

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2022 RM'000	Preceding Year Corresponding Quarter 30 Sep 2021 RM'000	Current Year- To-Date 30 Sep 2022 RM'000	Preceding Year Corresponding Period 30 Sep 2021 RM'000
Revenue	14,246	15,714	34,517	29,074
Cost of sales	(9,703)	(10,290)	(24,968)	(18,960)
Gross profit	4,543	5,424	9,549	10,114
Other operating income	705	979	1,451	2,245
Other operating expenses	(3,118)	(3,592)	(9,044)	(9,021)
Profit from operations	2,130	2,811	1,956	3,338
Finance costs	(21)	(20)	(61)	(62)
Share of results of associate	354	22	(201)	(544)
Share of results of JV	(35)	(8)	138	26
Profit before tax	2,428	2,805	1,832	2,758
Tax expense	(353)	(427)	(359)	(607)
Net profit/(loss) for the period	2,075	2,378	1,473	2,151
Attributable to :				
Equity holders of the parent	2,076	2,378	1,473	2,151
Non-controlling Interest	(1)	-	-	-
	2,075	2,378	1,473	2,151
Earning per share (sen)				
Equity holders of the parent :				
Basic	1.92	2.20	1.36	1.99
Diluted	N/A	N/A	N/A	N/A

Note:

The unaudited condensed consolidated statements of income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2022 RM'000	Preceding Year Corresponding Quarter 30 Sep 2021 RM'000	Current Year-To-Date 30 Sep 2022 RM'000	Preceding Year Corresponding Period 30 Sep 2021 RM'000
Net Profit for the Period	2,075	2,378	1,473	2,151
Other comprehensive income:				
Remeasurement of defined benefit obligation	(4)	-	(4)	-
Foreign currency translation	1,918	(909)	3,672	(339)
Total comprehensive income for the period	3,989	1,469	5,141	1,812
Total comprehensive income for the period attributable to:				
Owners of the parent	3,989	1,469	5,142	1,812
Non-controlling Interest	-	-	(1)	-
	3,989	1,469	5,141	1,812

Note:

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 30 Sep 2022 RM'000	Audited As At 31 Dec 2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	907	1,101
Investment properties	6,227	6,134
Investment in associates	15,975	16,172
Investment in JV	572	411
Deferred tax assets	132	126
Right of use asset	21,478	21,475
Total non-current assets	45,291	45,419
CURRENT ASSETS		
Inventories	9,223	13,590
Trade and other receivables	18,889	14,235
Contract asset	808	770
Dividend receivables	-	2,125
Prepayments	328	1,955
Tax recoverable	-	122
Cash and cash equivalents	53,340	50,842
Total current assets	82,588	83,639
TOTAL ASSETS	127,879	129,058
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	54,000	54,000
Capital reserves	4,764	4,764
Retained profits	39,498	40,185
Retirement benefit obligation reserve	(49)	(45)
Statutory reserve	109	109
Foreign currency translation	19,485	15,812
	117,807	114,825
Non-controlling Interest	33	34
Total equity	117,840	114,859
NON-CURRENT LIABILITIES		
Retirement benefit obligation	315	320
Lease liability	2,359	2,422
Total non-current liabilities	2,674	2,742
CURRENT LIABILITIES		
Trade and other payables	5,037	7,350
Contract liabilities	1,791	2,711
Lease liability	239	157
Current tax payables	298	1,239
Total current liabilities	7,365	11,457
Total liabilities	10,039	14,199
TOTAL EQUITY AND LIABILITIES	127,879	129,058
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)		
	1.09	1.06

Note:

