

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.2013 RM'000	CORRESPONDING QUARTER ENDED 30.09.2012 RM'000	CURRENT YEAR TO DATE ENDED 30.09.2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.2012 RM'000
Revenue	54,504	68,131	167,369	183,357
Cost of sales	(33,510)	(45,325)	(108,905)	(120,628)
Gross Profit	20,994	22,806	58,464	62,729
Other Income	619	1,051	2,263	3,301
Administrative expenses	(7,262)	(7,597)	(21,191)	(20,486)
Selling and marketing expenses	(7,469)	(6,981)	(21,594)	(22,643)
Other expenses	(912)	(890)	(2,590)	(2,459)
Finance costs	(433)	(456)	(1,207)	(1,287)
Profit before taxation	5,537	7,933	14,145	19,155
Taxation	(1,772)	(1,503)	(4,130)	(4,423)
Profit for the year	3,765	6,430	10,015	14,732
Profit attributable to:				
Equity holders of the Company	3,413	6,048	9,107	14,044
Minority interests	352	382	908	688
Profit for the year	3,765	6,430	10,015	14,732
Earnings per share attributable to equity holders of the Company (sen) (Note B11)	2.59	4.58	6.88	10.60

(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 SEPTEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30.09.2013 RM'000	CORRESPONDING QUARTER ENDED 30.09.2012 RM'000	CURRENT YEAR TO DATE ENDED 30.09.2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30.09.2012 RM'000
Profit for the year	3,765	6,430	10,015	14,732
<i>Other comprehensive income for the year, net of tax</i>				
Foreign currency translation differences for foreign operations	788	(537)	1,395	(229)
Total comprehensive income for the year	<u>4,553</u>	<u>5,893</u>	<u>11,410</u>	<u>14,503</u>
Total comprehensive income attributable to:				
Equity holders of the Company	3,953	5,653	10,079	13,909
Minority interests	600	240	1,331	594
Total comprehensive income for the year	<u>4,553</u>	<u>5,893</u>	<u>11,410</u>	<u>14,503</u>

(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 SEPTEMBER 2013**

	As at 30.09.2013 RM'000 (Unaudited)	As at 31.12.2012 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	39,476	30,021
Investment Properties	6,444	6,557
Deferred tax assets	1,166	1,172
	<u>47,086</u>	<u>37,750</u>
Current assets		
Inventories	196,134	180,024
Trade Receivables	11,226	9,042
Other Receivables, Deposits & Prepayments	8,774	5,732
Tax Recoverable	687	186
Cash and Bank Balances	20,442	30,421
	<u>237,263</u>	<u>225,405</u>
TOTAL ASSETS	<u>284,349</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	723	(249)
Treasury Shares	(2,627)	(1,938)
Retained Earnings	121,029	113,902
	<u>196,561</u>	<u>189,151</u>
Minority interest	<u>8,990</u>	<u>7,669</u>
Total equity	<u>205,551</u>	<u>196,820</u>
Non-current liabilities		
Hire Purchase Creditors	1,027	1,098
Long Term Borrowings	31,526	27,053
Deferred Taxation	158	178
	<u>32,711</u>	<u>28,329</u>
Current liabilities		
Trade Payables	21,093	11,008
Other Payables & Accruals	16,873	17,819
Short Term Borrowings	7,098	7,913
Hire Purchase Creditors	382	276
Derivative financial instruments	101	168
Provision for Taxation	540	822
	<u>46,087</u>	<u>38,006</u>
Total liabilities	<u>78,798</u>	<u>66,335</u>
TOTAL EQUITY AND LIABILITIES	<u>284,349</u>	<u>263,155</u>
 Net Assets Per Share (sen)	 155	 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 SEPTEMBER 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	-	-	(135)	-	14,044	13,909	594	14,503
Shares repurchased	-	-	-	(3)	-	(3)	-	(3)
Dividend	-	-	-	-	-	-	-	-
At 30 September 2012	67,000	10,436	(259)	(1,925)	106,265	181,517	7,215	188,732
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	-	-	972	-	9,107	10,079	1,331	11,410
Shares repurchased	-	-	-	(689)	-	(689)	-	(689)
De-registration of a subsidiary	-	-	-	-	-	-	(260)	(260)
Increased of investment in a subsidiary company	-	-	-	-	-	-	250	250
Dividend	-	-	-	-	(1,980)	(1,980)	-	(1,980)
At 30 September 2013	67,000	10,436	723	(2,627)	121,029	196,561	8,990	205,551

(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 SEPTEMBER 2013***These figures have not been audited*

