

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025**
*(The figures have not been audited)*

	Note	Quarter ended			Year to date ended		
		2025	2024	%	2025	2024	%
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	B1	65,883	59,672	10.4	222,297	201,244	10.5
Direct costs		(35,720)	(36,375)		(145,487)	(130,873)	
Gross profit		30,163	23,297	29.5	76,810	70,371	9.2
Other operating income		50	73		195	191	
Administrative expenses		(7,713)	(6,472)		(30,155)	(27,512)	
Other operating expenses		(2,286)	(1,580)		(10,848)	(6,001)	
Net loss on impairment of financial instruments		(12,035)	(352)		(12,326)	(524)	
Profit for the year from operations		8,179	14,966	(45.3)	23,676	36,525	(35.2)
Finance income		101	103		350	356	
Finance costs		(1,356)	(858)		(4,249)	(3,122)	
Share of results of associates		(329)	33		265	135	
Profit before taxation		6,595	14,244	(53.7)	20,042	33,894	(40.9)
Taxation	B4	(6,267)	(3,694)		(6,436)	(8,982)	
Profit for the financial period		328	10,550	(96.9)	13,606	24,912	(45.4)
Other comprehensive income:							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		(47)	59		(142)	(61)	
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Actuarial loss on defined benefit obligations, net of tax		-	24		-	24	
Total comprehensive income for the financial period		281	10,633	(97.4)	13,464	24,875	(45.9)
Profit for the financial period attributable to:-							
Owners of the Company		194	10,611	(98.2)	13,672	25,089	(45.5)
Non-controlling interests		134	(61)	319.7	(66)	(177)	62.7
		328	10,550		13,606	24,912	
Total comprehensive income attributable to:-							
Owners of the Company		147	10,694	(98.6)	13,530	25,052	(46.0)
Non-controlling interests		134	(61)	319.7	(66)	(177)	62.7
		281	10,633		13,464	24,875	
Earnings per share (sen)							
- Basic	B11	0.04	2.09	(98.1)	2.69	4.95	(45.7)
- Diluted	B11	0.04	2.09	(98.1)	2.69	4.95	(45.7)



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2025**

*(The figures have not been audited)*

	<b>Unaudited as at 31.12.2025 RM'000</b>	<b>Audited as at 31.12.2024 RM'000</b>
<b>ASSETS</b>		
	<b>Note</b>	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,717	3,958
Intangible assets	971	1,030
Goodwill	162,677	162,677
Right-of-use assets	3,404	5,916
Investments in associates	7,656	1,410
Other investment	200	200
Employee benefits	-	31
Deferred tax assets	220	339
	<u>178,845</u>	<u>175,561</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	64,173	55,072
Contract assets	177,579	161,060
Current tax assets	3,495	129
Prepayment	15,096	11,439
Cash and cash equivalents	26,109	14,867
	<u>286,452</u>	<u>242,567</u>
<b>TOTAL ASSETS</b>	<b><u>465,297</u></b>	<b><u>418,128</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	268,439	268,439
Reserves	29,558	23,452
Equity attributable to owners of the Company	<u>297,997</u>	<u>291,891</u>
Non-controlling interest	(205)	(184)
<b>TOTAL EQUITY</b>	<u>297,792</u>	<u>291,707</u>



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**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2025 (cont'd)**

*(The figures have not been audited)*

		<b>Unaudited as at 31.12.2025 RM'000</b>	<b>Audited as at 31.12.2024 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>	<b>Note</b>		
Loans and borrowings	B7	271	247
Lease liabilities	B7	2,478	3,238
Employee benefits		63	-
Deferred tax liabilities		8,379	-
		<u>11,191</u>	<u>3,485</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	B7	74,369	35,371
Lease liabilities	B7	1,116	2,875
Trade and other payables		58,293	68,959
Contract liabilities		17,917	11,976
Current tax liabilities		138	3,277
Provisions		4,481	478
		<u>156,314</u>	<u>122,936</u>
<b>TOTAL LIABILITIES</b>		<u>167,505</u>	<u>126,421</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>465,297</b></u>	<u><b>418,128</b></u>
Net assets per share (RM)		<u>0.59</u>	<u>0.58</u>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 DECEMBER 2025**