The unaudited condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							Non controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Translation reserves RM'000	Capital reserves RM'000	Retirement benefit obligation reserves RM'000	Statutory reserves RM'000	Distributable Retained profits RM'000	Equity Attributable to Owners of the Parent RM'000		
At 1 January 2022	54,000	15,812	4,764	(45)	109	40,185	114,825	34	114,859
Profit for the year	-	-	-	-	-	1,473	1,473	-	1,473
Other comprehensive income for the period	-	3,673	-	(4)	-	-	3,669	(1)	3,668
Total comprehensive income	-	3,673	-	(4)	-	1,473	5,142	(1)	5,141
Transactions with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
At 30 September 2022	54,000	19,485	4,764	(49)	109	39,498	117,807	33	117,840
At 1 January 2021	54,000	15,739	4,764	(86)	109	37,302	111,828	34	111,862
Profit for the year	-	-	-	-	-	2,151	2,151	-	2,151
Other comprehensive income for the period	-	(339)	-	-	-	-	(339)	-	(339)
Total comprehensive income	-	(339)	-	-	-	2,151	1,812	-	1,812
Transaction with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
At 30 September 2021	54,000	15,400	4,764	(86)	109	37,293	111,480	34	111,514

Note:

The unaudited condensed consolidated statements of changes of equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current Year-To-Date 30 Sep 2022 RM'000	Preceding Year Corresponding Period 30 Sep 2021 RM'000
Cash flows from operating activities		
Profit before taxation	1,832	2,758
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	495	722
Depreciation of investment properties	197	38
Depreciation of right-of-use asset	595	105
Gain on disposal of property, plant and equipment	(15)	(1)
Unrealised gain on foreign currency	(393)	(197)
Interest income	(62)	(34)
Share of results of associates	201	544
Share of joint venture	(138)	(26)
Finance costs	61	62
Operating profit before changes in working capital	<u>2,773</u>	<u>3,971</u>
Changes in working capital		
Net change in inventories	4,367	2,636
Net change in trade and other receivables	(2,904)	(33)
Net change in trade and other payables	<u>(3,234)</u>	<u>(2,529)</u>
Cash generated from operations	1,002	4,045
Tax paid	(1,300)	(1,359)
Interest paid	<u>(61)</u>	<u>(62)</u>
Net cash (used in)/generated from operating activities	(359)	2,624
Cash flows from investing activities		
Interest received	62	34
Purchase of property, plant and equipment	<u>(213)</u>	<u>(81)</u>
Net cash used in investing activities	(151)	(47)
Cash flows used in financing activities		
(Placement)/drawdown of fixed deposit	(1,073)	1,190
Dividend received from Associate	2,125	1,437
Repayment of obligation under finance lease	-	(1)
Repayment of lease liabilities	20	(50)
Dividend paid	<u>(2,160)</u>	<u>(2,160)</u>
Net cash (used in)/generated from financing activities	(1,088)	416
Net (decrease)/increase in cash and cash equivalents	<u>(1,598)</u>	<u>2,993</u>
Cash and cash equivalents at beginning of period	38,643	33,053
Effect of exchange rate changes	3,024	521
Cash and cash equivalents at end of period	<u><u>40,069</u></u>	<u><u>36,567</u></u>
Cash & cash equivalents comprise the following		
Cash & Bank balances	32,370	30,811
Fixed Deposit with Licensed Banks	<u>20,970</u>	<u>19,035</u>
	53,340	49,846
Less: Long term fixed deposits with licensed bank	<u>(13,271)</u>	<u>(13,279)</u>
Cash and cash equivalents at end of period	<u><u>40,069</u></u>	<u><u>36,567</u></u>

Note:

The unaudited condensed consolidated statements of cash flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to MFRS 134

- A1.** Turbo-Mech Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad (“Bursa Securities”).

These condensed consolidated interim financial statements were approved by Board of Directors on 28 November 2022.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2022, have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* issued by Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

A3. Changes in accounting policies

The significant accounting policies and methods of computation adopted for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2021 except for the adoption of the following new or revised MFRSs.

Standards and interpretations that are issued but not yet effective

The standards and interpretations that are issued but not yet effective as of the date of issuance of these interim financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

Registration No.: 200901020166 (863263-D)

Effective for financial periods beginning on or after 1 April 2021

- Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 1: Subsidiary as a First-time Adopter (Annual Improvement to MFRSs 2018-2020 Cycle)
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Annual Improvement to MFRSs 2018-2020 Cycle)
- Amendments to MFRS 16: Illustrative Example accompanying MFRS 16 Leases (Annual Improvement to MFRSs 2018-2020 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contract - Cost of Fulfilling a Contract
- Amendments to MFRS 141: Taxation in Fair Value Measurements (Annual Improvement to MFRSs 2018-2020 Cycle)

Effective for financial periods beginning on or after 1 January 2023

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contract
- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current and Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods to be announced

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Board of Directors expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

A4. Auditors report of preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

Registration No.: 200901020166 (863263-D)

A5. Seasonal or cyclical factors

The business operations of the Group are affected by the cycles of capital and repairs/maintenance programs implemented by major players in the oil, gas, and petrochemical sector.

