



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2014**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2014 RM'000	30/6/2013 RM'000	30/6/2014 RM'000	30/6/2013 RM'000
Revenue	126,368	256,854	283,742	408,085
Cost of sales	(95,789)	(231,860)	(213,369)	(347,492)
Gross profit	30,579	24,994	70,373	60,593
Other income	1,000	1,144	2,116	1,811
Selling and distribution expenses	(22,222)	(26,211)	(46,106)	(49,908)
Administrative expenses	(5,324)	(5,499)	(11,253)	(11,055)
Other expenses	91	(908)	(2,166)	(1,424)
Profit/(Loss) from operations	4,124	(6,480)	12,964	17
Finance costs	(2,914)	(2,735)	(5,536)	(5,649)
Profit/(Loss) before tax	1,210	(9,215)	7,428	(5,632)
Tax (expenses)/income	(460)	2,077	(2,285)	902
Profit/(Loss) for the period	750	(7,138)	5,143	(4,730)
Profit/(Loss) attributable to:-				
Owners of the parent	620	(7,154)	4,717	(4,790)
Non-controlling interest	130	16	426	60
	750	(7,138)	5,143	(4,730)
Earnings per ordinary share attributable to equity holders of the parent (sen):-				
Basic earnings/(loss)/ per share	0.45	(5.16)	3.40	(3.46)
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 2014****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014 (Cont'd)**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	750	(7,138)	5,143	(4,730)
Foreign currency translations	(598)	493	(570)	787
Total comprehensive income/(loss) for the period	152	(6,645)	4,573	(3,943)
Total comprehensive income/(loss) attributable to:-				
Owners of the parent	22	(6,661)	4,147	(4,003)
Non-controlling interest	130	16	426	60
	152	(6,645)	4,573	(3,943)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013. 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 2014****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014**

	As At 30/6/2014 RM'000	As At 31/12/2013 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	18,248	19,004
Prepaid lease payments for land	550	558
Deferred tax assets	1,348	1,348
	<u>20,146</u>	<u>20,910</u>
Current assets		
Inventories	357,269	332,863
Derivative assets	553	1,092
Trade and other receivables	22,845	24,835
Current tax assets	2,229	3,324
Cash and cash equivalents	12,822	12,456
	<u>395,718</u>	<u>374,570</u>
Non-current assets classified as held for sale	<u>550</u>	<u>550</u>
TOTAL ASSETS	<u>416,414</u>	<u>396,030</u>
EQUITY AND LIABILITIES		
Share capital	69,300	69,300
Share premium	4,036	4,036
Reserves	109,833	107,072
Equity attributable to owners of the parent	<u>183,169</u>	<u>180,408</u>
Non-controlling interest	6,508	6,082
TOTAL EQUITY	<u>189,677</u>	<u>186,490</u>
LIABILITIES		
Non-current liabilities		
Borrowings	17,510	22,927
Deferred tax liabilities	229	206
	<u>17,739</u>	<u>23,133</u>
Current Liabilities		
Trade and other payables	32,527	39,431
Borrowings	174,476	146,048
Current tax liabilities	1,995	928
	<u>208,998</u>	<u>186,407</u>
TOTAL LIABILITIES	<u>226,737</u>	<u>209,540</u>
TOTAL EQUITY AND LIABILITIES	<u>416,414</u>	<u>396,030</u>
Net assets per share (RM)	1.37	1.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013. 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 2014**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER
ENDED 30 JUNE 2014**

	-----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 2014	69,300	4,036	1,749	105,323	180,408	6,082	186,490
Total comprehensive income for the financial period	-	-	(570)	4,717	4,147	426	4,573
Transaction with owners:-							
- Dividends paid	-	-	-	(1,386)	(1,386)	-	(1,386)
Balance as at 30 June 2014	69,300	4,036	1,179	108,654	183,169	6,508	189,677

	-----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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013. 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 2014****(The figures have not been audited)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER
ENDED 30 JUNE 2014**