*(The figures have not been audited)*

	<b>Attributable to owner of the Company</b>		<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
	<b>Non-Distributable</b>	<b>Distributable</b>				
	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2025	268,439	146	23,306	291,891	(184)	291,707
Other comprehensive income:						
- Foreign currency translation loss	-	(142)	-	(142)	-	(142)
Total other comprehensive income	-	(142)	-	(142)	-	(142)
Profit for the financial period	-	-	13,672	13,672	(66)	13,606
Total comprehensive income for the financial period	-	(142)	13,672	13,530	(66)	13,464
Transactions with owners of the Company:						
Shares acquired by non-controlling interests	-	-	-	-	45	45
Dividend paid	-	-	(7,424)	(7,424)	-	(7,424)
Total transactions with owners for the financial period	-	-	(7,424)	(7,424)	45	(7,379)
<b>As at 31 December 2025</b>	<b>268,439</b>	<b>4</b>	<b>29,554</b>	<b>297,997</b>	<b>(205)</b>	<b>297,792</b>



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**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 DECEMBER 2025 (cont'd)**

*(The figures have not been audited)*

	<b>Attributable to owner of the Company</b>					
	<b>Non-Distributable</b>		<b>Distributable</b>		<b>Non-controlling interests</b>	<b>Total Equity</b>
	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>Retained earnings</b>	<b>Total</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2024	254,564	207	4,346	259,117	(7)	259,110
Other comprehensive income:						
- Foreign currency translation gain	-	(61)	-	(61)	-	(61)
- Actuarial loss on defined benefit obligations, net of tax			24	24		24
Total other comprehensive income	-	(61)	24	(37)	-	(37)
Profit for the financial period	-	-	25,089	25,089	(177)	24,912
Total comprehensive income for the financial period	-	(61)	25,113	25,052	(177)	24,875
Transactions with owners of the Company:						
Issuance of new shares	13,875	-	-	13,875	-	13,875
Dividend paid	-	-	(6,153)	(6,153)	-	(6,153)
Total transactions with owners for the financial period	13,875	-	(6,153)	7,722	-	7,722
<b>As at 31 December 2024</b>	<b>268,439</b>	<b>146</b>	<b>23,306</b>	<b>291,891</b>	<b>(184)</b>	<b>291,707</b>



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**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 DECEMBER 2025**

*(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Dec 2025 RM'000</b>	<b>31 Dec 2024 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,042	33,894
Adjustments for:		
Net loss on impairment of financial instruments	12,326	524
Bad debts written off	-	-
Depreciation of property, plant and equipment	1,060	953
Depreciation of right-of-use assets	2,945	2,937
Amortisation of intangible assets	279	205
Finance income	(350)	(356)
Finance costs	4,249	3,122
Net fair value loss on derivative	-	164
Gain on disposal of property, plant and equipment	-	(19)
Write off of Property, plant and equipment	-	16
Gain on derecognition of right-of-use assets	-	(8)
Share of profit of equity- accounted associates, net of tax	(265)	(136)
<b>Operating profit before working capital changes</b>	<b>40,286</b>	<b>41,296</b>
Changes in working capital:		
Change in employee benefits and provision	94	(7)
Change in trade and other receivables and prepayments	(25,084)	(11,067)
Change in trade and other payables	(6,437)	9,495
Change in contract assets	(16,519)	(39,069)
Change in contract liabilities	5,941	3,555
<b>Cash generated used in operations</b>	<b>(1,719)</b>	<b>4,203</b>
Interest paid	(934)	(937)
Interest received	350	356
Net tax paid	(4,443)	(7,212)
<b>Net cash used in operating activities</b>	<b>(6,746)</b>	<b>(3,590)</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED  
31 DECEMBER 2025 (cont'd)**

