

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2023 RM'000	Preceding Year Corresponding Quarter 30 Sep 2022 RM'000	Current Year- To-Date 30 Sep 2023 RM'000	Preceding Year Corresponding Period 30 Sep 2022 RM'000
Revenue	6,630	14,246	21,309	34,517
Cost of sales	(5,284)	(9,703)	(14,834)	(24,968)
Gross profit	1,346	4,543	6,475	9,549
Other operating income	629	705	1,667	1,451
Other operating expenses	(3,177)	(3,118)	(9,191)	(9,044)
(Loss)/Profit from operations	(1,202)	2,130	(1,049)	1,956
Finance costs	(18)	(21)	(61)	(61)
Share of results of associate	109	354	288	(201)
Share of results of JV	-	(35)	4	138
(Loss)/Profit before tax	(1,111)	2,428	(818)	1,832
Tax expense	364	(353)	(17)	(359)
Net (loss)/profit for the period	(747)	2,075	(835)	1,473
Attributable to :				
Equity holders of the parent	(747)	2,076	(834)	1,473
Non-controlling interest	-	(1)	(1)	-
	(747)	2,075	(835)	1,473
(Loss)/Profit per share (sen)				
Equity holders of the parent :				
Basic	(0.69)	1.92	(0.77)	1.36
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 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2023 RM'000	Preceding Year Corresponding Quarter 30 Sep 2022 RM'000	Current Year-To-Date 30 Sep 2023 RM'000	Preceding Year Corresponding Period 30 Sep 2022 RM'000
Net (loss)/profit for the period	(747)	2,075	(835)	1,473
Other comprehensive (loss)/income:				
Remeasurement of defined benefit obligation	(4)	(4)	(7)	(4)
Foreign currency translation	(1,015)	1,918	4,475	3,672
Total comprehensive (loss)/income for the period	(1,766)	3,989	3,633	5,141
Total comprehensive (loss)/income for the period attributable to:				
Owners of the parent	(1,765)	3,989	3,632	5,142
Non-controlling interest	(1)	-	1	(1)
	(1,766)	3,989	3,633	5,141

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 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 30 Sep 2023 RM'000	Audited As At 31 Dec 2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,422	868
Investment properties	6,157	6,053
Investment in associates	16,531	16,243
Investment in JV	200	-
Deferred tax assets	303	290
Right of use asset	21,402	21,371
Total non-current assets	46,015	44,825
CURRENT ASSETS		
Inventories	9,382	6,907
Trade and other receivables	11,467	16,232
Contract asset	-	1,905
Prepayments	221	1,217
Tax recoverable	-	18
Cash and cash equivalents	63,298	58,993
Asset held for distribution to owners	-	543
Total current assets	84,368	85,815
TOTAL ASSETS	130,383	130,640
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	38,402	39,776
Retirement benefit obligation reserve	(74)	(67)
Statutory reserve	109	109
Foreign currency translation reserve	24,906	20,433
	122,107	119,015
Non-controlling Interest	38	37
Total equity	122,145	119,052
NON-CURRENT LIABILITIES		
Deferred tax liabilities	97	-
Loans and borrowings	29	-
Retirement benefit obligation	347	336
Lease liability	2,539	2,394
Total non-current liabilities	3,012	2,730
CURRENT LIABILITIES		
Loans and borrowings	34	-
Trade and other payables	3,548	5,789
Contract liabilities	1,611	1,877
Lease liability	47	168
Current tax payables	(14)	1,025
Total current liabilities	5,226	8,859
Total liabilities	8,238	11,589
TOTAL EQUITY AND LIABILITIES	130,383	130,641
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)		
	1.13	1.10

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 2023
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	Foreign currency 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 2023	54,000	20,433	4,764	(67)	109	39,776	119,015	37	119,052
Profit for the period	-	-	-	-	-	(834)	(834)	(1)	(835)
Other comprehensive income for the period	-	4,473	-	(7)	-	-	4,466	2	4,468
Total comprehensive income	-	4,473	-	(7)	-	(834)	3,632	1	3,633
Transactions with owners - Dividends paid on ordinary shares	-	-	-	-	-	(540)	(540)	-	(540)
At 30 September 2023	54,000	24,906	4,764	(74)	109	38,402	122,107	38	122,145
At 1 January 2022	54,000	15,812	4,764	(45)	109	40,185	114,825	34	114,859
Profit for the period	-	-	-	-	-	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
Transaction 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

