



TOMEI CONSOLIDATED BERHAD (692959-W)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2012

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|-----------|--------------------|-----------|
| | 3 months ended | | 6 months ended | |
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 149,866 | 117,747 | 305,551 | 232,991 |
| Cost of sales | (116,603) | (83,037) | (232,730) | (164,714) |
| Gross profit | 33,263 | 34,710 | 72,821 | 68,277 |
| Other income | 455 | 1,576 | 1,630 | 2,983 |
| Selling and distribution expenses | (20,082) | (19,021) | (42,462) | (36,173) |
| Administrative expenses | (5,482) | (5,347) | (10,472) | (10,221) |
| Other expenses | (11) | (772) | (450) | (909) |
| Profit from operations | 8,155 | 11,146 | 21,079 | 23,957 |
| Finance costs | (2,662) | (1,980) | (5,128) | (3,710) |
| Profit before tax | 5,493 | 9,166 | 15,951 | 20,247 |
| Tax expense | (1,573) | (2,440) | (4,317) | (5,167) |
| Profit for the period | 3,920 | 6,726 | 11,634 | 15,080 |
| Profit attributable to:- | | | | |
| Owners of the parent | 3,821 | 6,350 | 11,390 | 14,552 |
| Non-controlling interest | 99 | 376 | 244 | 528 |
| | 3,920 | 6,726 | 11,634 | 15,080 |
| Earnings per ordinary share attributable to equity holders of the parent (sen):- | | | | |
| Basic earnings per share | 2.76 | 4.58 | 8.22 | 10.50 |
| Diluted earnings per share * | N/A | N/A | N/A | N/A |

* Not applicable

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2012 (Cont'd)

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|------------------|---------------------------|------------------|
| | 3 months ended | | 6 months ended | |
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 3,920 | 6,726 | 11,634 | 15,080 |
| Foreign currency translations | 39 | 148 | (35) | (159) |
| Total comprehensive income for the period | <u>3,959</u> | <u>6,874</u> | <u>11,599</u> | <u>14,921</u> |
| Total comprehensive income attributable to:- | | | | |
| Owners of the parent | 3,860 | 6,498 | 11,355 | 14,393 |
| Non-controlling interest | 99 | 376 | 244 | 528 |
| | <u>3,959</u> | <u>6,874</u> | <u>11,599</u> | <u>14,921</u> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011. The accompanying notes form an integral part of this statement.

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

| | As At 30/6/2012 RM'000 | As At 31/12/2011 RM'000 (Restated) | As At 1/1/2011 RM'000 (Restated) |
|--|------------------------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 17,879 | 17,596 | 15,035 |
| Investment property | 324 | 324 | 324 |
| Prepaid lease payments for land | 591 | 597 | - |
| Deferred tax assets | - | - | 408 |
| | 18,794 | 18,517 | 15,767 |
| Current assets | | | |
| Inventories | 355,573 | 326,097 | 253,713 |
| Derivative assets | - | - | 11 |
| Trade and other receivables | 29,711 | 25,701 | 22,267 |
| Current tax recoverable | 4,325 | 2,950 | 2,179 |
| Cash and cash equivalents | 7,783 | 13,712 | 9,009 |
| | 397,392 | 368,460 | 287,179 |
| TOTAL ASSETS | 416,186 | 386,977 | 302,946 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 69,300 | 69,300 | 69,300 |
| Share premium | 4,036 | 4,036 | 4,036 |
| Reserves | 110,291 | 103,787 | 76,485 |
| Equity attributable to owners of the parent | 183,627 | 177,123 | 149,821 |
| Non-controlling interest | 6,252 | 6,008 | 2,491 |
| TOTAL EQUITY | 189,879 | 183,131 | 152,312 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 57,255 | 27,523 | 22,428 |
| Deferred income | 417 | 428 | 6 |
| Deferred tax liabilities | 743 | 743 | 615 |
| | 58,415 | 28,694 | 23,049 |
| Current Liabilities | | | |
| Trade and other payables | 24,959 | 31,946 | 30,658 |
| Borrowings | 138,795 | 138,718 | 94,474 |
| Current tax payable | 4,138 | 4,488 | 2,453 |
| | 167,892 | 175,152 | 127,585 |
| TOTAL LIABILITIES | 226,307 | 203,846 | 150,634 |
| TOTAL EQUITY AND LIABILITIES | 416,186 | 386,977 | 302,946 |
| Net assets per share (RM) | 1.37 | 1.32 | 1.10 |

Upon the adoption of the MFRS framework, the Condensed Consolidated Statement of Financial Position as at 31 December 2011 and 1 January 2011 have been restated.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011. The accompanying notes form an integral part of this statement.

