TURBO-MECH BERHAD
(Registration No. 200901020166 (863263-D))

STRONGER

ANNUAL REPORT 2022

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth ("14th") Annual General Meeting ("AGM") of TURBO-MECH BERHAD (the "Company") will be held at Tiara Rini Ballroom, The Royale Chulan The Curve Hotel, 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 22 May 2023 at 3:00 p.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. ***(Explanatory Note 1)***

2. To approve a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2022. **(Ordinary Resolution 1)**

3. To re-elect Encik Omar Bin Mohamed Said who retires by rotation pursuant to Clause 101 of the Constitution of the Company. **(Ordinary Resolution 2)**

4. To re-elect Encik Nasaruddin Bin Mohamed Ali who retires by rotation pursuant to Clause 101 of the Constitution of the Company. **(Ordinary Resolution 3)**

5. To re-elect Puan Nurul Ain Binti Khirul Ashar who retires pursuant to Clause 104 of the Constitution of the Company. **(Ordinary Resolution 4)**

6. To approve the Directors' fees up to an aggregate amount of RM119,000 and benefits payable of up to RM41,000 for the period from 23 May 2023 until the next AGM of the Company and the payment thereof. **(Ordinary Resolution 5)**

7. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:-

8. **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act"); And Waiver of Pre-Emptive Rights Over New Ordinary Shares ("Shares") in the Company under Section 85(1) of the Act read together with Clause 56 of the Constitution of the Company**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.

   THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 56 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

   AND THAT the new shares to be issued shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares." **(Ordinary Resolution 7)**

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

"**THAT,** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter referred to as "Recurrent Transactions") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 21 April 2023 which are necessary for the day-to-day operations of the Company and its subsidiaries subject further to the following:-

i. the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company; and

ii. disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Transactions and their relationships with the Company.

AND THAT the approval is subject to annual renewal and shall only continue to be in force until:-

a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the Fourteenth AGM of the Company at which the Proposed Renewal of Shareholders' Mandate will be tabled;

b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earliest.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this Proposed Renewal of Shareholders' Mandate, as the Directors of the Company, in their absolute discretion, shall deem fit."

(Ordinary Resolution 8)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2022, if approved, will be paid on 22 June 2023. The entitlement date for the payment is 9 June 2023.

A depositor shall qualify for entitlement only in respect of:-

a. Shares transferred into the Depositor's Securities Accounts before 4.30 p.m. on 9 June 2023 in respect of transfer; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Tai Yit Chan (SSM PC No. 202008001023 & MAICSA 7009143)
Chan Yoke Peng (SSM PC No. 202008001791 & MAICSA 7053966)

Company Secretaries

Selangor Darul Ehsan
Date: 21 April 2023

Notice of Annual General Meeting

NOTES:-

(1) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

(2) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(4) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.

(5) In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf.

(6) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in the Notice of the 14th AGM will be put to vote by way of poll.

(7) Mr Tam Juat Hong ("Mr Tam") was appointed as an Independent Director of the Company on 25 May 2012 and has served for a cumulative term of more than nine (9) years prescribed by the Malaysian Code on Corporate Governance 2021 ("MCCG"). Pursuant to the mandate given by the shareholders of the Company at the Thirteenth AGM held on 23 May 2022, his office as Independent Director of the Company be retained until the conclusion of the forthcoming 14th AGM of the Company. Mr Tam has expressed that he does not wish to be retained as Independent Director of the Company at the 14th AGM and wishes to retire from the board at the conclusion of the 14th AGM. Therefore, he shall retire at the conclusion of the 14th AGM pursuant to the MCCG.

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS

(1) **Agenda Item 1 - Audited Financial Statements**

The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(2) **Ordinary Resolutions 2, 3 and 4 - Re-election of Directors**

For the purpose of determining the eligibility of the Directors to stand for re-election at the 14th AGM of the Company, the Board of Directors ("Board") through its Nomination Committee ("NC") undertakes a formal evaluation to determine the eligibility of each retiring Director in line with the MCCG and MMLR of Bursa Securities, which includes the following:-

(i) Performance and effectiveness of the Board as a whole, Board Committees and individual Directors;
(ii) Independence of the Independent Director; and
(ii) Fit and proper assessment.

The NC and the Board are satisfied that the Directors, namely Encik Omar Bin Mohamed Said, Encik Nasaruddin Bin Mohamed Ali and Puan Nurul Ain Binti Khirul Ashar (collectively, "the retiring Directors") standing for re-election have performed their duties as per the Board Charter and they will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions. In view thereof, the Board recommends that they be re-elected as Directors of the Company.

The retiring Directors being eligible, have offered themselves for re-election at the 14th AGM.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS (CONTD.)

The three (3) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 2, 3 and 4 are set out in the Profiles of the Board of Directors on pages 8 to 10 of the Annual Report 2022.

(3) **Ordinary Resolution 5 – Directors' Fees and Benefits Payable**

Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees and benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the members' approval shall be sought at this 14th AGM on the Directors' fees and benefits payable. The amount of Directors' fees only consists of the fees payable to Directors as members of the Board.

The amount of Directors' benefits payable comprises meeting allowances from this AGM until the conclusion of the next AGM of the Company to be held in 2024.

The current annual fee for Directors, which was last approved by the Board in 2022 had remained unchanged since financial year 2018. During a review in 2023, the Remuneration Committee recommended and the Board has approved that the fees payable to Directors as members of the Board shall remain unchanged, subject to shareholders' approval at this 14th AGM.

(4) **Ordinary Resolution 7 - Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016; and Waiver of pre-emptive rights**

The Company had, during its Thirteenth AGM held on 23 May 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**the Act**").

Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares, if any) of the Company for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 56 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the Thirteenth AGM held on 23 May 2022 and which will lapse at the conclusion of the 14th AGM. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

(5) **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate**

For further information on Ordinary Resolution 8, please refer to the Circular to Shareholders dated 21 April 2023.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

GAN KOK TEN
Executive Chairman and Chief Financial Officer

NASARUDDIN BIN MOHAMED ALI
Executive Director and Chief Executive Officer

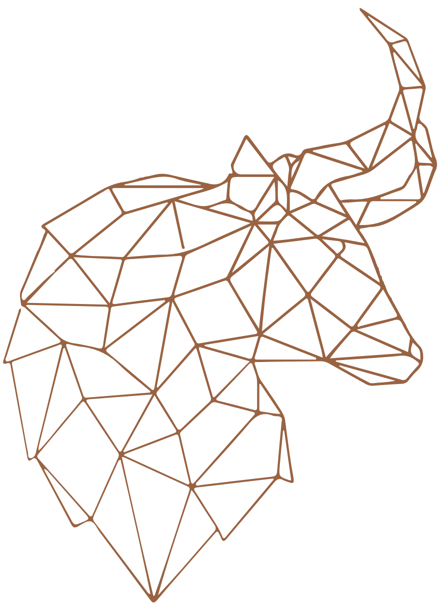
TAM JUAT HONG
Independent Non-Executive Director

CHAN BEE EIE
Non-Independent Non-Executive Director

OMAR BIN MOHAMED SAID
Non-Independent Non-Executive Director

GORDON YONG LIN FOOI
Independent Non-Executive Director

NURUL AIN BINTI KHIRUL ASHAR
Independent Non-Executive Director



AUDIT COMMITTEE

Chairman
Tam Juat Hong

Members
Chan Bee Eie
Gordon Yong Lin Fooi
Nurul Ain Binti Khirul Ashar

REMUNERATION COMMITTEE

Chairperson
Chan Bee Eie

Members
Omar Bin Mohamed Said
Gordon Yong Lin Fooi

NOMINATION COMMITTEE

Chairman
Gordon Yong Lin Fooi

Members
Tam Juat Hong
Chan Bee Eie

RISK MANAGEMENT COMMITTEE

Chairman
Gan Kok Ten

Members
Nasaruddin Bin Mohamed Ali
Tam Juat Hong
Omar Bin Mohamed Said

COMPANY SECRETARIES

Tai Yit Chan
SSM Practicing Certificate
No.: 202008001023
MAICSA 7009143

Chan Yoke Peng
SSM Practicing Certificate
No.: 202008001791
MAICSA 7053966

REGISTERED OFFICE

12^{th} Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

(03) 7890 4800
(03) 7890 4650

HEAD OFFICE

39-5, Jalan PJU 1/41, Block D1
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

(03) 7805 5592
(03) 7804 7801
info@turbo-mech.com
http://www.turbomech.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11^{th} Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

(03) 7890 4700
(03) 7890 4670

AUDITORS

Ernst & Young PLT
Registration No. 202006000003
(LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SOLICITOR

CH So & Associates
Lot 5.57, 5^{th} Floor
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

(03) 2164 9909
(03) 2162 8596

PRINCIPAL BANKER

United Overseas Bank (Malaysia) Bhd.

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Sector : **Trading/Service Sector**
Stock Name : **TURBO**
Stock Code : **5167**

CORPORATE STRUCTURE

TURBO-MECH BERHAD

- **42.5%** **Bayu Purnama Sdn. Bhd.**
  - 100% Bayu Manufacturing Sdn. Bhd.
- **100%** **Turbo-Mech Asia Pte. Ltd.**
  - 100% Rotodyne Phils. Inc.
  - 100% PT Turbo-Mech Indonesia
  - 50% TM-Elflow Pte. Ltd. (In member's voluntary winding up)
  - 75% Scallop (S) Pte. Ltd.
  - 99.8% Turbo-Mech (Thailand) Co. Ltd.
  - 30% Rotodyne Sendirian Berhad

DIRECTORS' PROFILE

GAN KOK TEN

Executive Chairman
Chief Financial Officer
Chairman of Risk Management Committee

Malaysian
47
Male

Gan Kok Ten was appointed to the Board on 15 October 2009. He was subsequently redesignated as the Executive Chairman on 24 November 2015.

He obtained a Bachelor in Commerce from Griffith University, Australia in 1999 and started his career with Apex Healthcare Berhad in 2000 as a Sales Executive in the pharmaceutical division.

In 2002, he joined Turbo-Mech Asia Pte. Ltd. as a Manager, where he was responsible for the sales division in the Singapore region. In 2003, he was appointed as Director in charge of the Singapore and Brunei markets. Subsequently, his responsibility was expanded to the Indonesia and Vietnam regions in 2007.

He is also responsible for the planning and execution of the overall business strategies of the Group. He plays a key role in the growth, development and the strategic direction of the Group, including implementing management policies and overseeing marketing and sales activities.

He is the brother-in-law of Chan Bee Eie, a Non-Independent Non-Executive Director of the Company and also the brother of Gan Kok Tin, who is deemed to be a major shareholder of the Company. He is a major shareholder of the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2022. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

NASARUDDIN BIN MOHAMED ALI

Executive Director
Chief Executive Officer
Member of Risk Management Committee

Malaysian
59
Male

Nasaruddin Bin Mohamed Ali was appointed to the Board on 15 October 2009 as a Non-Independent Non-Executive Director. On 1 March 2012, he was redesignated as an Executive Director and was later appointed as Chief Executive Officer of the Company and the Group on 13 August 2012.

He obtained a Bachelor of Science in Mechanical Engineering from the University of Texas, United States in 1987. He was a registered member with the Board of Engineers, Malaysia.

He started his career in 1988 as process engineer in Intel Technology Sdn. Bhd.. Later, he was promoted as Senior Engineer, Process and Equipment. Subsequently in 1993, he joined Johnson Controls (M) Sdn. Bhd. as Manager, Technical Sales until 1996. From 1996 until 1998, he worked with SAAG Oil and Gas Sdn. Bhd. as Manager, Sales and Marketing.

From 1998 until present, he serves as Executive Director of Bayu Purnama Sdn. Bhd. and Bayu Manufacturing Sdn. Bhd., the associate companies of Turbo-Mech Berhad.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2022. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

TAM JUAT HONG

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee
Member of Risk Management Committee

Malaysian
71
Male

Tam Juat Hong was appointed to the Board on 25 May 2012.

He graduated from the University of Malaya in 1975 with a Bachelor of Economics (Accounting) Degree (First Class Honour) and obtained a Diploma in Accounting (Post Graduate course) in 1976 in the same university. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He joined Kassim Chan & Co with the Audit and Assurance team from 1976 to 1980 before joining Utama Merchant Bank Berhad from 1980 to 1999. His main responsibilities were heading the Corporate Finance which provided advisory on mergers/acquisitions, restructuring of companies for IPO and/or for rehabilitations, capital raising in the stock market via shares/bond/other derivatives, share/debenture issuance and placements of share/equity. His experience in the investment bank included heading Treasury and Portfolio Investment department for a period of more than one (1) year.

He then joined Dunham-Bush Holding Berhad, a listed multinational company in Malaysia which was taken private in 2007. He joined as a General Manager of Finance in 1999 and retired as Director of Finance in 2011. His main responsibilities were to oversee the corporate/finance and accounts/legal departments of the overseas subsidiaries and Malaysian operations.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2022. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

GORDON YONG LIN FOOI

Independent Non- Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee

Malaysian
55
Male

Gordon Yong Lin Fooi was appointed to the Board on 16 August 2021.

He obtained a Bachelor of Science in Business Administration from University of Arkansas, United States of America in 1988. He also graduated from Monash University, Melbourne, Australia in 1992 with a Bachelor of Laws and subsequently obtained a Diploma in Islamic Law (Islamic Banking) from International Islamic University, Malaysia in 2009. He is a member of Malaysian Bar Council since 1993 and qualified as Certified Mediator with Panel of Mediators of the Malaysian Mediation Centre in 2007. Besides that, he is a Registered Trade Mark Agent with Malaysia Intellectual Property Organisation since 2009.

He started his career with Messrs Zailan & Co. Advocates & Solicitors and was appointed as Managing Partner of the Kuala Lumpur and Nilai branches since 2000. He has wide exposure to bank documentation, conveyancing, corporate mergers & acquisitions, litigation and various commercial contracts. He also acted as legal advisor for many banks, corporations, SMEs and individuals throughout his legal career.

Beside his role as a Managing Partner in Messrs Zailan & Co., Kuala Lumpur and Nilai, he served on the Bar Council's Practice Management Support Committee in the past. He also served as President and General Committee of the Royal Sungei Ujong Club, Seremban for 8 years. The duties encompassed liaison with the Royal Patron DYMM Yang Di Pertuan Besar Tuanku Muhriz and the Royal Family of Negeri Sembilan and also the Negeri Sembilan State Government on numerous occasions and the overall management of the esteemed Royal Club.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2022. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

NURUL AIN BINTI KHIRUL ASHAR

Independent Non- Executive Director
Member of Audit Committee

Malaysian
32
Female

Nurul Ain Binti Khirul Ashar was appointed to the Board on 14 November 2022.

She graduated from Universiti Teknologi MARA, Malaysia in 2013 with a Bachelor's degree in Accounting (Honours). She is a Fellow member of the Association of Chartered Certified Accountants. She also holds a Capital Markets Services Representative's Licence for advising on corporate finance issued by the Securities Commission Malaysia.

She started her career with Khairuddin Hasyudeen & Razi in 2014 and left in 2018, with her last position there as Senior Auditor. During her tenure with the audit firm, Nurul has developed skills in financial audit, strategic advisory and compliance. In 2018, she joined MainStreet Advisers Sdn Bhd ("MainStreet"), a licensed corporate finance advisory firm in Malaysia, and has since been involved in various types of corporate transactions including IPOs and independent advisory. She is currently a Director of MainStreet.

She does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She attended one (1) Board meeting held in the financial year ended 31 December 2022 since the date of her appointment. She has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

CHAN BEE EIE

Non-Independent Non-Executive Director
Chairperson of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Malaysian
43
Female

Chan Bee Eie was appointed to the Board on 16 April 2012.

She graduated from the University of Manchester, United Kingdom in 2001 with a Bachelor degree in Accounting and Finance and obtained a Master degree in Finance from the London School of Economics in 2002. She is a member of the Association of Chartered Certified Accountants (ACCA).

She joined PricewaterhouseCoopers and was with the Audit and Assurance Services team from 2003 to 2006 before joining the Audit team in Deloitte Touche Tohmatsu Hong Kong in 2006. Her main roles with the accounting firms were to provide audit and assurance services, with diverse range of clients involved in trading, manufacturing, construction, property, plantation and automobile.

She then joined JP Morgan Hong Kong as a Manager in 2007 with the Client Services team, a division within the Asset Management, offering clients with portfolio valuations and accounting reports.

She is the sister-in-law of Gan Kok Ten, the Executive Chairman cum Chief Financial Officer and also a major shareholder of the Company. She is the spouse of Gan Kok Tin, who is deemed to be a major shareholder of the Company by virtue of the shareholding of his brother, Gan Kok Ten and Mosgan Holdings Sdn. Bhd. which hold 54.90% equity in the Company. Save as disclosed, she does not have any other family relationships with any other director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She attended all the four (4) Board meetings held in the financial year ended 31 December 2022. She has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

OMAR BIN MOHAMED SAID

Non-Independent Non-Executive Director
Member of Remuneration Committee
Member of Risk Management Committee

Malaysian
40
Male

Omar Bin Mohamed Said was appointed to the Board on 25 February 2011.

He holds a Bachelor of Science (Honours) degree in Management (Accounting and Finance) from the University of Manchester Institute of Science & Technology, United Kingdom.

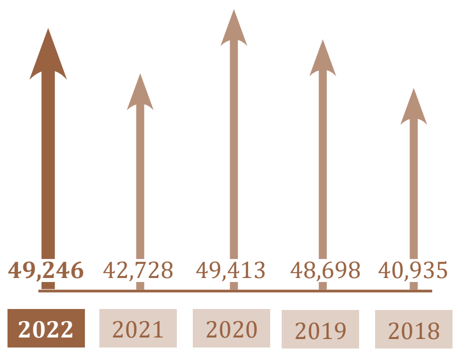
He started his career in Ernst & Young as an associate under Assurance and Business Services Group. He has experience in providing assurance and advisory services in the area of statutory audit. He is an Independent Non-Executive Director in Poly Glass Fibre (M) Berhad since 7 October 2003. From 2006 until present, he is the Managing Director of Flowco Malaysia Sdn. Bhd., which specialises in downstream retail oil and gas equipment and services.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended three (3) out of the four (4) Board meetings held in the financial year ended 31 December 2022. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

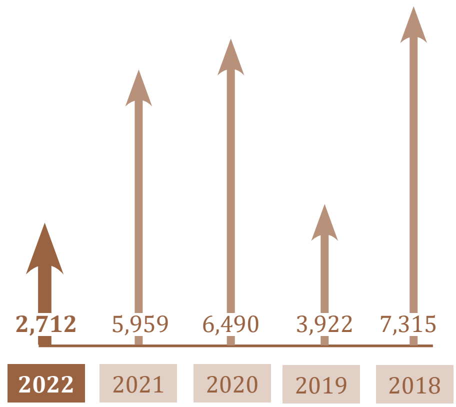
FINANCIAL HIGHLIGHTS

	FY 2022 RM	FY 2021 RM	FY 2020 RM	FY 2019 RM	FY 2018 RM
Revenue	**49,245,861**	42,727,890	49,413,049	48,697,881	40,935,379
Profit before tax	**2,711,786**	5,958,940	6,490,116	3,921,811	7,315,396
Profit for the year attributable to owners of the parent	**1,751,270**	5,043,544	5,383,306	2,997,623	6,546,255
Earnings per shares attributable to owners of the parent (sen per share)	**1.62**	4.67	4.98	2.78	6.06

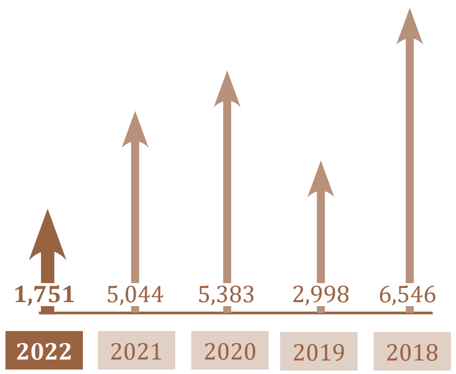
REVENUE
(RM Thousand)



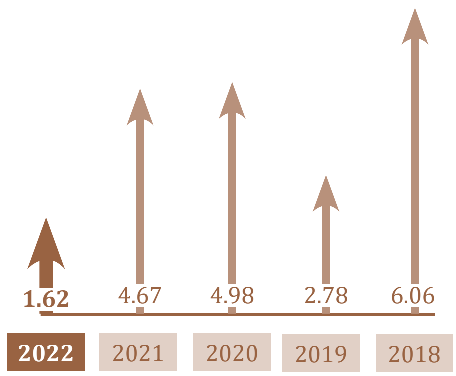
PROFIT BEFORE TAX
(RM Thousand)



PROFIT FOR THE YEAR
(RM Thousand)



EARNINGS PER SHARES
(Sen Per Share)



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business & Operations

Turbo-Mech Berhad is the investment holding company for a group of companies engaged in the sale of rotating equipment and spare parts as well as provision of maintenance and overhaul services for rotating equipment. The types of rotating equipment currently marketed by our Group are pumps, compressor and turbines. The Group's operation covers the South East Asia region, and can be segmented into Malaysia, Singapore, Indonesia, Philippines, Thailand, Vietnam and Others countries. The Singapore segment which includes the operation results from Vietnam branch office is the major contributor to the Group's revenue. Meanwhile the Group has presence in Malaysia and Brunei through its associated companies.

OVERVIEW OF GROUP OBJECTIVES AND STRATEGIES

Our Group is strategically positioned between the equipment manufacturers and the end users in the value chain with focus in oil and gas, petrochemical and chemical industries. The equipment manufacturers who are our principals, offers a range of products that are API Standards compliance.

Our wide network that covers a number of countries in South East Asia enables us to be logistically close to customers and have the abilities and capabilities to fulfil our customers' needs.

We will continue to maintain a lean organisation and flexible culture in order to be responsive to the markets' requirement. Our staff turnover is low and we maintain an excellent relationship with our customers as well as our principals. We believe our close geographical proximities will be of advantage to respond to the customers need effectively.

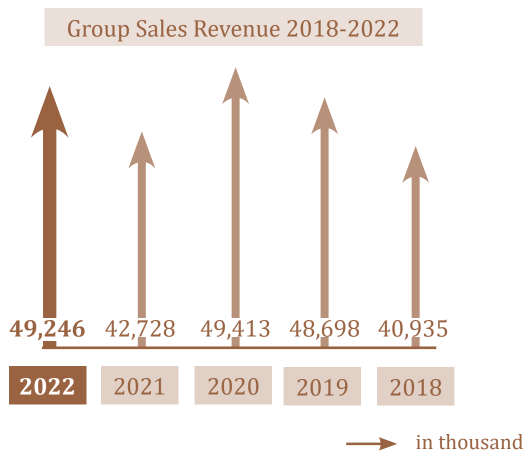
REVIEW OF FINANCIAL RESULTS

Revenue

Oil and gas prices have climbed over the course of FY2022, averaging USD99 per bbl over the whole year. Against this backdrop, the Group has shown an increase in revenue at RM49.2 million as compared to the RM42.7 million of revenue recorded for FY2021. We posted strong organic growth, which shows the strength of our product portfolio and innovative solutions offered. Order intake rose organically and revenues increased by 15.3 percent compared with FY2021. This is clear proof of a well-executed year in our growth strategy. We continued to show how flexibility and agility in the organisation and we have improved considerably.

Despite the strong recovery in revenue, the uncertainties linked to the pandemic, bottlenecks in supply and logistics, increased input costs, monetary tightening and a volatile macro environment has dampened our financial performance, particularly on lowered gross profit margins in FY2022. Such volatility in the market remained as key risks for the industry. Despite the obstacles we faced, it remained our responsibility to tackle the disruption in businesses and maintain strong commercial momentum. Fortunately, it did not deter us to secure more projects and business activities. Our scheduled maintenance activities and other after-sales activities remained positive throughout the year.

Given that world economies are now facing many further uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation, the group will continue to strengthen business capabilities and work towards extending its product and service offerings by collaborating with potential principal. Equally important, we have continuously improved our in-house expertise to provide top-notch solutions and added value to our customers.