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 2023
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 30 Sep 2023 RM'000	Preceding Year Corresponding Period 30 Sep 2022 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(818)	1,832
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	323	495
Depreciation of investment properties	196	197
Depreciation of right-of-use asset	953	595
Gain on disposal of property, plant and equipment	(2)	(15)
Unrealised loss on foreign currency	40	(393)
Interest income	(291)	(62)
Share of results of associates	(288)	201
Share of joint venture	(4)	(138)
Finance costs	61	61
Operating profit before changes in working capital	<u>170</u>	<u>2,773</u>
Changes in working capital		
Net change in inventories	(2,476)	4,367
Net change in trade and other receivables	8,225	(2,904)
Net change in trade and other payables	<u>(2,436)</u>	<u>(3,234)</u>
Cash generated from operations	3,483	1,002
Tax paid	(1,056)	(1,300)
Interest paid	<u>(61)</u>	<u>(61)</u>
Net cash generated from/(used in) operating activities	2,366	(359)
Cash flows from investing activities		
Interest received	291	62
Purchase of property, plant and equipment	<u>(829)</u>	<u>(213)</u>
Net cash used in investing activities	(538)	(151)
Cash flows used in financing activities		
Drawdown/(Placement) of fixed deposit	147	(1,073)
Dividend received from Associate	-	2,125
Repayment of obligation under finance lease	(6)	-
Repayment of lease liabilities	-	20
Dividend paid	<u>(540)</u>	<u>(2,160)</u>
Net cash used in financing activities	<u>(399)</u>	<u>(1,088)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,429</u>	<u>(1,598)</u>
Cash and cash equivalents at beginning of period	42,681	38,643
Effect of exchange rate changes	3,273	3,024
Cash and cash equivalents at end of period	<u><u>47,383</u></u>	<u><u>40,069</u></u>
Cash & cash equivalents comprise the following		
Cash & Bank balances	41,688	32,370
Fixed Deposit with Licensed Banks	<u>21,610</u>	<u>20,970</u>
	63,298	53,340
Less: Long term fixed deposits with licensed bank	<u>(15,915)</u>	<u>(13,271)</u>
Cash and cash equivalents at end of period	<u><u>47,383</u></u>	<u><u>40,069</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 20 November 2023.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2023, 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 2022.

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 2022.

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 2022 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 January 2024

- Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants
- Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

Effective for financial periods to be announced

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128 Investment in Associates and Joint Ventures: 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 2022 was not subject to any qualification.

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 2022.

Registration No.: 200901020166 (863263-D)

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.

Segment analysis for the period ended 30 September 2023 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	-	15,509	5,800	-	21,309
Inter-segment Sales	-	1,708	-	(1,708)	-
	-	17,217	5,800	(1,708)	21,309
Results					
(Loss)/Profit from Operation	(548)	(461)	473	(512)	(1,048)
Finance cost					(61)
Share of results of associates					288
Share of results of JV					4
Profit before taxation					(817)
Taxation					(17)
Loss after taxation					(834)

A12. Subsequent material event

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

Registration No.: 200901020166 (863263-D)

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 the date of last report.

A15. Capital commitments

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

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 2023 RM'000	Transaction for the period ended 30 Sep 2022 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	137	16

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

B1. Analysis of performance

	INDIVIDUAL QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	30 Sep 2023	30 Sep 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	6,630	14,246	(7,616)	-53%
Segment revenue				
- Singapore	4,793	11,210	(6,417)	-57%
- Others	1,837	3,036	(1,199)	-39%
Gross profit	1,346	4,543	(3,197)	-70%
(Loss)/Profit from operations	(1,202)	2,130	(3,332)	-156%
(Loss)/Profit before tax	(1,111)	2,428	(3,539)	-146%
(Loss)/Profit after tax	(747)	2,075	(2,822)	-136%
(Loss)/Profit attributable to equity holders of the parent	(747)	2,076	(2,823)	-136%

