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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM12.7 million and RM4.1 million respectively for the financial quarter under review. The increase in Group’s revenue and profit was mainly derived from the increase in sale of rotating equipment, spares and services due to plants shutdown always occur during second and third quarter of the year.

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

The Group posted a profit before taxation of RM4.1 million for the current quarter under review as compared to RM1.9 million in the immediate preceding quarter. The increase in profit was mainly derived from the increase in sale of rotating equipment, spares and services due to plants shutdown always occur during second and third quarter of the year.

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

The Board of Directors is of the view that the second half of the year will be comparable to the first half of the year.

**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 6 months period | Corresponding Period |
|  | 3 months period ended | 3 months period ended | ended | 6 months period ended |
|  | 30 June 2010 | 30 June 2009 | 30 June 2010 | 30 June 2009 |
|  | RM’000 | RM’000 | RM’000 | RM’000 |
|  |  |  |  |  |
| Malaysian tax | - | N/A | - | N/A |
| Foreign tax | 670 | N/A | 1,024 | N/A |
|  | \_\_\_ | \_\_\_ | \_\_\_ | \_\_\_ |
|  | 670 | N/A | 1,024 | 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 16.3%.The effective tax rate is lower due to profit from associated companies are already net of tax.

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

There was 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***

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 4 August 2010.

1. ***Utilisation of proceeds***

The gross proceeds from the public issue of approximately RM11.383 million utilized up to 6 August 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 4,883 247\*
2. Estimated listing expenses Immediate 2,500 2,500

Total proceeds 11,383 2,747

**\*** Actual listing expenses incurred was RM2,747,000 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

30 June 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 6 14

Bank borrowings denominated in foreign currency SGD’000 SGD’000

Long Term Borrowings (Unsecured) 4 4

Short Term Borrowings (Unsecured) 3 6

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 4 August 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)**

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**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.

Bayu Purnama Sdn Bhd has filed an application to transfer the case from Seremban High Court to Shah Alam High Court pursuant to the Summons in Chambers dated 25 June 2010. The said application has been fixed for mention on 16 August 2010.

**B13. Dividends**

The Directors have not declared any dividends for the quarter ended 30 June 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

Period Year

Quarter To-date

30 June 2010 30 June 2010

Net profit attributable to ordinary shareholders (RM’000) 3,438 4,995

Weighted average number of ordinary shares (’000) 39,479 39,479

Basic earnings per share (sen) 8.71 12.65

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.