

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2013 RM'000	Preceding Year Corresponding Quarter 31 Dec 2012 RM'000	Current Year To Date 31 Dec 2013 RM'000	Preceding Year Corresponding Period 31 Dec 2012 RM'000
Revenue	12,732	11,884	38,202	45,979
Cost of sales	(8,363)	(7,928)	(24,315)	(32,337)
Gross profit	4,369	3,956	13,887	13,642
Other operating income	284	141	789	446
Other operating expenses	(2,441)	(2,197)	(8,384)	(8,426)
Profit from operations	2,212	1,900	6,292	5,662
Finance costs	-	-	-	-
Share of results of associate	1,776	1,317	4,615	4,097
Profit before tax	3,988	3,217	10,907	9,759
Tax expense	(227)	(248)	(1,121)	(1,313)
Net profit for the period	3,761	2,969	9,786	8,446
Attributable to :				
Equity holders of the parent	3,747	2,975	9,822	8,374
Non-controlling Interest	14	(6)	(36)	72
	3,761	2,969	9,786	8,446
Earning per share (sen)				
Equity holders of the parent :				
Basic	3.47	2.75	9.09	7.75
Diluted	N/A	N/A	N/A	N/A

Note:

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2013 RM'000	Preceding Year Corresponding Quarter 31 Dec 2012 RM'000	Current Year-To-Date 31 Dec 2013 RM'000	Preceding Year Corresponding Period 31 Dec 2012 RM'000
Net Profit for the Period	3,761	2,969	9,786	8,446
Other comprehensive (expense)/income:				
Foreign currency translation	5	(2)	1,281	895
Total comprehensive (expense)/income	3,766	2,967	11,067	9,341
Total comprehensive (expense)/income				
Owners of the parent	3,751	2,973	11,103	9,269
Non-controlling Interest	15	(6)	(36)	72
	3,766	2,967	11,067	9,341

Note:

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

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

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,395	6,464
Land use rights	3,227	3,288
Investment in associates	19,786	18,122
Deferred tax assets	10	12
Membership rights	61	61
Total non-current assets	28,479	27,947
CURRENT ASSETS		
Inventories	1,647	1,536
Trade and other receivables	9,393	11,602
Dividend receivables	2,975	4,891
Prepayments	51	51
Cash and cash equivalents	42,273	31,819
Total current assets	56,339	49,899
TOTAL ASSETS	84,818	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	13,009	8,587
Foreign currency translation	3,908	2,627
	75,681	69,978
Non-controlling Interest	625	661
Total equity	76,306	70,639
NON-CURRENT LIABILITIES		
Deferred tax liabilities	11	66
Total non-current liabilities	11	66
CURRENT LIABILITIES		
Trade and other payables	6,291	5,276
Other current liabilities	1,127	678
Current tax payables	1,083	1,187
Total current liabilities	8,501	7,141
Total liabilities	8,512	7,207
TOTAL EQUITY AND LIABILITIES	84,818	77,846
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)		
	0.70	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 FOURTH QUARTER ENDED 31 DECEMBER 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	Translation reserves RM'000	Non-Distributable Capital reserves RM'000	Merger reserves RM'000	Distributable Retained profits RM'000	Total RM'000		
At 1 January 2013	54,000	-	2,627	4,764	-	8,587	661	70,639	
Profit for the year	-	-	-	-	-	9,822	(36)	9,786	
Other comprehensive income for the year	-	-	1,281	-	-	-	-	1,281	
Total comprehensive income	0	-	1,281	-	-	9,822	(36)	11,067	
Dividends paid on shares capital						(5,400)	-	(5,400)	
At 31 December 2013	54,000	-	3,908	4,764	-	13,009	625	76,306	
At 1 January 2012	54,000	-	1,732	4,764	-	5,613	589	66,698	
Profit for the year	-	-	-	-	-	8,374	72	8,446	
Other comprehensive income for the year	-	-	895	-	-	-	-	895	
Total comprehensive income	0	-	895	-	-	8,374	72	9,341	
Dividend paid on ordinary shares						(5,400)		(5,400)	
At 31 December 2012	54,000	-	2,627	4,764	-	8,587	661	70,639	

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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 31 Dec 2013 RM'000	Preceding Year Corresponding Period 31 Dec 2012 RM'000
Cash flows from operating activities		
Profit before taxation	10,907	9,759
Adjustments for non-cash flow:		
Non-cash items	<u>(3,167)</u>	<u>(2,310)</u>
Operating profit before changes in working capital	7,740	7,449
Changes in working capital		
Net change in inventories	(143)	1,842
Net change in trade and other receivables	3,959	(1,709)
Net change in trade and other payables	<u>1,464</u>	<u>(1,851)</u>
Cash generated from operations	13,020	5,731
Tax paid	(1,278)	(1,528)
Interest paid	-	-
Net cash from operating activities	<u>11,742</u>	<u>4,203</u>
Cash flows from investing activities		
Interest received	109	111
Dividend received from associate	2,975	1,913
Acquisition of Land Use Rights	-	-
Investment in associate	-	(4,449)
Proceeds from disposal of property, plant and equipment	34	12
Purchase of property, plant and equipment	<u>(108)</u>	<u>(1,312)</u>
Net cash used in investing activities	3,010	(3,725)
Cash flows used in financing activities		
Fixed deposit pledge	(375)	1,032
Dividend paid on share capital	(5,400)	(5,400)
Repayment of obligations under finance leases	-	(10)
Net cash used in financing activities	<u>(5,775)</u>	<u>(4,378)</u>
Net increase in cash and cash equivalents	8,977	(3,900)
Cash and cash equivalents at beginning of period	<u>22,418</u>	<u>25,892</u>
Effect of exchange rate changes	1,102	426
Cash and cash equivalents at end of period	<u><u>32,497</u></u>	<u><u>22,418</u></u>
Cash & cash equivalents comprise the following		
Cash & Bank balances	18,180	16,020
Fixed Deposit with Licensed Banks	<u>24,093</u>	<u>15,799</u>
	42,273	31,819
Less: Fixed deposit pledged	<u>(9,776)</u>	<u>(9,401)</u>
Cash and cash equivalents at end of period	<u><u>32,497</u></u>	<u><u>22,418</u></u>

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.

