

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the fourth interim financial report on the consolidated results for the fourth quarter ended 31 December 2010 announced by the Company in compliance with the Bursa Securities Listing Requirements in conjunction with the admission of the Company to the Main Market of Bursa Securities. As this is the fourth quarterly report being drawn up after the Group was constituted on 22 February 2010, there are no comparative figures for the preceding financial corresponding period.

The interim financial statements should be read in conjunction with the audited proforma consolidated financial information and the Accountants’ Report for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 13 April 2010.

A2. Changes in Accounting Policies

The accounting policies and method of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the proforma consolidated financial information for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 13 April 2010 except for the adoption of the following new and amended Financial Reporting Standards (“FRS”) and Issue Committee (“IC”) Interpretation effective for financial period beginning 1 January 2010 as follows:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 <i>Financial Instruments: Disclosure</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>

A2. Changes in Accounting Policies (continued)

Improvements to FRS issued in (2009)'

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has applied this standard retrospectively and elected to present in two linked statements.

The effects of the change in presentation are as follows:

- 1) The gains and losses that were recognised directly in the statement of income and taken into equity, in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for the preceding year corresponding period is presented separately.

Financial year ended 31 December 2009

	Income Statement	Effects of adopting FRS 101	Statement of Comprehensive Income
	As Previously Reported RM'000	RM'000	As Restated RM'000
Profit for the year	8,952	-	8,952
Other comprehensive income	-	400	400
Total comprehensive income for the year	8,952	400	9,352

- 2) The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

A2. Changes in Accounting Policies (continued)

FRS 139: *Financial Instruments: Recognition and Measurement*

The new Standard on FRS 139 established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. In accordance with the requirement of this standard, financial derivatives are stated at fair value which is equivalent to the marking of the financial derivatives to market, using prevailing market rates. Financial derivatives with positive market values (unrealised gains) are included under current assets and financial derivative with negative market values (unrealised losses) are included under current liabilities in the statement of financial position. Any gains or losses arising from changes in fair value on financial derivatives during the financial period that do not qualify for hedge accounting and the ineffective portion of effective hedge, are taken directly to the statement of comprehensive income.

The adoption of other interpretations and revisions to existing FRSs, IC Interpretations and Amendments mandatory for annual periods beginning on or after 1 January 2010 did not result in significant changes in the reporting profit or equity or on the disclosures in the financial statements.

A3. Auditors' report of preceding annual financial statements

The auditors' report for the audited annual financial statements for the year ended 31 December 2009 was not subject to any audit qualification.

A4. Seasonal or cyclical factors

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

A5. Unusual item affecting assets, liabilities, equity, net income or cash flow

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

A6. Changes in estimates

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

A7. Carrying amount of revalued assets

The valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2009.

A8. Debt and Equity Securities

There have been no issuance, cancellation, repurchases, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, shares held under treasury shares and resales of treasury shares for the current quarter under review.

A9. Dividends

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

A10. Segment information

Segmental information is presented in respect of the Group's geographical segments, which is based on the Company's management reporting structure.

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

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External sales	2,572	36,527	3,716	-	42,815
Inter-segment sales	6,037	566	318	(6,921)	-
	<u>8,609</u>	<u>37,093</u>	<u>4,034</u>	<u>(6,921)</u>	<u>42,815</u>
Results					
Profit/(Loss) from operations	(431)	7,641	586	72	7,868
Finance cost	(1)	-	-	-	(1)
Share of profit of associates					<u>3,179</u>
Profit before taxation					11,046
Taxation					<u>(1,739)</u>
Profit after taxation					9,307
Minority interests					<u>(12)</u>
					<u><u>9,295</u></u>

A11. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period.

A12. Changes in the composition of the Group

On 1 October 2010, the Company had acquired 600,000 ordinary shares of RM1.00 each in Ultra Sol Engineering & Trading Sdn Bhd (“USET”) representing 60% of the enlarged issued and paid-up share capital of USET for a purchase consideration of RM800,000.

Save for the above, there were no changes in the composition of the Group in the quarter under review.

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities in the quarter under review are as follows:

	As at 31 December 2010 RM'000
Warranty given to customers in the form of bank guarantee in respect of products supplied or services rendered	<u>3,501</u>

A14. Capital commitments

	As at 31 December 2010 RM'000
Capital expenditure	
Approved and contracted for:	
Property, plant and equipment	1,832
Approved but not contracted for:	
Property, plant and equipment	<u>2,000</u>
	<u><u>3,832</u></u>

A15. Significant related party transactions

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

Related parties	Nature of transactions	Interest of substantial/major Shareholders/Director	Transactions for the period ended 31.12.2010 RM'000
PT Turbo Mechin	Sales of industrial cooling fans	a) Achmad Atim Kasmanto	2,396
Bayu Purnama Sdn. Bhd.	Sales/Purchase of Sundyne Nikkiso spare	a) Salmiah binti Jantan b) Nasaruddin bin Mohd Ali c) Gan Kok Ten	113

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

B1. Performance review

The Group recorded a revenue of RM14.53 million and profit before tax of RM1.53 million for the current quarter under review.