A6. Unusual items due to nature of size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cashflows of the Group during the financial quarter under review.

A7. Change in estimates

There were no changes in estimates that have had material effect on the results of the financial quarter under review.

A8. Carrying amount of revalued assets

The valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements as at 31 December 2021.

A9. Debt and equity security

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A10. Dividends

There was no dividend declared during the financial quarter under review.

A11. Segment information

Segment information are presented in respect of the Group's geographical segment, which is based on the company's management reporting structure where discrete financial information is available and regularly reviewed by the Chief Operation Decision Maker.

Transfer prices between the operating segments are on arm's length basis in a manner similar to transactions with third parties.

Registration No.: 200901020166 (863263-D)

Segment analysis for the period ended 30 September 2022 is set out below:

	Malaysia	Singapore	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Sales	-	25,893	8,624	-	34,517
Inter-segment Sales	-	1,157	-	(1,157)	-
	-	27,050	8,624	(1,157)	34,517
Results					
Profit/(Loss) from Operation	(502)	2,103	234	121	1,956
Finance cost					(61)
Share of results of associates					(201)
Share of results of JV					138
Profit before taxation					1,832
Taxation					(359)
Profit after taxation					1,473

A12. Subsequent material event

There is no material event reported subsequent to the current financial quarter under review.

A13. Change in the composition of the Group

There were no changes in the composition of the Group for the period under review.

A14. Contingent liabilities

At the date of this report, there were no changes in contingent liabilities since date of last report.

A15. Capital commitments

There are no capital commitments for the financial quarter under review.

Registration No.: 200901020166 (863263-D)

A16. Significant related party transaction

The significant related party transactions below were carried out in the ordinary course of business during the financial quarter under review.

Related parties	Nature of transactions	Transaction for the period ended 30 Sep 2022 RM'000	Transaction for the period ended 30 Sep 2021 RM'000
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	-	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	16	15

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

B1. Analysis of performance

	INDIVIDUAL QUARTER		Changes	
	Current Year	Preceding Year		
	Quarter	Corresponding Quarter		
	30 Sep 2022	30 Sep 2021	RM'000	
Revenue	14,246	15,714	(1,468)	-9%
Segment revenue				
- Singapore	11,210	12,544	(1,334)	-11%
- Others	3,036	3,170	(134)	-4%
Gross profit	4,543	5,424	(881)	-16%
Profit/(Loss) from operations	2,130	2,811	(681)	-24%
Profit/(Loss) before tax	2,428	2,805	(377)	-13%
Profit/(Loss) after tax	2,075	2,378	(303)	-13%
Profit/(Loss) attributable to equity holders of the parent	2,076	2,378	(302)	-13%

	CUMULATIVE QUARTER		Changes	
	Current Year	Preceding Year		
	To Date	Corresponding Quarter		
	30 Sep 2022	30 Sep 2021	RM'000	
Revenue	34,517	29,074	5,443	19%
Segment revenue				
- Singapore	25,893	22,851	3,041	13%
- Others	8,624	6,223	2,401	39%
Gross profit	9,549	10,114	(565)	-6%
Profit/(Loss) from operations	1,956	3,338	(1,382)	-41%
Share of results of associate	1,832	2,758	(926)	-34%
Profit/(Loss) before tax	1,473	2,151	(678)	-32%
Profit/(Loss) after tax				
Profit/(Loss) attributable to equity holders of the parent	1,473	2,151	(678)	-32%

Registration No.: 200901020166 (863263-D)

The Group recorded revenue of RM14.2 million for the current quarter, a decrease of RM1.5 million or approximately 10% from the revenue recorded during the preceding year corresponding quarter of RM15.7 million. The decrease in revenue was mainly due to general decrease in sales activities across the region.

