

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022  
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2022 RM'000	Preceding Year Corresponding Quarter 31 Dec 2021 RM'000	Current Year- To-Date 31 Dec 2022 RM'000	Preceding Year Corresponding Period 31 Dec 2021 RM'000
Revenue	15,142	13,654	49,659	42,728
Cost of sales	(10,991)	(9,641)	(35,959)	(28,601)
Gross profit	4,151	4,013	13,700	14,127
Other operating income	1,031	1,464	2,482	3,709
Other operating expenses	(4,491)	(3,566)	(13,535)	(12,587)
Profit from operations	691	1,911	2,647	5,249
Finance costs	(25)	(25)	(86)	(87)
Share of results of associate	269	1,187	68	643
Share of results of JV	(34)	128	104	154
Profit before tax	901	3,201	2,733	5,959
Tax expense	(599)	(306)	(958)	(913)
Net profit/(loss) for the period	302	2,895	1,775	5,046
Attributable to :				
Equity holders of the parent	300	2,893	1,773	5,044
Non-controlling interest	2	2	2	2
	302	2,895	1,775	5,046
Earnings per share (sen)				
Equity holders of the parent :				
Basic	0.28	2.68	1.64	4.67
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 FOURTH QUARTER ENDED 31 DECEMBER 2022**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2022 RM'000	Preceding Year Corresponding Quarter 31 Dec 2021 RM'000	Current Year-To-Date 31 Dec 2022 RM'000	Preceding Year Corresponding Period 31 Dec 2021 RM'000
Net profit for the period	302	2,895	1,775	5,046
<b>Other comprehensive income:</b>				
Remeasurement of defined benefit obligation	(18)	41	(22)	41
Foreign currency translation	933	410	4,605	71
<b>Total comprehensive income for the period</b>	<b>1,217</b>	<b>3,346</b>	<b>6,358</b>	<b>5,158</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent	1,213	3,348	6,355	5,160
Non-controlling interest	4	(2)	3	(2)
	<b>1,217</b>	<b>3,346</b>	<b>6,358</b>	<b>5,158</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 2022  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As At 31 Dec 2022 RM'000</b>	<b>Audited As At 31 Dec 2021 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	868	1,101
Investment properties	6,053	6,134
Investment in associates	16,243	16,172
Investment in JV	543	411
Deferred tax assets	290	126
Right of use asset	21,371	21,475
<b>Total non-current assets</b>	<b>45,368</b>	<b>45,419</b>
<b>CURRENT ASSETS</b>		
Inventories	6,908	13,590
Trade and other receivables	17,648	14,235
Contract asset	1,905	770
Dividend receivables	-	2,125
Prepayments	139	1,955
Tax recoverable	-	122
Cash and cash equivalents	58,993	50,842
<b>Total current assets</b>	<b>85,593</b>	<b>83,639</b>
<b>TOTAL ASSETS</b>	<b>130,961</b>	<b>129,058</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	54,000	54,000
Capital reserves	4,764	4,764
Retained profits	39,798	40,185
Retirement benefit obligation reserve	(67)	(45)
Statutory reserve	109	109
Foreign currency translation	20,416	15,812
	119,020	114,825
<b>Non-controlling Interest</b>	<b>37</b>	<b>34</b>
<b>Total equity</b>	<b>119,057</b>	<b>114,859</b>
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligation	336	320
Lease liability	2,394	2,422
<b>Total non-current liabilities</b>	<b>2,730</b>	<b>2,742</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6,061	7,350
Contract liabilities	1,920	2,711
Lease liability	168	157
Current tax payables	1,025	1,239
<b>Total current liabilities</b>	<b>9,174</b>	<b>11,457</b>
<b>Total liabilities</b>	<b>11,904</b>	<b>14,199</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>130,961</b>	<b>129,058</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)</b>		
	<b>1.10</b>	<b>1.06</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 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		
<b>At 1 January 2022</b>	54,000	15,812	4,764	(45)	109	40,185	114,825	34	114,859
Profit for the year	-	-	-	-	-	1,773	1,773	2	1,775
Other comprehensive income for the period	-	4,604	-	(22)	-	-	4,582	1	4,583
Total comprehensive income	-	4,604	-	(22)	-	1,773	6,355	3	6,358
Transactions with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
<b>At 31 December 2022</b>	54,000	20,416	4,764	(67)	109	39,798	119,020	37	119,057
<b>At 1 January 2021</b>	54,000	15,739	4,764	(86)	109	37,301	111,827	34	111,861
Profit for the year	-	-	-	-	-	5,044	5,044	2	5,046
Other comprehensive income for the period	-	73	-	41	-	-	114	(2)	112
Total comprehensive income	-	73	-	41	-	5,044	5,158	-	5,158
Transaction with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
<b>At 31 December 2021</b>	54,000	15,812	4,764	(45)	109	40,185	114,825	34	114,859