	6 months ended 30/6/2014 RM'000	6 months ended 30/6/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	7,428	(5,632)
Adjustments for:-		
Amortisation of prepaid lease payments for land	9	9
Depreciation of property, plant and equipment	3,077	2,963
Fair value loss on financial instrument	1,360	-
Inventories written down to net realisable value	-	4,790
Property, plant and equipment written off	214	147
Reversal of impairment loss on trade and other receivables	-	(3)
Gain on disposal of property, plant and equipment	(60)	-
Unrealised gain on gold price fluctuation and foreign exchange	(740)	1,010
Finance costs	5,536	5,649
Interest income	(32)	(10)
Profit before working capital changes	16,792	8,923
(Increase)/Decrease in inventories	(24,406)	5,552
Decrease/(Increase) in receivables	558	(2,843)
Decrease in payables	(6,239)	(319)
Cash (used in)/from operations	(13,295)	11,313
Interest paid	(4,324)	(4,096)
Tax paid	(1,236)	(2,963)
Tax refunded	1,135	1,032
Net cash (used in)/from operating activities	(17,720)	5,286
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	32	10
Purchase of property, plant and equipment	(630)	(1,491)
Proceeds from disposal of property, plant and equipment	60	-
Increase in pledged deposits with licensed banks	(43)	(42)
Net cash used in investing activities	(581)	(1,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,386)	(2,772)
Net finance costs paid	(1,212)	(1,553)
Net repayments of term loans	(10,290)	(9,322)
Drawdown of short term borrowings	5,007	73
Repayments of hire-purchase liabilities	(1,833)	(1,879)
Net cash used in financing activities	(9,714)	(15,453)

TOMEI CONSOLIDATED BERHAD (692959–W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2014**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED
30 JUNE 2014 (Cont'd)**

	6 months ended 30/6/2014 RM'000	6 months ended 30/6/2013 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,015)	(11,690)
CASH & CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(11,378)	(17,880)
EFFECT OF EXCHANGE RATES CHANGES	161	(3)
CASH & CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>(39,232)</u>	<u>(29,573)</u>
Represented by:-		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,448	8,136
Fixed deposits with licenced banks	4,374	1,742
Bank overdrafts	(50,269)	(37,709)
	<u>(37,447)</u>	<u>(27,831)</u>
Less: Fixed deposits pledged to a licenced bank	(1,785)	(1,742)
	<u>(39,232)</u>	<u>(29,573)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013. 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 2014

(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 2013.

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.

	Effective for annual period beginning on or after
MFRSs, Amendments to MFRSs and IC Interpretation	
Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs Annual Improvements 2010-2012 Cycle	1 July 2014
Amendments to MFRSs Annual Improvements 2011-2013 Cycle	1 July 2014
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 Financial Instruments (2009)	Deferred
MFRS 9 Financial Instruments (2010)	Deferred
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the preceding financial year ended 31 December 2013 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 2014.

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(The figures have not been audited)

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

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 2014 and 30 June 2013, which are within the Group's objectives for capital management, are as follows:-

	30/6/2014	30/6/2013
	RM'000	RM'000
Total debt net of cash and cash equivalents	179,164	178,436
Total equity	189,677	185,682
Net gearing ratio	0.94	0.96

The Group reported net gearing ratio of 0.94 as at 30 June 2014, decreased by 0.02 compared to 30 June 2013.

8. DIVIDEND PAID

On 5 June 2014, the Company paid a first and final single tier dividend of 1.0 sen per ordinary share amounting to RM1.386 million in respect of financial year ended 31 December 2013.

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 2014****(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 2014	Manufacturing & Wholesales RM'000	Retail RM'000	Total RM'000
Revenue			
Total sales	75,344	212,875	288,219
Inter-segment sales	(4,189)	(288)	(4,477)
External sales	71,155	212,587	283,742
Results			
Profit before tax	3,617	3,811	7,428
Tax expense	(886)	(1,399)	(2,285)
Profit for the period	2,731	2,412	5,143
Non-controlling interest			(426)
Profit attributable to owners of the parent			4,717
Assets and liabilities as at 30 June 2014			
Assets			
Segment assets	65,245	347,592	412,837
Unallocated assets	-	-	3,577
Total assets	-	-	416,414
Liabilities			
Segment liabilities	30,328	194,185	224,513
Unallocated liabilities	-	-	2,224
Total liabilities	-	-	226,737
Results for financial period ended 30 June 2013			
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)

TOMEI CONSOLIDATED BERHAD (692959–W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2014**

(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 2013	Manufacturing & Wholesales RM’000	Retail RM’000	Total RM’000
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

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.

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 2013.

