



(863263 - D)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2013 RM'000	Preceding Year Corresponding Quarter 31 Mar 2012 RM'000	Current Year-To-Date 31 Mar 2013 RM'000	Preceding Year Corresponding Period 31 Mar 2012 RM'000
Revenue	10,047	9,204	10,047	9,204
Cost of sales	(7,115)	(6,045)	(7,115)	(6,045)
Gross profit	2,932	3,159	2,932	3,159
Other operating income	282	40	282	40
Other operating expenses	(2,108)	(2,164)	(2,108)	(2,164)
Profit from operations	1,106	1,035	1,106	1,035
Finance costs	-	-	-	-
Share of results of associate	637	922	637	922
Profit before tax	1,743	1,957	1,743	1,957
Tax expense	(190)	(206)	(190)	(206)
Net profit for the period	1,553	1,751	1,553	1,751
Attributable to :				
Equity holders of the parent	1,563	1,752	1,563	1,752
Non-controlling Interests	(10)	(1)	(10)	(1)
Earning per share (sen)				
Equity holders of the parent :				
Basic	1.45	1.62	1.45	1.62
Diluted	N/A	N/A	N/A	N/A

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2013 RM'000	Preceding Year Corresponding Quarter 31 Mar 2012 RM'000	Current Year-To-Date 31 Mar 2013 RM'000	Preceding Year Corresponding Period 31 Mar 2012 RM'000
Net Profit for the Period	1,553	1,751	1,553	1,751
Other comprehensive income:				
Foreign currency translation	<u>(201)</u>	<u>(191)</u>	<u>(201)</u>	<u>(191)</u>
Total comprehensive income for the period	<u>1,352</u>	<u>1,560</u>	<u>1,352</u>	<u>1,560</u>
Total comprehensive income for the period attributable to:				
Owners of the parent	1,362	1,561	1,362	1,561
Non-controlling Interests	<u>(10)</u>	<u>(1)</u>	<u>(10)</u>	<u>(1)</u>
	<u>1,352</u>	<u>1,560</u>	<u>1,352</u>	<u>1,560</u>

Note:

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 31 Mar 2013 RM'000	Audited As At 31 Dec 2012 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,316	6,464
Land use rights	3,252	3,288
Investment in associates	18,756	18,122
Deferred tax assets	13	12
Membership rights	61	61
Total non-current assets	28,398	27,947
CURRENT ASSETS		
Inventories	1,705	1,536
Trade and other receivables	8,301	11,602
Dividend receivables	3,896	4,891
Prepayments	67	51
Cash and cash equivalents	35,563	31,819
Total current assets	49,532	49,899
TOTAL ASSETS	77,930	77,846
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	54,000	54,000
Capital reserves	4,764	4,764
Retained profit	10,150	8,587
Foreign currency translation	2,426	2,627
	71,340	69,978
Non-controlling Interest	651	661
Total equity	71,991	70,639
NON-CURRENT LIABILITIES		
Deferred tax liabilities	66	66
Total non-current liabilities	66	66
CURRENT LIABILITIES		
Trade and other payables	4,491	5,276
Other current liabilities	258	678
Current tax payables	1,124	1,187
Total current liabilities	5,873	7,141
Total liabilities	5,939	7,207
TOTAL EQUITY AND LIABILITIES	77,930	77,846
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)	0.66	0.65

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 FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 31 Mar 2013 RM'000	Preceding Year Corresponding Period 31 Mar 2012 RM'000
Cash flows from operating activities		
Profit before taxation	1,743	1,957
Adjustments for non-cash flow:		
Non-cash items	(167)	(411)
Operating profit before changes in working capital	1,576	1,546
Changes in working capital		
Net change in inventories	(169)	(277)
Net change in trade and other receivables	4,421	926
Net change in trade and other payables	(1,319)	(585)
Cash generated from operations	4,509	1,610
Tax paid	(300)	(336)
Net cash from operating activities	4,209	1,274
Cash flows from investing activities		
Interest received	18	11
Proceeds from disposal of property, plant and equipment	-	13
Purchase of property, plant and equipment	(15)	(349)
Net cash used in investing activities	3	(325)
Cash flows from financing activities		
Fixed deposit pledged	45	9
Repayment of obligations under finance leases	-	(10)
Net cash used in financing activities	45	(1)
Net increase in cash and cash equivalents	4,257	948
Cash and cash equivalents at beginning of period	22,418	25,892
Effect of exchange rate changes	(468)	(23)
Cash and cash equivalents at end of period	26,207	26,817
Cash & cash equivalents comprise the following		
Cash & Bank balances	16,090	13,798
Fixed Deposit with Licensed Banks	19,473	23,458
	35,563	37,256
Less: Fixed deposit pledged	(9,356)	(10,439)
Cash and cash equivalents at end of period	26,207	26,817