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2012

| | -----Attributable To Owners Of The Parent----- | | | | | | Total Equity RM'000 |
|---|--|----------------------------|--|--------------------------------|-----------------|---|---------------------------|
| | ----Non Distributable---- | | | Distributable | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Exchange Translation Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Non- Controlling Interest RM'000 | |
| Balance as at 1 January 2012 | 69,300 | 4,036 | (51) | 103,838 | 177,123 | 6,008 | 183,131 |
| Reclassification arising from adoption of MFRS | - | - | 729 | (729) | - | - | - |
| Restated | 69,300 | 4,036 | 678 | 103,109 | 177,123 | 6,008 | 183,131 |
| Total comprehensive income for the financial period | - | - | (35) | 11,390 | 11,355 | 244 | 11,599 |
| Transaction with owners:- | | | | | | | |
| -Dividends paid | - | - | - | (4,851) | (4,851) | - | (4,851) |
| Balance as at 30 June 2012 | 69,300 | 4,036 | 643 | 109,648 | 183,627 | 6,252 | 189,879 |

| | -----Attributable To Owners Of The Parent----- | | | | | | Total Equity RM'000 |
|--|--|----------------------------|--|--------------------------------|-----------------|---|---------------------------|
| | ----Non Distributable---- | | | Distributable | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Exchange Translation Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Non- Controlling Interest RM'000 | |
| Balance as at 1 January 2011 | 69,300 | 4,036 | (729) | 77,214 | 149,821 | 2,491 | 152,312 |
| Reclassification arising from adoption of MFRS | - | - | 729 | (729) | - | - | - |
| Restated | 69,300 | 4,036 | - | 76,485 | 149,821 | 2,491 | 152,312 |
| Total comprehensive income for the financial period | - | - | (159) | 14,552 | 14,393 | 528 | 14,921 |
| Transaction with owners:- | | | | | | | |
| -Ordinary shares contributed by a minority shareholder of a subsidiary | - | - | - | - | - | 2,250 | 2,250 |
| -Dividends paid | - | - | - | (4,574) | (4,574) | - | (4,574) |
| Balance as at 30 June 2011 | 69,300 | 4,036 | (159) | 86,463 | 159,640 | 5,269 | 164,909 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011. The accompanying notes form an integral part of this statement.

TOMEI CONSOLIDATED BERHAD (692959-W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 30 JUNE 2012****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER
ENDED 30 JUNE 2012**

| | 6 months ended 30/6/2012 RM'000 | 6 months ended 30/6/2011 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 15,951 | 20,247 |
| Adjustments for:- | | |
| Amortisation of deferred income | (1) | (1) |
| Amortisation of prepaid lease payments for land | 9 | - |
| Depreciation of property, plant and equipment | 2,900 | 2,697 |
| Impairment loss on trade and other receivables | - | 12 |
| Property, plant and equipment written off | 52 | 345 |
| Reversal of impairment loss on trade and other receivables | - | (66) |
| Gain on disposal of property, plant and equipment | (267) | (51) |
| Unrealised loss/(gain) on gold price fluctuation and foreign exchange | 286 | (1,288) |
| Finance costs | 5,128 | 3,710 |
| Interest income | (1) | (94) |
| Profit before working capital changes | 24,057 | 25,511 |
| Increase in inventories | (29,522) | (46,887) |
| (Increase)/Decrease in receivables | (4,006) | 1,631 |
| (Decrease)/Increase in payables | (7,297) | 5,812 |
| Cash used in operations | (16,768) | (13,933) |
| Interest paid | (3,537) | (2,592) |
| Tax paid | (6,041) | (3,630) |
| Tax refunded | - | 2 |
| Net cash used in operating activities | (26,346) | (20,153) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 1 | 94 |
| Ordinary share capital contributed by a minority shareholder of a subsidiary | - | 2,250 |
| Purchase of property, plant and equipment | (1,276) | (2,479) |
| Proceeds from disposal of property, plant and equipment | 284 | 63 |
| (Increase)/Decrease in pledged deposits with licensed banks | (1,700) | 5,189 |
| Net cash (used in)/from investing activities | (2,691) | 5,117 |