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 24 February 2014.

A2. Basis of Preparation

The condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 December 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

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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)

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.

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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

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 10% on 108,000,000 ordinary shares, amounting to a dividend payable of RM5,400,000 (5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

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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.

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

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	635	36,569	998	-	38,202
Inter-segment Sales	254	-	1,081	(1,335)	-
	889	36,569	2,079	(1,335)	38,202
Results					
Profit/(Loss) from Operation	(793)	6,693	506	(114)	6,292
Share of Profit of associates					4,615
Profit Before Taxation					10,907
Taxation					(1,121)
Profit after taxation					9,786

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.

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A14. Contingent Liabilities

At the date of this report, there were no changes in contingent liabilities since date of the last report.

A15. Capital Commitments

There are no capital commitments for the financial quarter under review.

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 December 2013 RM'000	Transaction for the period ended 31 December 2012 RM'000
Ultra Sol Engineering & Trading Sdn Bhd and Bayu Purnama	Provision of tools, equipment and labour for fabrication services	492	2,149
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	-	34.9
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	-	147.8
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Purchase of services charges from Related party	-	14.8

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

B1. Analysis of Performance

The Group achieved revenue of RM12.73 million for the current quarter, an increase of RM0.85 million or 7.2% as compared to the RM11.88 million achieved during the preceding year corresponding quarter. The increase in revenue was mainly from the increase in revenue from the Singapore and Malaysia segment.

The Group achieved gross profit of RM4.37 million during the current quarter, an increase of RM0.41 million or 10.4% as compared to the RM3.96 million achieved during the preceding year corresponding quarter. The gross profit margin for this quarter is 34.3% which is higher than the gross profit margin of 33.3% achieved during the preceding year corresponding quarter. The increase was mainly due to the higher profit margin from the spare parts sales in Singapore segment.

For the current quarter, the Group recorded a profit after tax of RM3.76 million, an increase of RM0.79 million or 26.6% as compared against the preceding year corresponding quarter profit after tax of RM2.97 million. The increase was mainly due to the impact of the results of associates, improved revenue and gross profit margin.

B2. Comparison between the current Quarter and Immediate Preceding Quarter

	Current Quarter 31 December 2013	Preceding Quarter 30 September 2013
	RM'000	RM'000
Revenue	12,732	8,909
Profit before Tax	3,988	2,958

The Group achieved revenue of RM12.73 million for the current quarter, an increase of RM3.82 million or 42.9% as compared to the RM8.91 million achieved during the previous quarter.

The Group achieved a gross profit of RM4.37 million during the current quarter, an increase of RM0.9 million or 25.9%, compared to the RM3.47 million achieved during the previous quarter.

The gross profit margin for this quarter is 34.3%, which is lower than the gross profit margin of 38.9% achieved during the previous quarter. Despite a lower gross profit margin, the Group recorded a higher pre-tax profit due to increase in revenue and better contributions from associates.

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For the current quarter, the Group recorded a profit after tax of RM3.76 million, an increase of RM1.23 million or 48.6% compared against the previous quarter profit after tax of RM2.53 million.

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 no significant changes in this area.

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 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	13	(34)	13	31
- Foreign income tax	397	624	1,301	1,397
(Over)/Under provision in respect prior years	(130)	(111)	(140)	(111)
Deferred income tax:				
Origination and reversal of temporary difference	(53)	(231)	(53)	(4)
Total	227	248	1,121	1,313

The Group's effective tax rate for the current quarter is 6%, 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 in current quarter.

B6. Status of Corporate Proposals

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

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B7. Group Borrowing

There is no group borrowing for the current quarter under review.

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

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 10% on 108,000,000 ordinary shares, amounting to a dividend payable of RM5,400,000 (5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

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 Dec 2013 RM'000	Corresponding Quarter 31 Dec 2012 RM'000
Profit net of tax attributable to owners of the Parent	3,747	2,975
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share(Sen)	3.47	2.75

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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 December 2013 is analysed as follows:-

	Current Quarter 31 December 2013 RM'000	Corresponding Quarter 31 December 2012 RM'000
Total retained profits of the Group and its subsidiaries:		
- Realised profits	18,792	19,392
- Unrealised profits/(loss)	(565)	(1,213)
Total share of retained profits from associated companies:		
- Realised profits	12,451	11,067
- Unrealised profits/(loss)	258	91
Less : Consolidated adjustments	(17,927)	(20,750)
Total Group retained profits as per consolidated accounts	13,009	8,587

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 December 2013 RM'000	Cumulative Quarter 31 December 2013 RM'000
Interest Income	47	109
Foreign exchange gain/(Loss) net	(230)	(384)
Investment income*	-	-
Depreciation and Amortisation	175	732
Provision for Trade Receivable	116	116
Trade Receivable Write off*	-	-
Provision for Inventory	12	31
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.