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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013
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	Share premium RM'000	Non-Distributable Translation reserves RM'000	Capital reserves RM'000	Retained profits RM'000	Distributable Total RM'000		
At 1 January 2013	54,000	-	2,627	4,764	8,587	69,978	661	70,639
Profit for the year	-	-	-	-	1,563	1,563	(10)	1,553
Other comprehensive income for the year	-	-	(201)	-	-	(201)	-	(201)
Total comprehensive income	-	-	(201)	-	1,563	1,362	(10)	1,352
At 31 March 2013	54,000	-	2,426	4,764	10,150	71,340	651	71,991
At 1 January 2012	54,000	-	1,732	4,764	5,613	66,109	589	66,698
Profit for the year	-	-	-	-	1,752	1,752	(1)	1,751
Other comprehensive income for the year	-	-	(191)	-	-	(191)	-	(191)
Total comprehensive income	-	-	(191)	-	1,752	1,561	(1)	1,560
At 31 March 2012	54,000	-	1,541	4,764	7,365	67,670	588	68,258

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART 1-Explanatory Notes Pursuant to FRS 134

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

These condensed consolidated interim financial statements were approved by Board of Directors on 17 May 2013.

A2. Basis of Preparation

The condensed consolidated interim financial statements of the Group for the first quarter ended 31 March 2013, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad. 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 read in conjunction with the audited financial statements for the year ended 31 December 2012.

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 2012.

A3. Significant 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 2012 except for the adoption of the following new or revised Malaysian Financial Reporting Standards ("MFRS") below.

3.1 Changes in Accounting Policies

On 1 January 2013, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for the annual financial periods beginning on or after 1 January 2013:

Effective for financial periods beginning on or after 1 January 2013

MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10: Consolidated Financial Statements
MFRS 11: Joint Arrangements
MFRS 12: Disclosure of Interests in Other Entities
MFRS 13: Fair Value Measurement
MFRS 119: Employee Benefits
MFRS 127: Separate Financial Statements
MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
MFRS 128: Investments in Associates and Joint Ventures
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 10: Consolidated Financial Statements: Transition Guidance
Amendment to MFRS 11: Joint Arrangements: Transition Guidance
Amendment to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2009)
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)

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The directors expect 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 audit report on the Group's financial statements for the financial year ended 31 December 2012 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 2012.

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 for the current financial quarter under review.

A10. Dividends

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

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 review 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.

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Segment analysis for the cumulative period ended 31 March 2013 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	405	9,291	351	-	10,047
Inter-segment Sales	83	37	-	(120)	-
	<u>488</u>	<u>9,328</u>	<u>351</u>	<u>(120)</u>	<u>10,047</u>
Results					
Profit/(Loss) from Operation	(287)	1,458	(28)	(37)	1,106
Share of Profit of associates					637
Profit Before Taxation					<u>1,743</u>
Taxation					(190)
Profit after taxation					<u>1,553</u>

A12. Subsequent Event

There is no subsequent event reported during the 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 date of the last report.

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A15. Capital Commitments

	As at 31 March 2013 RM'000
Approved and contracted for	
Office Equipment	1
Plant, machinery and instruments	14
Total	15

A16. Significant related party transaction

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	Transaction for the period ended 31 March 2013 RM'000
Ultra Sol Engineering & Trading Sdn. Bhd. and Bayu Purnama Sdn. Bhd.	Provision of tools, equipment and labour for fabrication services	313

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

B1. Analysis of Performance

The Group achieved revenue of RM10 million for the current quarter with an increase of RM0.84 million or 9.2% as compared to the RM9.2 million achieved during the preceding year corresponding quarter. This revenue increase was mainly from the increase in sales from the Singapore segment.

The Group achieved gross profit of RM2.9 million during the current quarter. This represent a drop of RM0.2 million or 7.2% as compared to the RM3.2 million achieved during the preceding year corresponding quarter. The gross profit

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margin for this quarter is 29.2% which is lower than the gross profit margin of 34.3% achieved during the preceding year corresponding quarter. This drop was mainly due to the lower profit margin from the market competition in Singapore segment.

For the current quarter, the Group recorded a profit after tax of RM1.55 million, a drop of RM198 thousand or 11.3% as compared against the preceding year corresponding quarter profit after tax of RM1.75 million. The drop was mainly due to drop in share of results of associate.

