

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2015 RM'000	Preceding Year Corresponding Quarter 30 Sep 2014 RM'000	Current Year To Date 30 Sep 2015 RM'000	Preceding Year Corresponding Period 30 Sep 2014 RM'000
Revenue	6,548	13,009	27,866	33,553
Cost of sales	(3,852)	(7,959)	(16,884)	(22,180)
Gross profit	2,696	5,050	10,982	11,373
Other operating income	1,719	228	2,379	711
Other operating expenses	(2,198)	(1,842)	(6,719)	(5,911)
Profit from operations	2,217	3,436	6,642	6,173
Finance costs	-	-	-	-
Share of results of associate	69	1,285	1,282	4,525
Profit before tax	2,286	4,721	7,924	10,698
Tax expense	(68)	(557)	(898)	(969)
Net profit for the period	2,218	4,164	7,026	9,729
Attributable to :				
Equity holders of the parent	2,144	4,214	6,943	9,774
Non-controlling Interest	74	(50)	83	(45)
	2,218	4,164	7,026	9,729
Earning per share (sen)				
Equity holders of the parent :				
Basic	1.99	3.90	6.43	9.05
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 2015
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sep 2015 RM'000	Preceding Year Corresponding Quarter 30 Sep 2014 RM'000	Current Year-To-Date 30 Sep 2015 RM'000	Preceding Year Corresponding Period 30 Sep 2014 RM'000
Net Profit for the Period	2,218	4,165	7,026	9,729
Other comprehensive (expense)/income:				
Foreign currency translation	7,238	(19)	10,809	(301)
Total comprehensive (expense)/income	9,456	4,146	17,835	9,428
Total comprehensive (expense)/income				
Owners of the parent	9,382	4,196	17,752	9,473
Non-controlling Interest	74	(50)	83	(45)
	9,456	4,146	17,835	9,428

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 2015
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At 30 Sep 2015 RM'000	Audited As At 31 Dec 2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,836	5,172
Land use rights	3,676	3,208
Investment in associates	24,658	23,174
Deferred tax assets	2	3
Membership rights	61	61
Total non-current assets	34,233	31,618
CURRENT ASSETS		
Inventories	1,515	1,821
Trade and other receivables	7,631	10,172
Dividend receivables	-	2,975
Prepayments	2,735	50
Tax recoverable	-	76
Cash and cash equivalents	58,910	47,518
Total current assets	70,791	62,612
TOTAL ASSETS	105,024	94,230
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	23,426	21,883
Foreign currency translation	16,154	5,345
	98,344	85,992
Non-controlling Interest	664	581
Total equity	99,008	86,573
NON-CURRENT LIABILITIES		
Deferred tax liabilities	12	11
Finance lease under obligations	62	-
Total non-current liabilities	74	11
CURRENT LIABILITIES		
Trade and other payables	3,957	5,312
Other current liabilities	695	561
Current tax payables	1,290	1,773
Total current liabilities	5,942	7,646
Total liabilities	6,016	7,657
TOTAL EQUITY AND LIABILITIES	105,024	94,230
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)		
	0.91	0.80

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 2015
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	Share Translation reserves RM'000	Non-Distributable Capital reserves RM'000	Merger reserves RM'000	Distributable Retained profits RM'000		
At 1 January 2015	54,000	-	5,345	4,764	-	21,883	581	86,573
Profit for the year	-	-	-	-	-	6,943	83	7,026
Other comprehensive income for the year	-	-	10,809	-	-	-	-	10,809
Total comprehensive income	-	-	10,809	-	-	6,943	83	17,835
Dividends paid on shares capital	-	-	-	-	-	(5,400)	-	(5,400)
At 30 September 2015	54,000	-	16,154	4,764	-	23,426	664	99,008
At 1 January 2014	54,000	-	3,908	4,764	-	13,009	625	76,306
Profit for the year	-	-	-	-	-	9,774	(45)	9,729
Other comprehensive income for the year	-	-	(301)	-	-	-	-	(301)
Total comprehensive income	-	-	(301)	-	-	9,774	(45)	9,428
Dividend paid on ordinary shares	-	-	-	-	-	(5,400)	-	(5,400)
At 30 September 2014	54,000	-	3,607	4,764	-	17,383	580	80,334