TOMEI CONSOLIDATED BERHAD (692959-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER
ENDED 30 JUNE 2012 (Cont'd)**

| | 6 months ended 30/6/2012 RM'000 | 6 months ended 30/6/2011 RM'000 |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (4,851) | (4,574) |
| Net finance costs paid | (1,591) | (1,118) |
| Net drawdown of term loans | 29,449 | 10,328 |
| Net (repayments)/drawdown of short term borrowings | (20,151) | 652 |
| Repayments of hire-purchase liabilities | (1,096) | (766) |
| Net cash from financing activities | <u>1,760</u> | <u>4,522</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (27,277) | (10,514) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | (1,891) | (22,814) |
| EFFECT OF EXCHANGE RATES CHANGES | 10 | (4) |
| CASH & CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u>(29,158)</u> | <u>(33,332)</u> |
| Represented by:- | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 6,083 | 5,045 |
| Fixed deposits with a licensed bank | 1,700 | 250 |
| Bank overdrafts | <u>(35,241)</u> | <u>(38,627)</u> |
| | <u>(27,458)</u> | <u>(33,332)</u> |
| Less: Fixed deposits pledged to a licenced bank | <u>(1,700)</u> | <u>-</u> |
| | <u>(29,158)</u> | <u>(33,332)</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011. The accompanying notes form an integral part of this statement.

TOMEI CONSOLIDATED BERHAD (692959-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

This interim financial report is unaudited and is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") No 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the Group's Audited Financial Statement for the year ended 31 December 2011. For the periods up and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with the Financial Reporting Standards ("FRS").

The Group has adopted the MFRS framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge the Malaysian's existing FRS framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

The Group has applied MFRS 1 First Time Adoption of MFRS in the preparation of this interim financial report. In preparing the opening MFRS Statement of Financial Positions as at 1 January 2011, the Group has adjusted the amounts previously reported in its financial statements prepared in accordance with FRS.

There has been no material impact to the Group's financial statements upon the adoption of the MFRS.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (cont’d)

2. SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations did not result in any changes to the significant accounting policies adopted by the Group except for the foreign currency translation reserve.

Under FRS, the group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS. Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences as at 1 January 2011 amounting to RM 729,000 was adjusted to retained earnings as at that date as well as 31 December 2011.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendment to MFRSs and IC Interpretation were issued but not yet effective and have yet to be applied by the Group.

| MFRSs, Amendments to MFRSs and IC Interpretation | | Effective for annual period beginning on or after |
|--|---|---|
| Amendments to MFRS 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to MFRS 1 | First-Time Adoption of Malaysian Financial Reporting Standards | 1 January 2013 |
| MFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 | Joint Arrangements | 1 January 2013 |
| MFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| MFRS 13 | Fair value Measurement | 1 January 2013 |
| MFRS 119 | Employee Benefits (IAS 19 as amended by IASB in June 2011) | 1 January 2013 |
| MFRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) | 1 January 2013 |
| MFRS 128 | Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) | 1 January 2013 |
| Amendments to MFRS 7 | Disclosures-Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to MFRS 116 | Property, Plant and Equipment | 1 January 2013 |
| Amendments to MFRS 134 | Interim Financial Reporting | 1 January 2013 |
| Amendments to MFRS 132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010) | 1 January 2015 |

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (cont’d)

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report for the preceding financial year ended 31 December 2011 was issued without any qualification.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group’s business traditionally picks up during the major festive seasons in Malaysia.

5. UNSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no extraordinary or exceptional items for the current quarter ended 30 June 2012.

6. CHANGES IN ESTIMATES

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

7. CAPITAL MANAGEMENT, ISSUANCES, REPURCHASES AND REPAYMENTS OF DEBTS AND EQUITY INSTRUMENTS

The Group’s objectives of managing capital are to safeguard the Group’s ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders’ equity, non-controlling interests and total debt to be the key components in the Group’s capital structure. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and cash equivalents to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The net gearing ratios as at 30 June 2012 and 30 June 2011, which are within the Group’s objectives for capital management, are as follows:-

| | 30/6/2012 | 30/6/2011 |
|---|-----------|-----------|
| | RM’000 | RM’000 |
| Total debt net of cash and cash equivalents | 188,267 | 134,690 |
| Total equity | 189,879 | 164,909 |
| Net gearing ratio | 0.99 | 0.82 |

The Group reported net gearing ratio of 0.99 in the current financial period ended 30 June 2012, increased by 0.17 compared to 30 June 2011. The increase in gearing is due to higher requirement for working capital arising from business expansion.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
 QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont’d)
8. DIVIDEND PAID

On 31 May 2012, the Company paid a first and final single tier dividend of 3.5 sen per ordinary share amounting RM 4.851 million in respect of financial year ended 31 December 2011.

