



(863263 - D)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016  
CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter 31 Dec 2015 RM'000	Current Year To Date 31 Dec 2016 RM'000	Preceding Year Corresponding Period 31 Dec 2015 RM'000
Revenue	14,247	8,223	40,109	36,089
Cost of sales	(8,791)	(5,201)	(25,366)	(22,085)
Gross profit	5,456	3,022	14,743	14,004
Other operating income	741	121	1,604	2,500
Other operating expenses	(3,793)	(3,044)	(12,534)	(9,763)
Profit from operations	2,404	99	3,813	6,741
Finance costs	(328)	(28)	(328)	(28)
Share of results of associate	813	1,553	1,265	2,835
Share of results of JV	14	-	(14)	-
Profit before tax	2,903	1,624	4,736	9,548
Tax expense	(191)	(194)	(406)	(1,092)
Net profit for the period	2,712	1,430	4,330	8,456
Attributable to :				
Equity holders of the parent	2,554	1,440	4,182	8,383
Non-controlling Interest	158	(10)	148	73
	2,712	1,430	4,330	8,456
Earning per share (sen)				
Equity holders of the parent :				
Basic	2.36	1.33	3.87	7.76
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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter 31 Dec 2015 RM'000	Current Year-To-Date 31 Dec 2016 RM'000	Preceding Year Corresponding Period 31 Dec 2015 RM'000
Net Profit for the Period	2,712	1,430	4,330	8,456
<b>Other comprehensive (expense)/income:</b>				
Foreign currency translation	2,241	(2,044)	2,990	8,765
<b>Total comprehensive (expense)/income</b>	<b>4,953</b>	<b>(614)</b>	<b>7,320</b>	<b>17,221</b>
<b>Total comprehensive (expense)/income</b>				
Owners of the parent	4,692	(604)	7,069	17,148
Non-controlling Interest	261	(10)	251	73
	<b>4,953</b>	<b>(614)</b>	<b>7,320</b>	<b>17,221</b>

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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 31 Dec 2016 RM'000	Audited As At 31 Dec 2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	32,025	30,950
Land use rights	3,550	3,559
Investment in associates	17,179	21,934
Investment in JV	140	-
Construction work in progress	1,337	-
Deferred tax assets	1	2
Membership rights	45	61
<b>Total non-current assets</b>	<b>54,277</b>	<b>56,506</b>
<b>CURRENT ASSETS</b>		
Inventories	2,679	2,441
Trade and other receivables	12,612	6,009
Dividend receivables	-	4,250
Prepayments	139	11
Tax recoverable	-	-
Cash and cash equivalents	51,483	45,590
<b>Total current assets</b>	<b>66,913</b>	<b>58,301</b>
<b>TOTAL ASSETS</b>	<b>121,190</b>	<b>114,807</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	54,000	54,000
Capital reserves	4,764	4,764
Retained profit	23,647	24,865
Foreign currency translation	16,997	14,110
	99,408	97,739
<b>Non-controlling Interest</b>	<b>3,780</b>	<b>-</b>
<b>Total equity</b>	<b>103,188</b>	<b>97,739</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	8	13
Loans and borrowings	10,156	11,030
<b>Total non-current liabilities</b>	<b>10,164</b>	<b>11,043</b>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	1,142	1,082
Trade and other payables	5,635	2,927
Other current liabilities	692	846
Current tax payables	369	1,170
<b>Total current liabilities</b>	<b>7,838</b>	<b>6,025</b>
<b>Total liabilities</b>	<b>18,002</b>	<b>17,068</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,190</b>	<b>114,807</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)</b>		
	<b>0.92</b>	<b>0.90</b>

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 2016  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent						Total RM'000	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	Merger reserves RM'000	Distributable Retained profits RM'000			
<b>At 1 January 2016</b>	54,000	-	14,110	4,764	-	24,865	97,739	-	97,739
Profit for the year	-	-	-	-	-	4,182	4,182	148	4,330
Other comprehensive income for the year	-	-	2,887	-	-	-	2,887	103	2,990
Total comprehensive income	-	-	2,887	-	-	4,182	7,069	251	7,320
Transactions with owners									
- Dividends paid on ordinary shares	-	-	-	-	-	(5,400)	(5,400)	-	(5,400)
- Acquisition of an associate to a subsidiary	-	-	-	-	-	-	-	3,529	3,529
<b>At 31 December 2016</b>	54,000	-	16,997	4,764	-	23,647	99,408	3,780	103,188
<b>At 1 January 2015</b>	54,000	-	5,345	4,764	-	21,883	85,992	581	86,573
Profit for the year	-	-	-	-	-	8,383	8,383	73	8,456
Other comprehensive income for the year	-	-	8,765	-	-	-	8,765	-	8,765
Total comprehensive income	-	-	8,765	-	-	8,383	17,148	73	17,221
Transaction with owners									
- Dividends paid on ordinary shares	-	-	-	-	-	(5,400)	(5,400)	-	(5,400)
- Liquidation of a subsidiary	-	-	-	-	-	-	-	(654)	(654)
<b>At 31 December 2015</b>	54,000	-	14,110	4,764	-	24,866	97,740	-	97,740