*(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Dec 2025 RM'000</b>	<b>31 Dec 2024 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(281)	(1,025)
Acquisition of intangible assets	(220)	(73)
Acquisition of investment	-	(200)
Investment in associates	(5,981)	(20)
Dividend received from associate	-	1,350
Proceeds from disposal of property, plant and equipment	-	18
<b>Net cash (used in)/from investing activities</b>	<b>(6,482)</b>	<b>50</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscription of shares in subsidiary by non-controlling interest	45	-
Payment on hire purchase financing	(445)	(527)
Repayment of term loans	-	(13,482)
Net drawdown from/(repayment) of revolving credit	19,882	9,313
Proceeds from new shares issued pursuant to Placement	-	13,875
Payment of lease liabilities	(2,971)	(2,792)
Deposit pledged of licensed bank	(10,846)	(729)
Dividend paid	(7,424)	(6,153)
Interest paid	(3,315)	(2,184)
<b>Net cash from financing activities</b>	<b>(5,074)</b>	<b>(2,679)</b>
<b>Net decrease in cash and cash equivalents during financial period</b>	<b>(18,302)</b>	<b>(6,219)</b>
<b>Effect of exchange rate fluctuation on cash held</b>	<b>(107)</b>	<b>(84)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>(16,231)</b>	<b>(9,928)</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>(34,640)</b>	<b>(16,231)</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED  
31 DECEMBER 2025 (cont'd)**

*(The figures have not been audited)*

Components of cash and cash equivalents as at 31 December 2025 is as follows:

	<b>31 Dec 2025 RM'000</b>	<b>31 Dec 2024 RM'000</b>
Cash and bank balances	2,734	2,338
Short term deposits with licensed banks	23,375	12,529
Bank overdrafts (secured)	<u>(37,374)</u>	<u>(18,569)</u>
	(11,265)	(3,702)
Less: short term deposits and bank balances pledged with licensed banks	<u>(23,375)</u>	<u>(12,529)</u>
	<u><b>(34,640)</b></u>	<u><b>(16,231)</b></u>

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## **HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

#### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT**

##### **A1. Basis of preparation**

The interim financial report of HSS Engineers Berhad ("**HEB**" or the "**Company**") and its subsidiaries ("**the Group**") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134- Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2024 and accompanying explanatory notes attached to this interim financial report.

##### **A2. Changes in accounting policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2024 except for the adoption of the following applicable Amendments to Standards or new Standards during the current financial period which are effective from 1 January 2025:

##### **MFRSs (Including The Consequential Amendments)**

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates.

##### **A3. Auditors' report on preceding audited financial statements**

The preceding year's audited financial statements was not subject to any qualification.

##### **A4. Seasonal or cyclical factors**

The Group's business operations are not materially affected by seasonal or cyclical factors on an annual basis but varies on a quarterly basis.

##### **A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT**

**A6. Material changes in estimates**

There were no changes in estimates of amounts reported in previous financial years that have a material effect on the results for the current financial period under review.

**A7. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial period under review.

**A8. Dividend paid**

During the current quarter under review, a single tier final dividend of 1.46 sen per ordinary share for the financial year ended 31 December 2024 totalling RM7,423,808 was paid on 18 July 2025.

**A9. Segmental information**

The Group's activities are conducted within a single industry segment comprising provision of engineering and project management services and provision of digital services. As such, the operating revenue and results of this segment are reflected in the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The segment assets and liabilities are as presented in the Unaudited Condensed Consolidated Statement of Financial Position.

**A10. Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment in the current financial period under review.

**A11. Capital commitments**

The capital commitments of the Group as at 31 December 2025 were as follows:-

	<b>RM'000</b>
Authorised but not contracted for:	<u>2,460</u>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT**

**A12. Material events subsequent to the end of the current financial period**

There were no material events subsequent to the end of the current financial period.

**A13. Effect of Changes in composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review.

**A14. Contingent assets or contingent liabilities**

The Group has no contingent assets or contingent liabilities as at the date of this report.