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 FOURTH QUARTER ENDED 31 DECEMBER 2022  
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>Current Year-To-Date 31 Dec 2022 RM'000</b>	<b>Preceding Year Corresponding Period 31 Dec 2021 RM'000</b>
Cash flows from operating activities		
Profit before taxation	2,734	5,959
Adjustments for non-cash flow:		
Amortisation of investment in club membership	-	8
Depreciation of property, plant and equipment	658	897
Depreciation of investment properties	264	256
Depreciation of right-of-use asset	1,409	1,349
Gain on disposal of property, plant and equipment	(12)	(1)
Unrealised (gain)/loss on foreign currency	330	699
Interest income	(116)	(67)
Accretion of interest on lease liabilities	86	87
Allowances for impairment loss on trade receivables	-	48
Reversal for impairment loss on trade receivables	-	(114)
Inventories written down	288	147
Reversal of inventories written down	-	(89)
Share of results of associates	(68)	(643)
Share of joint venture	(104)	(154)
Retirement benefit obligation	-	(3)
Operating profit before changes in working capital	<u>5,469</u>	<u>8,379</u>
Changes in working capital		
Net change in inventories	6,684	938
Net change in trade and other receivables	(2,609)	(5,096)
Net change in trade and other payables	<u>(2,083)</u>	<u>2,638</u>
Cash generated from operations	7,461	6,859
Tax paid	(1,172)	(1,243)
Interest paid	<u>(86)</u>	<u>(87)</u>
Net cash (used in)/generated from operating activities	6,203	5,529
Cash flows from investing activities		
Interest received	116	67
Proceeds from disposal of property, plant and equipment	15	1
Purchase of property, plant and equipment	<u>(383)</u>	<u>(123)</u>
Net cash used in investing activities	(252)	(55)
Cash flows used in financing activities		
(Placement)/drawdown of fixed deposit	(1,447)	(2,019)
Dividend received from Associate	2,125	1,437
Repayment of obligation under finance lease	-	(4)
Repayment of lease liabilities	(16)	(112)
Dividend paid	<u>(2,160)</u>	<u>(2,160)</u>
Net cash (used in)/generated from financing activities	<u>(1,498)</u>	<u>(2,858)</u>
Net (decrease)/increase in cash and cash equivalents	<u>4,453</u>	<u>2,616</u>
Cash and cash equivalents at beginning of period	38,643	37,344
Effect of exchange rate changes	2,541	(1,317)
Cash and cash equivalents at end of period	<u><u>45,637</u></u>	<u><u>38,643</u></u>
Cash & cash equivalents comprise the following		
Cash & Bank balances	37,681	31,705
Fixed Deposit with Licensed Banks	21,312	19,137
	58,993	50,842
Less: Long term fixed deposits with licensed bank	<u>(13,356)</u>	<u>(12,199)</u>
Cash and cash equivalents at end of period	<u><u>45,637</u></u>	<u><u>38,643</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 27 February 2023.

#### **A2. Basis of preparation**

The condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 December 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 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.

**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.

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**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**

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary shares, amounting to a dividend payable of RM540,000 for the financial year ended 31 December 2022 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

**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.



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Segment analysis for the period ended 31 December 2022 is set out below:

	<b>Malaysia</b>	<b>Singapore</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External Sales	-	34,357	15,302	-	49,659
Inter-segment Sales	-	2,693	-	(2,693)	-
	-	37,050	15,302	(2,692)	49,659
<b>Results</b>					
Profit/(Loss) from Operation	(737)	156	2,123	1,105	2,647
Finance cost					(86)
Share of results of associates					68
Share of results of JV					104
Profit before taxation					2,733
Taxation					(958)
Profit after taxation					1,775

#### **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.

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#### 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	Transaction for
		the period ended 31 Dec 2022 RM'000	the period ended 31 Dec 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	17	29

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

### B1. Analysis of performance

	INDIVIDUAL QUARTER		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter		
	31 Dec 2022	31 Dec 2021		
	RM'000	RM'000	RM'000	%
Revenue	15,142	13,654	1,488	11%
Segment revenue				
- Singapore	8,464	10,149	(1,685)	-17%
- Others	6,678	3,505	3,173	91%
Gross profit	4,151	4,013	138	3%
Profit/(Loss) from operations	691	1,911	(1,220)	-64%
Profit/(Loss) before tax	901	3,201	(2,300)	-72%
Profit/(Loss) after tax	302	2,895	(2,593)	-90%
Profit/(Loss) attributable to equity holders of the parent	300	2,893	(2,593)	-90%

