

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2014 RM'000	Preceding Year Corresponding Quarter 30 Sep 2013 RM'000	Current Year To Date 30 Sep 2014 RM'000	Preceding Year Corresponding Period 30 Sep 2013 RM'000
Revenue	13,009	8,909	33,553	25,470
Cost of sales	(7,959)	(5,436)	(22,180)	(15,952)
Gross profit	5,050	3,473	11,373	9,518
Other operating income	228	142	711	505
Other operating expenses	(1,842)	(1,936)	(5,911)	(5,943)
Profit from operations	3,436	1,679	6,173	4,080
Finance costs	-	-	-	-
Share of results of associate	1,285	1,279	4,525	2,839
Profit before tax	4,721	2,958	10,698	6,919
Tax expense	(557)	(433)	(969)	(894)
Net profit for the period	4,164	2,525	9,729	6,025
Attributable to :				
Equity holders of the parent	4,214	2,520	9,774	6,076
Non-controlling Interest	(50)	5	(45)	(51)
	4,164	2,525	9,729	6,025
Earning per share (sen)				
Equity holders of the parent :				
Basic	3.90	2.33	9.05	5.63
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 THIRD QUARTER ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2014 RM'000	Preceding Year Corresponding Quarter 30 Sep 2013 RM'000	Current Year-To-Date 30 Sep 2014 RM'000	Preceding Year Corresponding Period 30 Sep 2013 RM'000
Net Profit for the Period	4,164	2,525	9,729	6,025
Other comprehensive (expense)/income:				
Foreign currency translation	(19)	750	(301)	1,276
Total comprehensive (expense)/income	4,145	3,275	9,428	7,301
Total comprehensive (expense)/income				
Owners of the parent	4,195	3,270	9,473	7,352
Non-controlling Interest	(50)	5	(45)	(51)
	4,145	3,275	9,428	7,301

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At 30 Sep 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,063	5,395
Land use rights	3,133	3,227
Investment in associates	24,302	19,786
Deferred tax assets	13	10
Membership rights	61	61
Total non-current assets	32,572	28,479
CURRENT ASSETS		
Inventories	1,798	1,647
Trade and other receivables	5,584	9,393
Dividend receivables	-	2,975
Prepayments	63	51
Cash and cash equivalents	45,755	42,273
Total current assets	53,200	56,339
TOTAL ASSETS	85,772	84,818
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	17,383	13,009
Foreign currency translation	3,607	3,908
	79,754	75,681
Non-controlling Interest	580	625
Total equity	80,334	76,306
NON-CURRENT LIABILITIES		
Deferred tax liabilities	15	11
Total non-current liabilities	15	11
CURRENT LIABILITIES		
Trade and other payables	3,670	6,291
Other current liabilities	651	1,127
Current tax payables	1,102	1,083
Total current liabilities	5,423	8,501
Total liabilities	5,438	8,512
TOTAL EQUITY AND LIABILITIES	85,772	84,818
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)	0.74	0.70

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014 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 2014	54,000	-	3,908	4,764	-	13,009	75,681	625	76,306
Profit for the year	-	-	-	-	-	9,774	9,774	(45)	9,729
Other comprehensive income for the year	-	-	(301)	-	-	-	(301)	-	(301)
Total comprehensive income	-	-	(301)	-	-	9,774	9,473	(45)	9,428
Dividends paid on shares capital	-	-	-	-	-	(5,400)	(5,400)	-	(5,400)
At 30 September 2014	54,000	-	3,607	4,764	-	17,383	79,754	580	80,334
At 1 January 2013	54,000	-	2,627	4,764	-	8,587	69,978	661	70,639
Profit for the year	-	-	-	-	-	6,076	6,076	(51)	6,025
Other comprehensive income for the year	-	-	1,276	-	-	-	1,276	-	1,276
Total comprehensive income	-	-	1,276	-	-	6,076	7,352	(51)	7,301
Dividend paid on ordinary shares	-	-	-	-	-	(5,400)	(5,400)	-	(5,400)
At 30 September 2013	54,000	-	3,903	4,764	-	9,263	71,930	610	72,540