**A15. Related party transactions**

There were no related party transactions entered into during the current period under review.

**A16. Provision for Legal Claim**

On 2 October 2025, the High Court ruled against HSSI and ordered payment of RM3,424,753, together with interest at 5% per annum from the date of the Judgment, comprising payment for works done, loss of professional service fees, additional out-of-scope works, reimbursables and legal costs.

Subsequently, HSSI filed an appeal on 24 October 2025 and submitted an application for stay of execution on 29 October 2025. HSSI is of the view that there are reasonable prospects of success in the appeal.

Notwithstanding the appeal, the Management has decided in the abundance of caution to make a provision, given the adverse outcome of the High Court proceedings. Accordingly, a provision for the court-awarded sum had been recognized in the financial statements as of 30th September 2025.

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**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

For the current quarter and current period under review, the Group recorded revenue of RM65.9 million and RM222.3 million.

(a) Analysis of our revenue by activities is as follows:

	Quarter ended			Year to date ended		
	31 Dec 2025	31 Dec 2024	Variance	31 Dec 2025	31 Dec 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Engineering services</b>						
- Engineering design	14,632	12,191	20.0	54,360	40,778	33.3
- Construction supervision	12,772	11,845	7.8	47,871	50,458	(5.1)
<b>Project management</b>	32,514	32,828	(0.9)	103,233	98,193	5.1
<b>Digital services</b>	3,209	516	>100	5,918	1,702	>100
<b>Reimbursable income</b>	2,756	2,292	20.2	10,915	10,113	7.9
<b>TOTAL</b>	<b>65,883</b>	<b>59,672</b>	<b>10.4</b>	<b>222,297</b>	<b>201,244</b>	<b>10.5</b>

Engineering design

The revenue from engineering design for current quarter increased by 20.0% to RM14.6 million as compared to RM12.2 million for the corresponding quarter ended 31 December 2024. This was in line with the progress of projects.

Engineering design revenue increased by 33.3% to RM54.4 million for the current period as opposed to RM40.8 million for the corresponding period ended 31 December 2024. This was attributed to the revenue recognised from our newly secured projects, Building Information Modelling (BIM) and Engineering Design Consultancy Services for the Proposed Development of Container Terminal at Tuna Tekra, India – Design And Build [Package 2] for Hindustan Gateway Container Terminal Kandla Private Limited (Tuna Tekra project) and Rancangan Tebatan Banjir Sg. Kelang project.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance (cont'd)**

- (a) Analysis of our revenue by activities is as follows (cont'd):-

Construction supervision

Construction supervision revenue increased marginally by 7.8% as compared to RM12.7 million for the corresponding quarter ended 31 December 2025.

Construction supervision revenue was RM47.9 million for the current period as compared to RM50.5 million for the corresponding period ended 31 December 2024. This was attributed to the decrease in revenue from Langat II Water Supply Scheme – Phase 1.

Project management

Project management revenue decreased marginally by 0.9% as compared to RM32.8 million for the corresponding quarter ended 30 September 2024.

Project management revenue increased by 5.1% for the current period ended 31 December 2025 as compared to previous year. This was mainly attributable to revenue recognised from Project Management Consultancy Services and Supervision for the Railway / Metro Project within the Capital City Baghdad and Project Management Consultancy for KTP Data Centre in Johor Bahru. However, this was partially offset by the lower revenue contribution from Project Management Consultancy Services for the "Projek Mass Rapid Transit Laluan 3: Laluan Lingkaran" (MRT 3 Project).

Digital services

Digital services accounted for a small proportion of the group's revenue. Increase due to contribution from EDOTCO Project.

Reimbursable income

Reimbursable income is recognised on a back to back basis with sub-consultants and allowances claimed by supervision staff and therefore it has no significant impact on the financial performance of the Group.