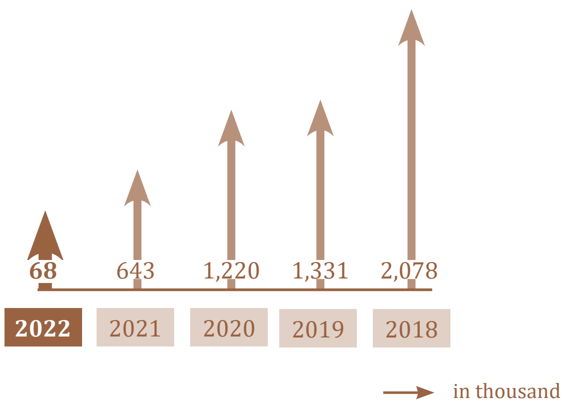


Management Discussion and Analysis

Share of result of associates

The shares of net profit from the associated companies decreased by 89.4% to RM0.07 million from RM0.64 million in the previous year. Bayu Purnama Sdn Bhd ("Bayu Pernama") being the main contributor of associates result has pulled through a very difficult year in 2022 to emerge still profitable. Petronas, being the largest Oil and Gas company in Malaysia and also main customer of Bayu Purnama Sdn Bhd, has focused on cost-compression along with continued tight fiscal disciplines to ensure the resiliency and sustainability of their businesses. This has undeniably impact the financial performance of the associate company. Bayu Purnama remains confident that by continued focus on commercial and operational excellence while preserving healthy levels of liquidity will ensure the sustainability of the associate businesses.

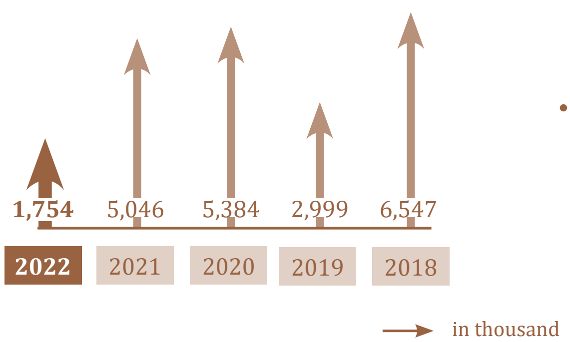
Group Share of Results of Associates 2018-2022



Profit after Tax

During FY2022, which was a year of recovery with higher demand, we successfully managed the challenges that arose in the supply chain in the form of component shortages and a more strained situation in, for example, freight and logistics. We recorded net profit after tax of RM1.8 million which represents 3.6% net profit margin compared with 11.8% net profit margin in previous financial year. The decrease in net profit margin was mainly due to incremental cost relating to direct labor, logistics and inflations.

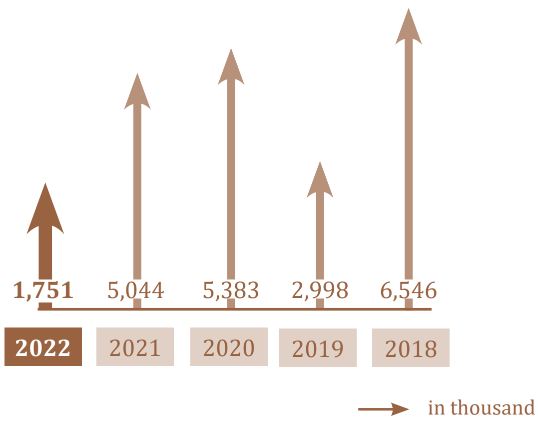
Group Profit After Tax 2018-2022



Attributable Net Profit

The Group's net profit attributable to shareholders was amounting at RM1.8 million in the financial year, as compared to the previous financial year of RM5.0 million. As a result, the Group's earnings per share stood at 1.62 sen compared to 4.67 sen for the previous financial year.

Group Profit After Tax Attributable to Shareholders 2018-2022



Financial Position

As at 31 December 2022, the Group's shareholders' fund rose from RM115 million recorded at the end of 2021 to RM119 million and net assets per share increased from RM1.06 to RM1.10.

The Group continues to maintain a healthy financial position with a cash position of RM59 million or net cash per share of 55 sen and current ratio of more than 9 times as at 31 December 2022.

While our group profit was down, we have demonstrated our strong cash generation ability despite considerable market volatilities. The Board of Directors is therefore pleased to propose a first and final dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2022 at the forthcoming Annual General Meeting on 22 May, 2023.

Management Discussion and Analysis

REVIEW OF OPERATING ACTIVITIES

During the year, our business is firmly fixed at the confluence of several material uncertainties impacting the world at this time. A zero tolerance for COVID-19 in China has resulted in sporadic lockdowns with the consequent impact of a fluctuating level of oil demand. OPEC and its alliance partners (OPEC+) have remained disciplined. And while the world slowly exiting the COVID-19 pandemic; Russian incursion into the Ukraine has precipitated in further shocks to the oil and gas.

Our customers consist of upstream, midstream and downstream, onshore and offshore, and of small to large scale. Midstream and downstream customers include LNG plants, pipelines, refineries, and a wide range of industrial and EPC companies. We enjoy stable relationships with many of our customers. As an all-round supplier of turbomachinery equipment mainly in oil and gas industry, we believe that our principal competitive factors in the markets we serve are our product and service quality, efficiency, reliability and availability, HSE standards, technical proficiency, and price.

Our product and services are sold in highly competitive markets, and revenue and earnings are affected by changes in commodity prices, fluctuations in levels of oil drilling activities, general economic conditions, foreign currency exchange fluctuations, and governmental regulations. During the year, we have contracts that may extend over a period of time ranging from one to two years. Several of those contracts require us to commit to a fixed price based on the customer's technical specifications, strict time frame and no relief available due to changes in circumstances. In some cases, failure to deliver products or perform services may lead to liquidated damages claims. We manage to mitigate these exposures through close collaboration with our customers. However, the postponement of deliveries has inadvertently affected our financial performance particularly on revenue segment. Under such backdrop, we believe we have delivered commendable financial results.

Our operations can be affected by cyclical events, which can temporarily affect the delivery and performance of our products and services. Our service deliveries typically experience lower sales during the first quarters of the year due to festive seasons and higher during the final quarter of the year as many of our oilfield customers may increase activity for certain products and services in the fourth quarter as they seek to fully utilise their annual budgets.

We operate in a highly competitive environment for marketing oilfield products and services and securing equipment. Our ability to continually provide competitive products and services can impact our ability to defend, maintain or increase prices for our products and services, maintain market share, and negotiate acceptable contract terms with our customers. In order to be competitive, we must provide new and differentiating solutions, reliable products and services that perform as expected and that create value for our customers.

Overall, the focus of the Group will continue to remain on our few key priorities - securing the sales and realising the cash flow, lowering capital spending, strengthening customer's service and maintenance operations and divesting into new business opportunities related to Oil and Gas industry.

PROSPECTS

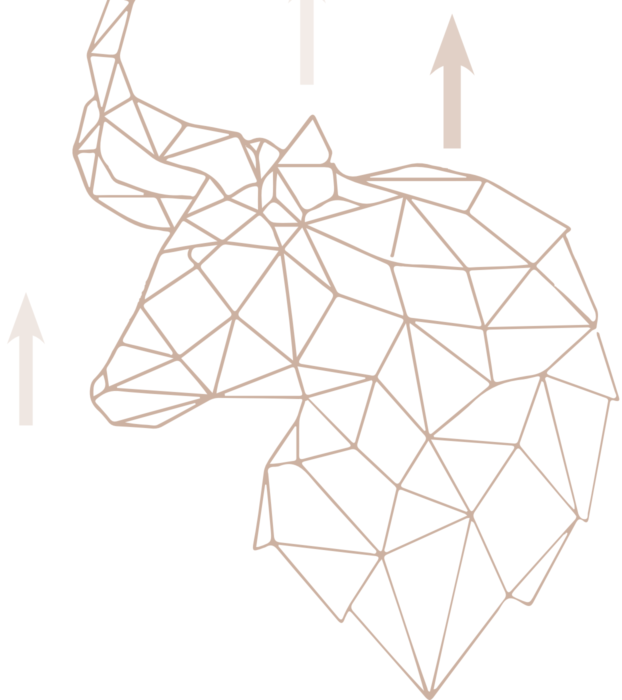
Prospects for the near term are mixed. There are a few positive outlooks for the oil and gas markets where we expect continued tightness in global commodity markets as hydrocarbon demand increases and oil and gas producers maintain their capital discipline as major economies fully re-open.

However, there are fears of the inflationary effects due to high oil prices as the world economies are now facing further uncertainties. In response to Russia-Ukraine war since February 2022, many countries have placed sanctions on Russian-produced oil and gas. This coupled with the continuing imbalances in the oil markets have led to Brent recording a high closing price of USD80 per barrel (bbl) in March 2023. Such inflationary effect is unwelcome as it will likely affect our cost price.

The opportunities and threats mentioned above have complicated the business environment for oil and gas industry. However, we believe the lack of prior investment by Oil Company in the past few years, tightened supply and increased hydrocarbon demand will in turn provide an attractive investment environment for our customers and a strong demand for many of our product and service.

In pursuit of business growth, we intend to maintain our geographic focus in the Asean region. We will continue to assess future growth opportunities in these areas. We will also continue to apply our current core competence and retain our agility to maximise the generation of cash in the near term against a backdrop of strong oil prices. Our objective will not be moved and we will continue executing our strategies and sustaining our operational efficiencies while maintaining fiscal discipline.

We have set our sights on optimising business sustainability and continue to remain prudent in our approach. With that in mind, the Group will continue to improve operational excellence, remain focus on the opportunities available, develop new capabilities, preserve cash and work closely with customers, employees and all stakeholders. Further with the stewardship and astute insights of our Board and disciplined execution of strategy by management, the business prospect of the Group is expected to remain positive and encouraging.



ABOUT THIS STATEMENT

Turbo-Mech Berhad's ("Turbo-Mech" or "the Group's") sixth Sustainability Statement (FY2022) details the Group's performance and progress in addressing its material Environmental, Social and Governance ("ESG") issues. We recognise that integrating the ESG approach into our business is crucial to achieving integrity, innovation, and excellence in the supply, maintenance, and overhaul of rotating equipment in Southeast Asia. In light of this, our FY2022 ESG framework is the foundation as well as the culmination of our sustainability strategies, initiatives and targets, which encompass our vision and mission, values, sustainability pillars, and relevant UN SDGs exemplifying our overall commitment to the 2030 Agenda for Sustainable Development. As such, we prioritise operational sustainability to create long-term value for all of our stakeholders. It is a key imperative for Turbo-Mech to provide opportunities for strengthening the robustness of its business model as a driver for change and as a vehicle to capitalise on growth opportunities.

Additionally, sustainability serves as a comprehensive risk mitigation and reduction strategy, which is especially pertinent in the current global business environment. Hence, the Group is committed to understanding and implementing sustainable practices, such as striving towards our target of adopting on-site solar panels as a zero-emissions energy alternative by 2030. Such meaningful application of sustainable practices allows us to achieve the right balance between providing high-value-added services to our clients, meeting the objectives of our shareholders, achieving financial success, and being a responsible corporate citizen.

Scope and Boundary

This fiscal year 2022 (FY2022) statement covers the Group's sustainability performance from January 1st, 2022 to December 31st, 2022. In line with Bursa Malaysia's Main Market Listing Requirements ("MMLR"), we have endeavoured to provide historical data where possible by presenting data for the past two financial years to track year-on-year progress. The scope of our sustainability statement includes our operations in Singapore and Malaysia. Disclosures presented for Singapore cover operations under Turbo-Mech Asia Ltd. ("TMA"), a wholly owned subsidiary that primarily provides overhaul and rotating equipment repair services. The business operations in Malaysia include the headquarters at Petaling Jaya and Bayu Purnama Sdn Bhd, an associate company with 42.5% ownership.

Reporting Framework

This statement is prepared in accordance with Bursa Malaysia Securities' Main Market Listing Requirements with reference to the Sustainability Reporting Guide (3rd edition). Our sustainability disclosures are also written with reference to the Global Reporting Initiatives ("GRI") Standards as a measure of our compliance.

Feedback

We welcome any comment, feedback or question that will be useful in enhancing the quality of our reporting. Please reach out to us at:

Mr Tay Wee Bon
Finance Manager
wbtay@bayupurnama.com.my
03-78055592

TURBO-MECH'S COMMITMENT TO SUSTAINABILITY

Turbo-Mech's Journey Thus Far

Since the publication of our inaugural Sustainability Statement in FY2017, Turbo-Mech has implemented various initiatives to enhance our report as well as our sustainability performance. The Group introduced its first Key Performance Indicator (KPI) for customer satisfaction in the preceding year. For FY2022, we developed an ESG framework encompassing the Group's strategy in our journey towards sustainability.

- **2017**: First Sustainability Statement and materiality assessment based on Bursa Malaysia Sustainability Reporting Guidelines
- **2018**: Adopted the Global Reporting Initiatives (GRI) Standards
- **2019**: Adopted three UN Sustainable Development Goals
- **2020**: Expanded Waste Management to include Energy and Water as well as redefined our sustainability strategy pillars
- **2021**: Introduced Customer Satisfaction topic as our fisrt Key Performance Indicator
- **2022**: Developed an ESG Framework which acts as a foundation to the Group's sustainability strategies and initiatives

ESG Framework

Turbo-Mech implemented an ESG framework in FY2022 to serve as the foundation for our sustainability strategies, initiatives and targets. The framework comprises our vision and mission as well as the Group's three key sustainability pillars: ethical marketplace, environmental preservation and social enrichment all of which support our ESG material matters. The pillars embody the Group's values throughout all of its operations. We have aligned our priority areas with the relevant UN Sustainable Development Goals as part of our commitment to contribute to the 2030 Agenda for Sustainable Development.

VISION

Our vision is to be a premier leader of integrity, innovation and excellence in the supply and maintenance and overhaul service of rotating equipment in the South East Asia region.

MISSION

- To provide excellent customer service and treat each client with empathy and trust
- To be fair and honest in all business dealings with our fellow suppliers, subcontractors and consultants
- To ensure a safe and healthy work environment for employees and provide training so that the team excels in all performances
- To encourage creativity, innovation, excellence, professionalism and financial growth in the workplace
- To ensure our shareholders receive equitable returns on their investment

STAKEHOLDER GROUPS

Employees | Investors | Clients | Suppliers | Regulatory Agencies & Statutory Bodies

Ethical Marketplace

- Ethics and Integrity
- Quality Assurance
- Compliance
- Risk Management

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Social Enrichment

- Occupational Health and Safety
- Capacity Building
- Talent Management

8 DECENT WORK AND ECONOMIC GROWTH

Environmental Preservation

- Energy, Water and Waste Management

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability Statement

Contribution to United Nations Sustainable Development Goals ("UN SDGs")

The United Nations has established 17 Sustainable Development Goals (UN SDGs) as a call to action for addressing and resolving the global challenges faced by our people and planet. To demonstrate our commitment to the UN SDGs and their call for a "Decade of Action", we have adopted three SDGs that are most relevant to our industry and to which we can make a substantial contribution. In this report, we have featured our key sustainability initiatives aligned with the pertinent SDGs for FY2022. The Group continues to work towards strengthening our efforts and initiatives in order to better align with the UN SDG targets.

8 DECENT WORK AND ECONOMIC GROWTH

- remained accredited by ISO 45001:2018
- (Occupational health and safety management systems)
- new hire rate of 15% (13 employees)
- zero workplace fatalities and lost-time injury rate in FY2022
- 93 hours of health and safety training

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- reduction in waste generation by 60%

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- established Code of conduct, Whistleblowing policy and Anti-Bribery Management System Policy

Sustainability Governance Structure

A sound governance structure is critical to governing Turbo-Mech's ESG-related issues, risks, impacts and initiatives to ensure the orderly and effective discharge of its responsibilities, which include the continuous development of sustainability within the group. At the helm, the Board of Directors ("the Board") is the decision-making body that oversees the Group's overall sustainability strategy and performance. The Board reviews and approves proposed initiatives and strategies and is supported by the Risk Management Committee ("RMC") and the Sustainability Committee ("SC").

The RMC reports to the Board on the Group's ESG performance and the implementation of the approved sustainability initiatives. The SC advises the RMC with recommendations on relevant initiatives and identifies issues that are material to the Group. In addition, the Group Finance and Engineering Divisions monitor and propose action plans for integrating sustainability initiatives into each division.

Board of Directors	Establishes the Group's direction for sustainability
Risk Management Committee	Responsible for the implementation of sustainability strategies and initiatives across the Group
Chairman of Sustainability Committee	Provides guidance and overview of the Group's sustainability progress

Group Finance Division
- TMA Finance Head
- HR Head

Group Engineering Division
- TMA Manager
- Employee Representative

Group Finance Division:

- Assesses the planning and allocation funds for the Group's sustainability strategies
- Ensures compliance with financial regulations
- Assists in decision making based on the analysis of the Group's economic impacts

Group Engineering Division:

- Recommends action plans to incorporate sustainable practices in engineering operations
- Ensures compliance with environmental regulations
- Monitors economic, environmental and social impacts of engineering operations
- Promotes technology and equipment that deliver quality products and services

Stakeholder Engagement

Identifying stakeholder groups that have a direct impact on our business or are impacted by the Group's activities is essential to structuring sustainable business operations. It enables the organisation to identify and grasp stakeholder expectations and work towards building continuous value and serving stakeholder interests. In order to retain their trust and a conducive long-term relationship, the Group is committed to consistent engagement with our stakeholders and addressing and responding to their concerns.

	Key Concerns	Our Responses
Investors	• Corporate governance • Transparent financial performance • Succession planning • Shareholders' returns	• Ensure compliance with all relevant policies and regulations • Conduct AGMs to consult with shareholders and safeguard their interests • Provide financial statements to stakeholders in a timely manner
	Engagement platform	**Frequency of Engagement**
	Annual General Meetings (AGMs)	Annually
	Annual Report (AR)	Annually
	Financial statements	Quarterly

	Key Concerns	Our Responses
Clients	• Competency • Innovation and technology • Worker's health and safety • Cost of products and services • Response time and delivery • Reaction time to complaints and enquiries (aftersales service)	• Provide a platform for the customers to submit queries and concerns • Maintain robust quality management system • Product and service quality are assessed to meet the clients' needs • Conduct surveys to understand customers' satisfaction levels
	Engagement platform	**Frequency of Engagement**
	Face-to-face or virtual meetings	Weekly
	Workshop visits	
	Troubleshooting sessions	
	Virtual or physical product training	Biannually
	Virtual or physical witness testing	Weekly
	External quality control audits	Every nine months
	Internal quality control audits	Annually
	Website	Daily

	Key Concerns	Our Responses
Employees	• Career development • Safe and healthy workplace • Remuneration • Succession Planning	• Plan and conduct training programmes and project assignments that are in line with the Group's business goals throughout the year • Conduct performance appraisals for all employees to evaluate work performance and review opportunities for career advancement • Regular training on Occupational Health and Safety (OHS) practices to strengthen workplace safety culture • Conduct employee engagement sessions such as festive events and exercise sessions
	Engagement platform	**Frequency of Engagement**
	Training programmes and project assignments	As required
	Employee performance appraisal	Annually
	OHS training	As required
	Employee engagement sessions	Monthly

Stakeholder Engagement (contd.)

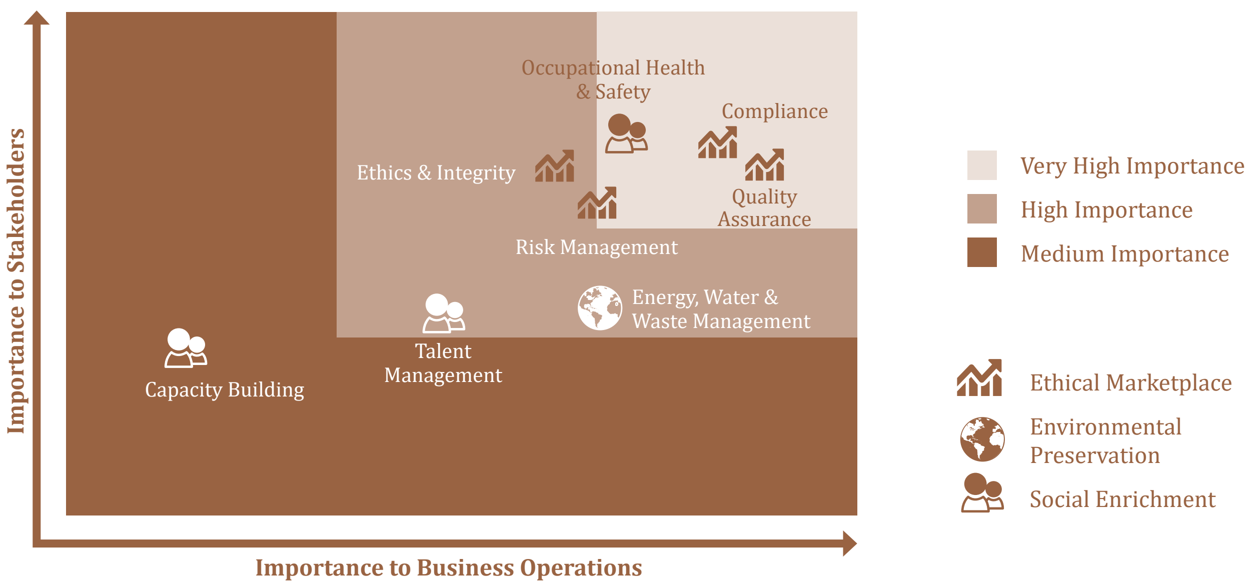
Stakeholder	Key Concerns	Our Responses
Regulatory Agencies & Statutory Bodies Employees	• Labour practices and compliance • Environmental compliance • Workplace safety	• Comply with relevant laws and regulations • Engage with stakeholders with transparency and integrity • Investigations into workplace safety incidents • Annual inspection of equipment to ensure the health and safety of employees is properly taken care of • Unannounced inspections and visits to ensure the best waste management
	Engagement platform	**Frequency of Engagement**
	Equipment inspections	Annually
	Waste management inspection	As required

Stakeholder	Key Concerns	Our Responses
Suppliers	• Competency • Response time and delivery	• Regular communication via electronic methods to update on product features and end-user demand • Virtual or physical training suppliers to implement effective supply chain management
	Engagement platform	**Frequency of Engagement**
	Face-to-face meetings	As required
	Regular communication with suppliers	As required

Material Sustainability Matters

Materiality assessment is a critical component in identifying key ESG topics and determining their significance to our stakeholders and business operations. The identified material topics are then incorporated into our sustainability agenda in order to effectively strategise our initiatives. During the 2018 fiscal year, we identified eight material matters. In FY2021, a reassessment was carried out to determine the impact of COVID-19 on the prioritisation of material matters. "Occupational Health and Safety" and "Quality Assurance" were listed as the highest-ranked material matters. In FY2022, the materiality matrix was evaluated internally and determined to be relevant to the Group.

Materiality Matrix



Sustainability Statement

Mapping the Material Matters

The table below illustrates the Group's material sustainability matters, which are underpinned by the three sustainability pillars and their interlinkage with the relevant stakeholder groups, SDGs and GRI indicators.

Our Pillars	**Ethical Marketplace**	**Environmental Preservation**	**Social Enrichment**
Our Material Matters	• Ethics and Integrity • Quality Assurance • Compliance • Risk Management	• Energy, Climate Change, Water and Waste Management	• Occupational Health and Safety • Capacity Building • Talent Management
United Nations SDGs	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH
Relevant Stakeholder Groups	• Investors • Employees • Regulatory Agencies, Statutory Bodies and Clients • Suppliers	• Regulatory Agencies, Statutory Bodies and Suppliers	• Employees • Regulatory Agencies, Statutory Bodies and Investors

Ethical Marketplace

☑ Ethics and Integrity ☑ Compliance
☑ Quality Assurance ☑ Risk Management

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

A firm foundation of business ethics is vital for generating enduring positive effects within an organisation and ensuring its longevity. In pursuit of business excellence, the Group is committed to managing its businesses and operations with integrity, transparency and accountability.

Implementation of Anti-Bribery Management System and Whistleblowing Policy across the Group

100% compliance with major relevant laws and regulations

Ethics and Integrity

Turbo-Mech prioritises accountability and transparency to ensure that our business is conducted with the utmost integrity and to pave the way to long-term success. The Code of Conduct ("Code") was developed in order to inculcate an ethical culture throughout the Group's operations at all levels.

