**TURBO-MECH BERHAD (863263-D)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Performance Review**

The Group has recorded a revenue and profit before tax of approximately RM6.0 million and RM1.9 million respectively, inclusive of the share of profit from associates of RM0.85 million for the financial quarter under review. The Group’s revenue was mainly derived from the sale of rotating equipment where margins are relatively higher.

**B2. Comparison with immediate preceding quarter’s results**

No comparative figures are presented for the immediate preceding quarter as this is the first consolidated results of the Group being prepared by the Company subsequent to the acquisition of 100% equity interest in Turbo-Mech Asia Pte Ltd and 42.5% equity interest in Bayu Purnama Sdn Bhd.

**B3. Prospect for the remaining period of the current financial year**

The Board of Directors is optimistic that the Group’s performance for this financial year will be satisfactory in view of the improving outlook on the overall regional economy.

**B4. Variance of actual profit from forecast profit or profit guarantee**

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review or in its prospectus dated 13 April 2010.

**B5. Taxation**

Taxation comprises:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Individual Period | | Cumulative Period | |
|  |  | Preceding Year |  | Preceding Year |
|  | Current Quarter | Corresponding Quarter | Current Quarter 3 months period | Corresponding Period |
|  | 3 months period ended | 3 months period ended | ended | 3 months period ended |
|  | 31 March 2010 | 31 March 2009 | 31 March 2010 | 31 March 2009 |
|  | RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| Malaysian tax | - | N/A | - | N/A |
| Foreign tax | 354 | N/A | 354 | N/A |
|  | \_\_\_ | \_\_\_ | \_\_\_ | \_\_\_ |
|  | 354 | N/A | 354 | N/A |

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**B5. Taxation (cont’d)**

Our Group’s results are mainly derived from our subsidiary Turbo-Mech Asia Pte Ltd in Singapore. The current statutory tax rate in Singapore is 17% while our effective tax rate is 18.2%. The difference in statutory and the above mentioned effective tax rates were the result of tax adjustments on non-taxable income and non-deductible expenses.

**B6. Profit / Loss on sale of unquoted investment and/or properties**

There were no sale of unquoted investment and/or properties held by the Group during the financial under review.

**B7. Quoted securities**

There was no purchase or disposal of quoted securities during the financial quarter under review.

**B8. Status of corporate proposals**

1. ***IPO***

On 13 April 2010, the Company issued a prospectus for the public issue of up to 18,068,000 new Turbo-Mech Berhad’s shares at an issue price of RM0.63 per ordinary share payable in full on application in conjunction with its listing on the Main Market of Bursa Securities.

The entire enlarged issued and paid-up share capital of RM54,000,000 comprising 108,000,000 ordinary shares of RM0.50 each of the Company was listed on the Main Market of Bursa Securities on 30 April 2010.

The above mentioned exercise had already completed as of 20 May 2010.

1. ***Utilisation of proceeds***

The gross proceeds from the public issue of approximately RM11.383 million utilized up to 20 May 2010 is as follows.

Purpose Timeframe for Proposed Utilisation Actual Utilisation

utilisation RM’000 RM’000

1. Expansion of business facilities Within 12 months
2. Indonesia 2,000 -
3. Thailand 2,000 -

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**B8. Status of corporate proposals (cont’d)**

1. ***Utilisation of proceeds(cont’d)***

Timeframe for Proposed Utilisation Actual Utilisation

utilisation RM’000 RM’000

1. Working capital Within 24 months 4,883 303\*
2. Estimated listing expenses Immediate 2,500 2,500

Total proceeds 11,383 2,808

**\* Actual listing expenses incurred was RM2,808,000 and this was higher than the estimated amount of RM2,500,000. Hence the difference is funded out of the proceeds allocated for working capital.**

**B9. Group borrowings and debt securities**

Details of the group borrowings are as follows:

Unaudited Unaudited

As at As at

31 Mar 10 31 Dec 09

RM’000 RM’000

Long Term Borrowings (Unsecured)

Finance Lease under obligations 10 10

Short Term Borrowings (Unsecured)

Finance Lease under obligations 10 14

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 20 May 2010.

**B11. Gains and losses arising from fair value changes of financial liabilities**

There are no gains and losses arising from fair value changes of liabilities for the financial quarter under review.

**TURBO-MECH BERHAD (863263-D)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B12. Material litigation**

Wong Sin Fatt t/a Jin Foong Engineering Trading and Services has filed a Statement of Claim against Bayu Purnama Sdn Bhd under Writ of Summon No. 22-99-2010 for RM1,069,380.00 for goods allegedly sold and delivered. Bayu Purnama has filed a defence on 18 May 2010.

**B13. Dividends**

The Directors have not declared any dividends for the quarter ended 31 March 2010.

**B14 Earnings per share**

1. ***Basic earnings per share***

The basic earnings per share has been 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 Current

Year Year

Quarter To-date

31 March 2010 31 March 2010

Net profit attributable to ordinary shareholders (RM’000) 1,557 1,557

Weighted average number of ordinary shares (’000) 37,971 37,971

Basic earnings per share (sen) 4.10 4.10

1. ***Diluted earnings per share***

The Company does not have any convertible share or convertible financial instruments for the financial quarter under review.

**B15. Auditors’ report on preceding annual financial statements.**

The auditors’ report or the audited annual financial statements for the year ended 31 December 2009 was not qualified.