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 2015
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current Year-To-Date 30 Sep 2015 RM'000	Preceding Year Corresponding Period 30 Sep 2014 RM'000
Cash flows from operating activities		
Profit before taxation	7,924	10,698
Adjustments for non-cash flow:		
Depreciation of Property, plant and equipment	366	387
Amortisation of prepaid lease payments	72	67
(Gain)/Loss on disposal of property, plant and equipment	(30)	-
Unrealised (gain)/loss on foreign currency	(1,637)	(34)
Interest income	(135)	(114)
Provision for doubtful debts	-	-
Provision for obsolete inventory	51	58
Share of results of associates	(1,282)	(4,525)
Finance costs	1	-
Operating profit before changes in working capital	5,330	6,537
Changes in working capital		
Net change in inventories	255	(210)
Net change in trade and other receivables	(317)	3,822
Net change in trade and other payables	(1,220)	(3,096)
Cash (used in)/generated from operations	4,048	7,053
Tax recoverable/(paid)	(1,305)	(951)
Interest paid	(1)	-
Net cash (used in)/generated from operating activities	2,742	6,102
Cash flows from investing activities		
Interest received	135	114
Dividend received from associate	2,975	2,975
Proceeds from disposal of property, plant and equipment	115	-
Purchase of property, plant and equipment	(289)	(108)
Purchase of investments	63	-
Net cash generated from/(used in) investing activities	2,999	2,981
Cash flows used in financing activities		
Fixed deposit pledge	(1,779)	70
Dividend paid on share capital	(5,400)	(5,400)
Repayment of obligations under finance leases	(2)	-
Net cash used in financing activities	(7,181)	(5,330)
Net decrease in cash and cash equivalents	(1,440)	3,753
Cash and cash equivalents at beginning of period	37,519	32,497
Effect of exchange rate changes	11,053	(203)
Cash and cash equivalents at end of period	47,132	36,047
Cash & cash equivalents comprise the following		
Cash & Bank balances	22,233	17,080
Fixed Deposit with Licensed Banks	36,677	28,675
	58,910	45,755
Less: Fixed deposit pledged	(11,778)	(9,708)
Cash and cash equivalents at end of period	47,132	36,047

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 23 November 2015.

A2. Basis of Preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2015, 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 2014.

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 2014.

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 2014 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 2015, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for the annual financial periods beginning on or after 1 January 2015:

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)

(Company No.: 863263 – D)

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 Disclosures (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 beginning on or after 1 January 2016

MFRS 14: Regulatory Deferral Accounts
Amendment to MFRS 5: Non-current Assets Held for Sale and Discontinued Operation (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendment to MFRS 7: Financial Instruments (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendment to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to MFRS10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
Amendment to MFRS 11: Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
Amendment to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendment to MFRS 119: Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendment to MFRS 127: Equity Method in Separate Financial Statements
Amendment to MFRS 134: Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)

Effective for financial periods beginning on or after 1 Jan 2017

MFRS 15: Revenue from Contracts with Customers

(Company No.: 863263 – D)

Effective for financial periods beginning on or after 1 Jan 2018

MFRS 9: Financial Instruments (IFRS issued by IASB in July 2014)

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 2014 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 2014.

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 declared during the financial quarter under review.

(Company No.: 863263 – D)

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 period ended 30 September 2015 is set out below:

	Malaysia	Singapore	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Sales	90	25,663	2,113	-	27,866
Inter-segment Sales	-	1,417	-	(1,417)	-
	90	27,080	2,113	(1,417)	27,866
Results					
Profit/(Loss) from Operation	(125)	6,072	505	190	6,642
Share of Profit of associates					1,282
Profit Before Taxation					7,924
Taxation					(898)
Profit after taxation					7,026

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.

(Company No.: 863263 – D)

A14. Contingent Liabilities

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

A15. Capital Commitments

As announced on 7 January 2015, 9 January 2015, 15 January 2015, 20 January 2015 and 26 March 2015, Turbo-Mech Asia Pte Ltd has exercised the Option Agreement on 25 March 2015. 5% deposit has been paid to the vendor. The remaining amount of SGD7,695,000 is remained as capital commitments. The balance has been fully settled as the proposed acquisition is deemed completed as at 11 November 2015. No capital commitments in relation to this matter will be exist in next quarter.