9. OPERATING SEGMENTAL INFORMATION

The Group has arrived at two reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows:-

- Manufacturing & Wholesales
- Retail

The segment information for the current financial period is as follows:-

| Results for financial period ended 30 June 2012 | Manufacturing & Wholesales RM'000 | Retail RM'000 | Total RM'000 |
|--|--|--------------------------|-------------------------|
| Revenue | | | |
| Total sales | 77,176 | 232,428 | 309,604 |
| Inter-segment sales | (4,016) | (37) | (4,053) |
| External sales | 73,160 | 232,391 | 305,551 |
| Results | | | |
| Profit before tax | 2,081 | 13,870 | 15,951 |
| Tax expense | (512) | (3,805) | (4,317) |
| Profit for the period | 1,569 | 10,065 | 11,634 |
| Non-controlling interest | | | (244) |
| Profit attributable to owners of the parent | | | 11,390 |
| Assets and liabilities as at 30 June 2012 | | | |
| Assets | | | |
| Segment assets | 66,798 | 345,063 | 411,861 |
| Unallocated assets | - | - | 4,325 |
| Total assets | - | - | 416,186 |
| Liabilities | | | |
| Segment liabilities | 29,797 | 191,629 | 221,426 |
| Unallocated liabilities | - | - | 4,881 |
| Total liabilities | - | - | 226,307 |

TOMEI CONSOLIDATED BERHAD (692959-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

9. OPERATING SEGMENTAL INFORMATION (Cont'd)

| Results for financial period ended 30 June 2011 | Manufacturing & Wholesales RM'000 | Retail RM'000 | Total RM'000 |
|--|--|--------------------------|-------------------------|
| Revenue | | | |
| Total sales | 53,874 | 182,416 | 236,290 |
| Inter-segment sales | (3,119) | (180) | (3,299) |
| External sales | 50,755 | 182,236 | 232,991 |
| Results | | | |
| Profit before tax | 4,062 | 16,185 | 20,247 |
| Tax expense | (740) | (4,427) | (5,167) |
| Profit for the period | 3,322 | 11,758 | 15,080 |
| Non-controlling interest | | | (528) |
| Profit attributable to owners of the parent | | | 14,552 |
| Assets and Liabilities as at 30 June 2011 | | | |
| Assets | | | |
| Segment assets | 55,856 | 286,276 | 342,132 |
| Unallocated assets | - | - | 3,286 |
| Total assets | - | - | 345,418 |
| Liabilities | | | |
| Segment liabilities | 17,202 | 158,000 | 175,202 |
| Unallocated liabilities | - | - | 5,307 |
| Total liabilities | - | - | 180,509 |

10. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without any amendments from the previous Audited Financial statements of the Group.

11. SIGNIFICANT EVENTS DURING THE CURRENT QUARTER

There were no significant events during the current quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes to the composition of the Group for the current quarter.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets which have arisen since the last annual reporting date as at 31 December 2011.

TOMEI CONSOLIDATED BERHAD (692959-W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012****(The figures have not been audited)****PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****14. COMMITMENTS**

Except as disclosed below, there were no other material commitments as at 30 June 2012:-

i) Rental commitments

The Group had entered into several tenancy agreements for the rental of retail space, office blocks and staff housing, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

| | |
|---------------------------|---------------|
| | RM'000 |
| Future rental commitments | <u>26,984</u> |

ii) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:-

| | |
|---------------------------------|--------------|
| | RM'000 |
| Approved but not contracted for | <u>1,390</u> |