The Group registered a lower gross profit of RM4.5 million during the current quarter as compared with RM5.4 million registered in preceding year corresponding quarter. The gross profit margin for this quarter is 31.9% which is lower than the gross profit margin of 34.5% achieved during the preceding year corresponding quarter due to change in product mix and continuing margin pressure from clients.

For the current quarter, the Group recorded a profit after tax of RM2.1 million, which is lower than the preceding year corresponding quarter profit after tax due to lower sales and gross profit margin.

B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	30 Sep 2022 RM'000	30 Jun 2022 RM'000	RM'000	%
Revenue	14,246	9,386	4,860	52%
Segment revenue				
- Singapore	11,210	5,917	5,293	89%
- Others	3,036	3,469	(432)	-12%
Profit/(Loss) from operations	2,130	(410)	2,540	-620%
Profit/(Loss) before tax	2,428	(674)	3,102	-460%
Profit/(Loss) after tax	2,075	(643)	2,718	-423%
Profit/(Loss) attributable to equity holders of the parent	2,076	(644)	2,720	-422%

The Group recorded revenue of RM14.2 million for the current quarter, an increase of RM4.8 million or 51% from the revenue recorded for the immediate preceding quarter of RM9.4 million.

The Group recorded a profit before tax of RM2.1 million during the current quarter, compared to the loss of RM0.7 million registered for the immediate preceding quarter. This is due to more sales made during the current quarter than the immediate preceding quarter.

For the current quarter, the Group recorded a profit after tax of RM2.1 million, compared against the previous quarter loss after tax of RM0.6 million.

Registration No.: 200901020166 (863263-D)

B3. Prospects

The market sentiments remain challenging due to the uncertainties arising from the current global economic and political headwinds.

As a supplier of equipment and instruments to both upstream and downstream segments of the petrochemical industries, the demand for our products and services is determined by the demand for petrochemical industries products which is influenced by the market and economic conditions.

The Group does not foresee any significant change in clients' business plan in the short and medium terms, thus it is expected that margin pressure from clients will continue. Nevertheless, the Group will continue to focus on maintenance and services and will stay relevant in the industry.

Barring any unforeseen circumstances, the Board is cautiously optimistic on the prospects of the Group and expects the performance of the remaining quarter for the financial year ending 31 December 2022 to be satisfactory.

B4. Notes on variance in actual profit and shortfall in profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current financial quarter under review.

B5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	353	427	359	607
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	353	427	359	607

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 24% principally due to deferred income tax provision on withholding tax in a related company, lower tax regime from foreign income tax, utilization of business loss, and share of associated company results which is net of tax in current quarter.

Registration No.: 200901020166 (863263-D)

B6. Status of corporate proposals

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

B7. Group borrowing

The Group does not have any borrowings as at 30 September 2022.

B8. Gains/Losses from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter and financial period.

B9. Material litigation

As at the date of this report, neither the Company nor any of its subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

B10. Dividend

There was no dividend declared during the financial quarter under review.

B11. Earnings per share

The basic earnings per share is calculated by dividing the Group's profit for the financial quarter under review attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial quarter under review.

	Current Quarter 30 Sep 2022 RM'000	Corresponding Quarter 30 Sep 2021 RM'000
Profit after tax attributable to owners of the Parent	2,076	2,378
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	1.92	2.20

Registration No.: 200901020166 (863263-D)

The Company does not have any convertible shares or convertible financial instrument for the financial quarter under review.

B12. Auditors report of preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to qualification.

B13. Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after crediting/(charging) the following income/(expenses):

	Current Quarter 30 Sep 2022 RM'000	Cumulative Quarter 30 Sep 2022 RM'000
Interest income	51	62
Foreign exchange gain/(loss)	265	135
Investment income*	-	-
Interest expense*	-	-
Depreciation and amortisation	(556)	(1,738)
Provision for write off of receivable*	-	-
Receivable written off*	-	-
Provision for write off of inventory	-	-
Inventory written off*	-	-
Impairment of asset*	-	-
Gain/Loss on disposal of quoted or unquoted investment or property*	-	-
Gain/Loss on derivatives*	-	-
Exceptional expenses*	-	-

* *These items are not applicable to the Group but disclosed pursuant to Note 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Securities.*