	30.09.2013 RM'000	30.09.2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,145	19,155
Adjustments for:		
Depreciation of property, plant & equipment	2,314	1,868
(Gain)/Loss on derivative financial instruments	(67)	12
Gain on de-registration of a subsidiary	(4)	-
Interest expense	1,208	1,287
Allowance for slow moving inventory-reversal	16	(7)
Property, plant and equipment written off	368	200
Gain on disposal of property, plant and equipment	(358)	(354)
Interest income	(170)	(94)
Unrealised foreign exchange (gain)/loss	(145)	9
Operating profit before working capital changes	17,307	22,076
Inventories	(16,127)	(3,969)
Debtors	(5,224)	(3,177)
Creditors	9,286	(5,522)
Cash generated from operations	5,242	9,408
Interest paid	(1,208)	(1,287)
Income tax paid	(4,827)	(5,781)
Interest received	170	94
Net cash (used in) / from operating activities	(623)	2,434
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,864)	(3,807)
Proceeds from disposal of property, plant and equipment	388	362
Increased of investment in a subsidiary company	250	-
Capital repayment to minority interests	(256)	-
Net cash used in investing activities	(11,482)	(3,445)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Payment	(1,981)	-
Drawdown from borrowings	5,587	-
Repayment of hire purchase creditors	(366)	(276)
Repayment of borrowings	(5,526)	(2,704)
Proceeds from hire purchase creditors	400	930
Share repurchased	(689)	(2)
Net cash used in financing activities	(2,575)	(2,052)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,680)	(3,063)
Effects of foreign exchange rate changes	968	(568)
OPENING CASH AND CASH EQUIVALENTS	30,421	21,923
CLOSING CASH AND CASH EQUIVALENTS	16,709	18,292
Cash and cash equivalents comprise the following:		
Cash and bank balances	20,442	21,761
Bank overdraft	(3,733)	(3,469)
	16,709	18,292

(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 2012. 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 651,900 of its issued ordinary shares from the open market at an average price of RM1.05 per share. The total consideration paid for the repurchase including transaction costs was RM 686,894.98 and this was financed by internally generated funds. As at 30 September 2013, a total of 2,613,700 shares repurchased were held at a total cost of RM 2,626,756.51. 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

For the year ended 31 December 2012, the Board of Director had recommended a first and final dividend of 4% (2.0 sen per share) less 25% tax amounting to RM1,980,573.00 which was subsequently approved by the shareholders at the Annual General Meeting held on 27 May 2013. The dividend was paid on 21 August 2013 to the depositors registered in the Record of Depositors on 1 August 2013.

A8 Segmental Information

Business Segment

Results for Year to Date Ended 30 September 2013

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	154,772	32,997	9,263
Manufacturing	6,310	24,566	2,336
Others	6,288	7,773	2,546
Total	167,369	65,336	14,145
Consolidation adjustments:			
Intersegment transactions	-	(65,336)	-
Consolidated Total	167,369	-	14,145

Business Segment

Results for Year to Date 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

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

On 28 October 2013, D-Rewards Services Sdn. Bhd. (Company No. 604415-U) ("DRSB"), a wholly-owned subsidiary of Diamond & Platinum Sdn. Bhd. (Company No. 493079-H) ("D&P"), which is in turn a wholly-owned subsidiary of DEGEM, has been placed under members' voluntary winding-up.

DRSB was incorporated on 22 January 2003. It has an authorised share capital of RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each are issued and fully paid-up. It is a wholly-owned subsidiary of D&P which is in turn a wholly-owned subsidiary of DEGEM. DRSB was previously involved in trading in diamonds and jewellery and the operation of a rewards redemption programme before it ceased operations on 31 January 2011. DRSB is not a major subsidiary of DEGEM. The total cost of investment in DRSB is RM300,000.00.

On 31 October 2013, P.Y.T. JEWEL & TIME SDN. BHD. ("PYTJT") has acquired a dormant company named DEPADDLE SDN. BHD. (Company No. 1067884-P) ("DSB") for a cash consideration of RM2.00 only.

DSB, a private limited company, was incorporated in Malaysia under the Companies Act, 1965 on 28 October 2013. The authorised share capital of DSB is RM400,000/- divided into 400,000 ordinary shares of RM1/- each of which 2 shares have been issued and paid-up.

Mr. Choong Khoi Onn and Mr. Choong Kay Cheong were the subscribers for the set-up of DSB.

DSB has not commenced operations yet. The intended principal activities are those of trading and retailing including on-line retailing of all kinds of jewellery and precious stones.

