Registration No.: 200901020166 (863263-D)

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 May 2026.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter ended 31 March 2026, 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 2025.

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 2025.

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 2025 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.

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 2025 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 2025.

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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 during the current financial quarter under review.

A10. Dividends

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

A11. Segment information

Segment information is 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 March 2026 is set out below:

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External Sales	-	4,897	648	-	5,545
Inter-segment Sales	-	148	-	(148)	-
	-	5,045	648	(148)	5,545
Results					
Profit/(Loss) from Operation	(272)	(97)	78	255	(36)
Finance cost					(18)
Share of results of associates					(654)
Share of results of JV					(529)
Loss before taxation					(1,237)
Taxation					(18)
Loss after taxation					(1,255)

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.

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 31 March 2026 RM'000	Transaction for the period ended 31 March 2025 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	-	-
Turbo-Mech Asia Pte Ltd and Rotodyne Sdn Bhd	Reimbursement of expenses by Related party	1	-

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

B1. Analysis of performance

(a) Current Quarter vs Preceding Year Comparative Quarter

	INDIVIDUAL QUARTER			
	Current Year Quarter 31 Mar 2026	Preceding Year Corresponding Quarter 31 Mar 2025	Changes	
	RM'000	RM'000	RM'000	%
Revenue	5,545	8,068	(2,523)	-31%
Segment revenue				
- Singapore	4,898	6,731	(1,833)	-27%
- Others	647	1,337	(690)	-52%
Gross profit	2,125	2,431	(306)	-13%
(Loss)/Profit from operations	(36)	134	(170)	-127%
Loss before tax	(1,237)	(382)	(855)	224%
Loss after tax	(1,255)	(412)	(843)	205%
Loss attributable to owners of the parent	(1,255)	(413)	(842)	204%

The Group recorded revenue of RM5.55 million for the current quarter, a decrease of RM2.52 million or 31.3% from the revenue recorded during the preceding year corresponding quarter of RM8.07 million. The decrease in revenue was mainly due to general decrease in sales activities in Singapore and Thailand regions.

The Group registered lower gross profit of RM2.13 million during the current quarter which as compared to RM2.43 million registered in preceding year corresponding quarter. This was mainly due to the shift in the products assortment in the Singapore and Thailand divisions. Nevertheless, the gross profit margin for this current quarter of 38.3% is higher when compared against the gross profit margin of 30.1% achieved during the preceding year corresponding quarter.

During the current quarter, the Group's loss before tax was RM1.24 million, which represents an increase of RM0.86 million or 223.8% from loss before tax of RM0.38 million registered for the corresponding quarter of the preceding year. This was mainly due to higher share of loss of the associate and joint venture during the current quarter as compared to the prior year corresponding period. The share of loss of the associate for the current quarter was due to slow order pickup and slower-than-expected billing in the first quarter. Meanwhile, the share of loss from the joint venture reflects its early stage of operations, where depreciation charges and fixed costs are already being incurred whilst sales have yet to fully ramp up.

(b) Current Cumulative Quarter vs Preceding Year Cumulative Quarter

	CUMULATIVE QUARTER			
	Current Year To Date 31 Mar 2026	Preceding Year Corresponding Quarter 31 Mar 2025	Changes	
	RM'000	RM'000	RM'000	%
Revenue	5,545	8,068	(2,523)	-31%
Segment revenue				
- Singapore	4,898	6,731	(1,833)	-27%
- Others	647	1,337	(690)	-52%
Gross profit	2,125	2,431	(306)	-13%
(Loss)/Profit from operations	(36)	134	(170)	-127%
Loss before tax	(1,237)	(382)	(855)	224%
Loss after tax	(1,255)	(412)	(843)	205%
Loss attributable to owners of the parent	(1,255)	(413)	(842)	204%

The Group recorded revenue of RM5.55 million for the current cumulative quarter, a decrease of RM2.52 million or 31.3% from the revenue recorded during the preceding year cumulative quarter of RM8.07 million. The decrease in revenue was mainly due to general decrease in sales activities in Singapore and Thailand regions.