	CUMULATIVE QUARTER		Changes	
	Current Year To Date	Preceding Year Corresponding Quarter		
	31 Dec 2022	31 Dec 2021		
	RM'000	RM'000	RM'000	%
Revenue	49,659	42,728	6,931	16%
Segment revenue				
- Singapore	34,357	33,001	1,356	4%
- Others	15,302	9,727	5,575	57%
Gross profit	13,700	14,127	(427)	-3%
Profit/(Loss) from operations	2,647	5,249	(2,602)	-50%
Share of results of associate	2,733	5,959	(3,226)	-54%
Profit/(Loss) before tax	1,775	5,046	(3,271)	-65%
Profit/(Loss) after tax				
Profit/(Loss) attributable to equity holders of the parent	1,773	5,044	(3,271)	-65%

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The Group recorded revenue of RM15.1 million for the current quarter, an increase of RM1.4 million or approximately 10.9% from the revenue recorded during the preceding year corresponding quarter of RM13.7 million. The increase in revenue was mainly due to general increase in sales activities across the region.

The Group registered a higher gross profit of RM4.2 million during the current quarter as compared with RM4.0 million registered in preceding year corresponding quarter. However, the gross profit margin for this quarter of 27.4% is lower than the gross profit margin of 29.4% achieved during the preceding year corresponding quarter. This is due to the change in product mix and continuing margin pressure from clients.

During the current quarter, the Group's profit after tax was RM0.3 million, which represents a decrease from RM2.9 million registered for the corresponding quarter of the preceding year. This was primarily due to an unrealised foreign exchange loss incurred during the current quarter, in contrast to an unrealised foreign exchange gain recorded in the corresponding quarter of the preceding year.

## B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	31 Dec 2022 RM'000	30 Sep 2022 RM'000	RM'000	%
Revenue	15,142	14,246	896	6%
Segment revenue				
- Singapore	8,464	11,210	(2,745)	-24%
- Others	6,678	3,036	3,642	120%
Profit/(Loss) from operations	691	2,130	(1,439)	-68%
Profit/(Loss) before tax	901	2,428	(1,527)	-63%
Profit/(Loss) after tax	302	2,075	(1,773)	-85%
Profit/(Loss) attributable to equity holders of the parent	300	2,076	(1,776)	-86%

The Group recorded revenue of RM15.1 million for the current quarter, an increase of RM0.9 million or 6.3% from the revenue recorded for the immediate preceding quarter of RM14.2 million.

The Group recorded a profit before tax of RM0.9 million during the current quarter, compared to the profit before tax of RM2.4 million registered for the immediate preceding quarter. The decrease was mainly attributable to substantial drop in gross profit margin and unrealised foreign exchange loss incurred during the current quarter.

For the current quarter, the Group recorded a profit after tax of RM0.3 million, compared against the previous quarter profit after tax of RM2.1 million.

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### 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	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	599	306	958	913
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
<b>Total</b>	<b>599</b>	<b>306</b>	<b>958</b>	<b>913</b>

The effective tax rate of the Group for the current quarter exceeds the statutory tax rate of 24% primarily because of the rise in non-deductible expenses and increase in contributions from countries with higher tax regimes. Additionally, the share of associate company results (net of tax) in the current quarter is relatively lower compared to the corresponding period of the previous quarter.

### B6. Status of corporate proposals

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

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**B7. Group borrowing**

The Group does not have any borrowings as at 31 December 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**

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary shares, amounting to a dividend payable of RM540,000 for the financial year ended 31 December 2022 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

**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.

	<b>Current Quarter 31 Dec 2022 RM'000</b>	<b>Corresponding Quarter 31 Dec 2021 RM'000</b>
Profit after tax attributable to owners of the Parent	300	2,893
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	0.28	2.68

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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):

	<b>Current Quarter 31 Dec 2022 RM'000</b>	<b>Cumulative Quarter 31 Dec 2022 RM'000</b>
Interest income	54	116
Foreign exchange gain/(loss)	(464)	(330)
Investment income*	-	-
Interest expense*	-	-
Depreciation and amortisation	(593)	(2,331)
Provision for write off of receivable*	-	-
Receivable written off*	-	-
Provision for inventory	(288)	(288)
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.*