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**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B1. Review of performance (cont'd)**

(b) Analysis of our revenue by geographical locations is as follows:-

	Quarter ended			Year to date ended		
	31 Dec 2025	31 Dec 2024	Variance	31 Dec 2025	31 Dec 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Local</b>						
Malaysia	62,490	42,384	47.4	193,755	169,209	14.5
<b>Overseas</b>						
India	982	271	>100	4,554	1,336	>100
Middle East	1,683	14,650	(88.5)	19,688	25,706	(23.4)
Philippines	639	579	10.4	2,555	1,986	28.7
Cambodia	-	1,565	(100.0)	1,147	1,565	(26.7)
Indonesia	89	223	(60.1)	598	1,442	(58.5)
<b>TOTAL</b>	<b>65,883</b>	<b>59,672</b>	<b>10.4</b>	<b>222,297</b>	<b>201,244</b>	<b>10.5</b>

Local market continues to contribute significant portion of revenue amounting to 87.2% of the Group's total revenue for period to date ended 31 December 2025.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM0.3 million for the current quarter as compared to a PAT of RM10.5 million for corresponding quarter in year 2024. This was primarily due to recognition of a RM12.2 million provision for doubtful debts during the current quarter.

(d) Our unbilled order book as at 31 December 2025 was as follows:

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	300,059	13.9
- Construction supervision	123,610	5.7
Project management	1,725,945	80.0
	<u>2,149,614</u>	<u>99.6</u>
Digital services	8,232	0.4
<b>Total</b>	<b>2,157,846</b>	<b>100</b>

The above unbilled order book will be billed progressively over the next eight (8) years.



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**HSS ENGINEERS BERHAD**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B2. Comparison with preceding quarter's profit before taxation**

	<b>Current Quarter 31 Dec 2025 RM'000</b>	<b>Preceding Quarter 30 Sept 2025 RM'000</b>	<b>Variance  %</b>
Revenue	65,883	47,162	39.7
Gross profit	30,163	14,508	>100
Profit before taxation	6,595	1,658	>100

The profit before tax for the current quarter was RM6.6 million, compared to RM1.7 million in the immediate preceding quarter ended 30 September 2025, primarily due to higher revenue recognised during the current quarter.

**B3. Prospects**

**(i) Current Scenario**

**Construction Sector Gaining Momentum**

The government continued to sustain an allocation of RM81 billion for development expenditure under the recent Budget 2026 whilst it remains committed to narrowing its fiscal deficit to 3.5% of GDP. This allocation will be further supplemented by investments from the Government-linked Investment Companies (GLIC) companies amounting to RM 30 billion, and RM 10 billion under the public-private partnership projects as well as RM 10.8 billion from government linked companies bringing the total development related spending to approximately RM 131.3 billion in 2026.

Some of the key infrastructure projects announced under the Budget 2026 includes the following:-

Water infrastructure

- New & upgraded water treatment plants and pipelines — Langat 2 (KL/Selangor) and Machang, Sg Karangan, Sidam Kiri (Kedah)
- 43 high priority projects (12 new ones in 2026): Sg Mengkibol, Sg Chaah, Sg Temin/Bata, Sg Lenggeng, Sg Gemenchah, Sg Jimah F2, Sg Si Rusa, Sg Nyiur, Sg Trong, Sg Buloh F2, Sg Buaya, Anak Sg Ibai

Roads and Highways

- PLUS Highway Upgrade - Senai Utara, Machap, Johor, Juru – Sungai Dua, Penang, Intersection into Kerian, Intersection into Malaysia Vision Valley
- East Malaysia Highways (Pan Borneo Highway Phase 1A, Sarawak-Sabah Link Road and Trans-Borneo Highway)



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B3. Prospects (cont'd)**

**(i) Current Scenario (cont'd)**

Airport

- Penang • Kota Kinabalu • Tawau • Miri

On the Mass Rapid Transit 3 (MRT3) project, the land acquisition for Selangor and Wilayah Persekutuan under Section 8 of the Land Acquisition Act is in progress, with gazettelement in July and August 2025 respectively. The land hearing for Selangor has commenced in October 2025 and is expected to be fully completed by end of 2026. The commencement of construction is targeted by mid-2027.

