



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	256,854	149,866	408,085	305,551
Cost of sales	(231,860)	(116,603)	(347,492)	(232,730)
Gross profit	24,994	33,263	60,593	72,821
Other income	1,144	467	1,811	1,642
Selling and distribution expenses	(26,211)	(20,082)	(49,908)	(42,462)
Administrative expenses	(5,499)	(5,482)	(11,055)	(10,472)
Other expenses	(908)	(11)	(1,424)	(450)
(Loss)/Profit from operations	(6,480)	8,155	17	21,079
Finance costs	(2,735)	(2,662)	(5,649)	(5,128)
(Loss)/Profit before tax	(9,215)	5,493	(5,632)	15,951
Tax income/(expense)	2,077	(1,573)	902	(4,317)
(Loss)/Profit for the period	(7,138)	3,920	(4,730)	11,634
(Loss)/Profit attributable to:-				
Owners of the parent	(7,154)	3,821	(4,790)	11,390
Non-controlling interest	16	99	60	244
	(7,138)	3,920	(4,730)	11,634
Earnings per ordinary share attributable to equity holders of the parent (sen):-				
Basic (loss)/earnings per share	(5.16)	2.76	(3.46)	8.22
Diluted earnings per share *	N/A	N/A	N/A	N/A

* Not applicable

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 30 JUNE 2013 (Cont'd)**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(7,138)	3,920	(4,730)	11,634
Foreign currency translations	493	39	787	(35)
Total comprehensive (loss)/income for the period	<u>(6,645)</u>	<u>3,959</u>	<u>(3,943)</u>	<u>11,599</u>
Total comprehensive (loss)/ income attributable to:-				
Owners of the parent	(6,661)	3,860	(4,003)	11,355
Non-controlling interest	16	99	60	244
	<u>(6,645)</u>	<u>3,959</u>	<u>(3,943)</u>	<u>11,599</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012. 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 2013****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2013**

	As At 30/6/2013 RM'000	As At 31/12/2012 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	18,939	19,840
Prepaid lease payments for land	567	579
Deferred tax assets	1,750	212
	<u>21,256</u>	<u>20,631</u>
Current assets		
Inventories	340,764	351,105
Derivative asset	203	-
Trade and other receivables	31,056	27,574
Current tax assets	3,328	2,419
Cash and cash equivalents	9,877	6,434
	<u>385,228</u>	<u>387,532</u>
Non-current assets classified as held for sale	<u>550</u>	<u>550</u>
TOTAL ASSETS	<u>407,034</u>	<u>408,713</u>
EQUITY AND LIABILITIES		
Share capital	69,300	69,300
Share premium	4,036	4,036
Reserves	105,863	112,638
Equity attributable to owners of the parent	<u>179,199</u>	<u>185,974</u>
Non-controlling interest	6,483	6,423
TOTAL EQUITY	<u>185,682</u>	<u>192,397</u>
LIABILITIES		
Non-current liabilities		
Borrowings	30,927	43,145
Deferred income	397	397
Deferred tax liabilities	502	502
	<u>31,826</u>	<u>44,044</u>
Current Liabilities		
Trade and other payables	31,411	30,635
Borrowings	157,386	140,522
Current tax liabilities	729	1,115
	<u>189,526</u>	<u>172,272</u>
TOTAL LIABILITIES	<u>221,352</u>	<u>216,316</u>
TOTAL EQUITY AND LIABILITIES	<u>407,034</u>	<u>408,713</u>
Net assets per share (RM)	1.34	1.39

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012. 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 2013**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER
ENDED 30 JUNE 2013**

	-----Attributable To Owners Of The Parent-----						
	--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	Total Equity RM'000
Balance as at 1 January 2013	69,300	4,036	138	112,500	185,974	6,423	192,397
Total comprehensive income for the financial period	-	-	787	(4,790)	(4,003)	60	(3,943)
Transaction with owners:-							
- Dividends paid	-	-	-	(2,772)	(2,772)	-	(2,772)
Balance as at 30 June 2013	69,300	4,036	925	104,938	179,199	6,483	185,682

	-----Attributable To Owners Of The Parent-----						
	---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	Total Equity 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012. 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 2013****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER
ENDED 30 JUNE 2013**