The Code emphasises the responsibilities of Directors and employees concerning conflicts of interest, engagement with stakeholders, the Group's responsibilities in developing well-trained staff as well as employee health and safety. It is communicated during the onboarding process and regularly during internal business meetings.

In accordance with our commitment to strong corporate governance and ethical behaviour, the Group has established the Anti-Bribery Management System Policy and Whistleblowing Policy as follows:

Anti-Bribery Management System Policy

The policy outlines The Group's effort in identifying and mitigating potential risk of corruption. The Policy covers all facets of bribery and corruption, including gifts, hospitality and entertainment, interactions with public officials, political donations, interactions with third parties, recruitment, and record-keeping.

A declaration form declaring the compliance with the Policy must be signed by third parties who engage with Turbo-Mech.

Whistle-Blowing Policy

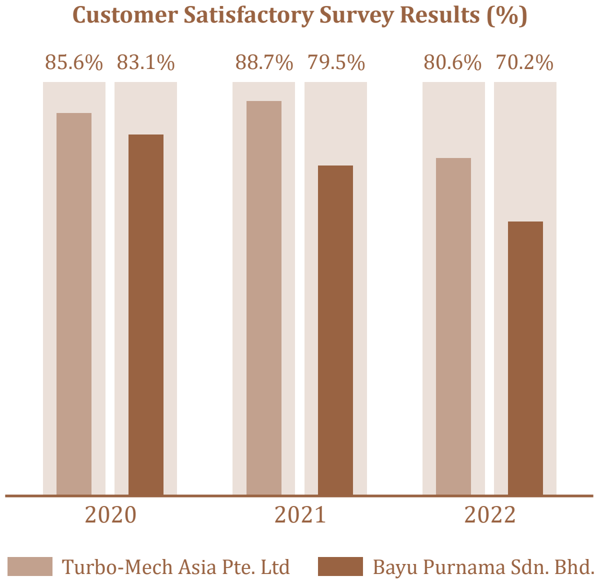
This policy offers a secured channel for employees to report any misconducts and offers assurance of protection.

Quality Assurance

In an effort to deliver the highest quality products and services to our customers, our operations are regulated by the ISO 9001:2015 Standard (Quality Management System). We execute external quality control audits every nine months, in addition to an annual internal audit to maintain best practices and guarantee that our products and services consistently and reliably meet the needs of our clients.

In order to enhance the client experience in FY2022, TMA invested in transportation by renting a lorry to expedite delivery and return services. We also acquired various performance-testing equipment to expand our clients' testing options for pump performance. In addition to water-based pump testing, our services now include oil-based pump testing.

Annual Customer Satisfaction Surveys are employed by the Group to evaluate the quality of our products and services. This survey includes product reliability, delivery management and customer communications. The results are reviewed annually at the Management Review Meeting. The survey results for FY2022 are as follows.



During the reporting period, TMA recorded a customer satisfaction score of 80.57%, an 8.2% decrease from the previous year. As for our operations at Bayu Purnama, we recorded a decrease of 9.3%. This prompted us to reflect on our performance for FY2022, and we strive to continuously improve our service quality and meet our clients' expectations in order to enhance the customer experience.

Compliance

Companies must strictly adhere to all applicable laws and regulations to avoid penalties and legal action from regulatory authorities. The Group provides our subsidiaries with clear policies, consistent communication and relevant training in order to prioritise the necessity of compliance throughout our business operations and ensure that our personnel are well-informed about the regulatory environment.

The Group maintains an extensive legal register to ensure compliance and to remain abreast of any applicable compliance obligations. We are pleased to report that in FY2022, zero incidents of non-compliance were reported.

Malaysia	Singapore
• Employment Act 1955 • Factories and Machinery Act 1967 • Environmental Quality Act • Fire Services Act 1988 • Minimum Wage Order 2022 • Companies Act 2016 • Malaysian Code on Corporate Governance 2021 • COVID-19 (Temporary Measures) Act 2020 • COVID-19 (Temporary Measures) (Control Order) Regulations 2022	• Environmental Public Health Act 1987 • Companies Act 2014 • Employment Act 2019 • Workplace Safety and Health (medical examination) Regulation • Infectious Diseases (Workplace Measures to prevent spread of COVID-19) Regulations 2020

Sustainability Statement

Risk Management

Fundamental to the Group's operations is the significance of effective risk management in reducing the probability of risks and their potential business implications. Consequently, a Risk Management Committee (RMC) has been established to identify, assess, mitigate and monitor the Group's main risks. The RMC assists the Board of Directors in ensuring the overall implementation of risk management and that the Group is taking the necessary steps to mitigate any potential risk exposure.

Board of Directors	Risk Management Committee
• Reviews the identified risks to ensure sufficient resources are allocated for risk management and mitigation • Reviews the effectiveness of the Group's risk management and internal control systems	• RMC is responsible for reporting to the Board • Reviews the Group's operations to identify key material risks • Proposes an action plan / strategy to address identified material risks • Prepares an annual comprehensive report on changes to key risk profile for Board assessment

Environmental Preservation

☑ Energy, Climate Change, Water and Waste Management

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Energy, Water and Waste Management

As we strive to transition to a greener future and with people becoming increasingly environmentally-conscious, businesses must recognise their moral and ethical responsibilities to maintain and protect the environment. Turbo-Mech is committed to contributing to the preservation of natural resources and to minimising and mitigating emissions in the course of conducting business operations.

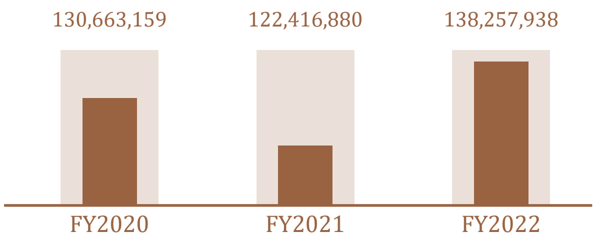
Inaugural Scope 2 Energy Indirect greenhouse gas emission disclosure at **56,091.25 tCO_2e**

Reduction in waste generation by 60%

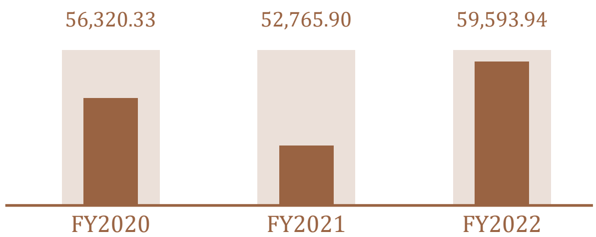
Energy

Turbo-Mech's primary source of energy is electricity, which is utilised mostly during pump performance and mechanical running tests. The majority of our operations are conducted through TMA, which accounts for the majority of our electricity usage. In FY2022, the electricity consumption was recorded at 138,257,938 kWh, an 11.5 % increase over the previous year. As a result, the Group's electricity intensity also increased by 11.5%, from 52,765.90 kWh/m2 to 59,593.94 kWh/m2.

Electricity Consumption (kWh)



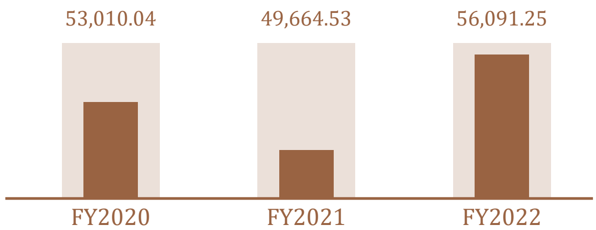
Electricty Intensity (kWh/m^2)



Climate Change

Turbo-Mech is cognisant of the impacts of climate change across industries and the urgency of addressing and minimising our company's carbon footprint. As part of its response to the worldwide emergency, Turbo-Mech began tracking, monitoring and reporting on its greenhouse gas ("GHG") emissions in FY2022. Additionally, it facilitates the management and reduction of our operational emissions. In order to create a baseline for our initiative to track carbon emissions, the Group has tracked our Scope 2 emissions (indirect emissions produced from purchased energy). We emitted a total of 56,091.25 tCO2e of carbon during this reporting period.

Scope 2 Emission (tCO_2e)



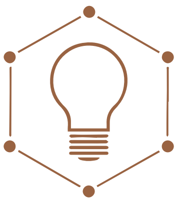
Sustainability Statement

Renewable Energy for Efficient Resource Management

Malaysia is heavily reliant on fossil fuels (such as petroleum, natural gas and coal) for energy consumption. According to the Sustainable Energy Development Authority (SEDA), the nation's crude oil and natural gas reserves are expected to be depleted by 2051 and 2061, respectively. This emphasises the importance of shifting to more sustainable energy sources. Furthermore, the production of energy from fossil fuels emits a significant amount of CO2 into the atmosphere, accelerating the effects of climate change. Consequently, it is imperative for the country to re-evaluate its energy generation and consumption in order to steer the country towards cleaner, safer and more sustainable energy use.

Malaysia has pursued various strategies and established targets to implement the energy transition from fossil fuels to sustainable energy, with Renewable Energy (RE) being included in the national energy mix. The deployment of RE as a source of energy is encouraged to maximise our efforts in reducing carbon emissions.

Malaysia's Ministry of Energy and Natural Resources (KeTSA) has set a target of 31% of RE share in the national installed capacity mix by 2025. The government has also commissioned the Malaysia Renewable Energy Roadmap (MyRER), which will serve as an action plan to decarbonise Malaysia's electricity sector by the year 2035. Concurrently, these efforts will contribute to Malaysia's NDC target of reducing GHG emission intensity per unit GDP by 45% by 2030. Similarly, the Singaporean government has set an energy storage deployment target of at least 200 megawatts (MW) beyond 2025 and a solar target of at least 2 gigawatt-peak (GWp) by 2030.



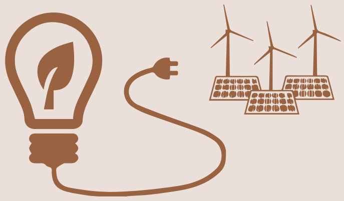
Moving Forward

Turbo-Mech is cognisant of the government's RE initiatives. In order to contribute to the national agenda, the Group will initiate its renewable energy deployment endeavour which also contributes to lowering the Group's carbon footprint.

2030 Target: Solar Panel Installation at TMA.

The National RE Capacity Target

31% by **2025** and **40%** by **2035**

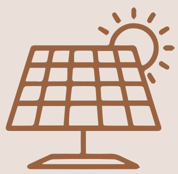


Malaysia's Nationally Determined Contribution (NDC) set a target to reduce GHG emissions by

45% by **2030**

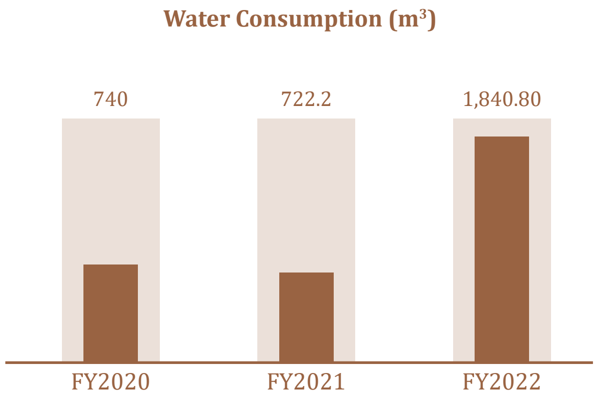
Singapore set new solar target of

2 GWp by **2030**



Water

Turbo-Mech is committed to using natural resources responsibly, as we are aware that water scarcity is a major issue in many regions of the world. Water consumption is crucial to our operations since it is used extensively for high-pressure water cleaning as well as maintenance and cooling. The Group is committed to monitoring and reporting on its water consumption to detect any sudden spikes in consumption and mitigate potential wastage. In FY2022, we recorded an increase of 60.8% with a water intensity of 6.08 m3 per part. The Group recorded a spike in total water consumption for FY2022 due to increased demand for services that required more water usage, as well as a water leakage issue that occurred in October that was immediately rectified.

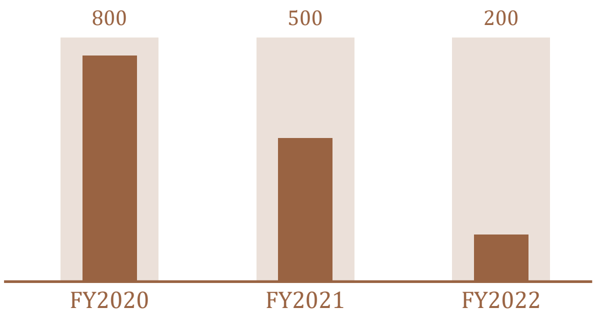


Waste

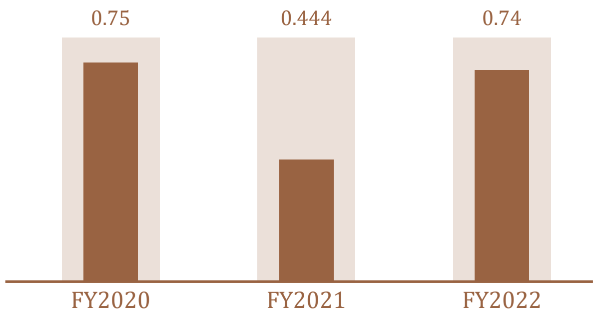
Turbo-Mech generates both hazardous and non-hazardous waste through our operational activities, namely during the overhaul and maintenance of rotating pump equipment. The overhaul and maintenance services generate hazardous waste, such as oil and chemical waste as a result of having to clean and replace all the lubrication oil and using chemicals to clean the parts. The Group is committed to responsible waste management by ensuring proper waste storage in order to prevent any oil or chemical spills or accidental releases into the environment that could endanger local communities. An authorised third party collects and disposes of all waste including scrap metal.

We generated 200 litres of oil waste in FY2022, a 60% decrease from FY2021. For the past four years, we have not produced any chemical waste. Compared to the previous year, the quantity of scrap metal has increased by 40%.

Hazardous Wastes (L)



Scrap Metals (Tonnes)



Social Enrichment

- ☑ Occupational Health and Safety
- ☑ Talent Management
- ☑ Capacity Building
- ☑ Community Engagement

Occupational Health and Safety

Our employees' health and safety are our utmost priority especially since they are required to engage in activities involving heavy machinery and maintenance equipment. As such, we ensure strict adherence to all relevant laws and regulations set by the government. The Group's Occupational Health and Safety (OHS) management is guided by regulatory requirements such as the Factories and Machinery Act 1967, which is enforced by the Department of Occupational Safety and Health of Malaysia and the Workplace Safety and Health (WSH) (medical examination) Regulation by the Ministry of Manpower, Singapore.

Recorded **ZERO** fatalities out of 57,261 hours worked

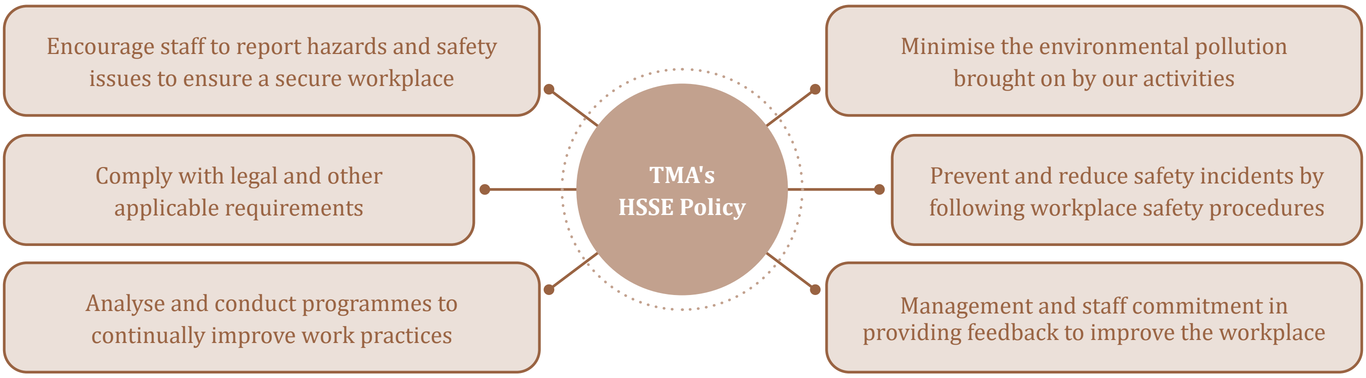
93 hours of OHS and capacity building training

Donated **RM10,000** worth of adult absorbent briefs to charitable organisations

By consistently enhancing our OHS performance and adhering to OHS management best practices, the Group maintained its ISO 45001:2018 accreditation in FY2022.Turbo-Mech has developed a Workplace, Health and Safety committee to manage and monitor the Group's OHS performance and identify potential OHS risks by conducting monthly meetings. The WSH comprises employer and employee representatives with specialised first aid training.

Occupational Health and Safety (contd.)

Additionally, the committee is guided by the Hazard Identification, Risk Assessment, and Risk Control (HIRARC) protocols when identifying and managing work-related risks. In FY2022, the Group did not identify any possible working hazards. In addition, TMA's operations are governed by a Health, Safety, Security, and Environmental ("HSSE") policy that emphasises its responsibilities to safeguard our employees. The HSSE policy also falls under the committee's purview.



In FY2022, out of the total 57,261 hours worked, we recorded zero fatalities and zero lost-time injuries. We believe that educating and training our employees is essential to establishing a safe and healthy work environment and developing a workforce that is knowledgeable about industry best practices. This contributes to our initiative to reduce occupational injuries and illnesses. This year, we recorded a total of 93 hours of health and safety training, with eight (8) staff members trained. This year's training programmes included the following:

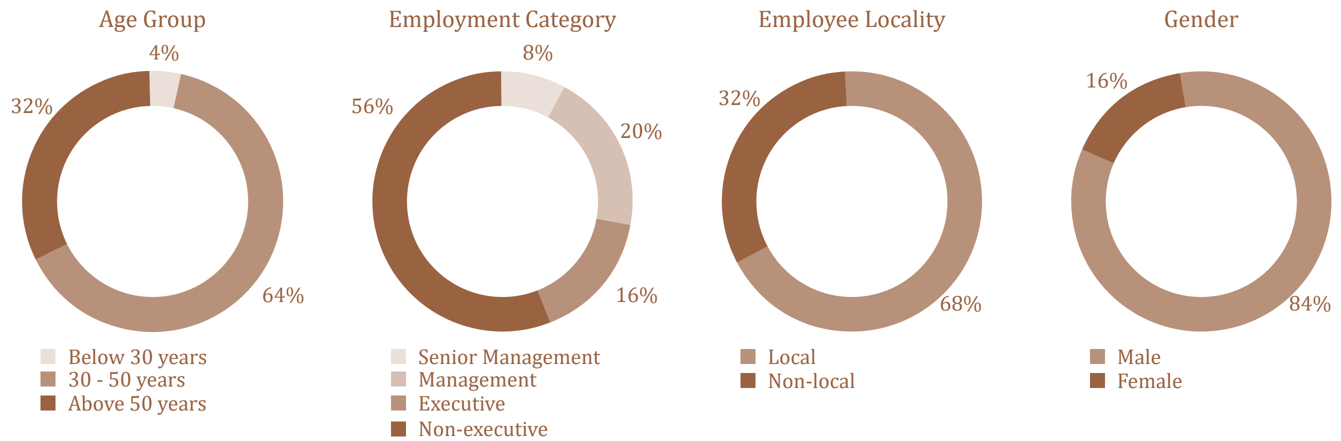
- Workplace Safety and Health in Process Plants
- Safety Induction Course ("SIC")
- Workplace Safety and Health in Metal Work

Our Response to COVID-19

Despite the implementation of the COVID-19 SOP Relaxation in May 2022, the Group continued to adhere to the internal COVID-19 Safe Management Measure Plan developed in compliance with the COVID-19 2020 Regulations. This was to ensure the continuous safety and health of our employees. The plan specifies preventive measures such as daily temperature checks, the provision of hand sanitisers and face masks, the use of Personal Protective Equipment ("PPE"), and COVID-19 safety compliance checklists. In addition, in an effort to minimise physical gatherings, we conducted virtual meetings with employees and clients wherever feasible.

Talent Management

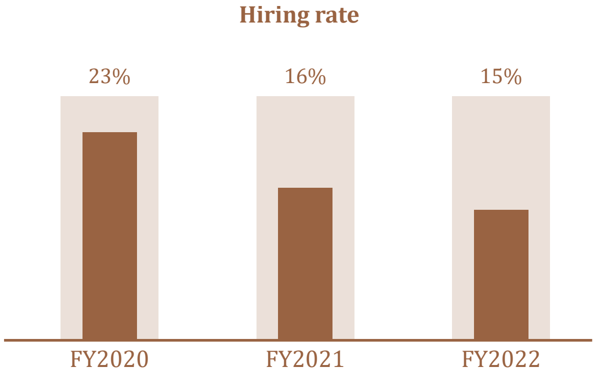
Turbo-Mech is committed to promoting inclusivity and equal employment opportunities for individuals of all ages, races, genders and nationalities. A workforce with a diverse background and expertise can contribute a broad range of values to the organisation and its clients. By conducting selection processes based on merit and qualifications, the organisation ensures equitable employment practices.

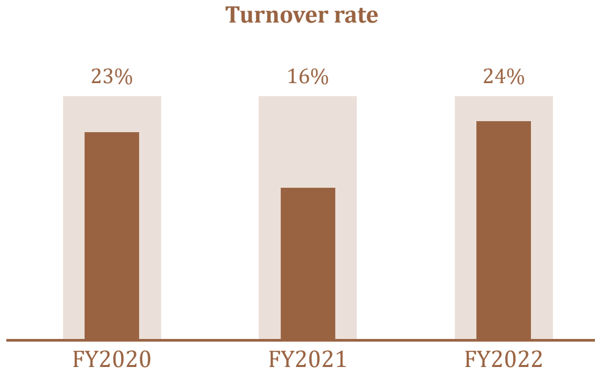


Sustainability Statement

Talent Management (contd.)

In FY2022, we hired 13 new staff and had a hiring rate of 15% with a turnover rate of 24%.





In an effort to retain our talent, we adhere to the Minimum Wage Order 2022 and compensate our employees fairly by providing life insurance, disability coverage, maternity leave and contributions to the Employees Provident Fund (EPF) in compliance with local regulations.

Capacity Building

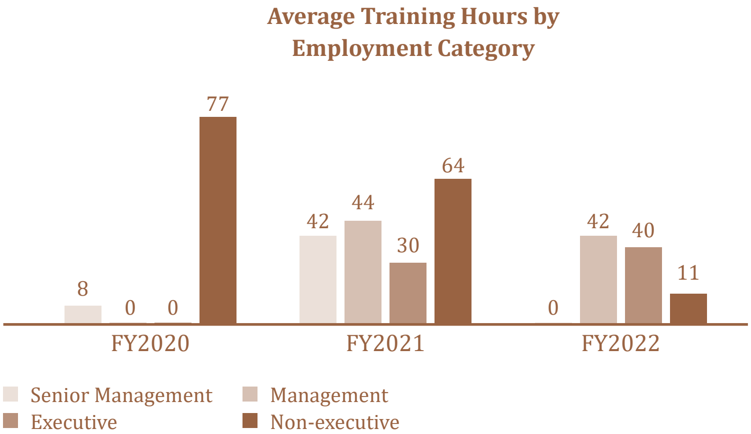
Creating learning opportunities to develop employees' knowledge and skill sets helps the Group achieve its short- and long-term goals. It also encourages a healthy, engaged workforce and contributes to employee career advancement. The Group has provided our employees with a total of 60 hours of OHS training and 33 hours of capacity-building training in FY2022, for an average of 3.72 hours of training per employee.

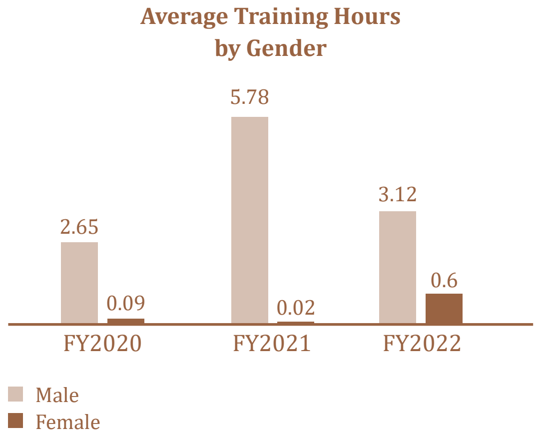
Total Training Hours

93

Average Training Hours per Employee

3.72





Community Engagement

Our commitment to support and serve the community is reflected through our Corporate Social Responsibility ("CSR") initiatives. In FY2022, we engaged with our community via the "Elderly Care Programme". The Group donated RM10,000 worth of adult absorbent briefs to Pertubuhan Kebajikan Rumah Kasih Jing Yuan in December. We aspire to expand our contribution to our community in the coming years.

