

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **PART A – Explanatory Notes Pursuant to MFRS 134**

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

These condensed consolidated interim financial statements were approved by Board of Directors on 25 November 2024.

#### **A2. Basis of preparation**

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2024, have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* issued by Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. 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 be read in conjunction with the audited financial statements for the year ended 31 December 2023.

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 2023.

#### **A3. Changes in 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 2023 except for the adoption of the following new or revised MFRSs.

#### **Standards and interpretations that are issued but not yet effective**

The standards and interpretations that are issued but not yet effective as of the date of issuance of these interim financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

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Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective for financial periods to be announced

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Board of Directors expects 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 audited financial statements of the Group for the financial year ended 31 December 2023 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 2023.

**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 during the current financial quarter under review.

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#### 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 30 September 2024 is set out below:

	<b>Malaysia</b> RM'000	<b>Singapore</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Group</b> RM'000
<b>Revenue</b>					
External Sales	-	20,958	8,678	-	29,636
Inter-segment Sales	-	1,225	-	(1,225)	-
	-	22,183	8,678	(1,225)	29,636
<b>Results</b>					
Profit/(Loss) from Operation	(570)	825	2,198	(804)	1,649
Finance cost					(63)
Share of results of associates					392
Share of results of JV					(162)
Profit before taxation					1,816
Taxation					(302)
Profit after taxation					1,514

#### A12. Subsequent material event

There is no material event reported subsequent to the current 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 the date of 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 financial quarter under review.

Related parties	Nature of transactions	Transaction for the period ended 30 Sept 2024 RM'000	Transaction for the period ended 30 Sept 2023 RM'000
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Sales of parts	-	-
Turbo-Mech Asia Pte Ltd and Bayu Purnama Sdn Bhd	Reimbursement of expenses by Related party	27	137

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

### B1. Analysis of performance

	INDIVIDUAL QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	30 Sep 2024	30 Sep 2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	11,776	6,630	5,146	78%
Segment revenue				
- Singapore	7,477	4,793	2,684	56%
- Others	4,299	1,837	2,462	134%
Gross profit	2,311	1,346	965	72%
Loss from operations	(205)	(1,202)	997	-83%
Loss before tax	(267)	(1,111)	844	-76%
Loss after tax	(322)	(747)	425	-57%
Loss attributable to owners of the parent	(322)	(747)	425	-57%

	CUMULATIVE QUARTER			
	Current Year To Date	Preceding Year Corresponding Quarter	Changes	
	30 Sep 2024	30 Sep 2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	29,636	21,309	8,327	39%
Segment revenue				
- Singapore	20,959	15,509	5,450	35%
- Others	8,677	5,800	2,877	50%
Gross profit	9,176	6,475	2,701	42%
Profit/(loss) from operations	1,649	(1,049)	2,698	-257%
Profit/(loss) before tax	1,816	(818)	2,634	-322%
Profit/(loss) after tax	1,514	(835)	2,349	-281%
Profit/(loss) attributable to owners of the parent	1,515	(834)	2,349	-282%

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The Group recorded revenue of RM11.8 million for the current quarter, an increase of RM5.2 million or approximately 78% from the revenue recorded during the preceding year corresponding quarter of RM6.6 million. The increase in revenue was mainly due to general increase in sales activities in Singapore region.

The Group registered a higher gross profit of RM2.3 million during the current quarter as compared with RM1.3 million registered in preceding year corresponding quarter. The gross profit margin for this quarter of 19.6% is consistent with the gross profit margin of 20.3% achieved during the preceding year corresponding quarter.

During the current quarter, the Group's profit after tax was a loss of RM0.3 million, which represents an improvement of RM0.4 million or 57% from loss of RM0.75 million loss registered for the corresponding quarter of the preceding year. This is mainly due to increase in revenue against prior year corresponding period.

## B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	30 Sep 2024 RM'000	30 Jun 2024 RM'000	RM'000	%
Revenue	11,776	9,592	2,184	23%
Segment revenue				
- Singapore	7,477	6,701	776	12%
- Others	4,299	2,891	1,409	49%
(Loss)/profit from operations	(205)	745	(950)	-128%
(Loss)/profit before tax	(267)	1,230	(1,497)	-122%
(Loss)/profit after tax	(322)	1,124	(1,446)	-129%
(Loss)/profit attributable to owners of the parent	(322)	1,125	(1,447)	-129%

The Group recorded revenue of RM11.8 million for the current quarter, an increase of RM2.2 million or 23% from the revenue recorded for the immediate preceding quarter of RM9.6 million. The increase in revenue was mainly due to general increase in sales activities in Singapore and Thailand region.

The Group recorded a loss before tax of RM0.3 million during the current quarter, compared to the profit before tax of RM1.2 million registered for the immediate preceding quarter. The decrease was mainly attributable to the lower gross profit margin achieved during the current quarter.

For the current quarter, the Group recorded a loss after tax of RM0.3 million, compared against the previous quarter profit after tax of RM1.1 million primarily attributable to the lower gross profit margin achieved during the current quarter.

### B3. Prospects

The market sentiments remain challenging due to the uncertainties arising from the current global economic and political headwinds.

As a supplier of equipment and instruments to both upstream and downstream segments of the petrochemical industries, the demand for our products and services is determined by the demand for petrochemical industries products which is influenced by the market and economic conditions.

The Group does not foresee any significant change in clients' business plan in the short and medium terms, thus it is expected that margin pressure from clients will continue. Nevertheless, the Group will continue to focus on maintenance and services and will stay relevant in the industry.

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

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

### B5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	(55)	364	(302)	(17)
(Over)/Under provision in respect prior years	-	-	-	-
Deferred income tax:				
Origination and reversal of temporary difference	-	-	-	-
<b>Total</b>	<b>(55)</b>	<b>364</b>	<b>(302)</b>	<b>(17)</b>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 24% 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.

**B7. Group borrowing**

The details of the Group's borrowings as at 30 September 2024 are as set out below:

	Maturity	30 Sept 2024 RM
<b>Current</b>		
Secured:		
Obligations under finance lease	2024	19,468
		<u>19,468</u>
<b>Non-current</b>		
Secured:		
Obligations under finance lease	2025	9,263
		<u>9,263</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.



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#### **B10. Dividend**

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

#### **B11. Earnings per share**

The basic earnings per share is 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 30 Sept 2024 RM'000</b>	<b>Corresponding Quarter 30 Sept 2023 RM'000</b>
Loss after tax attributable to owners of the Parent	(322)	(747)
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	(0.30)	(0.69)

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

**B12. Profit/(Loss) before taxation**

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

	<b>Current Quarter 30 Sept 2024 RM'000</b>	<b>Cumulative Quarter 30 Sept 2024 RM'000</b>
Interest income	156	366
Foreign exchange gain/(loss)	(738)	(218)
Investment income*	-	-
Interest expense*	(20)	(63)
Depreciation and amortisation	(616)	(1,666)
Provision for write off of receivable*	-	-
Receivable written off*	-	-
Provision for inventory	-	-
Inventory written off*	-	-
Impairment of asset*	-	-
Gain/Loss on disposal of quoted or unquoted investment or property*	-	-
Gain/Loss on derivatives*	-	-
Exceptional expenses*	-	-

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