B2. Comparison between the current Quarter and Immediate Preceding Quarter

	Current Quarter 31 March 2013 RM'000	Preceding Quarter 31 December 2012 RM'000
Revenue	10,047	11,884
Profit before Tax	1,743	3,273

The Group achieved revenue of RM10 million for the current quarter, a drop of RM1.8 million or 15.5% as compared to the RM11.9 million achieved during the previous quarter.

The Group achieved a gross profit of RM2.9 million during the current quarter. This represent a drop of RM1.08 million or 26.9%, compared to the RM4.0 million achieved during the previous quarter. The gross profit margin for this quarter is 29.2%, which is lower than the gross profit margin of 33.8% achieved during the previous quarter. This drop is mainly due to lower profit margin from the market competition in Singapore segment.

For the current quarter, the Group recorded a profit after tax of RM1.7 million, a drop of RM1.5 million or 46.7% compared against the previous quarter profit after tax of RM3.2 million. This drop was mainly due to the lower gross profit margin from different product mix and lower share of results of associate.

B3. Prospects

The demand for petrochemical industries products are influenced by the market economic conditions. As a supplier of pumps and compressors to both upstream as well as downstream of petrochemical industries, the demand for our products and services will inevitably be affected as well.

The Company will stay focused on maintenance and services in which we should expect a marginal growth in this area.

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

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

B5. Income Tax Expenses

	Current Quarter		Cumulative Quarter	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	190	206	190	206
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:	-	-	-	-
Origination and reversal of temporary difference	-	-	-	-
Total	190	206	190	206

The Group's effective tax rate for the current quarter is 9.4%, which is lower than the statutory tax rate of 25% principally due to deferred income tax provision on withholding tax in a related company, lower tax regime from foreign income tax utilisation of business loss and share of associated company results which is net of tax.

B6. Status of Corporate Proposals

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

B7. Group Borrowing

	Current Quarter 31 March 2013 RM'000	Corresponding Quarter 31 March 2012 RM'000
Unsecured		
Long term borrowings	-	-
Obligations under finance lease	-	-

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Unsecured

Short term borrowings	-	-
Obligations under finance lease	-	-

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.

B10. Dividend

No dividend has been recommended or declared for the current quarter as well as in previous corresponding period under review.

Final tax exempt (single-tier) dividend of 5 sen per ordinary share of 50 sen in respect of the financial year ended 31 December 2012 on 108,000,000 ordinary shares, amounting to a dividend payable of RM 5.4 million was approved at the Annual General Meeting held on 17 May 2013 will be paid on 17 June 2013. The entitlement date for the said dividend shall be 31 May 2013.

B11. Earnings per Share

The basic earnings per share have 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 Quarter 31 March 2013 RM'000	Corresponding Quarter 31 March 2012 RM'000
Profit net of tax attributable to owners of the Parent	1,563	1,752

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Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share(Sen)	1.45	1.62

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

B12. Auditors report of preceding Annual Financial Statements

The audit report on the Group's financial statements for the financial year ended 31 December 2012 was not subject to qualification.

B13. Realised and Unrealised Profits of the Group

The retained profits as at 31 March 2013 is analysed as follows:-

	Current Quarter 31 March 2013 RM'000	Corresponding Quarter 31 March 2012 RM'000
Total retained profits of the Group and its subsidiaries:		
- Realised profits	19,720	15,682
- Unrealised profits/(loss)	(349)	(406)
Total share of retained profits from associated companies:		
- Realised profits	10,773	12,665
- Unrealised profits/(loss)	231	266
Less : Consolidated adjustments	(20,225)	(20,842)
Total Group retained profits as per consolidated accounts	10,150	7,365

The determination of realised and unrealised profits is made based on the Guidance on Special Matter No. 1, determination of Realised and Unrealised Profits or Loss in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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B14. Profit Before Taxation

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

	Current Quarter 31 March 2013 RM'000	Cumulative Quarter 31 March 2013 RM'000
Interest Income	18	18
Foreign exchange gain/(Loss)	(138)	(138)
Investment income*	-	-
Depreciation and Amortisation	186	186
Provision for Trade Receivable	-	-
Trade Receivable Write off*	-	-
Provision for Inventory	6	6
Inventory Write Off*	-	-
Impairment of asset*	-	-
Gain/Loss on disposal of quoted or unquoted investment*	-	-
Gain/Loss on Derivatives*	-	-
Exceptional Expenses*	-	-

*These items are not applicable to the Group but disclosed pursuant to Appendix 9B Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.