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.

On 10 September 2013, DIAMOND & PLATINUM PTE LTD ("DPPL"), 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 Singapore Companies Registry ("De-Registration").

DPF was incorporated in Singapore under the Companies Act, (Cap 50) on 21 September 2007. The issued and paid-up share capital of DPPL is S\$1.00 held wholly by DPSB. DPPL has been dormant since its incorporation.

The de-registration of MECA, DPF and DPPL 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 September 2013, the Group registered a revenue of RM54.5 million compared to RM68.1 million in the corresponding period of the preceeding year. Profit before taxation was RM5.5 million compared to RM7.9 million in the corresponding period of the preceding year.

For the cumulative nine months ended 30 September 2013, the Group registered a revenue of RM167.4 million compared to RM183.4 million in the first nine months of 2012, a decrease of 8.7%. Profit before taxation was RM14.1 million compared to RM19.2 million in the corresponding nine months of 2012.

The revenue and profit before taxation achieved by the Group was mainly attributable to a slowdown of the retail segment.

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

In the third quarter of 2013, the Group registered a revenue of RM54.5 million and profit before taxation of RM5.5 million versus a revenue of RM60.8 million and profit before taxation of RM5.0 million recorded in the immediate preceding quarter. The higher profit despite lower revenue is due to sales mix.

B3. Prospects For Financial Year 2013

The Group's performance is dependent on consumer sentiments; and to some extent, festive seasons. Historically, the second half of the year performs better than the first half. The second and third quarters are also quieter months for the Group based on records from past financial years.

Despite the challenges, the Group will continue with its efforts to strengthen its brands and gain wider recognition both locally and regionally. The Group remains cautiously optimistic that its performance for the rest of the year will remain satisfactory.

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 30.09.2013 RM'000	Preceding Year Quarter 30.09.2012 RM'000	Current Year To date 30.09.2013 RM'000	Preceding Year Corresponding 30.09.2012 RM'000
Income Taxation				
- Current period	1,651	1,544	4,031	4,464
- Under / (Over) provision in prior period	121	(41)	99	(41)
Deferred Taxation				
- Current period	-	-	-	-
- Prior period	-	-	-	-
	1,772	1,503	4,130	4,423

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 September 2013 are as follows:-

	Unsecured RM'000	Secured RM'000	Total RM'000
<i>Current</i>			
Hire purchase creditors	-	382	382
Bank overdraft	-	3,732	3,732
Term loans (in RM)	1,000	1,858	2,858
Term loans (in SGD)	-	30	30
Term loans (in USD)	-	478	478
	1,000	6,480	7,480
<i>Non-current</i>			
Hire purchase creditors	-	1,027	1,027
Term loans (in RM)	-	20,488	20,488
Term loans (in SGD)	-	3,359	3,359
Term loans (in USD)	-	7,679	7,679
	1,000	39,033	40,033

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 30.09.2013 RM'000	Group 31.12.2012 RM'000
Total Retained Profits/(Accumulated Losses) of the Group		
- Realised	123,959	116,904
- Unrealised	345	468
Consolidation Adjustment	(3,275)	(3,470)
Total retained profits of the Group	121,029	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 30.09.2013	Preceding Year Quarter 30.09.2012	Current Year To date 30.09.2013	Preceding Year Corresponding 30.09.2012
Profit attributable to shareholders (RM'000)	3,413	6,048	9,107	14,044
Adjusted weighted average number of ordinary shares in issue ('000)	132,010	132,042	132,414	132,440
Basic earnings per share (sen)	2.59	4.58	6.88	10.60

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2013 RM'000	Preceding Year Quarter 30.09.2012 RM'000	Current Year To date 30.09.2013 RM'000	Preceding Year Corresponding 30.09.2012 RM'000
<i>After crediting :-</i>				
Interest Income	45	31	170	94
Allowance on slow moving finished goods-reversal	(37)	1	(16)	7
Foreign exchange gain - realised	-	329	427	1,222
Foreign exchange gain - unrealised	41	-	145	-
Gain on disposal of property, plant and equipment	358	-	358	354
Gain on derivatives	-	3	67	-
Other income including investment income	212	690	1,112	1,624
<i>After charging :-</i>				
Interest Expense	434	456	1,208	1,287
Depreciation & amortisation	811	608	2,314	1,785
Foreign exchange loss - unrealised	-	271	-	9
Loss on derivatives	-	-	-	12

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

Company Secretary
MAICSA 0772574

Dated: 07 November 2013