

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 31 Dec 2022 RM'000	Current Year- To-Date 31 Dec 2023 RM'000	Preceding Year Corresponding Period 31 Dec 2022 RM'000
Revenue	20,081	14,729	41,390	49,246
Cost of sales	(11,456)	(10,577)	(26,290)	(35,545)
Gross profit	8,625	4,152	15,100	13,701
Other operating income	406	1,031	2,073	2,482
Other operating expenses	(4,729)	(4,513)	(13,920)	(13,557)
Profit from operations	4,302	670	3,253	2,626
Finance costs	(28)	(25)	(89)	(86)
Share of results of associate	606	269	894	68
Share of results of JV	-	(34)	4	104
Profit before tax	4,880	880	4,062	2,712
Tax expense	(1,223)	(599)	(1,240)	(958)
Net profit for the period	3,657	281	2,822	1,754
Attributable to :				
Equity holders of the parent	3,651	279	2,817	1,752
Non-controlling interest	6	2	5	2
	3,657	281	2,822	1,754
Profit per share (sen)				
Equity holders of the parent :				
Basic	3.38	0.26	2.61	1.62
Diluted	N/A	N/A	N/A	N/A

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 31 Dec 2022 RM'000	Current Year-To-Date 31 Dec 2023 RM'000	Preceding Year Corresponding Period 31 Dec 2022 RM'000
Net profit for the period	3,657	281	2,822	1,754
Other comprehensive income:				
Remeasurement of defined benefit obligation	3	(18)	(4)	(22)
Foreign currency translation	1,779	950	6,254	4,622
Total comprehensive income for the period	5,439	1,213	9,072	6,354
Total comprehensive (loss)/income for the period attributable to:				
Owners of the parent	5,440	1,212	9,072	6,353
Non-controlling interest	(1)	1	-	1
	5,439	1,213	9,072	6,354

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 31 Dec 2023 RM'000	Audited As At 31 Dec 2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,643	868
Investment properties	6,394	6,053
Investment in associates	16,712	16,243
Investment in JV	200	-
Deferred tax assets	274	290
Right of use asset	21,220	21,371
Total non-current assets	46,443	44,825
CURRENT ASSETS		
Inventories	6,170	6,907
Trade and other receivables	18,617	16,232
Contract asset	1,066	1,905
Dividend receivables	425	-
Prepayments	196	1,217
Tax recoverable	-	18
Cash and cash equivalents	64,939	58,993
Asset held for distribution to owners	-	543
Total current assets	91,413	85,815
TOTAL ASSETS	137,856	130,640
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	54,000	54,000
Capital reserves	4,764	4,764
Retained profits	42,053	39,776
Retirement benefit obligation reserve	(71)	(67)
Statutory reserve	109	109
Foreign currency translation reserve	26,687	20,433
	127,542	119,015
Non-controlling Interest	42	37
Total equity	127,584	119,052
NON-CURRENT LIABILITIES		
Loans and borrowings	21	-
Retirement benefit obligation	404	336
Lease liability	2,563	2,394
Total non-current liabilities	2,988	2,730
CURRENT LIABILITIES		
Loans and borrowings	35	-
Trade and other payables	5,937	5,788
Contract liabilities	106	1,877
Lease liability	48	168
Current tax payables	1,158	1,025
Total current liabilities	7,284	8,858
Total liabilities	10,272	11,588
TOTAL EQUITY AND LIABILITIES	137,856	130,640
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)		
	1.18	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 FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							Non controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Foreign currency translation reserves RM'000	Capital reserves RM'000	Retirement benefit obligation reserves RM'000	Statutory reserves RM'000	Distributable Retained profits RM'000	Equity Attributable to Owners of the Parent RM'000		
At 1 January 2023	54,000	20,433	4,764	(67)	109	39,776	119,015	37	119,052
Profit for the period	-	-	-	-	-	2,817	2,817	5	2,822
Other comprehensive income for the period	-	6,254	-	(4)	-	-	6,250	-	6,250
Total comprehensive income	-	6,254	-	(4)	-	2,817	9,067	5	9,072
Transactions with owners - Dividends paid on ordinary shares	-	-	-	-	-	(540)	(540)	-	(540)
At 31 December 2023	54,000	26,687	4,764	(71)	109	42,053	127,542	42	127,584
At 1 January 2022	54,000	15,812	4,764	(45)	109	40,185	114,825	34	114,859
Profit for the period	-	-	-	-	-	1,751	1,751	2	1,753
Other comprehensive income for the period	-	4,621	-	(22)	-	-	4,599	1	4,600
Total comprehensive income	-	4,621	-	(22)	-	1,751	6,350	3	6,353
Transaction with owners - Dividends paid on ordinary shares	-	-	-	-	-	(2,160)	(2,160)	-	(2,160)
At 31 December 2022	54,000	20,433	4,764	(67)	109	39,776	119,015	37	119,052

