

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter 30 Jun 2022 RM'000	Current Year- To-Date 30 Jun 2023 RM'000	Preceding Year Corresponding Period 30 Jun 2022 RM'000
Revenue	7,224	9,386	14,679	20,271
Cost of sales	(6,156)	(7,296)	(9,550)	(15,265)
Gross profit	1,068	2,090	5,129	5,006
Other operating income	662	388	1,038	746
Other operating expenses	(2,747)	(2,888)	(6,014)	(5,926)
Profit/(Loss) from operations	(1,017)	(410)	153	(174)
Finance costs	(43)	(40)	(43)	(40)
Share of results of associate	98	(265)	179	(555)
Share of results of JV	4	41	4	173
Profit/(Loss) before tax	(958)	(674)	293	(596)
Tax expense	18	31	(381)	(6)
Net loss for the period	(940)	(643)	(88)	(602)
Attributable to :				
Equity holders of the parent	(939)	(644)	(87)	(603)
Non-controlling interest	(1)	1	(1)	1
	(940)	(643)	(88)	(602)
Loss per share (sen)				
Equity holders of the parent :				
Basic	(0.87)	(0.60)	(0.08)	(0.56)
Diluted	N/A	N/A	N/A	N/A

Note:

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter 30 Jun 2022 RM'000	Current Year-To-Date 30 Jun 2023 RM'000	Preceding Year Corresponding Period 30 Jun 2022 RM'000
Net loss for the period	(940)	(643)	(88)	(602)
Other comprehensive income:				
Remeasurement of defined benefit obligation	(2)	3	(3)	-
Foreign currency translation	3,713	1,163	5,490	1,754
Total comprehensive income for the period	2,771	523	5,399	1,152
Total comprehensive income for the period attributable to:				
Owners of the parent	2,769	525	5,397	1,154
Non-controlling interest	2	(2)	2	(2)
	2,771	523	5,399	1,152

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 30 Jun 2023 RM'000	Audited As At 31 Dec 2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	822	868
Investment properties	6,271	6,053
Investment in associates	16,423	16,243
Investment in JV	200	-
Deferred tax assets	305	290
Right of use asset	21,822	21,371
Total non-current assets	45,843	44,825
CURRENT ASSETS		
Inventories	10,687	6,907
Trade and other receivables	12,270	16,232
Contract asset	-	1,905
Prepayments	292	1,217
Tax recoverable	-	18
Cash and cash equivalents	64,760	58,993
Asset held for distribution to owners	-	543
Total current assets	88,009	85,815
TOTAL ASSETS	133,852	130,640
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	54,000	54,000
Capital reserves	4,763	4,763
Retained profits	39,149	39,776
Retirement benefit obligation reserve	(70)	(67)
Statutory reserve	109	109
Foreign currency translation reserve	25,920	20,433
	123,871	119,014
Non-controlling Interest	39	37
Total equity	123,910	119,051
NON-CURRENT LIABILITIES		
Deferred tax liabilities	99	-
Retirement benefit obligation	354	336
Lease liability	2,550	2,394
Total non-current liabilities	3,003	2,730
CURRENT LIABILITIES		
Trade and other payables	4,860	5,789
Contract liabilities	1,319	1,877
Lease liability	48	168
Current tax payables	712	1,025
Total current liabilities	6,939	8,859
Total liabilities	9,942	11,589
TOTAL EQUITY AND LIABILITIES	133,852	130,640
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)	1.15	1.10

Note:

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							Non controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Foreign currency translation reserves RM'000	Capital reserves RM'000	Retirement benefit obligation reserves RM'000	Statutory reserves RM'000	Distributable Retained profits RM'000	Equity Attributable to Owners of the Parent RM'000		
At 1 January 2023	54,000	20,433	4,763	(67)	109	39,776	119,014	37	119,051
Profit for the period	-	-	-	-	-	(87)	(87)	(1)	(88)
Other comprehensive income for the period	-	5,487	-	(3)	-	-	5,484	3	5,487
Total comprehensive income	-	5,487	-	(3)	-	(87)	5,397	2	5,399
Transactions with owners - Dividends paid on ordinary shares	-	-	-	-	-	(540)	(540)	-	(540)
At 30 June 2023	54,000	25,920	4,763	(70)	109	39,149	123,871	39	123,910
At 1 January 2022	54,000	15,812	4,763	(45)	109	40,185	114,824	34	114,858
Profit for the period	-	-	-	-	-	(603)	(603)	1	(602)
Other comprehensive income for the period	-	1,756	-	-	-	-	1,756	(2)	1,754
Total comprehensive income	-	1,756	-	-	-	(603)	1,153	(1)	1,152
Transaction with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
At 30 June 2022	54,000	17,568	4,763	(45)	109	37,422	113,817	33	113,850