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current Year-To-Date 30 Sep 2014 RM'000	Preceding Year Corresponding Period 30 Sep 2013 RM'000
Cash flows from operating activities		
Profit before taxation	10,698	6,919
Adjustments for non-cash flow:		
Depreciation of Property, plant and equipment	387	488
Amortisation of prepaid lease payments	67	68
(Gain)/Loss on disposal of property, plant and equipment	-	114
Unrealised (gain)/loss on foreign currency	(34)	245
Interest income	(114)	(62)
Provision for Obsolete Inventory	58	19
Share of results of associates	(4,525)	(2,839)
Operating profit before changes in working capital	6,537	4,952
Changes in working capital		
Net change in inventories	(210)	16
Net change in trade and other receivables	3,822	8,857
Net change in trade and other payables	(3,096)	(2,379)
Cash generated from operations	7,053	11,446
Tax paid	(951)	(1,125)
Interest paid	-	-
Net cash from operating activities	6,102	10,321
Cash flows from investing activities		
Interest received	114	62
Dividend received from associate	2,975	-
Acquisition of Land Use Rights	-	-
Investment in associate	-	-
Proceeds from disposal of property, plant and equipment	-	34
Purchase of property, plant and equipment	(108)	(51)
Net cash used in investing activities	2,981	45
Cash flows used in financing activities		
Fixed deposit pledge	70	(358)
Dividend paid on share capital	(5,400)	(5,400)
Repayment of obligations under finance leases	-	-
Net cash used in financing activities	(5,330)	(5,758)
Net increase in cash and cash equivalents	3,753	4,608
Cash and cash equivalents at beginning of period	32,497	22,418
Effect of exchange rate changes	(203)	1,219
Cash and cash equivalents at end of period	36,047	28,245
Cash & cash equivalents comprise the following		
Cash & Bank balances	17,080	15,180
Fixed Deposit with Licensed Banks	28,675	22,824
	45,755	38,004
Less: Fixed deposit pledged	(9,708)	(9,759)
Cash and cash equivalents at end of period	36,047	28,245

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 21 November 2014.

A2. Basis of Preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2014, 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 2013.

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 2013.

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 2013 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 2014, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for the annual financial periods beginning on or after 1 January 2014:

Effective for financial periods beginning on or after 1 January 2014

IC Interpretations 21 Levies
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

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Amendments to MFRS 132: Financial Instruments: Presentation -
Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosure for Non-
Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of
Hedge Accounting

Effective for financial periods beginning on or after 1 July 2014

Amendment to MFRS 2: Share-based Payment (Annual Improvements to
MFRSs 2010-2012 Cycle)
Amendment to MFRS 3: Business Combinations (Annual Improvements
to MFRSs 2010-2012 Cycle)
Amendment to MFRS 3: Business Combinations (Annual Improvements
to MFRSs 2011-2013 Cycle)
Amendment to MFRS 8: Operating Segments (Annual Improvements to
MFRSs 2010-2012 Cycle)
Amendment to MFRS 13: Fair Value Adjustment (Annual Improvements to
MFRS 2011-2013 Cycle)
Amendment to MFRS 116: Property, Plant and Equipment (Annual
Improvements to MFRSs 2010-2012 Cycle)
Amendment MFRS 119: Defined Benefit Plans: Employee Contributions
Amendment to MFRS 124: Related Party Disclosure (Annual
Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 138: Intangible Assets (Annual Improvements to
MFRSs 2010-2012 Cycle)
Amendment to MFRS 140: Investment Property (Annual Improvements to
MFRSs 2011-2013 Cycle)

Effective for financial periods to be announced

MFRS 9: Financial Instruments (IFRS issued by IASB in November 2009)
MFRS 9: Financial Instruments (IFRS issued by IASB in October 2010)
MFRS 9: Financial Instruments: Hedge Accounting and amendments to
MFRS 9, MFRS 7 and MFRS 139

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 2013 was not subject to any qualification.

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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 2013.

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

A final tax exempt (single tier) dividend of 10% per share amounting to RM5.4 million in respect of the financial year ended 31 December 2013 was approved by shareholders during the Annual General Meeting held on 23 May 2014 and subsequently paid on 23 June 2014.