Conclusion

Thus far, we have made great strides in our sustainability journey, despite challenges like COVID-19 and the volatile market. In particular, our dedication to maintaining that fine balance between customer satisfaction and sustainable practises has put us at the forefront of the oil, gas and petrochemical industries in the country. As we move forward, we will continue to enhance our ESG practises so that they are in line with the national agenda. At the same time, our focus on employee well-being, regulatory compliance and environmental preservation will drive us towards a brighter tomorrow.

GRI Content Index

GRI Standards	Disclosures		Reference
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	15
	2-2	Entities included in the organisation's sustainability reporting	15
	2-3	Reporting period, frequency and contact point	15
	2-14	Role of highest governance body in sustainability reporting	17
	2-29	Approach to stakeholder engagement	18-19
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	19
	3-2	List of material topics	20
Ethics and Integrity			
GRI 2: General Disclosures 2021	2-23	Policy commitment	20
	2-24	Embedding policy commitments	20
	2-26	Mechanisms for seeking advice and raising concerns	20
GRI 3: Material Topics 2021	3-3	Management of material topics	20
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	20
Quality Assurance			
GRI 3: Material Topics 2021	3-3	Management of material topics	21
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	21
Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	21
Risk Management			
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	22
GRI 3: Material Topics 2021	3-3	Management of material topics	22
Energy, Water and Waste Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	22-24
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	22-23
	302-3	Energy intensity	22
GRI 305: Emission 2016	305-2	Energy indirect (Scope 2) GHG emissions	22
GRI 303: Water and Effluents 2018	303-5	Water consumption	23
GRI 306: Waste 2020	306-3	Waste generated	24
Occupational Health and Safety			
GRI 2: General Disclosures 2021	2-23	Policy commitment	24-25
GRI 3: Material Topics 2021	3-3	Management of material topics	24-25
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	24
	403-4	Worker participation, consultation, and communication on occupational health and safety	25
	403-5	Worker training on occupational health and safety	25
	403-9	Work-related injuries	25

GRI Content Index (contd.)

GRI Standards	Disclosures		Reference
Talent Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	25-26
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	25
	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	26
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	25
Capacity Building			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	26
	404-2	Programs for upgrading employee skills and transition assistance programs	26
Community Engagement			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	26

INTRODUCTION

The Board of Directors ("Board") of Turbo-Mech Berhad ("Turbo" or the "Company") and its subsidiaries (hereinafter referred to as the "Group") recognises the importance of the application of the Malaysian Code on Corporate Governance ("MCCG"), effective stewardship and strong corporate values that contribute to the success of the Group. The Company is headed by an effective Board that is collectively responsible for its long-term success and ensure that it operates effectively and efficiently and remains committed to maintaining strong momentum in pursuit of excellence in the way the Company is governed.

This Corporate Governance Overview Statement ("Statement") provides a summary of the Company's corporate governance practices during the financial year under review, guided by the following three (3) principles and practices to the extent of compliance with the recommendations of good corporate governance as set out in the MCCG and Corporate Governance Guide (4th Edition):-

Board Leadership & Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

This Statement is to be read together with the Corporate Governance Report ("CG Report"), which is prepared based on a prescribed format as outlined in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report, which provides details on how the Company has applied each Practice as set out in the MCCG during the financial year under review, is made available on the Company's website at https://turbomech.com.my/investor-corporate-governance.php as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear roles and responsibilities

The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies, policies and performance.

The Board assumes, amongst others, the following duties and responsibilities:-

a. Review and adopt a strategic plan for the Group, addressing the sustainability of the Group's business;
b. Oversee the conduct of the Group's business;
c. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
d. Succession planning for senior management;
e. Oversee the development and implementation of a shareholder communication policy for the Group; and
f. Review the adequacy and the integrity of the management information and risk management and internal controls system of the Group.

The Board is collectively responsible for creating and delivering long-term sustainable value for the business while being guided by the Board Charter and the Standard Operating Procedures on Authority Limit. The Board Charter serves as a reference point for Board's activities and promotes good corporate governance. The Board reviews its Board Charter once in every two (2) years and updates the Board Charter to ensure it complies with legislations and best practices and remains relevant and effective in light of the Board's objectives. The Board Charter was last reviewed on 22 March 2022, and is made available on the Company's website at www.turbomech.com.my.

The Directors are to devote sufficient time and effort to carry out their responsibilities. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR allow a Director to sit on the board of five (5) listed issuers.

The Board is mindful of its role to establish a corporate culture which inculcates ethical conduct that permeates throughout the Group. Accordingly, the Board had formalised a Code of Conduct for Directors and Employees. The Board has also established Whistleblowing Policy to foster an ethical culture throughout the Company and allow legitimate ethical concerns to be raised in confidential without the risk of reprisal. The Code of Conduct and Whistleblowing Policy are reviewed periodically by the Board. These policies are also available on the Company's website at www.turbomech.com.my.

In compliance with the amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board had adopted an Anti-Bribery Management System Policy ("ABMS Policy") as a guidance to all employees of the Group relating to specific acts of bribery and corruption and also the related matters such as proper reporting and accountabilities to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations. The ABMS Policy is available on the Company's website at www.turbomech.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

I. Board Responsibilities (contd.)

2. Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and Chief Executive Officer cum Executive Director for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for the effective functioning of the Board and implementation of the Board's policies and decisions. Whilst, the Chief Executive Officer cum Executive Director is responsible for managing the day-to-day business operations of the Group with powers, discretions and delegations authorised from time to time by the Board.

The separation of the roles of the Chairman and Chief Executive Officer ensures a balance of power and authority such that considerable concentration of power does not lie with any one (1) individual. The details of the responsibilities of the Chairman and Chief Executive Officer are clearly set out in the Board Charter.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

The Board meets on a scheduled basis, at least four (4) times a year to oversee and monitor the development of the Group. Additional meetings will be held on ad-hoc basis to deliberate on matters requiring its immediate attention. All information with regards to the agenda and Board papers are circulated seven (7) days prior to the meetings to give Directors sufficient time to deliberate on issues to be raised at the Board meetings.

4. Sustainability Management

The Board together with the Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance. Further information on the Company's approach towards sustainability is provided in the Sustainability Statement on page 15 to page 28 of this Annual Report.

5. Supported by Competent Company Secretaries

The Board is supported by qualified, competent and capable Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

The Company Secretaries attended all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed including disseminating complete and accurate meeting materials in a timely manner to allow Board members to have sufficient time to review the relevant documents prior to meetings. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Management.

The information of the Company Secretaries' qualification can be found in Corporate Information of this Annual Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition

1. Board Composition and Balance

The strength of the Board lies in the composition of its members. The current members of the Board have a wide range of expertise, extensive experience and come from diverse backgrounds. The Board currently comprises two (2) Executive Directors (including the Executive Chairman and Chief Executive Officer cum Executive Director), three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. On 14 November 2022, Puan Nurul Ain Binti Khirul Ashar was appointed as an Independent Non-Executive Director of the Company.

The composition of the Board complies with Paragraph 15.02(1) of the MMLR. The Board is therefore of the opinion that the interests of shareholders of the Company are fairly represented through the current composition of the Board and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members strengthen the leadership which is necessary for the stewardship of the Group. The profiles of each Director are presented on page 8 to page 10 of this Annual Report.

Although the Board does not comprise at least 50% of Independent Directors as recommended in the MCCG, the Independent Directors together with the Chairmen of Audit Committee and Nomination Committee who are both Independent Non-Executive Directors are able to exercise strong independent judgement and provide independent views and advice to all Board deliberations.

The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long term interest of all stakeholders.

During the financial year under review, the Board via the Nomination Committee assessed the independence of its Independent Non-Executive Directors and reaffirmed their independence in accordance with the criteria of Independent Non-Executive Directors as provided in the MMLR of Bursa Securities.

The Board is aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended in the MCCG and twelve (12) years as mandated under MMLR which will take effect on 1 June 2023. An independent director may continue to serve the Board if the independent director is re-designated as a non-independent non-executive director upon completion of nine (9) years tenure. If the Board intends to retain the Director as independent director after the Director has served a cumulative term of nine (9) years, the Board must justify the decision and seeks shareholders' approval at general meeting through a two-tier voting process as prescribed under the MCCG. An independent director who has served for a cumulative term of more than twelve (12) must resign or be re-designated as a non-independent director pursuant to the MMLR.

The tenure of one (1) of the Independent Non-Executive Directors, namely Mr Tam Juat Hong, has exceeded a cumulative term of nine (9) years. Mr Tam Juat Hong has expressed that he does not wish to be retained as Independent Director of the Company at the Fourteenth Annual General Meeting ("14th AGM") and wishes to retire from the Board at the conclusion of the 14th AGM. Therefore, he shall retire at conclusion of 14th AGM of the Company.

The Board recognises the importance of having a Senior Independent Non-Executive Director to serve as a sounding board for the Chair and as an effective conduit for other Independent Directors to voice their concern. As of now, the Board has yet to identify a Senior Independent Non-Executive Director of the Company.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise, experience, character, integrity and knowledge required for an effective Board.

Following the amendments made to the MMLR of Bursa Malaysia, the Board has in June 2022 adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Group. The said policy is available on the Company's corporate website.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

1. Board Composition and Balance (contd.)

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

At the forthcoming 14th AGM, En. Nasaruddin bin Mohamed Ali, En. Omar bin Mohamed Said and Puan Nurul Ain Binti Khirul Ashar shall retire from office and eligible for re-election pursuant to the Constitution of the Company. Their profiles are set out in the section on Directors' Profile of this Annual Report.

2. Directors' Commitment

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as all the Directors had attended all the Board meetings held during the financial year under review. Additional meetings are convened where necessary to deal with urgent and important matters that require immediate attention and approval of the Board.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. Details of the Board members' attendance at the Board meetings for the financial year under review are as follows:-

Director	Attendance				Total	Percentage (%)
	25th Feb	23rd May	22nd Aug	28th Nov		
Gan Kok Ten *Executive Chairman/Chief Financial Officer*	√	√	√	√	4/4	100
Nasaruddin Bin Mohamed Ali *Executive Director and Chief Executive Officer*	√	√	√	√	4/4	100
Tam Juat Hong *Independent Non-Executive Director*	√	√	√	√	4/4	100
Gordon Yong Lin Fooi* *Independent Non-Executive Director*	√	√	√	√	4/4	100
Nurul Ain Binti Khirul Ashar* *Independent Non-Executive Director*	-	-	-	√	1/1	100
Chan Bee Eie *Non-Independent Non-Executive Director*	√	√	√	√	4/4	100
Omar Bin Mohamed Said *Non-Independent Non-Executive Director*	-	√	√	√	3/4	75

* *Puan Nurul Ain Binti Khirul Ashar was appointed on 14 November 2022. She attended one (1) Board meeting held in the financial year ended 31 December 2022 since the date of her appointment.*

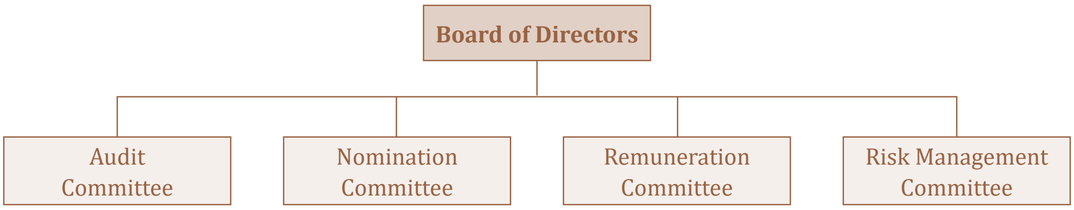
Aside from Board Meetings, any businesses or urgent matters may also be decided via a directors' resolution in writing to ease the decision-making process.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees

In order to ensure that the Board responsibilities are effectively discharged, the Board delegates certain functions to the following Board Committees to support and assist in discharging fiduciary duties and responsibilities:-



The respective Board Committees with responsibilities guided by the respective terms of references which are periodically reviewed by the Board and the Board appoints the Chairman and members of each Committee.

In line with Practice 1.4 of the MCCG, the Chairman of the Board, namely Mr Gan Kok Ten is not a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Each of the Chairmen of the Board Committees reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

a. Audit Committee

The details of the Audit Committee are set out in Audit Committee Report on page 45 to page 47 of this Annual Report.

b. Nomination Committee

The Nomination Committee currently consists of three (3) members, the majority of whom are Independent Non-Executive Directors as follows:-

Name of Members	Designation
Gordon Yong Lin Fooi	Chairman, Independent Non-Executive Director
Chan Bee Eie	Non-Independent Non-Executive Director
Tam Juat Hong	Independent Non-Executive Director

The committee met once during the financial year under review.

The authorities, functions and responsibilities of the Nomination Committee are set out in its terms of reference, which is available on the Company's website at www.turbomech.com.my.

The main objective of the Nomination Committee is to assist the Board on the nomination of Directors based on skills and experience, assessing the effectiveness and continually seek ways to upgrade the effectiveness of the Board as a whole and the Committees of the Board. It also assesses the contribution of each Director, Executive or Independent Non-Executive Director. In evaluating candidates for directorship, the Nomination Committee will consider based on the following criteria:-

- Mix of skills, experience and diversity;
- Character, integrity, knowledge and expertise;
- In the case of independent directors, their abilities to discharge their responsibilities and functions. The independent directors who have served the Company for an aggregate of more than nine (9) years will submit themselves for retention with justifications at every annual general meeting.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees (contd.)

b. Nomination Committee (contd.)

During the financial year under review, the Nomination Committee reviewed and assessed the character, experience, knowledge, skills, integrity, competency and time commitment of Puan Nurul Ain Binti Khirul Ashar and recommended to the Board for approval of her appointment as an Independent Non-Executive Director of the Company on 14 November 2022.

The Board does not specify any gender policy in its evaluation of candidacy as the focus is on skills, experience, character, knowledge, time commitment and integrity. However, the evaluation will be reviewed and revised from time to time to meet the needs of the Company.

c. Remuneration Committee

The Remuneration Committee currently consists of three (3) members, the majority of whom are Non-Executive Directors as follows:-

Name of Members	Designation
Chan Bee Eie	Chairperson, Non-Independent Non-Executive Director
Omar Bin Mohamed Said	Non-Independent Non-Executive Director
Gordon Yong Lin Fooi	Independent Non-Executive Director

The Remuneration Committee met once during the financial year under review.

The Remuneration Committee is responsible for reviewing, considering and recommending the following matters to the Board for its approval:-

i. The framework of Executive Directors' remuneration and the remuneration package for each Executive Director drawing from outside advice as necessary;

ii. Any performance related pay schemes for Executive Directors;

iii. Executive Directors' scope of service contracts; and

iv. Appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

The Remuneration Committee met once during the financial year under review to discuss and review the reward scheme, remuneration package for Executive Directors and directors' fees for Non-Executive Directors.

d. Risk Management Committee

The Risk Management Committee consists of four (4) members as follows:-

Name of Members	Designation
Gan Kok Ten *(Chairman)*	Executive Chairman/Chief Financial Officer
Nasaruddin Bin Mohamed Ali	Executive Director/Chief Executive Officer
Tam Juat Hong	Independent Non-Executive Director
Omar Bin Mohamed Said	Non-Independent Non-Executive Director

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees (contd.)

d. Risk Management Committee (contd.)

The Committee met once during the year under review.

The responsibilities of the Risk Management Committee are as follows:-

i. Review the effectiveness of the Group's risk management activities;

ii. Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;

iii. Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;

iv. Review the effectiveness of the Group's risk management activities;

v. Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;

vi. Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;

vii. Review risk management reports particularly the significant risk observations and risk response and ensure that appropriate action plan is in place to mitigate the risk;

viii. Report to the Board any significant risk observations that warrants the Board's attention;

ix. Report and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals;

x. Review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, including information technology security and control and to evaluate the systems with the internal and external auditors;

xi. Work with Management and Internal Auditors in the preparation of the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Board;

xii. Consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions; and

xiii. All other matters delegated by the Board.

The Risk Management Committee reviewed, evaluated and monitored the Group's risk management activities via the risk assessment report prepared by the Internal Auditors.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

4. Continuing Education and Development

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Nomination Committee and Directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in market, legislations and regulations affecting the Group. The Directors are also committed to continue to undergo other relevant training programmes and seminars whether in-house or external to keep abreast with the developments of the business environment and further enhance their skills and knowledge in discharging their responsibilities.

The Board through the Nomination Committee had conducted an assessment of each Director's training needs via its board evaluation assessment.

During the financial year ended 31 December 2022, the Directors have attended various training programmes and seminars to keep abreast of changes in law, regulations, the business environment, risk management practices, general economic and industry developments. The training programmes and seminars attended by the Directors are set out in the following:-

No.	Title
1	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
2	Investment Opportunities in the East Coast Economic Region of Malaysia: Medical Devices Industry
2	Charting the Future of Oil, Gas & Energy in the Region
4	Employer and Employee tax oblligation in Malaysia
5	Malaysia's Corporate Taxes and Incentives Updates
6	Employer and Employee tax oblligation in Malaysia
7	Unfair Dismissal 101: General Principles & Recent Developments

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

5. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

5. Board Assessment and Annual Evaluation(contd.)

During the financial year, the Nomination Committee has undertaken the following key activities:-

- Reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- Reviewed and assessed the character, experience, integrity and competence of the Board and the Chief Executive Officer and Chief Financial Officer to ensure they have the time to discharge their respective roles;
- Assessed the overall Board and the Board Committees' performance and effectiveness as a whole in addressing the Company's material sustainability risks and opportunities;
- Reviewed and assessed the independence of Independent Directors and their tenure of service;
- Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.
- Recommended the re-election of Directors under retirement by rotation in accordance with the provisions of the Constitution of the Company.
- Reviewed, assessed and recommended the appointment of an additional Director of the Company.

To facilitate the Board annual evaluation, a set of questionnaires was carried out on self assessment basis which assessed the effectiveness of the Board as a whole, Board Committees, Chairman and individual Directors. The results of the assessment were tabled to the Nomination Committee for review and comments which were subsequently briefed the Board. All assessments and evaluations carried out were properly documented. For the year under review, the questionnaires were revised to reflect the latest corporate governance requirements. The Nomination Committee had on 27 February 2023 evaluated the performance of the Board as a whole and its Board Committees for the period from 1 January 2022 to 31 December 2022.

In its assessment, it was concluded that the Board's size is conducive for effective discussion and decision-making and the Board is satisfied that it has an appropriate balance of expertise, skills, and attributes among the Directors including relevant core competencies.

The Board has established a formal policy on diversity of the Group by taking consideration on a range of different skills, age, gender, ethnicity, backgrounds and experience represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company.

The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board. Currently, the Board has two (2) female Directors, namely Chan Bee Eie and Puan Nurul Ain Binti Khirul Ashar, who was appointed as Independent Non-Executive Director of the Company on 14 November 2022.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

III. REMUNERATION

Board Remuneration

The Directors' remuneration is reviewed from time to time and is determined at levels which enable the Group to attract and retain caliber Directors with the relevant experience and expertise needed to manage the Group effectively. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration and benefits payable to Directors are subject to shareholders' approval at the AGM.

Details of Directors' remuneration (both the Company and the Group) who served during the financial year ended 31 December 2022 are as follows:-

The Group

	Remuneration					
Category	**Fees (RM)**	**Salary (RM)**	**Bonus (RM)**	**Benefits-in-kind (RM)**	**Emoluments (RM)**	**Total (RM)**
Executive Directors						
Gan Kok Ten	-	327,266	21,463	-	-	348,729
Nasaruddin Bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong	22,000	-	-	-	10,000	32,000
Gordon Yong Lin Fooi	20,000	-	-	-	10,000	30,000
Omar Bin Mohamed Said	20,000	-	-	-	4,000	24,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Nurul Ain Khirul Ashar *(Appointed on 14 November 2022)*	5,000	-	-	-	1,000	6,000
Total	**109,000**	**327,266**	**21,463**	**-**	**35,000**	**492,729**

The Company

	Remuneration					
Category	**Fees (RM)**	**Salary (RM)**	**Bonus (RM)**	**Benefits-in-kind (RM)**	**Emoluments (RM)**	**Total (RM)**
Executive Directors						
Gan Kok Ten	-	-	-	-	-	-
Nasaruddin Bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong	22,000	-	-	-	10,000	32,000
Gordon Yong Lin Fooi	20,000	-	-	-	10,000	30,000
Omar Bin Mohamed Said	20,000	-	-	-	4,000	24,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Nurul Ain Khirul Ashar *(Appointed on 14 November 2022)*	5,000	-	-	-	1,000	6,000
Total	**109,000**	**-**	**-**	**-**	**36,000**	**144,000**

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee comprises all non-executive directors and majority of its members are independent directors, and all of them are financial literate and have sufficient understanding of the Group's business. The Audit Committee is led by Mr Tam Juat Hong who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants to assist the Board in its oversight of the Company's financial reporting and in fulfilling its fiduciary responsibilities. The Audit Committee therefore meets the requirements of Paragraph 15.09(1)(b) and (c) of the MMLR.

The composition of Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review were set out in the Audit Committee Report on page 45 to page 47 of this Annual Report.

The Chairman of the Audit Committee is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the Audit Committee's findings and recommendation remains intact.

The Audit Committee's terms of reference set out its goals, objectives, duties, responsibilities and criteria on the composition of the Audit Committee which includes a former key audit partner of the Group to observe a cooling-off period of at least three (3) years as prescribed under the MMLR before being able to be appointed as a member of the Audit Committee.

The Board maintains a transparent and professional relationship with the external and internal auditors through the Audit Committee's discussion with them pertaining to their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. The Audit Committee also met with the External Auditors, Messrs Ernst & Young PLT twice during the financial year ended 31 December 2022 without the presence of the Executive Directors and Management.

The Board upholds the integrity of financial reporting by the Company and has established procedures, via the Audit Committee, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Board has determined that the provision of non-audit services contracts which cannot be entered into with the external auditors include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

The Audit Committee carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee generally satisfied with the independence, performance and suitability of the External Auditors based on the assessment and recommended to the Board and subsequently proposed to shareholders for approval for the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2023.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established a Risk Management Committee to oversee and outlines the Company's risk management framework and policies.

The Board acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard and enhance the value of the Company's shareholders and affirms its overall responsibility for the Group's risk management, and for reviewing the adequacy and integrity of the Group's risk management framework which encompasses all subsidiaries of the Group. The Board has established an internal audit function that reports directly to the Audit Committee. This internal audit function is outsourced to an independent professional firm, GovernanceAdvisory.com Sdn. Bhd.. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, regulatory and financial risks.

Further information can be found in the Statement on Risk Management and Internal Control on page 41 to page 44 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board as a whole takes responsibility for ensuring dialogue with all key stakeholder groups.

With respect to shareholders, the Board takes responsibility for ensuring that satisfactory dialogue takes place. As such, the Board is committed to disseminate all important information on the Group's performance and operations timely and adequately through the following channels:-

a. The Annual Report; and
b. The various disclosures and announcements made to Bursa Securities including the quarterly results and annual results, which will also be posted on the Company's website at www.turbomech.com.my.

The Board supports the use of information technology for effective dissemination of information. The Company has established a website at www.turbomech.com.my, which serves as a useful reference source of information to shareholders, business partners and other stakeholders. In addition to publishing financial results, annual reports and business information, the website has dedicated Corporate Governance sections which included the Board Charter, Terms of Reference of Board Committees, Code of Conduct, Whistleblowing Policy, ABMS Policy and Directors' Fit and Proper Policy.

II. CONDUCT OF GENERAL MEETING

The AGM serves as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to pose questions to the Board for clarification after reviewing the Group's performance via the Company's Annual Report. The Board members and External Auditors will attend the upcoming AGM, which shall provide shareholders the opportunities to enquire them in person on the Company's performance and operations.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

Notice of the Thirteenth AGM was circulated more than twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016, Paragraph 7.15 of the MMLR and the MCCG. Notice of AGM is also published in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM. The Company will continue to circulate Notice of 14th AGM at least twenty-eight (28) days prior to the meeting.