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 30 Jun 2023 RM'000	Preceding Year Corresponding Period 30 Jun 2022 RM'000
Cash flows from operating activities		
Profit before taxation	293	(596)
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	217	385
Depreciation of investment properties	130	130
Depreciation of right-of-use asset	636	595
Unrealised loss on foreign currency	11	15
Interest income	(168)	(11)
Share of results of associates	(179)	555
Share of joint venture	(4)	(173)
Operating profit before changes in working capital	936	900
Changes in working capital		
Net change in inventories	(3,780)	4,975
Net change in trade and other receivables	7,351	409
Net change in trade and other payables	(1,483)	(4,668)
Cash generated from operations	3,024	1,616
Tax paid	(695)	(709)
Net cash generated from operating activities	2,329	907
Cash flows from investing activities		
Interest received	168	11
Purchase of property, plant and equipment	(129)	(28)
Net cash generated from/(used in) investing activities	39	(17)
Cash flows used in financing activities		
Drawdown/(Placement) of fixed deposit	147	(1,073)
Dividend received from Associate	-	2,125
Repayment of lease liabilities	-	(1)
Dividend paid	(540)	(2,160)
Net cash used in financing activities	(393)	(1,109)
Net increase/(decrease) in cash and cash equivalents	1,975	(219)
Cash and cash equivalents at beginning of period	42,681	38,643
Effect of exchange rate changes	4,140	1,048
Cash and cash equivalents at end of period	48,796	39,472
Cash & cash equivalents comprise the following		
Cash & Bank balances	43,088	32,158
Fixed Deposit with Licensed Banks	21,672	20,587
	64,760	52,745
Less: Long term fixed deposits with licensed bank	(15,964)	(13,273)
Cash and cash equivalents at end of period	48,796	39,472

Note:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to MFRS 134

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

These condensed consolidated interim financial statements were approved by Board of Directors on 21 August 2023.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the second quarter ended 30 June 2023, have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* issued by Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

A3. Changes in accounting policies

The significant accounting policies and methods of computation adopted for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following new or revised MFRSs.

Standards and interpretations that are issued but not yet effective

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

Registration No.: 200901020166 (863263-D)

Effective for financial periods beginning on or after 1 January 2024

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

Effective for financial periods to be announced

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

A4. Auditors report of preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 December 2022 was not subject to any qualification.

A5. Seasonal or cyclical factors

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

A6. Unusual items due to nature of size or incidence

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

A7. Change in estimates

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

A8. Carrying amount of revalued assets

The valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements as at 31 December 2022.

Registration No.: 200901020166 (863263-D)

A9. Debt and equity security

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

A10. Dividends

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

A11. Segment information

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

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

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

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	-	10,716	3,963	-	14,679
Inter-segment Sales	-	1,655	-	(1,655)	-
	-	12,371	3,963	(1,655)	14,679
Results					
(Loss)/Profit from Operation	(336)	2,283	450	(2,244)	153
Finance cost					(43)
Share of results of associates					179
Share of results of JV					4
Profit before taxation					293
Taxation					(381)
Loss after taxation					(88)

A12. Subsequent material event

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

Registration No.: 200901020166 (863263-D)

A13. Change in the composition of the Group

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

A14. Contingent liabilities

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

A15. Capital commitments

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

A16. Significant related party transaction

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

Related parties	Nature of transactions	Transaction for	Transaction for
		the period ended	the period ended
		30 June 2023	30 June 2022
		RM'000	RM'000
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	-	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	6	27

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

B1. Analysis of performance

	CUMULATIVE QUARTER		Changes	
	Current Year To Date 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter 30 Jun 2022 RM'000	RM'000	%
Revenue	14,679	20,271	(5,592)	-28%
Segment revenue				
- Singapore	10,716	14,683	(3,967)	-27%
- Others	3,963	5,588	(1,625)	-29%
Gross profit	5,129	5,006	123	2%
Profit/(Loss) from operations	153	(174)	327	-188%
Share of results of associate	293	(596)	889	-149%
Loss after tax	(88)	(602)	514	-85%
Loss attributable to equity holders of the parent	(87)	(603)	516	-86%

The Group recorded revenue of RM14.7 million for the current quarter, a decrease of RM5.6 million or approximately 28% from the revenue recorded during the preceding year corresponding quarter of RM20.3 million. The decrease in revenue was mainly due to general decrease in sales activities in Indonesia and Vietnam mainly due to extended lead times for ongoing deliveries.