	6 months ended 30/6/2013 RM'000	6 months ended 30/6/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(5,632)	15,951
Adjustments for:-		
Amortisation of deferred income	-	(1)
Amortisation of prepaid lease payments for land	9	9
Depreciation of property, plant and equipment	2,963	2,900
Inventories written down to net realisable value	4,790	-
Property, plant and equipment written off	147	52
Reversal of impairment loss on trade and other receivables	(3)	-
Gain on disposal of property, plant and equipment	-	(267)
Unrealised loss on gold price fluctuation and foreign exchange	1,010	286
Finance costs	5,649	5,128
Interest income	(10)	(1)
Profit before working capital changes	8,923	24,057
Decrease/(Increase) in inventories	5,552	(29,522)
Increase in receivables	(2,843)	(4,006)
Decrease in payables	(319)	(7,297)
Cash from/(used in) operations	11,313	(16,768)
Interest paid	(4,096)	(3,537)
Tax paid	(2,963)	(6,041)
Tax refunded	1,032	-
Net cash from/(used in) operating activities	5,286	(26,346)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10	1
Purchase of property, plant and equipment	(1,491)	(1,276)
Proceeds from disposal of property, plant and equipment	-	284
Increase in pledged deposits with licensed banks	(42)	(1,700)
Net cash used in investing activities	(1,523)	(2,691)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,772)	(4,851)
Net finance costs paid	(1,553)	(1,591)
Net (repayments)/drawdown of term loans	(9,322)	29,449
Drawdown/(Repayments) of short term borrowings	73	(20,151)
Repayments of hire-purchase liabilities	(1,879)	(1,096)
Net cash (used in)/from financing activities	(15,453)	1,760

TOMEI CONSOLIDATED BERHAD (692959–W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED
30 JUNE 2013 (Cont'd)**

	6 months ended 30/6/2013 RM'000	6 months ended 30/6/2012 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,690)	(27,277)
CASH & CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(17,880)	(1,891)
EFFECT OF EXCHANGE RATES CHANGES	(3)	10
CASH & CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>(29,573)</u>	<u>(29,158)</u>
Represented by:-		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,136	6,083
Fixed deposits with a licensed bank	1,742	1,700
Bank overdrafts	<u>(37,709)</u>	<u>(35,241)</u>
	(27,831)	(27,458)
Less: Fixed deposits pledged to a licenced bank	<u>(1,742)</u>	<u>(1,700)</u>
	<u>(29,573)</u>	<u>(29,158)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012. 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 2013**

(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 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

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
MFRS 127	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	Financial Instruments	1 January 2015
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2014

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the preceding financial year ended 31 December 2012 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 2013.

6. CHANGES IN ESTIMATES

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

(The figures have not been audited)

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

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 2013 and 30 June 2012, which are within the Group’s objectives for capital management, are as follows:-

	30/6/2013	30/6/2012
	RM’000	RM’000
Total debt net of cash and cash equivalents	178,436	188,267
Total equity	185,682	189,879
Net gearing ratio	0.96	0.99

The Group reported net gearing ratio of 0.96 as at 30 June 2013, decreased by 0.03 compared to 30 June 2012.

8. DIVIDEND PAID

On 30 May 2013, the Company paid a first and final single tier dividend of 2.0 sen per ordinary share amounting to RM2.772 million in respect of financial year ended 31 December 2012.

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

TOMEI CONSOLIDATED BERHAD (692959-W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013****(The figures have not been audited)****PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)****9. OPERATING SEGMENTAL INFORMATION (Cont'd)**

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

Results for financial period ended 30 June 2013	Manufacturing & Wholesales RM'000	Retail RM'000	Total RM'000
Revenue			
Total sales	104,336	306,848	411,184
Inter-segment sales	(3,098)	(1)	(3,099)
External sales	101,238	306,847	408,085
Results			
(Loss)/Profit before tax	(7,853)	2,221	(5,632)
Tax expense	1,988	(1,086)	902
(Loss)/Profit for the period	(5,865)	1,135	(4,730)
Non-controlling interest			(60)
Loss attributable to owners of the parent			(4,790)
Assets and liabilities as at 30 June 2013			
Assets			
Segment assets	61,486	340,470	401,956
Unallocated assets	-	-	5,078
Total assets	-	-	407,034
Liabilities			
Segment liabilities	29,895	190,226	220,121
Unallocated liabilities	-	-	1,231
Total liabilities	-	-	221,352
Results for financial period ended 30 June 2012			
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

TOMEI CONSOLIDATED BERHAD (692959–W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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(The figures have not been audited)

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

9. OPERATING SEGMENTAL INFORMATION (Cont’d)

Assets and Liabilities as at 30 June 2012	Manufacturing & Wholesales RM’000	Retail RM’000	Total RM’000
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

10. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment has 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.