15. PERFORMANCE REVIEW

| | Individual quarter | | Year to-date | |
|----------------------------|---------------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 6 months ended | |
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales | | | | |
| Retail | 111,529 | 91,778 | 232,391 | 182,236 |
| Manufacturing & wholesales | <u>38,337</u> | <u>25,969</u> | <u>73,160</u> | <u>50,755</u> |
| Total | <u>149,866</u> | <u>117,747</u> | <u>305,551</u> | <u>232,991</u> |
| Profit before tax | | | | |
| Retail | 4,708 | 6,790 | 13,870 | 16,185 |
| Manufacturing & wholesales | <u>785</u> | <u>2,376</u> | <u>2,081</u> | <u>4,062</u> |
| Total | <u>5,493</u> | <u>9,166</u> | <u>15,951</u> | <u>20,247</u> |

The retail segment which made up of 74.42% of total revenue and 85.71% of total profit before tax remained the largest contributor to the Group's performance during the quarter.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

15. PERFORMANCE REVIEW (Cont'd)

Comparison with previous year corresponding quarter

The Group's revenue for the current quarter ended 30 June 2012 was RM 149.866 million, an increase of 27.28% from RM 117.747 million achieved in the preceding year's corresponding quarter. The increase was mainly due to higher gold price and improved consumers spending especially on gold investment products.

However, the Group's profit before tax ("PBT") has decreased to RM 5.493 million from RM 9.166 million recorded in the preceding year's corresponding quarter mainly due to higher composition of gold sales which relatively have lower margin compared to jewellery and fluctuation in gold prices.

The retail segment reported a 21.52% increase in revenue to RM 111.529 million compared to the corresponding quarter last year mainly due to increase in number of retail outlets and increase in consumers' demand for gold investment products. However, due to the fluctuation in gold prices, PBT during the quarter decreased 30.66% to RM 4.708 million.

The manufacturing and wholesales segment reported increase in revenue of 47.63% compared to the corresponding quarter last year. The improvement was mainly due to better sales volume to third party jewellery retailers. However, due to fluctuation in gold prices, PBT during the quarter decreased 66.96% to RM 0.785 million.

Comparison with previous year corresponding financial year to date

The Group's revenue for the current financial year to date increased by 31.14% to RM 305.551 million as compared to RM 232.991 million in the preceding year's corresponding period. The increase was mainly due to higher gold price and improved consumer spending especially on gold investment products.

However, the Group's PBT has decreased by 21.22% to RM 15.951 million mainly due to higher composition of gold sales which relatively have lower margin compared to jewellery and fluctuation in gold prices.

The retail segment recorded a growth of 27.52% in revenue to RM 232.391 million during the period under review, largely due to the increase in number of retail outlets and improved consumer spending. However, due to the fluctuation in gold prices, PBT during the quarter decreased 14.30% to RM 13.870 million.

The manufacturing and wholesales segment recorded revenue of RM 73.160 million for the 6 months period compared to RM 50.755 million recorded in the corresponding period last year, an increase of 44.14%. The improvement was mainly due to better sales volume to third party jewellery retailers. The incorporation of O M Design Sdn. Bhd. which is involved in wholesales of jewellery in the year 2011 also contributed positively to the increase in this segment's revenue. However, due to fluctuation in gold prices, PBT decreased by 48.77% to RM 2.081 million.

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(The figures have not been audited)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

15. PERFORMANCE REVIEW (Cont'd)

Comparison with preceding quarter

| | Revenue | | Profit before tax | |
|----------------------------|----------------|-----------|-------------------|-----------|
| | 3 months ended | | 3 months ended | |
| | 30/6/2012 | 31/3/2012 | 30/6/2012 | 31/3/2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Retail | 111,529 | 120,862 | 4,708 | 9,162 |
| Manufacturing & wholesales | 38,337 | 34,823 | 785 | 1,296 |
| Total | 149,866 | 155,685 | 5,493 | 10,458 |

The Group's revenue for the current quarter under review decreased by 3.74% to RM 149.866 million as compared to the immediate preceding quarter mainly due to better sales reported during the Chinese New Year and Valentine Day celebration which fell in the last quarter.

Following the decrease in sales together with the fluctuation in gold prices, the Group's PBT decreased to RM 5.493 million from RM 10.458 million recorded in the immediate preceding quarter.

The retail segment's revenue for the current quarter decreased by 7.72% to RM 111.529 million as compared to the immediate preceding quarter mainly due to better sales reported during the Chinese New Year and Valentine Day celebration which fell in the last quarter. Following the decrease in sales coupled with fluctuation in gold prices, PBT decreased from RM 9.162 million to RM 4.708 million.