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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016  
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current Year-To-Date 31 Dec 2016 RM'000	Preceding Year Corresponding Period 31 Dec 2015 RM'000
Cash flows from operating activities		
Profit before taxation	4,736	9,548
Adjustments for non-cash flow:		
Depreciation of Property, plant and equipment	1,826	529
Amortisation of prepaid lease payments	103	98
(Gain)/Loss on disposal of property, plant and equipment	(44)	(31)
Unrealised loss/(gain) on foreign currency	29	(1,112)
Negative goodwill	(288)	-
Interest income	(404)	(222)
Loss on liquidation of a subsidiary	-	83
Loss on investment in club membership	17	-
Allowance for impairment loss on trade receivables	24	48
Inventories written-down	74	82
Reversal of inventories written down	(47)	(34)
Share of results of associates	(1,265)	(2,835)
Share of joint venture	14	-
Finance costs	328	28
Operating profit before changes in working capital	5,103	6,182
Changes in working capital		
Net change in inventories	(265)	(669)
Net change in trade and other receivables	(6,234)	3,772
Net change in trade and other payables	2,351	(2,483)
Cash (used in)/generated from operations	955	6,802
Tax (paid)/recoverable	(1,213)	(1,632)
Interest paid	(328)	(28)
Net cash generated from operating activities	(586)	5,142
Cash flows from investing activities		
Interest received	404	222
Dividend received from associate	4,250	4,250
Proceeds from disposal of property, plant and equipment	46	31
Purchase of property, plant and equipment	(3,401)	(24,127)
Net cash outflow on liquidation of a subsidiary	-	(743)
Placement of fixed deposit pledged with licensed bank	(327)	(1,525)
Net cash inflow from acquisition of subsidiary	10,260	-
Acquisition of additional interest in associate	(78)	-
Investment in JV	(155)	-
Net cash generated from/(used in) investing activities	10,999	(21,892)
Cash flows used in financing activities		
Dividend paid on share capital	(5,400)	(5,400)
(Repayment)/Drawdown of term loan	(829)	12,055
Net repayment and acquisition of obligations under finance lease	(19)	(7)
Net cash generated from/(used in) financing activities	(6,248)	6,648
Net decrease in cash and cash equivalents	4,165	(10,102)
Cash and cash equivalents at beginning of period	34,065	37,519
Effect of exchange rate changes	1,401	6,648
Cash and cash equivalents at end of period	39,631	34,065
Cash & cash equivalents comprise the following		
Cash & Bank balances	11,966	13,182
Fixed Deposit with Licensed Banks	39,517	32,408
	51,483	45,590
Less: Fixed deposit pledged	(11,852)	(11,525)
Cash and cash equivalents at end of period	39,631	34,065

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 2017.

### **A2. Basis of Preparation**

The condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 December 2016, 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 2015.

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 2015.

### **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 2015 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 2016, 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 Jan 2016**

MFRS 14: Regulatory Deferral Accounts

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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)

Amendments to MFRS 10, 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)

Amendments to MFRS 101: Disclosure Initiatives

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)

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 2015 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 2015.

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#### 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.

#### 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 reviewed 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 31 December 2016 is set out below:

	Malaysia	Singapore	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Sales	-	33,412	6,697	-	40,109
Inter-segment Sales	-	-	2,878	(2,878)	-
	-	33,412	9,575	(2,878)	40,109
<b>Results</b>					
Profit/(Loss) from Operation	(560)	2,091	2,225	57	3,813
Finance cost					(328)
Share of Profit of associates					1,265
Share of Profit of JV					(14)
Gain Before Taxation					4,736
Taxation					(406)
Profit after taxation					4,330



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**A12. Subsequent Event**

There is no subsequent event reported during the financial quarter under review.

**A13. Change in the composition of the Group**

As announced in Bursa Malaysia dated 20 July 2016, Turbo-Mech Asia Pte Ltd (“TMA”), a wholly-owned subsidiary of Turbo-Mech Berhad had on 20 July 2016 entered into a Joint Venture Agreement with Elflow Asia BV to establish a joint venture company, namely TM-Elflow Pte Ltd in Singapore for the purpose of working together and to pool their respective resources and expertise with the view of joining forces to undertake projects and provision or sale of the products and services throughout ASEAN with respect to air-cooled heat exchangers and products and services relating to optimization, refurbishment and repair works in oil and gas industry.