On 28 March 2013, the Company has announced that its indirect subsidiary company, Tomei Gold & Jewellery (Klang) Sdn. Bhd. was placed under member’s voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

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 2012.

TOMEI CONSOLIDATED BERHAD (692959–W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013****(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 2013:-

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>29,969</u>

ii) Capital commitments

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

	RM'000
Approved but not contracted for	<u>2,421</u>

15. PERFORMANCE REVIEW

	Individual Quarter		Year to-date	
	3 months ended		6 months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Sales				
Retail	188,308	111,529	306,847	232,391
Manufacturing & wholesales	<u>68,546</u>	<u>38,337</u>	<u>101,238</u>	<u>73,160</u>
Total	<u>256,854</u>	<u>149,866</u>	<u>408,085</u>	<u>305,551</u>
(Loss)/Profit before tax				
Retail	(1,234)	4,708	2,221	13,870
Manufacturing & wholesales	<u>(7,981)</u>	<u>785</u>	<u>(7,853)</u>	<u>2,081</u>
Total	<u>(9,215)</u>	<u>5,493</u>	<u>(5,632)</u>	<u>15,951</u>

The retail segment which made up of 73.31% of total revenue remained the larger contributor to the Group's performance during the quarter. The retail segment also reported lower loss compared to the manufacturing and wholesales segment during the current quarter.

(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 2013 was RM256.854 million, an increase of 71.39% compared to RM149.866 million reported in the preceding year's corresponding quarter. The significant drop in the world gold price has spurred frenzy buying by consumers as witnessed in major Asian countries.

The Group, however reported a loss before tax of RM9.215 million during the current quarter in comparison to RM5.493 million profit before tax recorded in the preceding year's corresponding quarter. The loss incurred was mainly due to lower gross profit margin earned and write down of gold stock to net realizable value arising from the significant drop in world gold price as selling price for gold jewellerys have to be adjusted to reflect the prevailing situation.

Due to the drop in gold price, the Group's retail segment experienced a surge in demand for its gold jewellerys. The retail segment reported a strong growth of 68.84% in its revenue to RM188.308 million compared to the preceding year's corresponding quarter. However with the lower selling price of gold jewellerys together with higher variable cost, the retail segment reported loss before taxation of RM1.234 million during the current quarter.

The lower gold price has spurred demand for gold jewellerys in the manufacturing and wholesales ("M&W") segment and brought in higher sales. During the current quarter, the M&W segment reported an increase of 78.80% in its revenue to RM68.546 million compared to the preceding year's corresponding quarter. The lower selling price, however has resulted in this segment making loss for the current quarter. In addition, in line with the requirement of MFRS102, it has written down some of its inventories to their net realisable value amounted to RM4.790 million. During the current quarter, the M&W segment reported loss before tax of RM7.981 million compared to profit before tax of RM0.785 million in the preceding year's corresponding quarter.

Comparison with previous year corresponding financial year to date

The significant drop in world gold price in the current quarter has greatly impacted the Group's results for the six months financial year to date. Therefore the performance of the Group for the financial period mirrored that of the current quarter. For the financial year to date, the Group reported revenue of RM408.085 million compared to RM305.551 million in the preceding year's corresponding period. However, due to the lower gold market price, the Group reported loss before tax of RM5.632 million compared to profit before tax of RM15.951 million in the preceding year's corresponding period.

The retail segment reported a growth of 32.04% in its revenue to RM306.847 million compared to the preceding year's corresponding period. However with the lower selling price of gold jewellerys together with higher variable cost, the retail segment reported lower profit before tax of RM2.221 million compared to RM13.870 million recorded during the preceding year's corresponding period.

TOMEI CONSOLIDATED BERHAD (692959–W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013****(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 financial year to date (Cont'd)*

The M&W segment reported an increase of 38.38% in its revenue to RM101.238 million compared to the preceding year's corresponding period. Due to the lower selling price and writing down of inventories to its net realisable value, it reported loss before tax of RM7.853 million as compared to profit before tax of RM2.081 million in the preceding year's corresponding period.