**Technology and AI-driven Solutions**

Through our newly established entity HSS Propick Technologies, we are adopting intelligent, drone-based AI solutions. As a registered technology partner under the Ministry of Digital, we were selected by the Malaysian Palm Oil Board (MPOB) under the MARCOP programme and awarded a grant to develop and scale AI solutions for the palm oil sector. This initiative ran from August 2025 to January 2026. Our Digital Twin project with the largest telco tower operator in Southeast Asia has digitised over 1500 towers as of Q4 2025, with an additional 1,500 towers scheduled in 2026.

**Water Infrastructure & Irrigation Projects**

We serve as Consultant for capital water supply works commissioned by Pengurusan Aset Air Berhad (PAAB) in:

- Negeri Sembilan (Port Dickson)
- Kedah (Kulim)
- Pahang (Kuantan, Pekan, Rompin)
- Johor (Batu Pahat)
- Penang (Sg. Perai Water Treatment Plant – RM 600 million)

Ongoing supervision projects include:

- Pakej B: Sungai Rasau Flood Mitigation Scheme
- MADA 15 Blocks Tertiary Irrigation Scheme
- Pelubang Water Supply Scheme (Kedah)
- Jernih Dam (Melaka)

We are also leading design and supervision of the "Skim Jamin Air Selangor", a pollution mitigation initiative for key water supply schemes across Selangor. Since July 2021, we have been appointed as Panel Consultant for Air Selangor, with eight awarded packages for pipe replacement and refurbishment. These works are critical in reducing non-revenue water (NRW) to 30% by 2030. In collaboration with an international consultant, we are supervising the Life Extension Programme of the Sungai Perak Hydroelectric Schemes for TNB, targeted for completion by 2028. We are also Consultant for water infrastructure works supporting the Kulai Data Centre in Johor, currently under construction.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B3. Prospects (cont'd)**

**(i) Current Scenario (cont'd)**

**Transportation**

**• Pan Borneo Sabah (Phase 1A)**

Appointed as Project Management Consultant since April 2021. As of December 2025, the project has achieved 86.6% completion, with full site mobilisation.

**• East Coast Rail Link (ECRL)**

Design works for Package A (210km from Kota Bharu to Dungun) are nearing completion. Our teams are fully mobilised for both Package A and Section 9 (Serendah–Port Klang), focusing on design resolution, site supervision and progress monitoring. Infrastructure works for Section A are over 98% complete as of Q4 2025.

**• Klang Valley Double Tracking Phase 2**

Appointed as Special Independent Technical Consultant for the 100km stretch between Salak Selatan–Port Klang and Salak Selatan–Seremban (60km). Current construction progress stands at approximately 55%.

**• Trans Borneo Railway**

Appointed as consultant in June 2025 for the feasibility studies of the TransBorneo Railways (TBR). The feasibility studies of TBR will take place over a duration of 1 year.

**• Gua Musang To Tumpat Railway Rehabilitation Project**

Appointed as the ICC for the 200km project in September 2025 for the balance of the rehabilitation works from Gua Musang to Tumpat. The contract duration is 24 months.

**Port Sector Developments**

• Appointed as Detailed Design Consultant in June 2025 for a greenfield container terminal at Tuna Tekra, Gujarat, India. The project spans 54 hectares and includes topside developments.

• Providing PMC services for Westport 2 Expansion (Phase 1: CT10–CT13) at Pulau Indah, covering dredging, land reclamation, and slope protection works.

• Appointed as PMC for the Port Klang Cruise Terminal Extension, designed to accommodate cruise and RORO vessels.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B3. Prospects (cont'd)**

**International Growth**

We continue to expand our regional footprint through strategic collaborations and overseas engagements.

**Philippines**

On the regional front, the Group (together with joint venture partner, Oriental Consultants Global Co. Ltd. Japan) secured a contract win in June 2025 amounting to USD 4.5 million (equivalent to approximately RM 19.2 million) in Philippines to provide consulting services for the Davao Public Transport Modernisation Project – Contract Package No. 9 (Project). The Project, is a 672-kilometer bus network under development in Davao City, Philippines which forms part of the Department of Transportation's Public Utility Vehicle Modernisation Program in the republic.