**A14. Contingent Liabilities**

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

**A15. Capital Commitments**

The amount of capital commitment of the Group as at 31 December 2016 is RM123,444 relating to the renovation work of the workshop in Singapore.

**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 Dec 2016 RM'000	Transaction for the period ended 31 Dec 2015 RM'000
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	2	34
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	41	41

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

### **B1. Analysis of Performance**

The Group achieved revenue of RM14.2 million for the current quarter, an increase of RM6 million or 73% as compared to the RM8.2 million achieved during the preceding year corresponding quarter. The increase in revenue was mainly due to Singapore region's improved sales order and delivery during current quarter.

The Group achieved gross profit of RM5.5 million during the current quarter. This represent an increase of RM2.5 million or 83% as compared to the RM3 million achieved during the preceding year corresponding quarter. The gross profit margin for this quarter is 38.3% which is higher than the gross profit margin of 36.8% achieved during the preceding year corresponding quarter.

For the current quarter, the Group recorded a profit after tax of RM2.7 million, compared against the preceding year corresponding quarter profit after tax of RM1.4 million. The increase was mainly due to improve in sales revenue and gross margin during the quarter.

### **B2. Comparison between the current Quarter and Immediate Preceding Quarter**

	<b>Current Quarter 31 Dec 2016 RM'000</b>	<b>Preceding Quarter 30 Sept 2016 RM'000</b>
Revenue	14,247	9,715
Profit before Tax	2,903	97

The Group achieved revenue of RM14.2 million for the current quarter, an increase of RM4.5 million or 46.6% as compared to the RM9.7 million achieved during the previous quarter. The increase in revenue was mainly due to improved sales order and delivery during quarter.

The Group recorded a profit before tax of RM2.9 million during the current quarter, an increase of RM2.8 million compared to the RM97 thousand achieved during the previous quarter. This is due to improve in sales revenue and gross margin during the quarter.

For the current quarter, the Group recorded a profit after tax of RM2.7 million, compared against the previous quarter profit after tax of RM7 thousand.

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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 and will stay relevant to the industry.

### 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 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Current tax				
- Malaysian income tax	(137)	20	(137)	20
- Foreign income tax	328	175	543	1,072
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
<b>Total</b>	<b>191</b>	<b>195</b>	<b>406</b>	<b>1,092</b>

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, utilization 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

The details of the Group's borrowings as at 31 December 2016 are as set out as below:

	Maturity	31 Dec 2016 RM
<b>Current</b>		
Secured:		
Obligations under finance lease	2017	17,785
Bank loan	2017	1,124,246
		<u>1,142,031</u>
<b>Noncurrent</b>		
Secured:		
Obligations under finance lease	2018-2021	57,971
Bank loan	2018-2025	10,098,347
		<u>10,156,318</u>

## 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 2015 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 20 May 2016 and subsequently paid on 27 June 2016.

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### 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.

	<b>Current Quarter 31 Dec 2016 RM'000</b>	<b>Corresponding Quarter 31 Dec 2015 RM'000</b>
Profit net of tax attributable to owners of the Parent	2,554	1,440
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share(Sen)	2.36	1.33

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 2015 was not subject to qualification.

### B13. Realised and Unrealised Profits of the Group

The retained profits as at 31 December 2016 is analysed as follows:-

	<b>Current Quarter 31 Dec 2016 RM'000</b>	<b>Corresponding Quarter 31 Dec 2015 RM'000</b>
Total retained profits of the Group and its subsidiaries:		
- Realised profits	23,316	28,249
- Unrealised profits/(loss)	(35)	1,100
Total share of retained profits from associated companies:		
- Realised profits	8,282	8,127
- Unrealised profits/(loss)	131	423
Less : Consolidated adjustments	(8,047)	(13,034)
<b>Total Group retained profits as per consolidated accounts</b>	<b>23,647</b>	<b>24,865</b>

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):

	<b>Current Quarter 31 Dec 2016 RM'000</b>	<b>Cumulative Quarter 31 Dec 2016 RM'000</b>
Interest Income	247	404
Foreign exchange gain/(Loss) net	169	(117)
Investment income*	-	-
Depreciation and Amortisation	(628)	(1,946)
Provision for Trade Receivable	(24)	(24)
Trade Receivable Write off*	-	-
Provision for Inventory	-	-
Inventory Write Off*	(74)	(74)
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.