All the resolutions set out in the Notice of the previous AGM were put to vote by poll and duly passed. The outcome of the previous AGM was announced to Bursa Securities on the same meeting day while the Minutes of the previous AGM (including all the questions raised at the meeting and the answers thereto) were circulated to shareholders by publishing it on the Company's website within thirty (30) business day upon approval by the Board members.

The Board is mindful of the need to continually strengthen its governance practices and processes in identified key focus areas and future priorities as part of its forward-looking strategies. Key focus area and future priority that have been identified include reorganisation of Board Committees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors of Turbo-Mech Berhad ("the Company") is pleased to include a statement on the state of the Company and its subsidiaries ("the Group") risk management and internal controls ("Statement") in this Annual Report. This Statement outlines the nature and scope of risk management and internal control of the Group. For the purposes of this statement, associates and joint venture are not dealt with as part of the Group, and therefore not covered by this Statement.

BOARD'S RESPONSIBILITIES

The Board of Directors acknowledges the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board of Directors recognises its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board of Directors has also received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of financial information, financial losses or irregularities.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. RISK MANAGEMENT SYSTEM

The Board of Directors maintains an ongoing commitment to strengthen the Group's risk management framework. The Board of Directors delegates oversight of risk management to the Risk Management Committee. The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group's policies, goals and objectives; to evaluate the nature and extent of those risks; and proactively manage those risks efficiently, effectively and economically. To this end, the Board of Directors has engaged external consultants to assist in the development of a formal risk management framework and to facilitate the identification and assessment of the Group's principal risks.

The Board of Directors had embedded in the Group a monitoring and reporting process to continuously identify, assess and manage the principal risks in a formal manner, which would entail establishing procedures for reporting and monitoring of risk and controls. These initiatives would ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affect the achievement of its business objectives.

Risk identification, evaluation and management process:-

The risks are identified through day-to-day operations by the key personnel and management of the Group, which is then incorporated into Risk Management Report that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environmental changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential impact on the Group if a risk was to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of 1 to 3, 1 to indicate the lowest impact and 3 to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 3, 1 to indicate lowest probability and 3 indicate the highest probability. The risk level shall be rated low, moderate, significant or high and be determined according to the Risk Analysis Matrix.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTD.)

1. RISK MANAGEMENT SYSTEM (CONTD.)

The identified risks can be categorised into below according to their potential impact on the Group:

- Financial Risks
These risks relate to the financial structure of the business, including transactions with third parties as well as other finance-related arrangements or issues.

- Operational Risks
These risks concern the execution of day-to-day activities or functions of the company, which may include the risk of loss arising from the failures of the internal systems or the people who operate these functions.

- Reputational Risks
This is a risk of loss resulting from damages to the company's reputation, loss of revenue; increased operating, capital or regulatory costs; or destruction of shareholders' value and the company's assets, consequent to an adverse or potentially criminal event even if the company is not found guilty.

- Strategic Risks
These risks may arise from the formulation of strategy, the implementation of business decisions or potential uncertainties concerning the objectives of the Group.

All risks identified are documented in the Risk Management Report and submitted for notation by the Board of Directors and Risk Management Committee. The Risk Management Report serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

All key risks are reviewed and monitored by the Management team. Through these mechanisms, key risks identified in the Risk Management Report are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

During the financial year, the assessment process on risk management was conducted and attended by Executive Directors and key management personnel. Key business risks were categorised to highlight the source of the risk, its scoring to reflect the impact of the risk and the likelihood of its occurrence. The assessment process took into account all aspects of the business and its internal control framework, including risk assessment, the control environment and control activities, information and communication and monitoring procedures. Yearly reviews were conducted to determine the existence of new risk and whether the risks previously identified remained relevant. Necessary action will be taken to remedy any significant failings or weaknesses identified from the assessment.

2. INTERNAL CONTROL SYSTEM

- Board of Director and Audit Committee

  The Board of Directors and Audit Committee meet at least four times during the financial year to ensure that the Directors maintain effective control on all significant and operational issues.

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units. The procedures include the establishment of authority limit for all aspects of the business, which is subject to periodic review throughout the year as to their implementation and for their continuing suitability.

- Periodical and/or Annual Budget

  An annual budget is prepared by Management and tabled to the Board of Directors for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

Statement on Risk Management and Internal Control

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTD.)

2. INTERNAL CONTROL SYSTEM (CONTD.)

- Group Policies and Procedures

  Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

  Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board of Directors and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

  Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board of Directors for their review, consideration and approval. The Board of Directors also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

  The Group has also exercised its significant influence over its associate companies by obtaining, monitoring and reviewing the management accounts of its associate companies, which contains key financial results, operational performances and comparison of actual performances against budgets on a monthly basis.

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the Board of Directors and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2022, an internal audit review was carried out in accordance with the risk-based internal audit plan approved by the Audit Committee. Risk-based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the Management within the defined risk appetite level.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board of Directors.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2022 amounted to RM16,000.

In addition, follow up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board of Directors has adopted in reviewing adequacy and effectiveness of the Risk Management and Internal Control system of the Group. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the MMLR and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

CONCLUSION

The Board of Directors is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board of Directors is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board of Directors will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The Board of Directors is satisfied on the adequacy and effectiveness of the Group's on-going process for identifying, evaluating, controlling and managing the risks of business, including the scope and frequency of reports on both risk management and internal control that are received and reviewed during the year by the Audit Committee and Risk Management Committee and the Board of Directors, important risk and control matters discussed and associated actions taken by the Management.

This Statement does not extend to its associate companies and joint venture.

This Statement was approved by the Board of Directors on 31 March 2023.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Turbo-Mech Berhad ("Turbo" or the "Company") is pleased to present the report on the Audit Committee for the financial year ended 31 December 2022.

The Audit Committee Report provides insights on how Audit Committee discharged its function and duties for the financial year ended 31 December 2022, details as follows:-

1. COMPOSITION AND ATTENDANCE

The Audit Committee currently consists of four (4) members, all of whom are non-executive directors with a majority of them are independent directors. Mr Tam Juat Hong is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The Audit Committee therefore meets the requirements of Paragraph 15.09(1)(b) and (c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Audit Committee met 4 times during the financial year on 25 February 2022, 23 May 2022, 22 August 2022 and 28 November 2022 and the attendance record is tabulated as follows:-

Members	Designation	Attendance
Tam Juat Hong	Chairman, Independent Non-Executive Director	4/4
Chan Bee Eie	Non-Independent Non-Executive Director	4/4
Gordon Yong Lin Fooi	Independent Non-Executive Director	4/4
Nurul Ain binti Khirul Ashar *	Independent Non-Executive Director	-

Notes:-

* *Appointed as a member of Audit Committee on 29 November 2022. There were no Audit Committee Meetings held since her appointment as a member of Audit Committee.*

2. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions. The Audit Committee also reviews related party transactions and conflict of interest situations that arise within the Group.

A detailed terms of reference of the Audit Committee has been drawn up and approved by the Board and it is available on the Company's website at www.turbomech.com.my pursuant to Paragraph 15.11 of the MMLR. The terms of reference of the Audit Committee is reviewed regularly. Any revisions or amendments shall form part of terms of reference and shall be considered duly revised or amended. The terms of reference of the Audit Committee was last reviewed on 22 March 2022 and there were amendments made to the terms of reference in line with the Malaysian Code on Corporate Governance and the MMLR.

3. REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board through its Nomination Committee had performed an annual review and assessment of the term of office and performance of Audit Committee to assess the Audit Committee's effectiveness in carrying out its duties as set out in the terms of reference. The Board was satisfied that the Audit Committee has effectively discharged its duties in accordance with the terms of reference for the financial year under review.

4. RETIREMENT AND RESIGNATION

In the event of any vacancy in the Audit Committee resulting in non-compliance with the requirements on composition of the Audit Committee and the election of an independent chairman of the Audit Committee, the vacancy must be filled within three (3) months of that event.

5. SUMMARY OF WORK DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2022, the Audit Committee has met its responsibilities in discharging its duties and functions. The major works undertaken by the Audit Committee are summarised broadly as follows:-

(i) Internal Audit

The Group has outsourced its internal audit function to a professional internal audit services company, namely GovernanceAdvisory.com Sdn. Bhd. since 2018. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a satisfactory management control environment within the context and resources of the Group.

The Internal Auditors had organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

Before the commencement of the internal audit reviews, an internal audit plan was prepared and presented to the Audit Committee for approval. Upon approval by the Audit Committee, internal audit reviews were carried in accordance with the approved internal audit plan. Thereafter, during the quarterly meetings following the presentation of the Internal Audit Report, the Audit Committee reviewed with the Internal Auditors, the progress and coverage of the Internal Audit Plan to ensure that the audit direction remains relevant and was in line with the Audit Committee's expectations. After considering the changes in the operating environment in the Group, the Internal Audit Plan was developed in consideration of the Group's risk profile and the Board and Management concerns.

Prior to the presentation of reports and findings to the Audit Committee, comments from the Management were obtained and incorporated into the internal audit findings and reports. The Internal Audit Reports also covered the follow-up review on the status of Management's implementation of recommendations in their earlier reports.

The Internal Auditors had attended one (1) Audit Committee meeting during the financial year. The functional areas and operating processes reviewed by the Internal Auditors are as follows:-

- Follow-up Review; and
- Review on System Disaster Recovery & Information Technology.

The Internal Auditors also presented the Internal Audit Review Plan for year 2023 to the Audit Committee for approval at the Audit Committee meeting held on 28 November 2022.

The total cost incurred for the internal audit function of the Group during the financial year was RM16,000 (2021: RM16,000).

(ii) Financial Reporting

During the financial year ended 31 December 2022, the Audit Committee in the discharge of its duties and responsibilities in respect of the financial reporting by the Group carried out the following activities:-

a. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for its consideration and approval. The First, Second, Third and Fourth Quarter Interim Financial Reports were tabled at the Audit Committee meetings held on 23 May 2022, 22 August 2022, 28 November 2022 and 27 February 2023 respectively. The quarterly interim financial reports were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 and Paragraph 9.22 of the MMLR;

b. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2022 which was prepared by External Auditors of the Company including but not limited to the audit analytics used, the assessment of professional independence, the manpower of the audit engagement team, the concept of materiality, the potential areas of audit emphasis, the audit reliance placed with the internal auditors and the audit timeline for the full audit engagement. Included in this Audit Plan is an annual statement from the External Auditors that the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants are complied with;

c. Reviewed the Audit Results of the External Auditors which included the audit scope changes, the significant accounting and auditing issues, the qualitative aspect of accounting policies and the summary of audit difference, if any;

Audit Committee Report

5. SUMMARY OF WORK DURING THE FINANCIAL YEAR (CONTD.)

(ii) Financial Reporting (contd.)

d. Reviewed the draft Audited Financial Statements ("AFS") of the Company and the External Auditors' findings and recommendations for the financial year ended 31 December 2021 at the Audit Committee meeting held on 25 February 2022. The AFS of the Company were prepared in compliance with the MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016;

e. Conducted private meeting sessions with the External Auditors without the presence of the Executive Board Members and Management of the Company on 25 February 2022 and 28 November 2022;

f. Assessed the performance of External Auditors and recommended to the Board for re-appointment;

g. To ensure the integrity of the financial information, received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, that:-
- Appropriate accounting policies had been adopted and applied consistently;
- Going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and MMLR; and
- Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

h. Reviewed the Statement on Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from both CEO and CFO of the Company that the Group's risk management and internal control systems were operating adequately and effectively in all material aspects before recommending the said Statement to the Board for its approval;

i. Reviewed the terms of related party transactions and recurrent related party transactions, if any, entered into by the Group;

j. Reviewed the Circular to Shareholders in respect of the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature;

k. Reviewed and recommended to the Board the Audit Committee Report and Corporate Governance Overview Statement for approval and inclusion in the Company's Annual Report; and

l. Reviewed the assistance provided by Management to the External Auditors and Internal Auditors.

(iii) External Audit

Upon the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year, the External Auditors attended the Audit Committee meeting held on 28 November 2022 and during their presentation on Audit Planning Memorandum for the financial year ended 31 December 2022, had declared and confirmed that they were independent and would be independent throughout their audit engagement.

Subsequent to the financial year ended 31 December 2022, the Audit Committee met with the External Auditors in the absence of Management on 27 February 2023. The Audit Committee had the opportunity to assess the co-operation extended by Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's finance department.

There were no areas of major concerns raised by the External Auditors that warranted escalation to the Board. The External Auditors were also informed by the Audit Committee that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the Audit Committee accordingly.

At the same time, the External Auditors had the opportunity to obtain feedback from the Audit Committee on their perspectives on the areas of major concerns, which they would like the External Auditors to look into.

The Audit Committee carried out a formal evaluation to review and assess the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee was generally satisfied with the independence, performance and suitability of the External Auditors based on the evaluation result and recommended to the Board and subsequently proposed to shareholders for approval of the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2023.

DIRECTORS' RESPONSIBILITY STATEMENT/ ADDITIONAL COMPLIANCE INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act 2016 ("Act"), the Directors on page 55 of this Annual Report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Act so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2022.

In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the External Auditors during the financial year under review were as follows:-

	Company (RM'000)	Group (RM'000)
Audit services	95	405
Non-audit services	10	10
Total	105	415

3. Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2022.

4. Key Senior Management

Save for the Chief Executive Officer and Chief Financial Officer, who are also the Directors of the Company, there is no other key senior management.

Directors' Responsibility Statement/ Additional Compliance Information

5. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT").

The breakdown of the aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Thirteenth Annual General Meeting held on 23 May 2022 was as follows:-

No	Related Party	Company within the Group	Type of Recurrent Transactions	Interested Related Parties (*)	Amount transacted during the financial year (RM)
1	Bayu Purnama Sdn. Bhd.	Turbo-Mech Asia Pte Ltd	Sales of pump parts to Bayu Purnama Sdn. Bhd.	Interested Director - Omar Bin Mohamed Said Interested Persons Connected to Director - Hamimah Binti Mohamed Said	17,146

Note (*) The nature of the relationships and extent of the interest of the Related Parties are as follows:-

a. Bayu Purnama Sdn. Bhd. is a 42.5% associate company of Turbo-Mech Berhad.

b. The family relationships of the Related Parties are as follows:-

Brother - Omar Bin Mohamed Said
Sister - Hamimah Binti Mohamed Said

c. Hamimah Binti Mohamed Said is a director and shareholder of Bayu Purnama Sdn. Bhd..

d. The Related Parties' shareholding in Bayu Purnama Sdn. Bhd. is as follows:-

Related Parties	Direct	Indirect	Total %
Omar Bin Mohamed Said	-	-	-
Hamimah Binti Mohamed Said	2,550,000	-	51.0

e. Omar Bin Mohamed Said and Hamimah Binti Mohamed Said are deemed interested by virtue of their family relationships with each other.

f. The direct and indirect interest of the interest Director and persons connected to him are as follows:-

Related Parties	Direct		Indirect	
	No. of Shares in the Company	%	No. of Shares in the Company	%
Interested Director				
Omar Bin Mohamed Said	-	-	-	-
Persons Connected				
Hamimah Binti Mohamed Said	50,000	0.05	-	-

This Statement is made in accordance with a resolution of the Board dated 27 February 2023.

Financial Statement

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Corporate information is disclosed in Note 1 to the financial statements.

The principal activities and other information relating to the subsidiaries, associates and joint venture are disclosed in Note 6, Note 7 and Note 8 respectively to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(loss) attributable to:		
Owners of the Company	1,751,270	(89,915)
Non-controlling interests	2,138	-
	1,753,408	(89,915)

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2021 were as follows:

	RM
In respect of the financial year ended 31 December 2021 as reported in the Directors' report of that year:	
Final single-tier dividend of 2.0 sen on 108,000,000 ordinary shares, approved on 23 May 2022 and paid on 22 June 2022	2,160,000

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2022, on 108,000,000 ordinary shares, amounting to a dividend payable of RM540,000 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.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Gan Kok Ten *
Nasaruddin bin Mohamed Ali
Omar bin Mohamed Said
Chan Bee Eie
Tam Juat Hong
Gordon Yong Lin Fooi
Nurul Ain binti Khirul Ashar (Appointed on 14 November 2022)

* The Director is also Director of the Company's subsidiaries.

Directors' Report

DIRECTORS (CONTD.)

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Tay Hwee Leck
Arnel Lattore Pulla
Gilbert M. Untalan
Roberto J. Consunji
Agus Kusnadi
Lai Yew Fong
Pranee Yimchalam

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salaries of Directors who are full-time employees of the Company or its subsidiaries as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits are as follows:

	Group 2022 RM	Company 2022 RM
Directors of the Company		
Executive:		
Salaries and other emoluments	282,495	-
Fees	22,000	22,000
Bonus	21,463	-
Defined contribution plan	44,771	-
Insurance effected to indemnify directors	4,243	4,243
Total Executive Directors' remuneration	374,972	26,243
Non-Executive:		
Fees	87,000	87,000
Other emoluments	35,000	35,000
Insurance effected to indemnify directors	8,487	8,487
Total Non-Executive Directors' remuneration	130,487	130,487
	505,459	156,730
Directors of subsidiaries		
Executive:		
Salaries and other emoluments	660,120	-
Bonus	65,472	-
Defined contribution plan	40,653	-
	766,245	-
Non-Executive:		
Fees	-	-
Total Directors' remuneration	1,271,704	156,730
Executive Directors' remuneration	1,141,217	26,243
Non-Executive Directors' remuneration	130,487	130,487
	1,271,704	156,730

Directors' Report

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interest of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
The Company	**1 January 2022**	**Bought**	**Sold**	**31 December 2022**
Direct interest				
Gan Kok Ten	20,637,419	-	-	20,637,419
Nasaruddin bin Mohamed Ali	940,876	-	-	940,876
Indirect interest				
Gan Kok Ten [(1)]	39,890,911	-	-	39,890,911
Chan Bee Eie [(2)]	1,239,787	-	-	1,239,787
Subsidiary				
Turbo-Mech (Thailand) Co. Ltd				
Direct interest				
Gan Kok Ten	1,000	-	-	1,000

(1) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.

(2) Deemed interested in the direct shareholdings of her spouse, Gan Kok Tin, a substantial shareholder of the Company, pursuant to Section 8(4)(c) of the Companies Act 2016.

By virtue of their interests in the shares of the Company, Gan Kok Ten is also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

ISSUE OF SHARES AND DEBENTURES

There was no issue of share or debenture during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONTD.)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group 2022 RM	Company 2022 RM
Ernst & Young PLT, Malaysia	95,000	95,000
Member firms of Ernst & Young Global	266,084	-
Other auditors	44,117	-
	405,201	95,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2023.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Gan Kok Ten and Nasaruddin bin Mohamed Ali, being two of the Directors of Turbo-Mech Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 60 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2023.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Gan Kok Ten, being the Director primarily responsible for the financial management of Turbo-Mech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 60 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Nasaruddin Bin Mohamed Ali
at Kuala Lumpur in the Federal Territory
on 31 March 2023

Gan Kok Ten

Before me,

Tan Kim Chooi (W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TURBO-MECH BERHAD (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Turbo-Mech Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial satements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Revenue recognition</u>

Revenue for the year ended 31 December 2022 amounted to RM49,245,861.

a) <u>Sale of goods</u>

The Group's revenue recognition policy is to recognise the revenue upon the transfer of control of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The timing of the transfer of the risks and rewards of the goods to the buyers is defined by the specific delivery terms agreed upon with the customers.

As the Group arranged shipment under various shipping terms across its operating markets, any lapse or delay in the monitoring of the shipment status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

Independenvt Auditors' Report

TO THE MEMBERS OF TURBO-MECH BERHAD (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition (contd.)

b) Rendering of services

Revenue from services rendered are recognised upon services performed. The Group recognises its revenue in accordance with MFRS 15 Revenue from Contract with Customers, where it is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

As the Group recognised revenue based on work done, any delay in the monitoring of service report status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

As part of our audit procedures for the revenue recognition above, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue recognition process and placed specific attention on the timing of the revenue recognition. We tested on a sample basis, sales transactions taking place near to or after the reporting date by evaluating the agreed delivery terms or service report provided by the customers and the timing of revenue recognition, to assess whether the sales transactions were recognised in the appropriate financial year. We have also obtained external confirmations from trade receivables with significant balances outstanding as at year end. For material credit notes issued after the reporting date, if any, we performed procedures to assess whether sales transactions were recognised in the correct financial year. In addition, we have also performed trend analysis over products by comparing against prior year, and assessed if the variances are reasonable.