The Group registered lower gross profit of RM2.13 million during the current cumulative quarter as compared to RM2.43 million registered in preceding year cumulative quarter. This was mainly due to the shift in the products assortment in the Singapore and Thailand divisions. Nevertheless, the gross profit margin for this cumulative quarter of 38.3% is higher when compared against the gross profit margin of 30.1% achieved during the preceding year cumulative quarter.

During the current cumulative quarter, the Group's loss before tax was RM1.24 million, representing an increase of RM0.86 million or 223.8% from loss before tax of RM0.38 million registered for the cumulative quarter of the preceding year. This was mainly due to the higher share of loss of the associate and joint venture compared to the prior year corresponding period. The share of loss of the associate for the current quarter was due to slow order pickup and slower-than-expected billing in the first quarter. Meanwhile, the share of loss from the joint venture reflects its early stage of operations, where depreciation charges and fixed costs are already being incurred whilst sales have yet to fully ramp up.

B2. Comparison between the current quarter and immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	31 Mar 2026	31 Dec 2025		
	RM'000	RM'000	RM'000	%
Revenue	5,545	12,791	(7,246)	-57%
Segment revenue				
- Singapore	4,898	8,311	(3,413)	-41%
- Others	647	4,480	(3,833)	-86%
Gross profit	2,125	4,715	(2,590)	-55%
(Loss)/Profit from operations	(36)	1,182	(1,218)	-103%
(Loss)/Profit before tax	(1,237)	1,051	(2,288)	-218%
(Loss)/Profit after tax	(1,255)	987	(2,242)	-227%
(Loss)/Profit attributable to owners of the parent	(1,255)	982	(2,237)	-228%

The Group recorded revenue of RM5.55 million for the current quarter, a decrease of RM7.25 million or 56.6% from the revenue recorded for the immediate preceding quarter of RM12.79 million. The decrease in revenue was mainly due to general decrease in sales activities in Singapore and Thailand regions.

The Group registered a lower gross profit of RM2.13 million during the current quarter as compared to RM4.72 million registered in the immediate preceding quarter. This was mainly due to the shift in the products assortment in the Singapore and Thailand divisions. Nevertheless, the gross profit margin for this current quarter of 38.3% is higher when compared against the gross profit margin of 36.9% achieved during the immediate preceding quarter.

The Group recorded a loss before tax of RM1.24 million during the current quarter, compared to the profit before tax of RM1.05 million registered for the immediate preceding quarter. The decrease was mainly attributable to lower gross profit as mentioned above and share of loss of the associate recorded for the current quarter compared to the share of profit recorded for the immediate preceding 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	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	-	-	-	-
- Foreign income tax	(18)	(30)	(18)	(30)
(Over)/Under provision	-	-	-	-
in respect of prior years	-	-	-	-
Deferred income tax: Origination and reversal of temporary difference	-	-	-	-
Total	**(18)**	**(30)**	**(18)**	**(30)**

The effective tax rate of the Group for the current quarter varied from the statutory tax rate of 24% primarily due to the rationalisation of tax expense for the 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 borrowings

The Group does not have any borrowings as at 31 March 2026.

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

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.

	Current Quarter 31 March 2026 RM'000	Corresponding Quarter 31 March 2025 RM'000
Loss after tax attributable to owners of the Parent	(1,255)	(413)
Weighted average number of ordinary Shares	108,000	108,000
Basic earnings per share (Sen)	(1.16)	(0.38)

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

B12. Profit before taxation

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

	Current Quarter 31 March 2026 RM'000	Cumulative Quarter 31 March 2026 RM'000
Interest income	65	65
Foreign exchange loss	(253)	(253)
Investment income*	-	-
Interest expense*	(18)	(18)
Depreciation and amortisation	(480)	(480)
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.*