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 Sept 2015 RM'000	Transaction for the period ended 30 Sept 2014 RM'000
Ultra Sol Engineering & Trading Sdn Bhd and Bayu Purnama	Provision of tools, equipment and labour for fabrication services	-	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	11	15
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	20	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 RM6.55 million for the current quarter, a decrease of RM6.45 million or 49.6% as compared to the RM13 million achieved during the preceding year corresponding quarter. The decrease in revenue was mainly due to drop in sales in Singapore region.

The Group achieved gross profit of RM2.7 million during the current quarter. This represent a decrease of RM2.35 million or 46.5% as compared to the RM5.05 million achieved during the preceding year corresponding quarter. The gross profit margin for this quarter is 41% which is slightly higher than the gross profit margin of 38.8% achieved during the preceding year corresponding quarter.

For the current quarter, the Group recorded a profit after tax of RM2.22 million, a decrease of RM1.94 million or 46.6% as compared against the preceding year corresponding quarter profit after tax of RM4.16 million. The decrease was mainly due to the reduced contributions from associates and the decrease in revenue.

B2. Comparison between the current Quarter and Immediate Preceding Quarter

	Current Quarter 30 September 2015 RM'000	Preceding Quarter 30 June 2015 RM'000
Revenue	6,548	13,687
Profit before Tax	2,286	2,669

The Group achieved revenue of RM6.55 million for the current quarter, a decrease of RM7.14 million or 52.2% as compared to the RM13.69 million achieved during the previous quarter.

The Group achieved a profit before tax of RM2.29 million during the current quarter, a decrease of RM0.38 million or 14%, compared to the RM2.67 million achieved during the previous quarter. This is due to drop in sales mitigated by improved gross profit margin derived from changes in product mix.

For the current quarter, the Group recorded a profit after tax of RM2.22 million, a decrease of RM0.08 million or 3% compared against the previous quarter profit after tax of RM2.3 million. As compared with preceding quarter, the Group has managed to maintain the profit after tax level despite significant drop in sales.

(Company No.: 863263 – D)

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 2015 RM'000	30 Sept 2014 RM'000	30 Sept 2015 RM'000	30 Sept 2014 RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	68	557	898	969
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
Total	68	557	898	969

The Group's effective tax rate for the current quarter is 3%, 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.

(Company No.: 863263 – D)

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 2014 on 108,000,000 ordinary shares, amounted to a dividend payable of RM5.4 million was approved by shareholders during the Annual General Meeting held on 22 May 2015 and subsequently paid on 26 June 2015.

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 2015 RM'000	Corresponding Quarter 30 Sept 2014 RM'000
Profit net of tax attributable to owners of the Parent	2,144	4,214
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share(Sen)	1.99	3.90

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

(Company No.: 863263 – D)

B12. Auditors report of preceding Annual Financial Statements

The audit report on the Group’s financial statements for the financial year ended 31 December 2014 was not subject to qualification.

B13. Realised and Unrealised Profits of the Group

The retained profits as at 30 September 2015 is analysed as follows:-

	Current Quarter 30 Sept 2015 RM’000	Corresponding Quarter 30 Sept 2014 RM’000
Total retained profits of the Group and its subsidiaries:		
- Realised profits	26,286	16,163
- Unrealised profits/(loss)	1,626	32
Total share of retained profits from associated companies:		
- Realised profits	16,107	12,421
- Unrealised profits/(loss)	(1)	287
Less : Consolidated adjustments	(20,592)	(11,520)
Total Group retained profits as per consolidated accounts	23,426	17,383

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.

(Company No.: 863263 – D)

B14. Profit before taxation

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

	Current Quarter 30 Sept 2015 RM'000	Cumulative Quarter 30 Sept 2015 RM'000
Interest Income	37	135
Foreign exchange gain/(Loss) net	1,477	1,627
Investment income*	-	-
Depreciation and Amortisation	(165)	(438)
Provision for Trade Receivable	-	-
Trade Receivable Write off*	-	-
Provision for Inventory	(51)	(51)
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.