As the Group was listed in April 2010, there is no comparison on the Group's quarterly results in the previous year. The cumulative period ended 31 December 2010, the Group recorded a pre-tax and profit after tax of RM11.03 million and RM9.29 million respectively.

B2. Comparison with immediate preceding quarter's results

The Group recorded a profit before tax of RM1.79 million as compared to RM3.21 million in the preceding quarter ended 30 September 2010. The decrease in profit before tax was attributed to lower profit margin earned and the higher expenses incurred during the current quarter under review.

B3. Prospect for the current financial year

The Group will continue to focus on market and product to stay competitive in the market for the forthcoming 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. Income tax expense

	Current Period Quarter 31 December 2010 RM'000	Current Year To-Date 31 December 2010 RM'000
<i>Current income tax</i>		
Malaysian income tax	40	40
Foreign income tax	234	1,434
Under provision in respect of previous years	-	272
	274	1,746
<i>Deferred income tax</i>	(7)	(7)
	267	1,739

B5. Income tax expense (continued)

The Group's effective tax rates for the current quarter and year to-date ended 31 December 2010 were lower than the Malaysian 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. Profits/(Losses) on sale of unquoted investment and/or properties

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

B7. Quoted securities

The Group does not hold any quoted securities as at 31 December 2010.

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.

b) **Utilisation of proceeds**

The gross proceeds from the Public Issue of approximately RM11.38 million utilised up to the date of this announcement are as follows.

Purpose	Timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000
1) Expansion of business facilities			
a) Indonesia	Within 12 months	2,000	1,079
b) Thailand	Within 12 months	2,000	-
2) Working capital	Within 24 months	4,883	354*
3) Estimated listing expenses	Immediate	2,500	2,500
Total		11,383	3,933

* Actual listing expenses incurred was RM2,747,000 which was higher than the estimated amount of RM2,500,000. The difference is funded out of the proceeds allocated for working capital.

B8. Status of corporate proposals (continued)

There was no other corporate proposal announced but not completed as at the date of this announcement.

B9. Group borrowings

Details of Group borrowings are as follows:

	As at 31 December 2010 RM'000	As at 31 December 2009 RM'000
Unsecured		
<i>Long term borrowings</i>		
Obligations under finance lease	11	10
Unsecured		
<i>Short term borrowings</i>		
Obligations under finance lease	6	14
Total	17	24*

The above which included borrowings denominated in foreign currency were as follows:

	As at 31 December 2010		As at 31 December 2009	
	Foreign currency SGD'000	RM equivalent RM'000	Foreign currency SGD'000	RM equivalent RM'000
<u>Singapore Dollar</u>				
Unsecured				
Obligations under finance lease	-	-	10	24*

* As per Accountants' Report for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 13 April 2010.

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this announcement.

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. ("BPSB") under Writ of Summon No. 22-99-2010 for RM1,069,380.00 for goods allegedly sold and delivered. BPSB has filed a defence on 18 May 2010.

BPSB 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 proposed a final tax exempt (single-tier) dividend of 5 sen per ordinary share of 50 sen each in respect of the financial year ended 31 December 2010 which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The entitlement date in respect of the final tax exempt (single-tier) dividend and the date of payment will be announced at a later date.

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 31 December 2010	Current Year To-Date 31 December 2010
Profit net of tax attributable to owners of the parent (RM'000)	1,531	9,295
Weighted average number of ordinary shares ('000)	102,109	102,109
Basic earnings per share (sen)	1.50	9.10

b) Diluted earnings per share

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

B15. Realised and unrealised retained earnings

	As at 31 December 2010 RM'000	As at 31 December 2009 RM'000
Total retained profits of Turbo-Mech Berhad and its subsidiaries:		
- Realised	4,661	*
- Unrealised	(378)	*
	4,283	*
Total share of retained profits from associates		
- Realised	5,338	*
- Unrealised	217	*
	9,838	*
Less: Consolidation adjustments	(1,485)	*
	8,353	*

* Comparative figure are not required in the first financial year of complying with the realised and unrealised retained earnings disclosure.