Information regarding the Group's revenue is disclosed in Notes 22 and 37 to the financial statements.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon. We obtained the Directors' Report prior to the date of this auditors' report, and the other information included in the Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information included in the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information included in the Annual Report that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independenvt Auditors' Report

TO THE MEMBERS OF TURBO-MECH BERHAD (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independenvt Auditors' Report

TO THE MEMBERS OF TURBO-MECH BERHAD (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 02984/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	868,425	1,101,487	-	-
Investment properties	4	6,053,155	6,133,591	-	-
Right-of-use assets	5	21,370,935	21,474,801	-	-
Investment in subsidiaries	6	-	-	44,628,995	44,628,995
Investment in associates	7	16,242,783	16,171,614	8,639,755	8,639,755
Investment in a joint venture	8	-	410,839	-	-
Other non-current assets	9	12	12	-	-
Deferred tax assets	10	289,513	125,577	-	-
		45,368,315	45,417,921	53,268,750	53,268,750
CURRENT ASSETS					
Inventories	11	6,906,952	13,590,464	-	-
Trade and other receivables	12	16,231,811	14,235,389	16,297	7,605
Contract assets	13	1,904,871	770,162	-	-
Dividend receivables		-	2,125,000	656,380	2,125,000
Prepayments		1,217,389	1,955,147	-	-
Tax recoverable		17,901	121,743	13,786	14,492
Cash and bank balances	14	58,992,738	50,841,797	1,331,722	2,019,438
		85,271,662	83,639,702	2,018,185	4,166,535
Asset held for distribution to owners	39	543,492	-	-	-
		85,815,154	83,639,702	2,018,185	4,166,535
TOTAL ASSETS		130,639,977	129,057,623	55,286,935	57,435,285
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS					
Share capital	15	54,000,000	54,000,000	54,000,000	54,000,000
Retained earnings	16(a)	39,776,210	40,184,940	1,016,993	3,266,908
Capital reserve	16(b)	4,763,400	4,763,400	-	-
Retirement benefit obligation reserve	16(c)	(67,123)	(44,935)	-	-
Statutory reserve	16(d)	108,500	108,500	-	-
Foreign currency translation reserve	17	20,433,165	15,812,099	-	-
		119,014,152	114,824,004	55,016,993	57,266,908
Non-controlling interests		36,569	33,801	-	-
TOTAL EQUITY		119,050,721	114,857,805	55,016,993	57,266,908
NON-CURRENT LIABILITIES					
Lease liabilities	21	2,394,440	2,421,783	-	-
Retirement benefit obligation	20	336,465	319,813	-	-
TOTAL NON-CURRENT LIABILITIES		2,730,905	2,741,596	-	-
CURRENT LIABILITIES					
Trade and other payables	18	5,788,745	7,351,146	269,942	168,377
Contract liabilities	19	1,876,527	2,711,358	-	-
Lease liabilities	21	167,810	156,679	-	-
Income tax payable		1,025,269	1,239,039	-	-
TOTAL CURRENT LIABILITIES		8,858,351	11,458,222	269,942	168,377
TOTAL LIABILITIES		11,589,256	14,199,818	269,942	168,377
TOTAL EQUITY AND LIABILITIES		130,639,977	129,057,623	55,286,935	57,435,285

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	22	49,245,861	42,727,890	656,380	3,650,500
Cost of sales	23	(35,545,378)	(28,600,817)	-	-
Gross profit		13,700,483	14,127,073	656,380	3,650,500
Interest income	24	115,670	66,573	26,543	-
Other income	25	2,349,318	3,642,362	-	-
Depreciation expenses		(2,328,720)	(2,501,955)	-	-
Amortisation expenses		-	(7,679)	-	-
Employee benefits expense	26	(6,587,306)	(6,424,463)	(336,785)	(332,680)
Other expenses		(4,623,673)	(3,653,230)	(431,607)	(396,824)
Operating profit		2,625,772	5,248,681	(85,469)	2,920,996
Finance cost	28	(85,623)	(86,714)	-	-
Share of results of associates	7	67,686	642,622	-	-
Share of results of a joint venture	8	103,951	154,351	-	-
Profit/(loss) before taxation	29	2,711,786	5,958,940	(85,469)	2,920,996
Income tax expense	30	(958,378)	(913,569)	(4,446)	(168)
Profit/(loss) for the financial year		1,753,408	5,045,371	(89,915)	2,920,828
Profit/(loss) attributable to:					
Owners of the Company		1,751,270	5,043,544	(89,915)	2,920,828
Non-controlling interests		2,138	1,827	-	-
		1,753,408	5,045,371	(89,915)	2,920,828
Earnings per share attributable to owners of the Company (sen per share)					
- Basic	31	2	5		
- Diluted	31	*2	*5		

* Diluted earnings per share of the Company for the financial year ended 31 December 2022 and 31 December 2021 is equivalent to the basic earnings per share as the Company has no dilutive potential ordinary share in issue at the end of the reporting date.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Profit/(loss) for the financial year		1,753,408	5,045,371	(89,915)	2,920,828
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation	17	4,621,696	70,128	-	-
Other comprehensive income will not be reclassified to profit or loss in subsequent period:					
Remeasurement (loss)/gain on defined benefit obligation	16(c)	(22,188)	40,661	-	-
		4,599,508	110,789	-	-
Total comprehensive income/(loss) for the financial year		6,352,916	5,156,160	(89,915)	2,920,828
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		6,350,148	5,156,658	(89,915)	2,920,828
Non-controlling interests		2,768	(498)	-	-
		6,352,916	5,156,160	(89,915)	2,920,828

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Distributable		← Non-distributable →						
	Share capital (Note 15) RM	Retained earnings (Note 16) RM	Capital reserve (Note 16) RM	Retirement benefit obligation reserve (Note 16) RM	Statutory reserve (Note 16) RM	Foreign currency translation reserve (Note 17) RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Group									
At 1 January 2022	54,000,000	40,184,940	4,763,400	(44,935)	108,500	15,812,099	114,824,004	33,801	114,857,805
Profit for the financial year	-	1,751,270	-	-	-	-	1,751,270	2,138	1,753,408
Other comprehensive income during the year	-	-	-	(22,188)	-	4,621,066	4,598,878	630	4,599,508
Total comprehensive income for the financial year	-	1,751,270	-	(22,188)	-	4,621,066	6,350,148	2,768	6,352,916
Dividends (Note 38)	-	(2,160,000)	-	-	-	-	(2,160,000)	-	(2,160,000)
At 31 December 2022	54,000,000	39,776,210	4,763,400	(67,123)	108,500	20,433,165	119,014,152	36,569	119,050,721
At 1 January 2021	54,000,000	37,301,396	4,763,400	(85,596)	108,500	15,739,646	111,827,346	34,299	111,861,645
Profit for the financial year	-	5,043,544	-	-	-	-	5,043,544	1,827	5,045,371
Other comprehensive income during the year	-	-	-	40,661	-	72,453	113,114	(2,325)	110,789
Total comprehensive income for the financial year	-	5,043,544	-	40,661	-	72,453	5,156,658	(498)	5,156,160
Dividends (Note 38)	-	(2,160,000)	-	-	-	-	(2,160,000)	-	(2,160,000)
At 31 December 2021	54,000,000	40,184,940	4,763,400	(44,935)	108,500	15,812,099	114,824,004	33,801	114,857,805

Statements of Changes in Equity

For the financial year ended 31 December 2022

	Share capital (Note 15) RM	Distributable Retained earnings (Note 16) RM	Total equity RM
Company			
At 1 January 2021	54,000,000	2,506,080	56,506,080
Profit for the financial year, representing total comprehensive income for the financial year	-	2,920,828	2,920,828
Dividends (Note 38)	-	(2,160,000)	(2,160,000)
At 31 December 2021	54,000,000	3,266,908	57,266,908
Loss for the financial year, representing total comprehensive income for the financial year	-	(89,915)	(89,915)
Dividends (Note 38)	-	(2,160,000)	(2,160,000)
At 31 December 2022	54,000,000	1,016,993	55,016,993

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	2,711,786	5,958,940	(85,469)	2,920,996
Adjustments for:				
Amortisation of investment in club membership	-	7,679	-	-
Depreciation of property, plant and equipment	656,178	896,786	-	-
Depreciation of investment properties	264,061	256,296	-	-
Depreciation of right-of-use assets	1,408,481	1,348,873	-	-
Dividend income	-	-	(656,380)	(3,650,500)
Gain on disposal of property, plant and equipment	(12,397)	(1,236)	-	-
Investment properties written off	110,194	-	-	-
Interest income	(115,670)	(66,573)	(26,543)	-
Allowance for impairment loss on trade receivables	-	48,033	-	-
Reversal of allowance for impairment loss on trade receivables	-	(113,890)	-	-
Interest expenses	-	62	-	-
Accretion of interest on lease liabilities	85,623	86,652	-	-
Inventories written down	287,864	146,620	-	-
Reversal of inventories written down	-	(88,811)	-	-
Share of results of associates	(67,686)	(642,622)	-	-
Share of results of a joint venture	(103,951)	(154,351)	-	-
Provision for retirement benefit obligation	(2,121)	(2,870)	-	-
Unrealised loss on foreign currency translations	667,332	699,361	-	-
Operating profit/(loss) before changes in working capital	5,889,694	8,378,949	(768,392)	(729,504)
Changes in working capital:				
Decrease in inventories	6,395,648	938,481	-	-
Increase in trade and other receivables	(2,071,268)	(3,875,378)	(8,692)	-
Increase in contract assets	(1,134,709)	(424,490)	-	-
Decrease/(increase) in prepayments	737,758	(797,416)	-	-
(Decrease)/increase in trade and other payables	(1,457,779)	401,784	101,565	(54,221)
(Decrease)/increase in contract liabilities	(834,831)	2,236,241	-	-
Cash generated from/(used in) operation	7,524,513	6,858,171	(675,519)	(783,725)
Interest paid	(85,623)	(86,714)	-	-
Income taxes paid	(1,221,044)	(1,240,560)	(3,740)	(5,140)
Net cash generated from/(used in) operating activities	6,217,846	5,530,897	(679,259)	(788,865)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	27,287	1,236	-	-
Purchase of property, plant and equipment	(383,221)	(122,884)	-	-
Placement of fixed deposit with licensed bank	(4,113,463)	(2,019,436)	-	-
Interest income received	115,670	66,573	26,543	-
Dividend received from a subsidiary	-	-	-	2,988,156
Dividend received from an associate	2,125,000	1,436,500	2,125,000	1,436,500
Net cash flows (used in)/generated from investing activities	(2,228,727)	(638,011)	2,151,543	4,424,656
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(2,160,000)	(2,160,000)	(2,160,000)	(2,160,000)
Payment of principal portion of lease liabilities	(160,166)	(112,364)	-	-
Repayment of hire purchase obligations	-	(3,947)	-	-
Net cash flows used in financing activities	(2,320,166)	(2,276,311)	(2,160,000)	(2,160,000)
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,668,953	2,616,575	(687,716)	1,475,791
Effect of exchange rate changes on cash and cash equivalents	2,368,525	(1,316,827)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	38,643,212	37,343,464	2,019,438	543,647
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 14)	42,680,690	38,643,212	1,331,722	2,019,438

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at 39-5, Jalan PJU 1/41, Block D1, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding.

The principal activities and other information relating to the subsidiaries, associates and joint venture are disclosed in Note 6, Note 7 and Note 8 respectively.

There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 31 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Company adopted amended MFRS which are mandatory for financial periods beginning on or after 1 January 2022 as fully described in Note 2.3.

The financial statements of the Group and of the Company have been prepared on a historical cost basis.

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.2 Summary of significant accounting policies

(a) Basis of consolidation and business combinations

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(a) Basis of consolidation and business combinations (contd.)

(i) Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Contractual arrangement with the other vote holders of the investee;

(iv) Rights arising from other contractual arrangements; and

(v) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(ii) Business combinations

(a) Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit and loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(a) Basis of consolidation and business combinations (contd.)

(ii) Business combinations (contd.)

(a) When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their respective carrying amounts and reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the Group to the extent that the laws and statues do not prohibit the use of such reserves. The statement of comprehensive income reflects the result of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

At the reporting date, the merger deficit is Nil (2021: Nil) as the carrying amount of merger deficit had been adjusted against the Group's retained earnings in previous financial years.

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Foreign currency

(i) Foreign currency translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(c) Foreign currency (contd.)

(i) Foreign currency translation (contd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in statement of comprehensive income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign operations

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Air conditioner	5 years
Computers	3 - 5 years
Furniture and fittings	2 - 10 years
Motor vehicles	7 - 10 years
Office equipment	2 - 10 years
Plant, machinery and instruments	5 years
Renovation	5 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(d) Property, plant and equipment (contd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

(e) Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of investment property is provided for on a straight-line basis to write off the cost of investment properties to its residual value over the lower of the estimated useful life or lease period:

Leasehold land and building	Over the lease period of 17 - 50 years

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying cost at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(d) up to the date of change in use.

(f) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and building	18 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(f) Right-of-use assets (contd.)

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

The Group assesses at each reporting date whether there is an indication that the right-of-use assets may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(g) Club membership

Club membership which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the club membership may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(h) Other investment

Other investment which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the other investment may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(i) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group and the Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(j) Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group as further discussed in Note 2(a)(i). The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts is recognised in profit or loss.

(k) Investment in associates and joint venture

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead recognised as income in the determination of the Group's share of the associate or joint venture's profit or loss for the period in which the investment is acquired.

An associate and joint venture are equity accounted for from the date on which the investee becomes an associate and joint venture.

Under the equity method, on initial recognition the investment in an associate or joint venture are recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates or joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associates or joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(l) Financial assets

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments and financial assets at fair value through profit or loss.

The measurement of financial assets depends on their classification, as described below:

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(l) Financial assets (contd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(m) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience. The Group and the Company consider forward-looking factors do not have significant impact to their credit risk given the nature of their industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(n) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits and short term highly liquid investments with a maturity of three months or less from the date of placement that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading goods: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Other financial liabilities.

The measurement of financial liabilities depends on their classification, as described below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(q) Financial liabilities (contd.)

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants are recognised in profit and loss on a systematic basis over the period in which the entity recognises as expenses the related cost for which the grant are intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over a systematic basis over the expected useful life of the relevant asset.

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(s) Employee benefits (contd.)

(iii) Defined benefit plan (contd.)

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(iv) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Finance lease

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(t) Leases (contd.)

Operating lease

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(u) Revenue

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Sale of goods

The Group is in the business of sales of rotating equipment and spare parts.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

The Group is in the business of maintenance and overhaul service of of rotating equipment and spare parts.

Revenue is recognised based when the services are rendered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

(iii) Commission income

The Group acts as an agent to provide a service of arranging for another party to transfer goods to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Other revenue

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

Contract balances

(i) Contract assets

Contract assets primarily relate to the Group's right to consideration for work complete but not yet billed at reporting date for sale of goods and services. Contract assets are transferred to receivables when the rights become unconditional.

(ii) Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) in accordance with the accounting policy set out in Note 2.2(l).

(iii) Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of goods and services.

(v) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(v) Taxes (contd.)

(iii) Goods and services tax ("GST")

Revenues, expenses and assets in Singapore, Thailand, Philippines and Indonesia are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(iv) Sales and service tax ("SST")

When SST is incurred in Malaysia, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

(w) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(y) Current versus non-current classification (contd.)

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(z) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement if directly or indirectly observable
(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(aa) Asset held for distribution to owners

The Group classifies investments as held for distribution to owner if their carrying amounts will be recovered principally through liquidation rather than through continuing use. Investments classified as held for distribution to owners are measured at the lower of its carrying amount and fair value less costs to liquidate.

Assets held for distribution are no longer depreciated or amortised once classified as current assets. The investment held for distribution to owners has been presented separately from other assets in the statements of financial position in accordance with MFRS 5. The carrying value of the investment held for distribution to owners will be reclassified to current assets upon completion of the distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of amended standards as follows:

On 1 January 2022, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2022.

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16 Leases: Covid-19 Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Annual Improvements to MFRS Standards 2018-2020

The adoption and application of the above amended standards did not have any significant impact on the financial statements of the Group and of the Company.

2.4 Standard issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Effective for annual 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 Directors expect that the adoption of the above new and amended standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical judgements made in applying accounting policies

There are critical judgements made by management in the process of applying the Group's and the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements as disclosed below:

(i) Property lease classification - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contacts as operating leases.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period as disclosed below:

(i) Provision for expected credit losses of trade receivables and contract asset

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 12 and Note 13 respectively.

The carrying amount of trade receivables and contract assets as at 31 December 2022 are RM15,410,383 and RM1,904,871 respectively (31 December 2021: RM13,757,159 and RM770,162).

3. PROPERTY, PLANT AND EQUIPMENT

	Air Conditioner RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant, machinery and instruments RM	Renovation RM	Total RM
Group								
At 31 December 2022								
Cost								
At 1 January 2022	128,838	594,182	792,253	1,094,857	435,522	6,143,768	3,068,661	12,258,081
Additions	6,714	39,239	-	78,354	17,072	241,842	-	383,221
Disposals	-	(12,478)	-	(60,377)	(1,667)	(125,279)	-	(199,801)
Exchange differences	8,317	36,383	40,659	41,505	20,078	197,771	185,477	530,190
At 31 December 2022	143,869	657,326	832,912	1,154,339	471,005	6,458,102	3,254,138	12,971,691
Accumulated depreciation								
At 1 January 2022	122,739	512,023	752,863	920,778	383,790	5,621,150	2,843,251	11,156,594
Depreciation charge for the year	2,415	52,272	17,708	84,408	24,072	290,301	185,002	656,178
Disposals	-	(2,206)	-	(60,180)	(1,667)	(120,858)	-	(184,911)
Exchange differences	7,817	26,266	38,853	33,192	17,670	175,471	176,136	475,405
At 31 December 2022	132,971	588,355	809,424	978,198	423,865	5,966,064	3,204,389	12,103,266
Net carrying amount	10,898	68,971	23,488	176,141	47,140	492,038	49,749	868,425
At 31 December 2021								
Cost								
At 1 January 2021	126,689	581,158	790,825	1,284,745	437,917	5,968,243	3,016,908	12,206,485
Additions	-	13,884	2,960	2,626	5,550	97,864	-	122,884
Disposals	-	-	-	(192,750)	(2,640)	(1,374)	-	(196,764)
Exchange differences	2,149	(860)	(1,532)	236	(5,305)	79,035	51,753	125,476
At 31 December 2021	128,838	594,182	792,253	1,094,857	435,522	6,143,768	3,068,661	12,258,081
Accumulated depreciation								
At 1 January 2021	118,718	467,541	721,191	1,031,706	360,974	5,111,237	2,540,729	10,352,096
Depreciation charge for the year	2,009	47,001	34,057	80,194	30,197	444,259	259,069	896,786
Disposals	-	-	-	(192,750)	(2,640)	(1,374)	-	(196,764)
Exchange differences	2,012	(2,519)	(2,385)	1,628	(4,741)	67,028	43,453	104,476
At 31 December 2021	122,739	512,023	752,863	920,778	383,790	5,621,150	2,843,251	11,156,594
Net carrying amount	6,099	82,159	39,390	174,079	51,732	522,618	225,410	1,101,487

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Computer RM	Office equipment RM	Total RM
At 31 December 2022			
Cost			
At 1 January 2022/31 December 2022	6,146	2,700	8,846
Accumulated depreciation			
At 1 January 2022/31 December 2022	6,146	2,700	8,846
Net carrying amount	-	-	-
At 31 December 2021			
Cost			
At 1 January 2021/31 December 2021	6,146	2,700	8,846
Accumulated depreciation			
At 1 January 2021/31 December 2021	6,146	2,700	8,846
Net carrying amount	-	-	-

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM383,221 (2021: RM122,884) by way of cash.

4. INVESTMENT PROPERTIES

	Group 2022 RM	Group 2021 RM
Leasehold land and building		
Cost		
At 1 January	10,252,453	10,067,656
Write off	(247,501)	-
Exchange differences	451,633	184,797
At 31 December	10,456,585	10,252,453
Accumulated depreciation		
At 1 January	4,118,862	3,790,802
Depreciation charge for the year	264,061	256,296
Write off	(137,307)	-
Exchange differences	157,814	71,764
At 31 December	4,403,430	4,118,862
Net carrying amount	6,053,155	6,133,591
Fair value as at 31 December	17,904,365	16,153,218

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment properties.

4. INVESTMENT PROPERTIES (CONTD.)

The investment property as at 31 December 2022 was valued by independent professional valuers firm based on market comparison approach and comparison/depreciable replacement cost method as disclosed in Note 35(b).

a) The Group has land use rights and buildings with carrying amount of RM850,399 (2021: RM1,100,146) comprising land lease over two plots of state-owned land in the Republic of Indonesia. The land use rights are transferable and have a remaining tenure of 9 years (2021: 10 years) and 5 years (2021: 6 years) respectively.

   Direct operating expenses incurred by the Group on the land use rights and buildings in the Republic of Indonesia during the financial year amounted to RM10,450 (2021: RM7,854).

b) The Group also has land use rights and buildings with carrying amount of RM5,202,756 (2021: RM5,033,445) comprising land lease over one plot of state-owned land in the Republic of Singapore. The land use rights are transferable and have a remaining tenure of 36 years (2021: 37 years).

   Direct operating expenses incurred by the Group on the land use rights and buildings in the Republic of Singapore during the financial year amounted to RM108,519 (2021: RM84,175).

5. RIGHT-OF-USE ASSETS

The Group has lease contracts for land and building used in its operations. Leases of land and building have remaining lease terms of 16 years (2021: 17 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of offices with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Lease of land RM	Leasehold building RM	Total RM
Group			
At 31 December 2022			
Cost			
At 1 January 2022	2,936,492	25,789,815	28,726,307
Exchange difference	165,129	1,629,147	1,794,276
At 31 December 2022	3,101,621	27,418,962	30,520,583
Accumulated depreciation			
At 1 January 2022	462,155	6,789,351	7,251,506
Depreciation of right-of-use assets	194,330	1,214,151	1,408,481
Exchange difference	28,610	461,051	489,661
At 31 December 2022	685,095	8,464,553	9,149,648
Net carrying amount	2,416,526	18,954,409	21,370,935

5. RIGHT-OF-USE ASSETS (CONTD.)

	Lease of land RM	Leasehold building RM	Total RM
Group			
At 31 December 2021			
Cost			
At 1 January 2021	2,896,237	25,340,690	28,236,927
Exchange difference	40,255	449,125	489,380
At 31 December 2021	2,936,492	25,789,815	28,726,307
Accumulated depreciation			
At 1 January 2021	283,101	5,504,524	5,787,625
Depreciation of right-of-use assets	175,606	1,173,267	1,348,873
Exchange difference	3,448	111,560	115,008
At 31 December 2021	462,155	6,789,351	7,251,506
Net carrying amount	2,474,337	19,000,464	21,474,801

6. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
Unquoted shares outside Malaysia, at cost	44,628,995	44,628,995

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Place of business / country of incorporation	Principal activities	Proportion of ownership interest held by Group 2022 (%)	Proportion of ownership interest held by Group 2021 (%)	Proportion of ownership interest held by non-controlling interests 2022 (%)	Proportion of ownership interest held by non-controlling interests 2021 (%)
Held by the Company						
Turbo-Mech Asia Pte. Ltd. [1]	Singapore	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services	100	100	-	-
Held through Turbo-Mech Asia Pte. Ltd.:						
Scallop (S) Pte. Ltd. [2]	Singapore	Dormant	75	75	25	25
Rotodyne Phils. Inc. [1]	Philippines	Sales of rotating equipment and spare parts and provision ofmaintenance and overhaul services	100	100	-	-
PT Turbo-Mech Indonesia [3][4]	Indonesia	Sales of rotating equipment and spare parts	100	100	-	-
Turbo-Mech (Thailand) Co. Ltd. [3]	Thailand	Sales of rotating equipment and spare parts	99.8	99.8	0.2 [5]	0.2

(1) Audited by member firms of Ernst & Young Global in the respective countries
(2) Not required to be audited under the law in country of incorporation
(3) Audited by firms of auditors other than Ernst & Young
(4) 0.58% (2021: 0.58%) of the Group's investment in PT Turbo-Mech Indonesia is registered in the name of a Director, held in trust for the Group
(5) 0.1% (2021: 0.1%) is owned by a Director, Gan Kok Ten

7. INVESTMENT IN ASSOCIATES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Unquoted equity shares, at cost	8,765,513	8,765,513	8,639,755	8,639,755
Share of post-acquisition profits				
As at 1 January	7,406,101	8,884,721	-	-
Share of results of associates	67,686	642,622	-	-
Less: Dividend declared	-	(2,125,000)	-	-
Exchange currency translation differences	3,483	3,758	-	-
As at 31 December	7,477,270	7,406,101	-	-
	16,242,783	16,171,614	8,639,755	8,639,755

The associates are located in Malaysia and Brunei which are strategic to further enhance the Group's existence in the South East Asia region as their place of business.

(a) Details of the associates are as follows:

Name of associates	Place of business/ country of incorporation	Principal activities	Proportion of ownership interest 2022 (%)	Proportion of ownership interest 2021 (%)	Accounting model
Bayu Purnama Sdn. Bhd. [1]	Malaysia	Provision of general trading and services for mechanical static, rotating, electrical equipment including turbines, pumps, compressors, generator, transformers, cooling towers, air cooled heat exchangers, heating ventilation air onditioning (HVAC) in oil and gas, petrochemical, refineries, chemical, power generation, general industries and importation of timber	42.5	42.5	Equity method
Held through Bayu Purnama Sdn. Bhd.					
Bayu Manufacturing Sdn. Bhd. [1]	Malaysia	Providing pump performance test and packaging skids mounted equipment for oil and gas and other related industry	100	100	Equity method
Held through Turbo-Mech Asia Pte. Ltd.:					
Rotodyne Sendirian Berhad [2]	Negara Brunei Darussalam	Sales of rotating equipmen and spare parts	30	30	Equity method

[1] Audited by Ernst & Young PLT, Malaysia
[2] Audited by member firms of Ernst & Young Global in the respective countries

7. INVESTMENT IN ASSOCIATES (CONTD.)

(b) Summarised financial information in respect of each of the Group's material associates is set out below.

(i) Summarised statements of financial position

Bayu Purnama Sdn. Bhd.

	2022 RM	2021 RM
Non-current assets	2,449,366	2,542,323
Current assets	41,336,411	46,026,475
Total assets	43,785,777	48,568,798
Non-current liabilities	1,021,772	1,102,455
Current liabilities	3,583,998	8,702,541
Net assets	39,180,007	38,763,802

(ii) Summarised statements of comprehensive income

	2022	2021
Revenue	22,217,222	23,332,298
Profit before tax from continuing operations	753,347	2,396,017
Profit for the year from continuing operations	416,205	1,867,767
Other comprehensive income	-	-
Total comprehensive income	416,205	1,867,767
Dividend receivable from the associate during the year	-	2,125,000

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its material associates

	2022	2021
Net assets at 1 January	38,763,802	41,896,035
Profit for the year	416,205	1,867,767
Less: Dividend paid	-	(5,000,000)
Net assets at 31 December	39,180,007	38,763,802
Interest in associates	42.5%	42.5%
Carrying value of Group's interest in associate	16,651,503	16,474,616

(c) Aggregate information of associate that is not individually material

	2022 RM	2021 RM
The Group's share of loss before tax from continuing operations	(191,138)	(225,787)
The Group's share of loss after tax from continuing operations	(191,138)	(225,787)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive loss	(191,138)	(225,787)

(d) The associates had no contingent liabilities or capital commitments as at 31 December 2022 and 31 December 2021.