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 31 Dec 2023 RM'000	Preceding Year Corresponding Period 31 Dec 2022 RM'000
Cash flows from operating activities		
Profit before taxation	4,062	2,712
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	475	656
Depreciation of investment properties	264	264
Depreciation of right-of-use asset	1,497	1,408
Gain on disposal of property, plant and equipment	(45)	(12)
Investment properties written off	-	110
Unrealised loss on foreign currency	768	667
Interest income	(477)	(116)
Allowance for impairment loss on trade receivables	477	-
Inventories written down	560	288
Share of results of associates	(894)	(68)
Share of joint venture	(4)	(104)
Retirement benefit obligation	52	(2)
Finance costs	89	86
Operating profit before changes in working capital	6,824	5,889
Changes in working capital		
Net change in inventories	176	6,396
Net change in trade and other receivables	(869)	(2,470)
Net change in trade and other payables	(1,555)	(2,293)
Cash generated from operations	4,576	7,522
Tax paid	(1,076)	(1,221)
Interest paid	(89)	(86)
Net cash generated from operating activities	3,411	6,215
Cash flows from investing activities		
Interest received	477	116
Proceeds from disposal of property, plant and equipment	45	27
Purchase of investment properties	(250)	-
Purchase of property, plant and equipment	(1,191)	(383)
Net cash used in investing activities	(919)	(240)
Cash flows used in financing activities		
Drawdown/(Placement) of fixed deposit	147	(4,113)
Dividend received from Associate	-	2,125
Repayment of obligation under finance lease	(6)	-
Repayment of lease liabilities	(194)	(160)
Dividend paid	(540)	(2,160)
Net cash used in financing activities	(593)	(4,308)
Net increase in cash and cash equivalents	1,899	1,667
Cash and cash equivalents at beginning of period	42,680	38,643
Effect of exchange rate changes	4,013	2,370
Cash and cash equivalents at end of period	48,592	42,680
Cash & cash equivalents comprise the following		
Cash & Bank balances	43,428	37,680
Fixed Deposit with Licensed Banks	21,511	21,313
	64,939	58,993
Less: Long term fixed deposits with licensed bank	(16,347)	(16,313)
Cash and cash equivalents at end of period	48,592	42,680

Note:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to MFRS 134

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

These condensed consolidated interim financial statements were approved by Board of Directors on 27 February 2024.

A2. Basis of preparation

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

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A9. Debt and equity security

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

A10. Dividends

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.0 sen per ordinary shares, amounting to a dividend payable of RM1,080,000 for the financial year ended 31 December 2023 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 2024.

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 31 December 2023 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	-	29,469	11,921	-	41,390
Inter-segment Sales	-	2,438	-	(2,438)	-
	-	31,907	11,921	(2,438)	41,390
Results					
Profit/(Loss) from Operation	(806)	2,518	1,790	(249)	3,253
Finance cost					(89)
Share of results of associates					894
Share of results of JV					4
Profit before taxation					4,062
Taxation					(1,240)
Profit after taxation					2,822

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A12. Subsequent material event

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

A13. Change in the composition of the Group

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

A14. Contingent liabilities

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

A15. Capital commitments

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

A16. Significant related party transaction

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

Related parties	Nature of transactions	Transaction for the period ended 31 Dec 2023 RM'000	Transaction for the period ended 31 Dec 2022 RM'000
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	-	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	154	17

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

B1. Analysis of performance

	INDIVIDUAL QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31 Dec 2023	31 Dec 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	20,081	14,729	5,352	36%
Segment revenue				
- Singapore	13,960	8,051	5,909	73%
- Others	6,121	6,678	(557)	-8%
Gross profit	8,625	4,152	4,473	108%
Profit from operations	4,302	670	3,632	542%
Profit before tax	4,880	880	4,000	455%
Profit after tax	3,657	281	3,376	1201%
Profit attributable to equity holders of the parent	3,651	279	3,372	1209%

