

PressRelease

13 April 2010

TURBO-MECH BERHAD LAUNCHES ITS PROSPECTUS

Regional Distributor of Rotating Equipment for the Oil, Gas and Petrochemical Industries

Total Solution for its Customers with the Provision of Maintenance and Repair Services, and Spare Parts

KUALA LUMPUR, 13 APRIL 2010 - Turbo-Mech Berhad today launched its prospectus for its impending listing on the Main Market of Bursa Malaysia Securities Berhad.

AmInvestment Bank Berhad is the Adviser, Sole Underwriter and sole Placement Agent for the Initial Public Offering (IPO) exercise.

Turbo-Mech's Initial Public Offering (IPO)

Turbo-Mech's Main market listing exercise involves a public issue of **18.068 million** new ordinary shares of RM0.50 each at an issue price of **RM0.63** per share. Of the **18.068 million** new shares, **6 million** shares will be made available for application by the Malaysian public; **7.568 million** shares will be made available by way of private placement to selected investors while the remaining **4.5 million** shares will be made available for application by eligible directors, employees and business associates of Turbo-Mech and its subsidiaries.

Business

Turbo-Mech is a regional supplier of rotating equipment including centrifugal pumps, metering pumps, high-pressure gas compressors, high-pressure pumps, non-seal pumps, steam turbines, industrial cooling fans and spare parts.

The history of the Turbo-Mech group can be traced back to 1998 when its current Executive Chairman, Gan Ching Lai acquired Turbo-Mech Asia Private Limited (**Turbo-Mech Asia**). Under his stewardship, Turbo-Mech Asia grew to become a regional distributor of rotating equipment for the oil, gas and petrochemical industries.

Mr Gan Ching Lai brings with him extensive experience with approximately 33 years in the rotating equipment industry.

Turbo-Mech is the authorised sales representative of Shin Nippon Machinery Co Ltd, Sundyne Nikkiso Company and Nikkiso Co Ltd for pumps and compressors, and Hudson Products Corporation for their industrial cooling fans. The company is also authorised to provide technical after sales services including maintenance, repairs and overhaul for its global principal equipment manufacturers.

As part of the listing scheme, Turbo-Mech acquired 42.5 % of the issued and paid-up capital of Bayu Purnama Sdn Bhd ("**Bayu Purnama**"). Bayu Purnama's principal business activities are sales of rotating equipment and spare parts and provision of maintenance and overhaul services.

Bayu Purnama gives the Group a presence in Malaysia and more importantly in the oil, gas and petrochemical industries. Bayu Purnama has a workshop in Kemaman

Supply Base, Terengganu.

Bayu Manufacturing, a wholly-owned subsidiary of Bayu Purnama, is involved in the fabrication of Skid Mounted Equipment.

Competitive Advantages

Today, its business of supplying rotating equipment, with the provision of maintenance and repair services, and spare parts to the oil, gas and petrochemical industries enable Turbo-Mech to provide **a total solution for its customers.**

Turbo-Mech has subsidiaries in Singapore, Indonesia and the Philippines, associated companies in Malaysia, Brunei and Thailand, and a representative office in Vietnam.

The Group has succeeded in establishing a regional footprint with its network of workshops in Singapore, the Philippines and Malaysia.

This extensive distribution network is a competitive advantage as the company can effectively and efficiently market its range of products and services.

The Group has been operating for about ten (10) years and has a successful track record for sales of rotating equipment and spare parts, and after sales maintenance, repair and overhaul service.

Utilisation of Proceeds

Total gross proceeds from the public issue is approximately **RM11.383 million**, of which **RM4 million** will be for business expansion in Indonesia and Thailand, **RM4.883 million** for working capital and **RM2.5 million** for estimated listing expenses.

Turbo-Mech intends to utilise **RM2 million** to expand its business presence in Indonesia. It will establish a new workshop in Jakarta to provide maintenance, repair and overhaul services for its products.

The Group also plans to set up two sales offices in Balikpapan, Kalimantan and Pekanbaru, Sumatra. These areas are considered to be the centre of oil and gas activities in Indonesia.

These will allow the Group to be located closer to its customers, which will enable it to better understand the customers' need. As a result, the Group will be able to improve its distribution channels as well as serve the customers better.

Turbo-Mech also intends to utilise **RM2 million** to establish a light fabrication yard in Rayong, Thailand. The facility will allow the Group to fabricate a range of Skid Mounted Equipment to help diversify business and promote growth.

The requirement for working capital will increase in tandem with the expected expansion and business growth in Indonesia and Thailand. **RM4.883 million** will be used to finance the day-to-day operation in the expansion markets such as payment of salaries, purchases of inventories, fabrication costs, and expansion of workforce and defrayment of operational expenses.

Dividend Policy

Declaration of dividends is at the discretion of directors and prevailing economic and market conditions. It is also subject to the company having profits and excess funds not required to be retained to fund the business. Directors intend to recommend and distribute gross dividends of not less than **10%** of the net profit distributable to shareholders for the year ending 31 December 2010.

The offer period for the IPO will commence on **13 April 2010** and close on **20 April 2010**.

The entire enlarged issued and paid-up capital of Turbo-Mech of **RM54 million comprising 108 million Shares** is scheduled to be listed on the Main Market of Bursa Malaysia Securities Berhad by **30 April 2010**.

Issued on behalf of **Turbo-Mech Berhad** by Quattro Communications Sdn Bhd. Please direct all media queries to Yong Kwai Meng (yong@quattro.com.my) at Tel: 03.7804.3088 or 012.655.9388 or Nalina Samynathan (nalina@quattro.com.my) at Tel: 012.677.0992