015, a total of 3,153,900 shares repurchased were held at a total cost of RM3,188,818.50. 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.

A6. Dividend paid

There was no dividend paid in respect of the current financial period to date.

A7. Segmental Information

Business Segment
Results for Year to Date Ended 31 March 2016

	Segment revenue		Segment profit before tax
	External RM '000	Intersegment RM '000	RM '000
Retail	37,601	8,866	2,384
Manufacturing	835	5,703	671
Others	137	728	232
Total	38,572	15,298	3,287
Consolidation adjustments:			
Intersegment transactions	-	(15,298)	-
Consolidated Total	**38,572**	-	**3,287**

Business Segment
Results for Year to Date Ended 31 March 2015

	Segment revenue		Segment profit before tax
	External RM '000	Intersegment RM '000	RM '000
Retail	58,328	7,182	8,865
Manufacturing	3,212	8,084	735
Others	66	717	39
Total	61,606	15,983	9,639
Consolidation adjustments:			
Intersegment transactions	-	(15,983)	-
Consolidated Total	**61,606**	-	**9,639**

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

There were no changes in the composition of the Group during the quarter under review.

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 March 2016.

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

B1. Review of Performance

Quarter results

For the quarter under review, the Group recorded a revenue of RM38.6 million and a profit before tax ("PBT") of RM3.3 million as compared with a revenue of RM61.6 million and PBT of RM9.6 million respectively for the preceding year corresponding quarter. The decrease in revenue and PBT was mainly due to weak consumer spending.

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

For the current quarter, the Group registered a revenue of RM38.6 million and PBT of RM3.3 million versus a revenue of RM51.9 million and PBT of RM6.5 million recorded in the immediate preceding quarter. The decrease in revenue and PBT was mainly due to weaker consumer spending.

B3. Prospects For Financial Year 2016

The uncertainties in the global economy and the softening in consumer spending may have an adverse impact on the Group's performance. The Group will continue its efforts to streamline its operations. The Board expects the performance of the Group for the financial year ending 2016 to be challenging.

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 31.03.2016 **RM'000**	Preceding Year Quarter 31.03.2015 **RM'000**	Current Year To date 31.03.2016 **RM'000**	Preceding Year Corresponding 31.03.2015 **RM'000**
Income Tax				
- Current period	961	3,361	961	3,361
- Under provision in prior period	-	-	-	-
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	-	-
	961	3,361	961	3,361

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed at the date of this report.

B7. Borrowings and Debt Securities

The Group's borrowings as at 31 December 2015 are as follows:-

	Unsecured **RM'000**	Secured **RM'000**	Total **RM'000**
Current			
Finance lease liabilities	-	189	189
Bank overdraft	-	3,795	3,795
Term loans (in RM)	1,000	1,152	2,152
Term loans (in SGD)	-	100	100
	1,000	5,236	6,236
Non-current			
Finance lease liabilities	-	571	571
Term loans (in RM)	-	33,537	33,537
Term loans (in SGD)	-	3,295	3,295
	-	37,403	37,403
Total	1,000	42,639	43,639

B8. Material Litigation

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

B9. Dividend

The Company has proposed a first and final single tier dividend of 5% for the financial year ended 31 December 2015, which has been approved by the shareholders at the Nineteenth Annual General Meeting held on 19 May 2016.

As of the date of this announcement, there were no dividends declared for the current financial period ended 31 March 2016.

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 Year Quarter 31.03.2016	Preceding Year Corresponding Quarter 31.03.2015	Current Year To date 31.03.2016	Preceding Year Corresponding Year To Date 31.03.2015
Profit attributable to the owners (RM'000)	2,289	6,096	2,289	6,096
Weighted average number of ordinary shares in issue ('000)	130,846	130,871	130,846	130,871
Basic earnings per share (sen)	1.75	4.66	1.75	4.66

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 Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To date 31.03.2016 RM'000	Preceding Year Corresponding Year To Date 31.03.2015 RM'000
After crediting :-				
Interest Income	52	26	52	26
Gain on disposal of property, plant and equipment	99	-	99	-
After charging :-				
Interest Expense	420	328	420	328
Depreciation	927	833	927	833
Foreign exchange loss - realised	226	414	226	414
Allowance on slow moving inventories	138	21	138	21
Foreign exchange loss - unrealised	385	194	385	194

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:

	31.03.2016 RM'000	31.12.2015 RM'000
Total Retained earnings of the Group		
- Realised	154,673	150,054
- Unrealised	(410)	(80)
	154,263	149,974
Consolidation Adjustment	(2,148)	(2,837)
Total retained earnings of the Group	**152,115**	**147,137**

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: 19 May 2016