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 30 September 2014 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	89	32,291	1,173	-	33,553
Inter-segment Sales	-	524	-	(524)	-
	89	32,815	1,173	(524)	33,553
Results					
Profit/(Loss) from Operation	(366)	7,355	335	(1,151)	6,173
Share of Profit of associates					4,525
Profit Before Taxation					10,698
Taxation					(969)
Profit after taxation					9,729

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.

A15. Capital Commitments

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

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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 30 September 2014 RM'000	Transaction for the period ended 30 September 2013 RM'000
Ultra Sol Engineering & Trading Sdn Bhd and Bayu Purnama	Provision of tools, equipment and labour for fabrication services	-	492
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	15	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	20	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Purchase of services charges from Related party	-	-

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

B1. Analysis of Performance

The Group achieved revenue of RM13 million for the current quarter, an increase of RM4.1 million or 46% as compared to the RM8.9 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 RM5.05 million during the current quarter. This represent an increase RM1.58 million or 45.5% as compared to the RM3.47 million achieved during the preceding year corresponding quarter. The gross profit margin for this quarter is 38.8% which is slightly lower than the gross profit margin of 39% achieved during the preceding year corresponding quarter.

For the current quarter, the Group recorded a profit after tax of RM4.16 million, an increase of RM1.63 million or 64.4% as compared against the preceding year corresponding quarter profit after tax of RM2.53 million. The increase was mainly due to the improved sales from Malaysia and Singapore sector.

B2. Comparison between the current Quarter and Immediate Preceding Quarter

	Current Quarter 30 September 2014	Preceding Quarter 30 June 2014
	RM'000	RM'000
Revenue	13,009	10,726
Profit before Tax	4,721	2,962

The Group achieved revenue of RM13 million for the current quarter, an increase of RM2.27 million or 21.2% as compared to the RM10.73 million achieved during the previous quarter.

The Group achieved a gross profit of RM4.72 million during the current quarter, an increase of RM1.76 million or 59.5%, compared to the RM2.96 million achieved during the previous quarter.

For the current quarter, the Group recorded a profit after tax of RM4.16 million, an increase of RM1.49 million or 55.8% compared against the previous quarter profit after tax of RM2.67 million. The increase was mainly due to improved sales from Malaysia and Singapore sector.

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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	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	557	433	969	904
(Over)/Under provision in respect prior years	-	-	-	(10)
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	557	433	969	894

The Group's effective tax rate for the current quarter is 11.8%, 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.

B7. Group Borrowing

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

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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

A final tax exempt (single tier) dividend of 5 sen per ordinary share of 50 sen in respect of the financial year ended 31 December 2013 on 108,000,000 ordinary shares, amounting to a dividend payable of RM 5.4 million was approved by shareholders during the Annual General Meeting held on 23 May 2014 and subsequently paid on 23 June 2014.

No interim dividend was proposed for the financial quarter under review.

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 30 Sept 2014 RM'000	Corresponding Quarter 30 Sept 2013 RM'000
Profit net of tax attributable to owners of the Parent	4,214	2,520
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share(Sen)	3.90	2.33

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

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B12. Auditors report of preceding Annual Financial Statements

The audit report on the Group’s financial statements for the financial year ended 31 December 2013 was not subject to qualification.

B13. Realised and Unrealised Profits of the Group

The retained profits as at 30 Sept 2014 is analysed as follows:-

	Current Quarter 30 Sept 2014 RM’000	Corresponding Quarter 30 Sept 2013 RM’000
Total retained profits of the Group and its subsidiaries:		
- Realised profits	16,163	16,578
- Unrealised profits/(loss)	32	(300)
Total share of retained profits from associated companies:		
- Realised profits	12,421	10,764
- Unrealised profits/(loss)	287	240
Less : Consolidated adjustments	(11,520)	(18,019)
Total Group retained profits as per consolidated accounts	17,383	9,263

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 30 Sept 2014 RM'000	Cumulative Quarter 30 Sept 2014 RM'000
Interest Income	44	114
Foreign exchange gain/(Loss) net	105	177
Investment income*	-	-
Depreciation and Amortisation	152	455
Provision for Trade Receivable	-	-
Trade Receivable Write off*	-	-
Provision for Inventory	9	58
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.