Despite the lower revenue, the Group registered a slightly higher gross profit of RM5.1 million during the current quarter as compared with RM5.0 million registered in preceding year corresponding quarter. The gross profit margin for this quarter of 34.9% is higher than the gross profit margin of 24.7% achieved during the preceding year corresponding quarter mainly due to the shift in the products assortment and a generally higher selling price of products in the Singapore division.

During the current quarter, the Group's loss after tax was RM0.08 million, which represents a decrease of RM0.52 million or 86.7% from RM0.60 million loss registered for the corresponding quarter of the preceding year. This is mainly due to the increase in gross profit margin that was achieved during the cumulative quarter as mentioned above.

B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	30 Jun 2023 RM'000	31 Mar 2023 RM'000	RM'000	%
Revenue	7,224	7,455	(231)	-3%
Segment revenue				
- Singapore	5,254	5,463	(209)	-4%
- Others	1,970	1,992	(22)	-1%
(Loss)/Profit from operations	(1,060)	1,170	(2,230)	-191%
(Loss)/Profit before tax	(958)	1,251	(2,209)	-177%
(Loss)/Profit after tax	(940)	852	(1,792)	-210%
(Loss)/Profit attributable to equity holders of the parent	(939)	852	(1,791)	-210%

The Group recorded revenue of RM7.2 million for the current quarter, a decrease of RM0.2 million or 3% from the revenue recorded for the immediate preceding quarter of RM7.4 million. The slight decline is primarily attributed to cyclical factors, as sales performance dropped in this quarter is expected to gradually improve and gain momentum towards the end of the year.

The Group recorded a loss before tax of RM0.9 million during the current quarter, compared to the profit before tax of RM1.3 million registered for the immediate preceding quarter. The decrease was mainly attributable to the decrease in gross profit margin that was achieved during the quarter of 14.8% as compared 22.27% achieved during the immediate preceding quarter due to shift in the product mix led to lower sales margin products and services being recorded during this quarter.

For the current quarter, the Group recorded a loss after tax of RM0.9 million, compared against the previous quarter profit after tax of RM0.8 million mainly due to lower gross profit recorded for the current quarter.

B3. Prospects

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

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

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

Registration No.: 200901020166 (863263-D)

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

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

B5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	(18)	(31)	381	6
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	(18)	(31)	381	6

The effective tax rate of the Group for the current quarter varied from the statutory tax rate of 24% primarily because of the rise in non-deductible expenses and increase in contributions from countries with higher tax regimes.

B6. Status of corporate proposals

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

B7. Group borrowing

There is no group borrowing for the current quarter under review.

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

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

B9. Material litigation

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

Registration No.: 200901020166 (863263-D)

materially and adversely affect the financial position or business of the Company or its subsidiaries.

B10. Dividend

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

B11. Earnings per share

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

	Current Quarter 30 June 2023 RM'000	Corresponding Quarter 30 June 2022 RM'000
Loss after tax attributable to owners of the Parent	(939)	(87)
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	(0.87)	(0.08)

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

B12. Profit/(Loss) before taxation

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

	Current Quarter 30 June 2023 RM'000	Cumulative Quarter 30 June 2023 RM'000
Interest income	158	168
Foreign exchange gain/(loss)	500	(11)
Investment income*	-	-
Interest expense*	(43)	(43)
Depreciation and amortisation	(501)	(983)
Provision for write off of receivable*	-	-
Receivable written off*	-	-
Provision for inventory	-	-

Registration No.: 200901020166 (863263-D)

Inventory written off*	-	-
Impairment of asset*	-	-
Gain/Loss on disposal of quoted or unquoted investment or property*	-	-
Gain/Loss on derivatives*	-	-
Exceptional expenses*	-	-

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