TOMEI CONSOLIDATED BERHAD (692959–W)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014****(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 2014:-

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>35,044</u>

ii) Capital commitments

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

	RM'000
Approved but not contracted for	<u>2,298</u>

15. PERFORMANCE REVIEW

	Individual Quarter		Year to-date	
	3 months ended		6 months ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
Sales				
Retail	91,452	188,308	212,587	306,847
Manufacturing & wholesales	<u>34,916</u>	<u>68,546</u>	<u>71,155</u>	<u>101,238</u>
Total	<u>126,368</u>	<u>256,854</u>	<u>283,742</u>	<u>408,085</u>
Profit/(Loss) before tax				
Retail	637	(1,234)	3,811	2,221
Manufacturing & wholesales	<u>573</u>	<u>(7,981)</u>	<u>3,617</u>	<u>(7,853)</u>
Total	<u>1,210</u>	<u>(9,215)</u>	<u>7,428</u>	<u>(5,632)</u>

Comparison with previous year's corresponding quarter

The Group reported revenue of RM126.368 million for the current quarter ended 30 June 2014 as compared to RM256.854 million recorded in the preceding year's corresponding quarter. In the preceding year's corresponding quarter, the world gold price has dropped substantially and resulted in a surge in demand from consumers for gold and gold related products. This has increased the sales volume in the preceding year's corresponding 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's corresponding quarter (Cont'd)

The Group reported a profit before tax ("PBT") of RM1.210 million during the current quarter as compared to RM9.215 million in loss before tax ("LBT") recorded in the preceding year's corresponding quarter. The drop in gold price in the previous year's corresponding quarter has resulted in lower gross profit margin earned as the stocks sold were carried at higher purchase price and this has caused the Group to report loss for the said period.

Retail Segment

The retail segment reported a revenue of RM91.452 million for the current quarter compared to RM188.308 million in the previous year's corresponding quarter. Despite lower sales, it reported a PBT of RM0.637 million compared to LBT of RM1.234 million reported in the preceding year's corresponding quarter. The drop in gold price in the previous year corresponding quarter has resulted in lower gross profit margin earned during that period.

Manufacturing & Wholesales segment ("M&W")

During the current quarter, the M&W reported a revenue of RM34.916 million compared to RM68.546 million reported in the previous year's corresponding quarter. This segment reported a PBT of RM0.573 million as compared to LBT of RM7.981 million recorded in the preceding year's corresponding quarter. The lower gold price in the previous year's corresponding quarter has resulted in lower gross profit margin earned and write down of some stocks to their net realizable value.

Comparison with previous year's corresponding financial year to date

The Group's revenue for the 6 months ended 30 June 2014 reduced by 30.47% to RM283.742 million as compared to RM408.085 million recorded in the corresponding period last year. The reduction was due to the surge in demand for gold and gold products in the corresponding period last year when there was a significant drop in world gold price. However, the Group made a LBT of RM5.632 million due to lower gross profit margin earned as the stocks sold were carried at higher purchase price as compared to a PBT of RM7.428 million achieved in this year to date. As the world gold price has more or less stabilized, the Group is able to achieve the normal gross profit margin which has helped the Group to sustain its profitability.

Retail Segment

The retail division reported sales of RM212.587 million as compared to RM306.847 million recorded in the same period last year. It reported a PBT of RM3.811 million as compared to a PBT of RM2.221 million reported in the same period last year. The better profit achieved is due to better gross profit margin earned due to the stabilization of world gold price.

TOMEI CONSOLIDATED BERHAD (692959–W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(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's corresponding financial year to date (Cont'd)

Manufacturing & Wholesales segment ("M&W")

The M&W division reported sales of RM71.155 million as compared to RM101.238 million recorded in the same period last year. It reported a PBT of RM3.617 million as compared to a LBT of RM7.853 million in the same period last year. The turnaround is due to the stabilization of world gold price which gives a better gross profit margin.

Comparison with preceding quarter

	Revenue		Profit before tax	
	3 months ended		3 months ended	
	30/6/2014	31/3/2014	30/6/2014	31/3/2014
	RM'000	RM'000	RM'000	RM'000
Retail	91,452	121,135	637	3,174
Manufacturing & wholesales	34,916	36,239	573	3,044
Total	126,368	157,374	1,210	6,218

The Group reported lower revenue for current quarter as compared to the preceding quarter mainly due to lower sales volume especially in the retail division.

As a result of the lower sales and the stabilized gold price in the current quarter, the Group reported a PBT of RM1.210 million as compared to RM6.218 million recorded in the preceding quarter.

