

TURBO-MECH BERHAD (863263-D)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RM9.5 million and RM3.2 million respectively for the current quarter under review.

For the first 9 months of year 2010, the Group recorded a pre-tax profit of RM9.2 million on revenue of RM28.3 million

B2. Comparison with immediate preceding quarter's results

The Group posted a profit before taxation of RM3.2million for the current quarter under review as compared to RM4.1 million in the immediate preceding quarter. This is because of lower revenue compared to second quarter, attributed to moderate demand of rotating equipment and spares following an exceptional high demand in the second quarter.

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

The Board of Directors is confident of achieving better performance for the overall financial year 2010.

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	
	Current Quarter 3 months period ended 30 September 2010 RM'000	Preceding Year Corresponding Quarter 3 months period ended 30 September 2009 RM'000	Current Quarter 9 months period ended 30 September 2010 RM'000	Preceding Year Corresponding Period 9 months period ended 30 September 2009 RM'000
Malaysian tax	-	N/A	-	N/A
Foreign tax	448	N/A	1,472	N/A
	<u>448</u>	<u>N/A</u>	<u>1,472</u>	<u>N/A</u>

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B5. Taxation (cont'd)

The Group's effective tax rates for the third quarter and nine months ended 30 September 2010 were lower than the statutory tax rate of 25% due to effects of lower tax rate in other tax jurisdiction and income 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

a) 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.

b) Utilisation of proceeds

The gross proceeds from the public issue of approximately RM11.383 million utilized up to 4 November 2010 is as follows.

	Purpose	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000
i)	Expansion of business facilities	Within 12 months		
	a) Indonesia		2,000	-
	b) Thailand		2,000	-

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B8. Status of corporate proposals (cont'd)

b) *Utilisation of proceeds(cont'd)*

	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000
ii) Working capital	Within 24 months	4,883	354*
iii) Estimated listing expenses	Immediate	2,500	2,500
Total proceeds		<u>11,383</u>	<u>2,747</u>

* 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. Status of corporate proposals announced

On 1 October 2010, the Company had entered into an agreement with Ultra Sol Engineering & Trading Sdn Bhd ("Ultra Sol") for the proposed subscription of 600,000 ordinary shares of RM1.00 each in Ultra Sol representing 60% of the enlarged issued and paid up capital of Ultra Sol for a cash subscription sum of RM800,000.00

There was no other corporate proposal announced but not completed as at 4 November 2010.

B10. Group borrowings and debt securities

Details of the group borrowings are as follows:

	Unaudited As at 30 Sept 10 RM'000	Unaudited As at 31 Dec 09 RM'000
Long Term Borrowings (Unsecured) Finance Lease under obligations	10	10
Short Term Borrowings (Unsecured) Finance Lease under obligations Bank borrowings denominated in foreign currency	3 SGD'000	14 SGD'000
Long Term Borrowings (Unsecured)	4	4
Short Term Borrowings (Unsecured)	1	6

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B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 4 November 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.

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. Our application to transfer the case to Shah Alam High Court has been approved on 3 November 2010.

B13. Dividends

The Directors have not declared any dividends for the quarter ended 30 September 2010.

B14 Earnings per share

a) 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 Period Quarter 30 Sept 2010	Current Year To-date 30 Sept 2010
Net profit attributable to ordinary shareholders (RM'000)	2,769	7,764
Weighted average number of ordinary shares ('000)	39,479	39,479
Basic earnings per share (sen)	7.01	19.67

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B14 Earnings per share (cont'd)

b) 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 on the audited annual financial statements for the year ended 31 December 2009 was not qualified.