	CUMULATIVE QUARTER			
	Current Year To Date	Preceding Year Corresponding Quarter	Changes	
	30 Sep 2023	30 Sep 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	21,309	34,517	(13,208)	-38%
Segment revenue				
- Singapore	15,509	25,893	(10,384)	-40%
- Others	5,800	8,624	(2,824)	-33%
Gross profit	6,475	9,549	(3,074)	-32%
(Loss)/Profit from operations	(1,049)	1,956	(3,005)	-154%
Share of results of associate	(818)	1,832	(2,650)	-145%
(Loss)/Profit after tax	(835)	1,473	(2,308)	-157%
(Loss)/Profit attributable to equity holders of the parent	(834)	1,473	(2,307)	-157%

Registration No.: 200901020166 (863263-D)

The Group recorded revenue of RM21.3 million for the current quarter, a decrease of RM13.2 million or approximately 38.3% from the revenue recorded during the preceding year corresponding quarter of RM34.5 million. The decrease in revenue was mainly due to general decrease in sales activities in Indonesia and Vietnam mainly due to extended lead times for ongoing deliveries.

The Group registered a lower gross profit of RM6.5 million during the current quarter as compared with RM9.5 million registered in preceding year corresponding quarter. However, the gross profit margin for this quarter of 30.4% is higher than the gross profit margin of 27.7% achieved during the preceding year corresponding quarter mainly due to the shift in the products assortment and a generally higher selling price of products in the Singapore division.

During the current quarter, the Group's loss after tax was RM0.8 million, which represents a decrease of RM2.3 million or 157% from RM1.5 million profit registered for the corresponding quarter of the preceding year. This is mainly due to general decrease in sales activities mainly due to extended lead times for ongoing deliveries.

B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	30 Sep 2023 RM'000	30 Jun 2023 RM'000	RM'000	%
Revenue	6,630	7,224	(594)	-8%
Segment revenue				
- Singapore	4,793	5,254	(461)	-9%
- Others	1,837	1,970	(133)	-7%
Loss from operations	(1,202)	(1,017)	(185)	18%
Loss before tax	(1,111)	(958)	(153)	16%
Loss after tax	(747)	(940)	193	-21%
Loss attributable to equity holders of the parent	(747)	(939)	192	-20%

The Group recorded revenue of RM6.6 million for the current quarter, a decrease of RM0.6 million or 8% from the revenue recorded for the immediate preceding quarter of RM7.2 million. The decline is primarily attributed to extended lead times for ongoing deliveries.

The Group recorded a loss before tax of RM1.1 million during the current quarter, compared to the loss before tax of RM0.9 million registered for the immediate preceding quarter. The decrease was mainly attributable to the decrease in sales due to extended lead times for ongoing deliveries.

Registration No.: 200901020166 (863263-D)

For the current quarter, the Group recorded a loss after tax of RM0.7 million, compared against the previous quarter loss after tax of RM0.9 million primarily attributable to the rationalisation of tax expenses during the current quarter.

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.

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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	364	(353)	(17)	(359)
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	364	(353)	(17)	(359)

The effective tax rate of the Group for the current quarter varied from the statutory tax rate of 24% primarily due to the rationalisation of tax expense for the 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 details of the Group’s borrowings as at 30 September 2023 are as set out below:

	Maturity	30 Sep 2023 RM
Current		
Secured:		
Obligations under finance lease	2024	33,712
		<u>33,712</u>
Non-current		
Secured:		
Obligations under finance lease	2025	29,596
		<u>29,596</u>

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 2023 RM'000	Corresponding Quarter 30 Sep 2022 RM'000
Loss after tax attributable to owners of the Parent	(746)	2,076
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	(0.69)	1.92

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

B12. Profit/(Loss) before taxation

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

	Current Quarter 30 Sep 2023 RM'000	Cumulative Quarter 30 Sep 2023 RM'000
Interest income	123	291
Foreign exchange gain/(loss)	(18)	(29)
Investment income*	-	-
Interest expense*	(18)	(61)
Depreciation and amortisation	(489)	(1,472)
Provision for write off of receivable*	-	-
Receivable written off*	-	-
Provision for inventory	-	-
Inventory written off*	-	-
Impairment of asset*	-	-
Gain/Loss on disposal of quoted or unquoted investment or property*	-	-
Gain/Loss on derivatives*	-	-



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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.*