The manufacturing and wholesales segment for the current quarter increased by 10.09% to RM 38.337 million as compared to the immediate preceding quarter mainly due to higher demand from third party jewellery retailers. However, the PBT has decreased by 39.43% to RM 0.785 million mainly due to fluctuation in gold prices.

16. COMMENTARY ON PROSPECTS

The uncertainties in the Euro Zone continue to affect the world's economic development. Despite several measures being put in place by member countries, it has yet to show the desired results. On another hand, the world gold price continues to trend lower which will further squeeze the profit margin.

In the light of this challenging environment, the Board of Directors will continue to be vigilant for any adverse development and will adopt a more conservative approach in opening new outlets and expanding overseas operation. With the more conservative approach and barring any unforeseen circumstances, the Board expects the Group to sustain its profitability for the remaining part of the financial year 2012.

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QUARTER ENDED 30 JUNE 2012**

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**

17. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee in any public document during the current financial year to date.

18. TAX EXPENSE

| | Individual Quarter | | Year to-date | |
|-------------------------------|---------------------------|------------------|---------------------|------------------|
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | 1,573 | 2,214 | 4,317 | 4,941 |
| Underprovision in prior years | - | 226 | - | 226 |
| | <u>1,573</u> | <u>2,440</u> | <u>4,317</u> | <u>5,167</u> |

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate 25% mainly due to losses reported in certain subsidiary companies.

19. CORPORATE PROPOSALS

There were no corporate proposals undertaken by the Group during the current financial year to date.

20. BORROWINGS AND DEBT SECURITIES

As at 30 June 2012, the Group has total borrowings of RM 196.050 million, all of which are denominated in Ringgit Malaysia.

| | Secured | Unsecured | Total |
|-------------|----------------|------------------|----------------|
| | RM'000 | RM'000 | RM'000 |
| Current | 2,409 | 136,386 | 138,795 |
| Non-current | 3,513 | 53,742 | 57,255 |
| | <u>5,922</u> | <u>190,128</u> | <u>196,050</u> |

21. CHANGES IN MATERIAL LITIGATIONS

No material litigation has arisen since 31 December 2011.

22. DIVIDEND PAYABLE

The Directors do not recommend any interim dividend payment for the current quarter.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

23. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

| | Individual quarter | | Year to-date | |
|---|---------------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 6 months ended | |
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Consolidated profit for the financial period attributable to equity holders of the parent | 3,821 | 6,350 | 11,390 | 14,552 |
| Weighted average number of ordinary shares in issue ('000) | 138,600 | 138,600 | 138,600 | 138,600 |
| Basic earnings per share (sen) | 2.76 | 4.58 | 8.22 | 10.50 |
| Diluted earnings per share | N/A | N/A | N/A | N/A |

There is no diluted earning per share as the Company does not have any convertible financial instruments in issue.

24. PROFIT BEFORE TAX

| | Individual quarter | | Year to-date | |
|--|---------------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 6 months ended | |
| | 30/6/2012 | 30/6/2011 | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after charging/(crediting):- | | | | |
| Amortisation and depreciation | 1,537 | 1,357 | 2,908 | 2,696 |
| Impairment loss on trade and other receivables | - | - | - | 12 |
| Interest expense | 2,662 | 1,980 | 5,128 | 3,710 |
| Property, plant and equipment written off | 32 | 342 | 52 | 345 |
| Gain on disposal of property, plant and equipment | (172) | (51) | (267) | (51) |
| Gain on gold price fluctuation and foreign exchange | (293) | (909) | (954) | (2,023) |
| Interest income | (1) | (5) | (1) | (94) |

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**

25. REALISED AND UNREALISED RETAINED EARNINGS

| | Individual Quarter | |
|---------------------------------|---------------------------|------------------|
| | 30/6/2012 | 30/6/2011 |
| | RM'000 | RM'000 |
| Total retained earnings:- | | (Restated) |
| - realised | 127,798 | 102,129 |
| - unrealised | (286) | 559 |
| | <hr/> | <hr/> |
| | 127,512 | 102,688 |
| Less: Consolidation adjustments | (17,864) | (16,225) |
| | <hr/> | <hr/> |
| Total Group retained earnings | <u>109,648</u> | <u>86,463</u> |

The retained earnings as at 30 June 2011 has been restated upon the adoption of MFRS.

By Order of the Board

Secretary

Teoh Kok Jong (LS 04719)

Dated : 14 August 2012