Comparison with immediate preceding quarter

	Revenue		(Loss)/Profit before tax	
	3 months ended		3 months ended	
	30/6/2013	31/3/2013	30/6/2013	31/3/2013
	RM'000	RM'000	RM'000	RM'000
Retail	188,308	118,539	(1,234)	3,455
Manufacturing & wholesales	68,546	32,692	(7,981)	128
Total	256,854	151,231	(9,215)	3,583

The current quarter witnessed a significant drop in the world gold price of more than 20%. This has spurred consumer's demand for gold jewellery. At the back of this, the Group reported increase of revenue by 69.84% during the current quarter to RM256.854 million compared to its immediate preceding quarter. However due to the lower selling price and the write down of inventories to net realizable value, the Group reported a loss before tax of RM9.215 million compared to profit before tax of RM3.583 million in its immediate preceding quarter.

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(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)

16. COMMENTARY ON PROSPECTS

During the current quarter, the market gold price took an unprecedented move when it dropped by more than 20%. There were some indications that the Federal Reserve could scaled down its bond buying programme as early as September 2013. This has created a knee jerk reaction to the gold price which is perceived as a hedge against inflation. Many investors and consumers particularly in the Asian countries have taken this opportunity to buy gold at a much cheaper price. As a result, we have witnessed a surge in the demand for physical gold and gold jewellery. As it appears, there is no indication from the Federal Reserve on the tapering of Quantitative Easing in the US. The market gold price has since recovered slightly.

The Group continues to take the advantage of this scenario to grow its business. In the short term, such price volatility has impacted the Group's profitability negatively. As we continue to replenish our inventories at a much lower gold price, it has lowered our inventories holding cost and this could improve our profitability in the future especially when the market gold price starts to trend upwards. Accordingly, we are optimistic on the performance of the remaining quarters.

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.

18. TAX EXPENSE

	Individual Quarter		Year to-date	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Current taxation	2,077	(1,573)	902	(4,317)

The current tax is in respect of deferred tax asset recognized on the tax loss for the current quarter and year to date offset by tax payable on the profitable subsidiaries.

19. CORPORATE PROPOSALS

There were no corporate proposals undertaken by the Group during the current quarter.

TOMEI CONSOLIDATED BERHAD (692959–W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013**

(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)**

20. BORROWINGS AND DEBT SECURITIES

As at 30 June 2013, the Group has total borrowings of RM 188.313 million, all of which are denominated in Ringgit Malaysia.

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	3,279	154,107	157,386
Non-current	3,114	27,813	30,927
	<u>6,393</u>	<u>181,920</u>	<u>188,313</u>

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract amount RM'000	Assets RM'000
Gold contract	<u>1,753</u>	<u>203</u>

The Group has entered into gold contract to hedge its exposure to price movement of gold and is not used for trading or speculative purposes.

Gold contract are commitments to either purchase or sell gold at a future date for a specified price and are generally settled in cash but may be settled through delivery of the underlying gold.

22. CHANGES IN MATERIAL LITIGATIONS

No material litigation has arisen since 31 December 2012.

23. DIVIDEND PAYABLE

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

TOMEI CONSOLIDATED BERHAD (692959–W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(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)

24. 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 3 months ended		Year to-date 6 months ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Consolidated profit for the financial period attributable to equity holders of the parent	(7,150)	3,821	(4,790)	11,390
Weighted average number of ordinary shares in issue ('000)	138,600	138,600	138,600	138,600
Basic (loss)/earnings per share (sen)	(5.16)	2.76	(3.46)	8.22
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.

25. (LOSS)/PROFIT BEFORE TAX

	Individual Quarter 3 months ended		Year to-date 6 months ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Amortisation and depreciation	1,502	1,537	2,972	2,908
Interest expense	2,735	2,662	5,649	5,128
Inventories written down to net realisable value	4,790	-	4,790	-
Property, plant and equipment written off	146	32	147	52
Reversal of impairment loss on trade and other receivables	-	-	(3)	-
Gain on gold price fluctuation and foreign exchange	(344)	(293)	(412)	(954)
Gain on disposal of property, plant and equipment	-	(172)	-	(267)
Interest income	(3)	(1)	(10)	(1)

TOMEI CONSOLIDATED BERHAD (692959-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013**

(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)**

26. REALISED AND UNREALISED RETAINED EARNINGS

	As at	
	30/6/2013	30/6/2012
	RM'000	RM'000
Total retained earnings:-		
- realised	126,774	127,798
- unrealised	(1,010)	(286)
	<hr/>	<hr/>
	125,764	127,512
Less: Consolidation adjustments	(20,826)	(17,864)
	<hr/>	<hr/>
Total Group retained earnings	104,938	109,648

By Order of the Board

Secretary

Teoh Kok Jong (LS 04719)

Dated : 20 August 2013