8. INVESTMENT IN A JOINT VENTURE

	Group 2022 RM	Group 2021 RM
Unquoted shares, at cost	155,080	155,080
Share of post-acquisition profit		
As at 1 January	255,759	97,259
Share of results of a joint venture	103,951	154,351
Exchange currency translation differences	28,702	4,149
As at 31 December	388,412	255,759
	543,492	410,839
Reclassed to asset held for distribution to owner (Note 39)	(543,492)	-
	-	410,839

On 20 July 2016, the Group entered into a Joint Venture Agreement with Elflow Asia BV to establish a joint venture company, TM-Elflow Pte Ltd ("TM-Elflow"). This joint venture is in the business of sales of air-cooled heat exchangers and the provision of related products and services.

On 9 November 2022, TM-Elflow had commenced voluntary liquidation proceedings. The Group has no further obligations or commitments with respect to the joint venture. The Group will continue to monitor the liquidation process. The Group had designated its investment in TM-Elflow as asset held for distribution to owner (Note 39).

(a) Details of the joint venture are as follows:

Name of joint venture	Place of business/ country of incorporation	Principal activities	Proportion of ownership interest held by Group 2022 (%)	Proportion of ownership interest held by Group 2021 (%)	Proportion of ownership interest held by joint venture party 2022 (%)	Proportion of ownership interest held by joint venture party 2021 (%)
Held through Turbo-Mech Asia Pte. Ltd.:						
TM-Elflow Pte. Ltd. [1]	Singapore	Sales of air-cooled heat exchangers and products and services	50	50	50	50

The financial year end of the joint venture is at 31 December.

[1] Audited by member firms of Ernst & Young Global in the respective countries

(b) Summarised financial information in respect of each of the Group's joint venture is set out below.

(i) Summarised statements of financial position

	2022 RM	2021 RM
Non-current assets	-	63,076
Current assets	1,129,551	825,440
Total assets	1,129,551	888,516
Current liabilities	(33,676)	(66,801)
Irredeemable, non-convertible preference shares	(37)	(37)
Net assets	1,095,838	821,678

8. INVESTMENT IN A JOINT VENTURE (CONTD.)

(b) Summarised financial information in respect of each of the Group's joint venture is set out below. (contd.)

(ii) Summarised statements of comprehensive income

	2022 RM	2021 RM
Revenue	334,584	461,707
Income before tax from continuing operations	240,804	350,661
Income after tax from continuing operations	207,902	308,702
Other comprehensive gain	57,404	8,298
Total comprehensive income	265,306	317,000

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its joint venture

	2022 RM	2021 RM
Net assets at beginning of the year	821,678	504,678
Income for the year	207,902	308,702
Exchange currency translation differences	57,404	8,298
Net assets at 31 December	1,086,984	821,678
Interest in joint venture	50.0%	50.0%
Carrying value of Group's interest in joint venture	543,492	410,839

The joint venture had no contingent liabilities or capital commitments as at 31 December 2022 and 31 December 2021.

9. OTHER NON-CURRENT ASSETS

	Group	
	2022 RM	2021 RM
Club memberships, at cost	61,441	61,441
Less: Impairment of club memberships	(23,042)	(23,042)
Less: Amortisation of club memberships	(38,399)	(38,399)
Net book value of club memberships	-	-
Others	12	12
	12	12

The non-current assets are stated at costs, less impairment and amortisation.

10. DEFERRED TAX ASSETS

	Group	
	2022 RM	2021 RM
At 1 January	(125,577)	(50,175)
Recognised in the statements of comprehensive income	(152,738)	(72,890)
Exchange currency translation differences	(11,198)	(2,512)
At 31 December	(289,513)	(125,577)

10. DEFERRED TAX ASSETS (CONTD.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Right-of-use assets RM	Property, plant and equipment RM	Total RM
At 1 January 2021	473,806	184,601	658,407
Recognised in the statements of comprehensive income	(34,709)	(51,013)	(85,722)
Exchange currency translation differences	6,007	3,316	9,323
At 31 December 2021	445,104	136,904	582,008
Recognised in the statements of comprehensive income	(39,453)	(48,023)	(87,476)
Exchange currency translation differences	(367)	5,119	4,752
At 31 December 2022	405,284	94,000	499,284

Deferred tax assets of the Group:

	Lease liabilities RM	Other deductible temporary differences RM	Total RM
At 1 January 2021	(477,529)	(231,053)	(708,582)
Recognised in the statements of comprehensive income	21,215	(8,383)	12,832
Exchange currency translation differences	(6,170)	(5,665)	(11,835)
At 31 December 2021	(462,484)	(245,101)	(707,585)
Recognised in the statements of comprehensive income	(42,359)	(22,903)	(65,262)
Exchange currency translation differences	60,860	(76,810)	(15,950)
At 31 December 2022	(443,983)	(344,814)	(788,797)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2022 RM	Group 2021 RM
Foreign		
Unrecognised temporary differences	104,882	358,946
Unutilised business losses	96,326	96,326
	201,208	455,272
Potential foreign deferred tax benefits at 17% and 30% (2021: 17% and 30%)	47,840	124,059

Deferred tax assets have not been recognised in respect of the above items as it is uncertain that taxable profit will be available against which the deductible temporary differences can be utilised. The use of these tax losses are subject to agreement of tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

<u>Unrecognised taxable temporary differences relating to investment in subsidiaries</u>

At the end of the reporting period, no deferred tax liability (2021: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to RM1,718,000 (2021: RM1,497,000).

11. INVENTORIES

	Group 2022 RM	Group 2021 RM
Trading goods, at the lower of cost and net realisable value	6,906,952	13,590,464

(a) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM24,393,140 (2021: RM25,087,564).

(b) Inventories amounting to RM287,864 (2021: RM146,620) were written off within other operating expenses in profit or loss.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	15,461,298	13,805,152	-	-
Amount due from an associate	109	-	-	-
	15,461,407	13,805,152	-	-
Less: Allowance for expected credit loss	(51,024)	(47,993)	-	-
	15,410,383	13,757,159	-	-
Other receivables				
Rental receivables	162,798	55,239	-	-
Refundable deposits	147,853	201,747	7,605	7,605
Interest receivables	48,618	13,543	8,692	-
Net GST receivables	88,243	17,305	-	-
Other receivables	373,916	190,396	-	-
	821,428	478,230	16,297	7,605
Total trade and other receivables	16,231,811	14,235,389	16,297	7,605
Less: Net GST receivables	(88,243)	(17,305)	-	-
Total trade and other receivables, carried at amortised cost	16,143,568	14,218,084	16,297	7,605
Add: Dividend receivables	-	2,125,000	656,380	2,125,000
Add: Cash and bank balances	58,992,738	50,841,797	1,331,722	2,019,438
Total financial assets carried at amortised cost	75,136,306	67,184,881	2,004,399	4,152,043

12. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2021: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	16,297	7,605	16,297	7,605
Singapore Dollars	4,014,133	4,914,738	-	-
United States Dollars	2,014,792	933,894	-	-
Japanese Yen	-	17,370	-	-
Philippines Peso	578,304	576,790	-	-
Indonesian Rupiah	4,203,790	2,365,565	-	-
Thailand Baht	5,202,846	5,400,276	-	-
Euro	201,649	19,151	-	-
	16,231,811	14,235,389	16,297	7,605

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	Gross carrying amount RM	Expected credit loss RM	Total RM
At 31 December 2022			
Not past due	8,463,504	(15,090)	8,448,414
1 to 30 days past due	1,586,842	(9,629)	1,577,213
31 to 60 days past due	678,426	(4,591)	673,835
60 to 90 days past due	163,823	(955)	162,868
91 to 120 days past due	1,388,133	-	1,388,133
More than 120 days past due	3,180,679	(20,759)	3,159,920
	15,461,407	(51,024)	15,410,383
At 31 December 2021			
Not past due	5,296,666	(7,767)	5,288,899
1 to 30 days past due	4,290,948	(25,773)	4,265,175
31 to 60 days past due	1,969,762	(8,937)	1,960,825
60 to 90 days past due	776,466	(5,291)	771,175
91 to 120 days past due	-	-	-
More than 120 days past due	1,471,310	(225)	1,471,085
	13,805,152	(47,993)	13,757,159

.

12. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Movement in expected credit loss allowance accounts		
As at 1 January	47,993	111,894
Charge for the financial year (Note 29)	-	48,033
Reversal of prior years provision (Note 25)	-	(113,890)
Exchange currency translation differences	3,031	1,956
As at 31 December	51,024	47,993

(b) Amounts due from an associate

The amounts due from an associate are unsecured, non-interest bearing and receivable on demand.

13. CONTRACT ASSETS

	Group	
	2022	**2021**
	RM	**RM**
Contract assets	1,904,871	770,162

Contract assets primarily relate to the Group's right to consideration for goods and services transferred for which receipt of its consideration is conditional on the completion and final acceptance by the customers. Contract assets are transferred to receivables when the rights become unconditional.

Movement in contract assets are explained as follows:

	Group	
	2022	**2021**
	RM	**RM**
As at 1 January	770,162	345,672
Unbilled portion for revenue earned	11,444,088	10,141,001
Contract asset reclassified to trade receivables	(10,309,379)	(9,716,511)
As at 31 December	1,904,871	770,162

Contract assets are denominated in the following currencies:

	Group	
	2022	**2021**
	RM	**RM**
Singapore Dollars	1,904,871	770,162

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	Group	
	2022	**2021**
	RM	**RM**
Within one year	419,599	394,505

14. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash at banks and in hand	37,680,715	31,705,185	219,449	2,019,438
Fixed deposits with licensed banks	21,312,023	19,136,612	1,112,273	-
Cash and bank balances	58,992,738	50,841,797	1,331,722	2,019,438
Less: Fixed deposits with licensed bank with maturity periods more than 3 months	(16,312,048)	(12,198,585)	-	-
Cash and cash equivalents	42,680,690	38,643,212	1,331,722	2,019,438

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits with licensed bank are made for varying periods of between one day and one year (2021: one day and one year) depending on the immediate cash requirements of the Group and of the Company. The Group deposits with licensed banks earns interest ranging from 0.1% to 1.55% (2021: 0.1% to 0.3%) during the year.

The weighted average effective rates of deposits with licensed banks of the Group were 0.6% (2021: 0.19%) per annum.

The weighted average maturities of deposits with licensed banks of the Group were 163 (2021: 139) days.

Fixed deposits with licensed banks of the Group amounting to RM17,242,890 (2021: RM16,247,566) are pledged to secure the Group's banking facilities for letter of credit and bank guarantee.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	1,331,722	2,019,438	1,331,722	2,019,438
Singapore Dollars	24,653,792	22,603,617	-	-
United States Dollars	15,003,274	12,165,082	-	-
Japanese Yen	1,818,994	2,803,953	-	-
Philippines Peso	137,073	62,385	-	-
Indonesian Rupiah	3,392,336	4,436,800	-	-
Euro Dollars	3,821,375	1,359,149	-	-
Thailand Baht	8,810,474	5,348,005	-	-
Others	23,698	43,368	-	-
	58,992,738	50,841,797	1,331,722	2,019,438

15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022 RM	2021 RM	2022	2021
Issued and fully paid:				
At 1 January/31 December	108,000,000	108,000,000	54,000,000	54,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. RETAINED EARNINGS AND RESERVES

(a) Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2022 and 31 December 2021 under the single tier system.

(b) Capital reserve

This reserve arose from a subsidiary's bonus issue by way of capitalisation of its retained earnings.

(c) Retirement benefit obligation reserve

The reserve arose from remeasurement of the net defined benefit liability arising from actuarial gains and losses from increases or decreases in the present value of the defined benefit obligation.

(d) Statutory reserve

The statutory reserve relates to the appropriation of reserves from the net profits of a subsidiary company established in Thailand. In accordance with the Thailand local laws, before dividends for a particular year are declared, companies are required to appropriate 5% of their profit before taxation reported in the statutory accounts for that year to a statutory reserve. The maximum balance of the reserve is capped at 10% of the registered capital. This reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital.

17. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s presentation currency.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	3,450,151	4,699,128	-	-
Amount due to an associate	-	50,957	-	-
	3,450,151	4,750,085	-	-
Other payables				
Amount due to a joint venture	-	318,181	-	-
Amount due to an associate	3,599	-	-	-
Accruals	1,590,256	1,651,417	269,942	168,377
Net GST payables	99,361	53,233	-	-
Other payables	645,378	578,230	-	-
	2,338,594	2,601,061	269,942	168,377
Total trade and other payables	5,788,745	7,351,146	269,942	168,377
Less: Net GST payables	(99,361)	(53,233)	-	-
Total trade and other payables carried at amortised cost	5,689,384	7,297,913	269,942	168,377
Add: Retirement benefit obligation (Note 20)	336,465	319,813	-	-
Lease liabilities (Note 21)	2,562,250	2,578,462	-	-
Total financial liabilities carried at amortised cost	8,588,099	10,196,188	269,942	168,377

18. TRADE AND OTHER PAYABLES (CONTD.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2021: 30 to 60 days) terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	312,711	169,436	269,942	168,377
Singapore Dollars	1,311,446	1,555,219	-	-
United States Dollars	2,829,867	3,526,555	-	-
Japanese Yen	-	36,605	-	-
Philippines Peso	41,464	83,250	-	-
Indonesian Rupiah	607,980	553,151	-	-
Thailand Baht	416,956	357,068	-	-
Euro Dollars	268,321	1,069,862	-	-
	5,788,745	7,351,146	269,942	168,377

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 days (2021: 90 days).

(c) Amount due to an associate and a joint venture

The amount due to an associate and a joint venture are unsecured, non-interest bearing and are repayable on demand.

19. CONTRACT LIABILITIES

	Group	
	2022	**2021**
	RM	**RM**
Contract liabilities	1,876,527	2,711,358

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of goods and services.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Movement in contract liabilities are explained as follows:

	Group	
	2022	**2021**
	RM	**RM**
As at 1 January	2,711,358	475,117
Advances received from customers	1,558,283	3,324,968
Recognised as revenue during the year	(2,393,114)	(1,088,727)
As at 31 December	1,876,527	2,711,358

19. CONTRACT LIABILITIES (CONTD.)

Contract liabilities are denominated in the following currencies:

	Group	
	2022	2021
	RM	RM
Singapore Dollars	-	2,711,358
Thai Baht	1,876,527	-
	1,876,527	2,711,358

20. RETIREMENT BENEFIT OBLIGATION

	Group	
	2022	2021
	RM	RM
Defined benefit obligations	336,465	319,813

Defined benefit plans

The Group operates a defined benefit plans covering all regular full-time employees in a subsidiary, Rotodyne Phil. Inc. It is unfunded but accrues the estimated cost of post-employment benefits, actuarially determined.

The amount included in the Group's statements of financial position arising from the Group's obligations in respect of its defined benefit plans is as follows:

	Group	
	2022	2021
	RM	RM
Present value of defined benefit obligations, representing net defined benefit liabilities	336,465	319,813

Changes in present value of the defined benefit obligations are as follows:

	Group	
	2022	2021
	RM	RM
At 1 January	274,878	277,973
Current service costs	29,293	31,849
Past service costs	(44,376)	(46,087)
Interest costs	12,962	11,368
Amount recognised in statements of comprehensive income	(2,121)	(2,870)
Exchange differences	(3,415)	(225)
	(5,536)	(3,095)
At 31 December	269,342	274,878
Remeasurement loss on defined benefit plans		
At 1 January	44,935	85,596
Actuarial loss/(gain) arising from:		
- changes in financial assumptions	38,695	(42,805)
- changes in demographic assumptions	-	(553)
- experience adjustments	(16,507)	2,697
Amount recognised in statements of comprehensive income	22,188	(40,661)
At 31 December	67,123	44,935
Net carrying amount	336,465	319,813

20. RETIREMENT BENEFIT OBLIGATION (CONTD.)

Analysed as:

	Group	
	2022	2021
	RM	RM
Current	-	-
Non-current		
Later than five (5) years	336,465	319,813
	336,465	319,813

The cost of defined benefit plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the obligations for the defined benefit plans are shown below:

	Group	
	2022	2021
Discount rates	3.15%-6.78%	2.38%-6.14%
Expected rate of future salary increases	2%-10%	2%-10%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group	
		2022	2021
		RM	RM
Discount rates	- Increase 1% (2021: 1%)	(29,375)	(21,669)
	- Decrease 1% (2021: 1%)	32,952	23,967
Expected rate of future salary increases	- Increase 1% (2021: 1%)	33,013	24,341
	- Decrease 1% (2021: 1%)	(29,978)	(22,373)

21. LEASE LIABILITIES

Information about the Group's leases are disclosed in Note 5.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2022	2021
	RM	RM
As at 1 January	2,578,462	2,657,131
Accretion of interest on lease liabilities	85,623	86,652
Payment	(245,789)	(199,016)
Exchange difference	143,954	33,695
As at 31 December	2,562,250	2,578,462
Current	167,810	156,679
Non-current	2,394,440	2,421,783
	2,562,250	2,578,462

21. LEASE LIABILITIES (CONTD.)

The maturity analysis of lease liabilities are disclosed below:

	Group 2022 RM	Group 2021 RM
Not later than one year	167,810	156,679
Later than one year but not later than five years	773,960	764,575
Later than five years	1,620,480	1,657,208
	2,562,250	2,578,462

The following are the amounts recognised in profit or loss:

	Group 2022 RM	Group 2021 RM
Depreciation of right-of-use assets	(1,408,481)	(1,348,873)
Accretion of interest on lease liabilities	(85,623)	(86,652)
Total amount recognised in profit or loss	(1,494,104)	(1,435,525)

The Group had total cash outflows for lease payments amounting to RM245,789 (2021: RM199,016). The future cash outflows relating to short-term leases are disclosed in Note 33.

22. REVENUE

(a) Disaggregation of revenue

	Group					
Segments	**Sales of goods**		**Service income**		**Total revenue**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Primary geographical market						
Malaysia	211,418	3,040,841	1,034,172	888,787	1,245,590	3,929,628
Singapore	12,701,518	14,456,627	8,717,242	8,377,739	21,418,760	22,834,366
Indonesia	2,974,379	2,846,852	-	-	2,974,379	2,846,852
Philippines	1,822,934	1,491,057	-	-	1,822,934	1,491,057
Thailand	11,869,503	6,722,025	-	-	11,869,503	6,722,025
Others	8,222,021	4,029,487	1,692,674	874,475	9,914,695	4,903,962
	37,801,773	32,586,889	11,444,088	10,141,001	49,245,861	42,727,890
Major product or service lines						
Rotating equipment and spare parts	37,801,773	32,586,889	-	-	37,801,773	32,586,889
Maintenance and overhaul services	-	-	11,444,088	10,141,001	11,444,088	10,141,001
	37,801,773	32,586,889	11,444,088	10,141,001	49,245,861	42,727,890
Timing of transfer of goods or services						
At a point in time	37,801,773	32,586,889	-	-	37,801,773	32,586,889
Over time	-	-	11,444,088	10,141,001	11,444,088	10,141,001
	37,801,773	32,586,889	11,444,088	10,141,001	49,245,861	42,727,890

	Company 2022 RM	Company 2021 RM
Dividend income	656,380	3,650,500

22. REVENUE (CONTD.)

(a) Disaggregation of revenue (contd.)

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Group			
	Sales of goods		Service income	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	37,801,773	32,586,889	11,444,088	10,141,001
Inter-segment	3,105,859	2,501,516	-	-
	40,907,632	35,088,405	11,444,088	10,141,001
Inter-segment adjustments and elimination	(3,105,859)	(2,501,516)	-	-
Total revenue from contracts with customers	37,801,773	32,586,889	11,444,088	10,141,001

(b) Contract balances

Information about trade receivables, contract assets and contract liabilities from contracts with customers are disclosed in Note 12, Note 13 and Note 19 respectively.

The Group has recognised expected credit losses on trade receivables and contract asset arising from contracts with customers as disclosed in Note 12 and Note 13 respectively.

(c) Performance obligation

Information about the Group's performance obligations are summarised below:

(i) Sale of goods

The performance obligation is satisfied upon delivery of the rotating equipment and spare parts and payment is generally due within 30 to 120 days from delivery.

(ii) Service income

The performance obligation is satisfied over-time and payment is generally due upon completion of maintenance and overhaul services and acceptance of the customer.

23. COST OF SALES

Cost of sales comprises cost of goods sold and its associated expenses.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost of inventories sold	32,131,440	25,087,564	-	-
Cost of services	3,413,938	3,513,253	-	-
	35,545,378	28,600,817	-	-

24. INTEREST INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from fixed deposits with licensed banks	115,670	66,573	26,543	-

25. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net realised gain on foreign currency translations	97,340	1,001,694	-	-
Rental income	1,346,549	1,282,540	-	-
Gain on disposal of property, plant and equipment	12,397	1,236	-	-
Reversal of allowance for impairment loss on trade receivables	-	113,890	-	-
Reversal of write-down of inventories	-	88,811	-	-
Government assistance on job support scheme	27,368	380,184	-	-
Insurance compensation claim	262,752	-	-	-
Commission income	520,808	554,506	-	-
Others	82,104	219,501	-	-
	2,349,318	3,642,362	-	-

26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, bonuses and other emoluments	7,339,420	6,904,100	189,784	193,522
Director fees	109,000	104,000	109,000	104,000
Contributions to defined contribution plan	630,082	606,029	23,370	18,215
Increase in liability for defined benefit plan	2,649	21,767	-	-
Other benefits	639,627	815,595	14,631	16,943
	8,720,778	8,451,491	336,785	332,680
Less: Amount included in cost of sales	(2,133,472)	(2,027,028)	-	-
	6,587,306	6,424,463	336,785	332,680

Included in employee benefits expense of the Group and of the Company are Directors' remuneration amounting to RM1,271,704 (2021: RM1,180,168) and RM156,730 (2021: RM152,730) respectively.

27. DIRECTORS' REMUNERATION

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	282,495	265,713	-	-
Fees	22,000	22,000	22,000	22,000
Bonus	21,463	30,203	-	-
Defined contribution plan	44,771	47,489	-	-
Insurance effected to indemnify directors	4,243	4,243	4,243	4,243
Total Executive Directors' remuneration	374,972	369,648	26,243	26,243
Non-Executive:				
Fees	87,000	82,000	87,000	82,000
Other emoluments	35,000	36,000	35,000	36,000
Insurance effected to indemnify directors	8,487	8,487	8,487	8,487
Total Non-Executive Directors' remuneration	130,487	126,487	130,487	126,487
	505,459	496,135	156,730	152,730

27. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the subsidiaries				
Executive:				
Salaries and other emoluments	660,120	559,647	-	-
Fees	-	-	-	-
Bonus	65,472	72,265	-	-
Defined contribution plan	40,653	52,121	-	-
	766,245	684,033	-	-
Non-Executive:				
Fees	-	-	-	-
Total Directors' remuneration	1,271,704	1,180,168	156,730	152,730
Executive Directors' remuneration	1,141,217	1,053,681	26,243	26,243
Non-Executive Directors' remuneration	130,487	126,487	130,487	126,487
	1,271,704	1,180,168	156,730	152,730

The number of Directors of the Company whose total remuneration during the financial year fell within the followings bands is analysed below:

	Number of Directors			
	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
At 31 December 2022				
RM0 - RM50,000	1	6	2	6
RM300,001 – RM350,000	1	-	-	-
At 31 December 2021				
RM0 - RM50,000	1	5	2	5
RM300,001 – RM350,000	1	-	-	-

28. FINANCE COST

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on obligations under hire purchase	-	62	-	-
Accretion of interest on lease liabilities	85,623	86,652	-	-
	85,623	86,714	-	-

29. PROFIT/(LOSS) BEFORE TAXATION

The following amounts have been included in arriving at profit/(loss) before taxation:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits				
- current year	405,201	339,930	95,000	85,000
- non-statutory audits	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment	656,178	896,786	-	-
Depreciation of investment properties	264,061	256,296	-	-
Depreciation of right-of-use assets	1,408,481	1,348,873	-	-
Investment properties written off	110,194	-	-	-
Amortisation on investment in club membership	-	7,679	-	-
Non-Executive Directors' remuneration	130,487	126,487	130,487	126,487
Allowance for impairment loss on trade receivables	-	48,033	-	-
Inventories written-down	287,864	146,620	-	-
Commission expense paid to a joint venture	334,584	461,707		
Unrealised loss on foreign currency translations	667,332	699,361	-	-
Realised loss on foreign currency translations	-	-	41,930	1,056
Provision for retirement benefit obligations	(2,121)	(2,870)	-	-
Rental on properties on short-term lease	132,580	125,550	4,250	4,250

30. INCOME TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current income tax:				
- Malaysian income tax	4,446	-	4,446	-
- Foreign income tax	1,020,537	1,233,432	-	-
- Under/(over)provision in respect of previous financial years	86,133	(246,973)	-	168
	1,111,116	986,459	4,446	168
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	(152,738)	(72,890)	-	-
	958,378	913,569	4,446	168

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiaries of the Group was 17% (2021: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

30. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit/(loss) before taxation	2,711,786	5,958,940	(85,469)	2,920,996
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	650,829	1,430,146	(20,513)	701,039
Different tax rates in other countries	(309,194)	(481,814)	-	-
Adjustments:				
Non-deductible expenses	729,260	443,377	182,490	175,081
Income not subject to taxation	(24,928)	(23,511)	(157,531)	(876,120)
Effect of partial exemption and tax relief	(55,711)	(53,835)	-	-
Share of results of associates	(24,120)	(161,896)	-	-
Share of results of a joint venture	(17,672)	(26,239)	-	-
Under/(over)provision of income tax expense in respect of previous financial years	86,133	(246,973)	-	168
Deferred tax asset not recognised	-	34,314	-	-
Utilisation of previously unrecognised tax losses	(76,219)	-	-	
Income tax expense recognised in the statements of comprehensive income	958,378	913,569	4,446	168

31. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
	RM	RM
Profit net of tax attributable to owners of the Company used in the computation of basic and diluted earnings per share	1,751,270	5,043,544

	Number of shares	
	2022	2021
Weighted average number of ordinary shares for basic and diluted earnings per share computation	108,000,000	108,000,000

	Sen per share	
	2022	2021
Basic and diluted earnings per share for profit for the financial year (sen per share)	2	5

The Group has no dilutive potential ordinary share in issue as at 31 December 2022 and 31 December 2021 and therefore the diluted earnings per share are the same.

32. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms and conditions mutually agreed between the parties during the financial year:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Income)/expense:				
Dividend income from:				
- subsidiary	-	-	(656,380)	(1,525,500)
- associate	-	-	-	(2,125,000)
Purchase of goods from an associate	-	47,524	-	-
Commission expense paid to a joint venture	334,584	461,707	-	-
Expenses reimbursed to an associate	32,583	14,045	-	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 and 31 December 2021 are disclosed in Notes 12 and 18.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:				
Salaries and other emoluments	317,495	301,713	35,000	36,000
Fees	109,000	104,000	109,000	104,000
Bonus	21,463	30,203	-	-
Defined contribution plan	44,771	47,489	-	-
Insurance effected to indemnify directors	12,730	12,730	12,730	12,730
	505,459	496,135	156,730	152,730
Directors of the subsidiaries:				
Salaries and other emoluments	660,120	559,647	-	-
Fees	-	-	-	-
Bonus	65,472	72,265	-	-
Defined contribution plan	40,653	52,121	-	-
	766,245	684,033	-	-
Other key management personnel:				
Salaries and other emoluments	1,208,654	1,252,125	-	-
Bonus	76,141	138,651	-	-
Defined contribution plan	161,452	138,045	-	-
	1,446,247	1,528,821	-	-
Total Directors and key management personnel Remuneration	2,717,951	2,708,989	156,730	152,730
Directors	1,271,704	1,180,168	156,730	152,730
Key management personnel	1,446,247	1,528,821	-	-
	2,717,951	2,708,989	156,730	152,730

33. COMMITMENTS

(a) Operating lease commitments for short-term lease - lessee

The Group has entered into commercial lease on certain leases on office equipment and certain properties. These leases have an average tenure of one (1) year (2021: one (1) year) with no renewal option or contingent rent provision included in the contracts. There are no restrictions place upon the Group by entering into the leases.

Future minimum lease payable under short-term operating leases at the reporting date but not recognised as liabilities are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Not later than one (1) year	89,704	78,108

(b) Operating lease commitments - lessor

The Group has entered into commercial property leases on one of its properties. This non-cancellable lease has remaining lease term of two years with no renewal option included in the contract.

Future minimum rentals receivables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Not later than one (1) year	1,350,901	876,735
Later than one (1) year but not later than five (5) years	1,067,306	18,778
	2,418,207	895,513

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of fixed deposits and cash and bank balances and trade and other receivables, represent the Group's maximum exposure to credit risk.

Deposits with licensed banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Trade receivables

An impairment analysis is performed at each reporting date using the simplified approach to measure expected credit losses. The provision is based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 7 (2021: 6) debtors representing 78% (2021: 70%) of total trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12 and Note 13 respectively.

Information about the credit risk exposure and expected credit loss movement on the Group's trade receivables and contract assets are disclosed in Note 12 and Note 13 respectively.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Trade receivables

	Group			
	2022		2021	
	RM	% of total	RM	% of total
By country:				
Malaysia	100,206	1%	77,543	1%
Singapore	4,872,111	32%	4,821,797	35%
Philippines	463,358	3%	551,055	4%
Indonesia	4,058,404	26%	2,379,318	17%
Brunei	165,818	1%	980,044	7%
Thailand	5,176,885	34%	4,065,339	30%
Vietnam	-	0%	750,601	5%
Others	573,601	3%	131,462	1%
Total trade receivables	15,410,383	100%	13,757,159	100%

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2022				
Group				
Financial assets:				
Trade and other receivables	16,143,568	-	-	16,143,568
Cash and bank balances	58,992,738	-	-	58,992,738
Total undiscounted financial assets	75,136,306	-	-	75,136,306
Financial liabilities:				
Trade and other payables	5,689,384	-	-	5,689,384
Lease liabilities	250,373	905,775	2,092,647	3,248,795
Retirement benefit obligation	-	-	336,465	336,465
Total undiscounted financial liabilities	5,939,757	905,775	2,429,112	9,274,644
Total net undiscounted financial assets/(liabilities)	69,196,549	(905,775)	(2,429,112)	65,861,662

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2022				
Company				
Financial assets:				
Trade and other receivables	16,297	-	-	16,297
Dividend receivables	656,380	-	-	656,380
Cash and bank balances	1,331,722	-	-	1,331,722
Total undiscounted financial assets	2,004,399	-	-	2,004,399
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	269,942	-	-	269,942
Total net undiscounted financial assets	1,734,457	-	-	1,734,457
At 31 December 2021				
Group				
Financial assets:				
Trade and other receivables	14,218,084	-	-	14,218,084
Dividend receivables	2,125,000	-	-	2,125,000
Cash and bank balances	50,841,797	-	-	50,841,797
Total undiscounted financial assets	67,184,881	-	-	67,184,881
Financial liabilities:				
Trade and other payables	7,297,913	-	-	7,297,913
Lease liabilities	239,579	912,348	2,158,790	3,310,717
Retirement benefit obligation	-	-	319,813	319,813
Total undiscounted financial liabilities	7,537,492	912,348	2,478,603	10,928,443
Total net undiscounted financial assets/(liabilities)	59,647,389	(912,348)	(2,478,603)	56,256,438
Company				
Financial assets:				
Trade and other receivables	7,605	-	-	7,605
Dividend receivables	2,125,000	-	-	2,125,000
Cash and bank balances	2,019,438	-	-	2,019,438
Total undiscounted financial assets	4,152,043	-	-	4,152,043
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	168,377	-	-	168,377
Total net undiscounted financial assets	3,983,666	-	-	3,983,666

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Group

Changes in liabilities arising from financing activities	1 January 2022	Accretion of interest on lease liabilities	Exchange difference	Cashflow	Other	31 December 2022
Current lease liabilities	156,679	85,623	143,954	(245,789)	27,343	167,810
Non-current lease liabilities	2,421,783	-	-	-	(27,343)	2,394,440
Total liabilities from financing activities	2,578,462	85,623	143,954	(245,789)	-	2,562,250

Changes in liabilities arising from financing activities	1 January 2021	Accretion of interest on lease liabilities	Exchange difference	Cashflow	Other	31 December 2021
Current obligations under hire purchase	3,947	-	-	(3,947)	-	-
Current lease liabilities	122,164	86,652	33,695	(199,016)	113,184	156,679
Non-current lease liabilities	2,534,967	-	-	-	(113,184)	2,421,783
Total liabilities from financing activities	2,661,078	86,652	33,695	(202,963)	-	2,578,462

The 'Other' column includes the effect of reclassification of non-current portion of lease liabilities. The Group classifies interest paid as cash flows from operating activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar (""USD""), Japanese Yen ("JPY") and EURO Dollar (""EURO"").

During the financial year, the Group's entire sales (2021: entire sales) are denominated in foreign currencies whilst the entire costs (2021: entire costs) are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes as disclosed in Note 14.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in the USD, JPY and EURO exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2022	**2021**
		RM	**RM**
		Profit for the year	**Profit for the year**
USD/SGD	- strengthened 5% (2021: 5%)	709,410	478,621
	- weakened 5% (2021: 5%)	(709,410)	(478,621)
JPY/SGD	- strengthened 5% (2021: 5%)	90,950	139,236
	- weakened 5% (2021: 5%)	(90,950)	(139,236)
EURO/SGD	- strengthened 5% (2021: 5%)	187,735	15,422
	- weakened 5% (2021: 5%)	(187,735)	(15,422)

The Group did not manage its foreign currency risk by hedging transactions and thus did not have exposure to equity on foreign currency risk.

The net unhedged financial assets and liabilities of the Group as at 31 December 2022 that are transacted in their functional currencies other than RM, SGD, PHP, THB and IDR are as follows:

	Cash and bank balances RM	Receivables RM	Payables RM	Total RM
Group				
At 31 December 2022				
United States Dollar	15,003,274	2,014,792	(2,829,867)	14,188,199
Japanese Yen	1,818,994	-	-	1,818,994
EURO Dollar	3,821,375	201,650	(268,321)	3,754,704
	20,643,643	2,216,442	(3,098,188)	19,761,897
At 31 December 2021				
United States Dollar	12,165,082	933,894	(3,526,555)	9,572,421
Japanese Yen	2,803,953	17,370	(36,605)	2,784,718
EURO Dollar	1,359,149	19,151	(1,069,862)	308,438
	16,328,184	970,415	(4,633,022)	12,665,577

35. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group do not have financial assets and liabilities that are measured at fair value on a non-recurring basis in the statements of financial position after initial recognition.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the asset and liability that are not based on observable market

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments whose carrying amounts approximate fair Value

Management has determined that the carrying amounts of cash and short term deposits, receivables and payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(b) Assets not measured at fair value, for which fair value is disclosed

	Group	
	Carrying amount RM	Fair value Level 3 RM
At 31 December 2022		
Asset		
Investment properties	6,053,155	17,904,365
At 31 December 2021		
Asset		
Investment properties	6,133,591	16,153,218

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Market comparison approach

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions using input of transacted market price per square foot. This approach is reference to transactions of similar property using input of transacted market price per square foot in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

35. FINANCIAL INSTRUMENTS (CONTD.)

(b) Assets not measured at fair value, for which fair value is disclosed (contd.)

(b) Comparison/depreciable replacement cost method (contd.)

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands using input of transacted market price per square foot in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure.

The Group is not subjected to any externally imposed capital requirement except as disclosed in Note 16(d).

The Group monitor its capital by minimising external borrowing and funds its operation mainly through internally generated funds.

37. SEGMENT INFORMATION

For management purposes, the Group is organised into geographical segments. The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

(a) Primary reporting segmental - geographical segments

The Group operates its business in five principal geographical areas of the world and is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services.

(b) Secondary reporting segmental - business segments

As the Group is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services, segment reporting by business segment is not prepared.

37. SEGMENT INFORMATION (CONTD.)

(b) Secondary reporting segmental - business segments (contd.)

Adjustments and eliminations

(a) Inter-segment revenues are eliminated upon consolidation and reflected in the 'Consolidation adjustments' column.
(b) Tax payables, tax recoverable and deferred taxes assets and liabilities are not allocated to those segments as they are managed on a group basis.
(c) Capital expenditure consists of additions of property, plant and equipment and investment properties.

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2022							
Revenue							
External sales	-	33,943,449	2,971,401	461,353	11,869,658	-	49,245,861
Inter-segment sales	-	3,105,899	-	-	-	(3,105,899)	-
Total revenue	-	37,049,348	2,971,401	461,353	11,869,658	(3,105,899)	49,245,861
Results							
(Loss)/profit from operations	(741,849)	226,035	779,865	(4,716)	1,352,556	1,013,881	2,625,772
Finance costs	-	(81,380)	-	(4,243)	-	-	(85,623)
Share of profit of associates						67,686	67,686
Share of profit of a joint venture						103,951	103,951
Profit before taxation							2,711,786
Taxation							(958,378)
Profit for the financial year							1,753,408
Profit attributable to:							
Owners of the Company							1,751,270
Non-controlling interests							2,138
							1,753,408
Assets							
Segment assets	55,273,148	104,912,343	8,912,985	953,810	22,401,958	(62,121,819)	130,332,425
Unallocated assets	13,786	280,627	11,267	1,872	-	-	307,552
Total assets							130,639,977
Liabilities							
Segment liabilities	269,942	12,636,652	728,345	2,258,069	3,906,159	(9,235,180)	10,563,987
Unallocated liabilities	-	672,614	141,535	-	211,120	-	1,025,269
Total liabilities							11,589,256
Other information							
Capital expenditure	-	217,093	58,757	-	107,371	-	383,221
Depreciation of property, plant and equipment	-	578,378	9,334	16,651	51,815	-	656,178
Depreciation of investment properties	-	144,813	119,248	-	-	-	264,061
Depreciation of right-of-use assets	-	1,359,119	-	49,362	-	-	1,408,481
Other non-cash expenses	-	1,174,348	114,713	(142,421)	4,745	-	1,151,385

37. SEGMENT INFORMATION (CONTD.)

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2021							
Revenue							
External sales	-	33,000,507	2,729,571	415,766	6,582,046	-	42,727,890
Inter-segment sales	-	2,501,549	-	-	-	(2,501,549)	-
Total revenue	-	35,502,056	2,729,571	415,766	6,582,046	(2,501,549)	42,727,890
Results							
(Loss)/profit from operations	(729,504)	4,083,601	853,828	(361,249)	1,153,889	248,116	5,248,681
Finance costs	-	(82,393)	-	(4,321)	-	-	(86,714)
Share of profit of associates						642,622	642,622
Share of profit of a joint venture						154,351	154,351
Profit before taxation							5,958,940
Taxation							(913,569)
Profit for the financial year							5,045,371
Profit attributable to:							
Owners of the Company							5,043,544
Non-controlling interests							1,827
							5,045,371
Assets							
Segment assets	57,420,793	102,700,978	8,216,854	950,786	20,935,816	(61,414,924)	128,810,303
Unallocated assets	14,492	117,900	110,526	4,402	-	-	247,320
Total assets							129,057,623
Liabilities							
Segment liabilities	168,376	14,402,200	652,700	2,277,668	3,814,047	(8,354,212)	12,960,779
Unallocated liabilities	-	938,937	87,308	-	212,794	-	1,239,039
Total liabilities							14,199,818
Other information							
Capital expenditure	-	103,398	-	16,329	3,157	-	122,884
Depreciation of property, plant and equipment	-	816,462	15,911	16,767	47,646	-	896,786
Depreciation of investment properties	-	139,938	116,358	-	-	-	256,296
Depreciation of right-of-use assets	-	1,313,356	-	35,517	-	-	1,348,873
Amortisation of club memberships	-	7,679	-	-	-	-	7,679
Other non-cash expenses	-	812,430	(3,862)	59,789	19,392	-	887,749

38. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2022	2021	2022	2021
	RM	RM	RM	RM
Group and Company				
Recognised during the financial year				
In respect of financial year ended 31 December 2020				
- Final single-tier dividend (2 sen) on 108,000,000 ordinary shares approved on 15 June 2021 and paid on 22 June 2021	-	-	-	2,160,000
In respect of financial year ended 31 December 2021				
- Final single-tier dividend (2 sen) on 108,000,000 ordinary shares approved on 23 May 2022 and paid on 22 June 2022	-	2,160,000	2,160,000	-
	-	2,160,000	2,160,000	2,160,000

	Group and Company	
	2022	2021
	RM	RM
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final single-tier dividend for 2021: 2 sen per ordinary share	-	2,160,000
- Final single-tier dividend for 2022: 0.5 sen per ordinary share	540,000	-

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2022, on 108,000,000 ordinary shares, amounting to a dividend payable of RM540,000 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.

39. ASSET HELD FOR DISTRIBUTION TO OWNERS

The investment in a joint venture which are expected to complete its voluntary liquidation proceedings within twelve months has been classified as asset held for distribution and presented separately in the statements of financial position.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	-	-	-	-
Reclassed from investment in a joint venture (Note 8)	543,492	-	-	-
At 31 December	543,492	-	-	-

PARTICULARS OF PROPERTIES

No	Location	Description and Existing Use	Tenure	Land Area/ Built-up	Approximate Age of Buildings (years)	Net Book Value as at 31 December 2022 (RM)
1	**Turbo-Mech Asia Pte. Ltd** 61, Ubi Crecent Ubi Techpark Singapore 408598	4 Storey Landed Terrace Head Office and Warehouse	Leasehold for 60 years expiring on 4 July 2057	4,524 sq. ft/ 11,312 sq. ft	25	5,202,756
2	**Turbo-Mech Asia Pte. Ltd** 22, Joo Koon Circle Singapore 629054	2 Storey Landed Office, and Factory/ Warehouse	Leasehold for 30 years expiring on 30 April 2038	39,505 sq. ft/ 24,973 sq. ft	43	18,954,409
3	**PT Turbo Mech Indonesia** Komplex CBD BSD Ruko Bidex, Blok 1-05 Jl. Pahlawan Seribu BSD City, Serpong-Tangerang 15322 Indonesia	2 Storey Landed Shop House	Leasehold for 25 years expiring on 1 August 2031	807 sq. ft/ 2,421 sq. ft.	16	239,514
4	**PT Turbo Mech Indonesia** Jabeka Techno Park SFB Blok A8F Jl. Techno 5, Desa Pasir Gombong Kecamatan Cikarang utara Jababeka Bekasi 17834 Indonesia	2 Storey Landed Workshop	Leasehold for 25 years expiring on 29 September 2027	10,167 sq ft/ 22,270 sq. ft	20	610,885

ANALYSIS OF SHAREHOLDINGS

As at 24 March 2023

Total Number of Issued Shares	:	108,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	623

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	10	1.61	152	0.00
100 - 1,000	105	16.85	70,924	0.07
1,001 - 10,000	308	49.44	1,667,800	1.54
10,001 - 100,000	153	24.56	5,248,800	4.86
100,001 - 5,399,999 (*)	44	7.06	39,837,580	36.89
5,400,000 and above (**)	3	0.48	61,174,744	56.64
Total	**623**	**100.00**	**108,000,000**	**100.00**

Notes:
* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2023

	Direct shareholdings		Indirect shareholdings	
Names	No. of Shares	%	No. of Shares	%
Mosgan Holdings Sdn. Bhd.	38,651,124	35.79	21,877,206 (1)	20.26
Gan Kok Ten	20,637,419	19.11	39,890,911 (2)	36.94
Gan Kok Tin	1,239,787	1.15	59,288,543 (2)	54.90
Leong Khai Cheong	2,802,100	2.59	5,631,770 (3)	5.21
Lai Siew Yoong	5,631,770	5.21	2,802,100 (4)	2.59

Notes:
(1) Deemed interested by virtue of Gan Kok Ten's and Gan Kok Tin's shareholdings in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
(2) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
(3) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 8(4) of the Companies Act 2016.
(4) Deemed interested by virtue of the shareholding of her spouse pursuant to Section 8(4) of the Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS
AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 24 MARCH 2023

	Direct shareholdings		Indirect shareholdings	
Names	No. of Shares	%	No. of Shares	%
Gan Kok Ten	20,637,419	19.11	39,890,911 (1)	36.94
Nasaruddin Bin Mohamed Ali	940,876	0.87	-	-
Tam Juat Hong	-	-	-	-
Gordon Yong Lin Fooi	-	-	-	-
Omar Bin Mohamed Said	-	-	-	-
Chan Bee Eie	-	-	1,239,787 (2)	1.15
Nurul Ain Binti Khirul Ashar	-	-	-	-

Notes:
(1) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
(2) Deemed interested in the direct shareholding of her spouse, Gan Kok Tin, a substantial shareholder of the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

Analysis of Shareholdings

As at 24 March 2023

LIST OF 30 LARGEST SHAREHOLDERS
AS AT 24 MARCH 2023

No.	Names	Shareholdings	%
1	Mosgan Holdings Sdn. Bhd.	38,651,124	35.79
2	Gan Kok Ten	16,891,850	15.64
3	Lai Siew Yoong	5,631,770	5.21
4	Boo Lee Kiang	4,425,454	4.10
5	Lai Yew Fong	4,011,355	3.71
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ching	3,952,900	3.66
7	Salmiah Binti Jantan	2,827,564	2.62
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Leong Khai Cheong	2,782,100	2.58
9	Gan Kok Ten	2,605,782	2.41
10	Loo Kien Seng	2,435,020	2.25
11	Lim Yoke Sim	2,307,200	2.14
12	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Kok Ten	2,279,574	2.11
13	Tay Hwee Leck	1,126,524	1.04
14	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	989,300	0.92
15	Leong Choong Wah	911,329	0.84
16	Nasaruddin Bin Mohamed Ali	840,876	0.78
17	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hai Toh	611,400	0.57
18	Loke Kah Kheon	603,200	0.56
19	Loh Chai Kiam	526,300	0.49
20	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	521,100	0.48
21	Kok Choi Wah	500,000	0.46
22	Ong Chiow Hock	489,800	0.45
23	Mohd Radzuan Bin AB Halim	411,100	0.38
24	Yap Kim Loong	401,600	0.37
25	Khor Shen Chieh	363,300	0.34
26	Wong Siew Ting	268,002	0.25
27	Chau Mooi Fei	248,800	0.23
28	Toh Ying Choo	237,000	0.22
29	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Hew	229,500	0.21
30	Lim Eng Hock	220,000	0.20

PROXY FORM

No. of Shares Held	CDS Account No.

TURBO-MECH
B E R H A D
(Registration No. 200901020166 (863263-D))
(Incorporated in Malaysia)

*I/We, ______________________________ (NRIC No. /Passport No. /Registration No. ____________________)

of ____ (full address)

being a member of **TURBO-MECH BERHAD**, hereby appoint ______________________________________

(NRIC No. /Passport No. ________________) of ____________________________________ (full address)

or failing him/her, ________________________________ (NRIC No. /Passport No. ____________________)

of ____ (full address)

or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fourteenth Annual General Meeting of Turbo-Mech Berhad (the "Company") to be held at Tiara Rini Ballroom, The Royale Chulan The Curve Hotel, 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 22 May 2023 at 3:00 p.m. or at any adjournment thereof, on the following resolutions referred to in the notice of the Fourteenth Annual General Meeting.

My/Our proxy is to vote as indicated below:-

	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To approve a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2022.		
Ordinary Resolution 2	To re-elect Encik Omar Bin Mohamed Said who retires by rotation pursuant to Clause 101 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Encik Nasaruddin Bin Mohamed Ali who retires by rotation pursuant to Clause 101 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Puan Nurul Ain Binti Khirul Ashar who retires pursuant to Clause 104 of the Constitution of the Company.		
Ordinary Resolution 5	To approve the Directors' fees up to an aggregate amount of RM119,000 and benefits payable of up to RM41,000 for the period from 23 May 2023 until the next Annual General Meeting.		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		

(Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently, this should be specified.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable

Dated this __________ day of ______________, 2023.

____
Signature of Shareholder or Common Seal
Contact No.:

^ Manner of execution:-

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

(1) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

(2) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(4) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.

(5) In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf.

(6) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Fourteenth Annual General Meeting will be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

Please fold here

STAMP

Turbo-Mech Berhad

c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

TURBO-MECH BERHAD
(Registration No. 200901020166 (863263-D))

39-5, Jalan PJU 1/41, Block D1, Dataran Prima,
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel : 603-7805 5592 Fax : 603-7804 7801

www.turbomech.com.my