Retail Segment

Traditionally the 2nd quarter is a slower quarter for the retail division in the absence of major festivities. As a result, our retail segment reported a drop in sales of 24.50% to RM91.452 million. Correspondingly, its PBT also dropped from RM3.174 million in the previous quarter to RM0.637 million in the current quarter.

Manufacturing and Wholesales Segment ("M&W")

The M&W segment reported a slight drop of 3.65% in its sales to RM34.916 million in the current quarter mainly due to seasonal fluctuation. As a result of the lower sales and gross profit margin, the M&W reported lower PBT of RM0.573 million as compared to PBT of RM3.044 million reported in the preceding quarter.

TOMEI CONSOLIDATED BERHAD (692959-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(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

The Malaysian economy is expected to remain resilient in 2014. Nevertheless consumers will face challenges from rising cost of living as results of increase in prices of goods and services. However, the Group foresees better business volume before the implementation of the Goods & Services Tax on 1 April 2015 and with the rationalization of its business strategy, the Group is expected to perform better in the financial year 2014.

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 period.

18. TAX EXPENSE

	Individual Quarter		Year to-date	
	30/6/2014 RM'000	30/6/2013 RM'000	30/6/2014 RM'000	30/6/2013 RM'000
Current taxation	(460)	2,077	(2,285)	902

The effective tax rate of the Group for the current quarter and financial year to date is higher than the statutory tax rate as some of its subsidiary companies are in loss making position.

19. CORPORATE PROPOSALS

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

20. BORROWINGS AND DEBT SECURITIES

As at 30 June 2014, the Group has total borrowings of RM 191.986 million, all of which are denominated in Ringgit Malaysia.

	Secured RM'000	Unsecured RM'000	Total RM'000
Current	3,268	171,208	174,476
Non-current	2,664	14,846	17,510
	5,932	186,054	191,986

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

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract amount RM'000	Derivative Assets RM'000
Gold contract	<u>29,808</u>	<u>553</u>

These gold contracts were entered into with the objective of managing and hedging the Group's exposure to adverse price movements in gold bullions. The fair values of the components have been determined based on counter parties' quotes as at the end of each reporting period.

The above derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognized in profit or loss.

During the financial period, the Group recognized a net loss of RM1.360 million arising from fair value changes of derivative assets.

22. CHANGES IN MATERIAL LITIGATIONS

No material litigation has arisen since 31 December 2013.

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 2014****(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/(LOSS) PER SHARE**

The basic earnings per share is calculated by dividing the net profit/(loss) 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	
	30/6/2014 RM'000	30/6/2013 RM'000	30/6/2014 RM'000	30/6/2013 RM'000
Consolidated profit/(loss) for the financial period attributable to equity holders of the parent	620	(7,154)	4,717	(4,790)
Weighted average number of ordinary shares in issue ('000)	138,600	138,600	138,600	138,600
Basic earnings/(loss) per share (sen)	0.45	(5.16)	3.40	(3.46)
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. PROFIT/(LOSS) BEFORE TAX

	Individual Quarter 3 months ended		Year to-date 6 months ended	
	30/6/2014 RM'000	30/6/2013 RM'000	30/6/2014 RM'000	30/6/2013 RM'000
Profit/(loss) before tax is arrived at after charging/(crediting):-				
Amortisation and depreciation	1,563	1,502	3,086	2,972
Finance costs	2,914	2,735	5,536	5,649
Fair value (gain)/loss on financial instrument	(134)	-	1,360	-
Inventories written down to net realisable value	-	4,790	-	4,790
Property, plant and equipment written off	158	146	214	147
Reversal of impairment loss on trade and other receivables	-	-	-	(3)
Gain on gold price fluctuation and foreign exchange	(1,084)	(344)	(1,366)	(412)
Gain on disposal of property, plant and equipment	-	-	(60)	-
Interest income	(16)	(3)	(32)	(10)

TOMEI CONSOLIDATED BERHAD (692959-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2014**

(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	
	30/6/2014	30/6/2013
	RM'000	RM'000
Total retained earnings:-		
- realised	123,946	126,774
- unrealised	740	(1,010)
	<hr/>	<hr/>
	124,686	125,764
Less: Consolidation adjustments	(16,032)	(20,826)
	<hr/>	<hr/>
Total Group retained earnings	<u>108,654</u>	<u>104,938</u>

By Order of the Board

Secretary

Teoh Kok Jong (LS 04719)

Dated : 21 August 2014