	CUMULATIVE QUARTER			
	Current Year To Date	Preceding Year Corresponding Quarter	Changes	
	31 Dec 2023	31 Dec 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	41,390	49,246	(7,856)	-16%
Segment revenue				
- Singapore	29,469	33,944	(4,475)	-13%
- Others	11,921	15,302	(3,381)	-22%
Gross profit	15,100	13,701	1,399	10%
Profit from operations	3,253	2,626	627	24%
Share of results of associate	4,062	2,712	1,350	50%
Profit after tax	2,822	1,754	1,068	61%
Profit attributable to equity holders of the parent	2,817	1,752	1,065	61%

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The Group recorded revenue of RM20 million for the current quarter, an increase of RM5.4 million or approximately 36% from the revenue recorded during the preceding year corresponding quarter of RM14.7 million. The increase in revenue was mainly due to general increase in sales activities across the region.

The Group registered a higher gross profit of RM8.6 million during the current quarter as compared with RM4.2 million registered in preceding year corresponding quarter. The gross profit margin for this quarter of 42.9% is higher than the gross profit margin of 28.2% 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 profit after tax was RM3.7 million, which represents an increase of RM3.4 million or 1201% from RM0.3 million profit registered for the corresponding quarter of the preceding year. This is mainly due to general increase in sales activities and gross profit margin against prior year corresponding period.

B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	31 Dec 2023 RM'000	30 Sep 2023 RM'000	RM'000	%
Revenue	20,081	6,630	13,451	203%
Segment revenue				
- Singapore	13,960	4,793	9,167	191%
- Others	6,121	1,837	4,284	233%
Profit/(Loss) from operations	4,302	(1,202)	5,504	-458%
Profit/(Loss) before tax	4,880	(1,111)	5,991	-539%
Profit/(Loss) after tax	3,657	(747)	4,404	-590%
Profit/(Loss) attributable to equity holders of the parent	3,651	(747)	4,398	-589%

The Group recorded revenue of RM20 million for the current quarter, an increase of RM13.5 million or 203% from the revenue recorded for the immediate preceding quarter of RM6.6 million. The increase in revenue was mainly due to general increase in sales activities across the region as the Group completed backlog deliveries.

The Group recorded a profit before tax of RM4.9 million during the current quarter, compared to the loss before tax of RM1.1 million registered for the immediate preceding quarter. The increase was mainly attributable to the higher sales and gross profit margin achieved during the current quarter.

For the current quarter, the Group recorded a profit after tax of RM3.7 million, compared against the previous quarter loss after tax of RM0.7 million primarily

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attributable to the higher sales and gross profit margin achieved during the current quarter.

B3. Prospects

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

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

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

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

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

B5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	(1,223)	(599)	(1,240)	(958)
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	(1,223)	(599)	(1,240)	(958)

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

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B6. Status of corporate proposals

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

B7. Group borrowing

The details of the Group’s borrowings as at 31 December 2023 are as set out below:

	Maturity	31 Dec 2023
		RM
Current		
Secured:		
Obligations under finance lease	2024	34,655
		<u>34,655</u>
Non-current		
Secured:		
Obligations under finance lease	2025	21,137
		<u>21,137</u>

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

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

B9. Material litigation

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

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B10. Dividend

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.0 sen per ordinary shares, amounting to a dividend payable of RM1,080,000 for the financial year ended 31 December 2023 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 2024.

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 31 Dec 2023 RM'000	Corresponding Quarter 31 Dec 2022 RM'000
Profit after tax attributable to owners of the Parent	3,651	279
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	3.38	0.26

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

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B12. Profit/(Loss) before taxation

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

	Current Quarter 31 Dec 2023 RM'000	Cumulative Quarter 31 Dec 2023 RM'000
Interest income	186	477
Foreign exchange gain/(loss)	(809)	(838)
Investment income*	-	-
Interest expense*	(28)	(89)
Depreciation and amortisation	(762)	(2,234)
Allowance for impairment loss on trade receivables*	(477)	(477)
Receivable written off*	-	-
Inventories written down	(560)	(560)
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.*