**(ii) Order Book/Tender Book**

As at 31<sup>st</sup> December 2025, our order book stood at approximately RM 2.2 billion with project management segment being the biggest contributor of 80% and our tender book value is approximately at RM 510 million.

**(iii) Recurring Income**

In line with our recurring income strategy, Unique HEB Energy Sdn Bhd ("SPV") (40% held by HEB Energy Sdn Bhd and 60% by Unique Fire) undertook the development of a 95.00 MW Large Scale Solar Photovoltaic Power Plant in Hilir Perak and subsequently executed a Solar Power Purchase Agreement (PPA) with Tenaga Nasional Berhad on 19 March 2025. The 95.00 MW Large Scale Solar Photovoltaic power plant is currently in the development phase and target to achieved financial close by end of April 2026.

The Group is also involved in the engineering design and project management for a Solar PV Plant in Kuala Muda, Kedah together with consortium partners, Shizen International Inc and Solarvest Asset Management Sdn Bhd to develop a 29.99 Megawatt Plant in the state of Kedah which is currently under construction. The 29.99 MW project has achieved financial close in November 2026 and is in the midst of construction.

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**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B4. Income tax expense**

	Quarter ended		Year to date ended	
	31 Dec 2025 RM'000	31 Dec 2024 RM'000	31 Dec 2025 RM'000	31 Dec 2024 RM'000
<u>Income tax expense</u>				
- Current financial period	(2,350)	3,554	2,640	9,424
- Prior financial period	-	(13)	(4,702)	(582)
	<u>(2,350)</u>	<u>3,541</u>	<u>(2,062)</u>	<u>8,842</u>
<u>Deferred tax</u>				
- Current financial period	3,628	66	3,580	53
- Prior financial period	4,989	87	4,918	87
	<u>8,617</u>	<u>153</u>	<u>8,498</u>	<u>140</u>
Total tax expense	<u>6,267</u>	<u>3,694</u>	<u>6,436</u>	<u>8,982</u>

During the preparation of the current quarter's financial statements, the Group conducted a comprehensive review of its deferred tax computations. Through this review, the Group identified deferred tax liabilities ("DTL") that were not recognized in the financial statements of the preceding quarter. The DTL arose from taxable temporary differences on foreign-sourced income, which were inadvertently excluded from the deferred tax reconciliation. The Group has since recognised the relevant DTL in the current quarter.

The Board wishes to emphasize that this is a non-cash adjustment and does not affect the Group's cash flows. Consequently, the Group's effective tax rate has been normalized for year-to-date ended 31 December 2025.

**B5. Variance of actual profit from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial period under review.

**B6. Status of corporate proposals**

There is no corporate proposal announced but not completed as at the date of this report.

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**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B7. Group's borrowings and debt securities**

The Group's borrowings as at 31 December 2025 are as follows:-

	<b>As at 31 Dec 2025 RM'000</b>	<b>As at 31 Dec 2024 RM'000</b>
<b>Current:</b>		
Lease liabilities	1,116	2,875
Hire purchase payables	697	340
Term Loan	184	
Bank overdrafts	37,374	18,569
Revolving Credit	36,114	16,462
	<u>75,485</u>	<u>38,246</u>
<b>Non-current:</b>		
Lease liabilities	2,478	3,238
Hire purchase payables	225	247
Term Loan	46	-
	<u>2,749</u>	<u>3,485</u>
<b>Total borrowings:</b>		
Lease liabilities	3,594	6,113
Hire purchase payables	922	587
Term Loan	230	-
Bank overdrafts	37,374	18,569
Revolving Credit	36,114	16,462
	<u><b>78,234</b></u>	<u><b>41,731</b></u>

All borrowings are secured and denominated in Ringgit Malaysia.

Bank overdrafts are secured against the short term deposits pledged with licensed banks as disclosed in the Unaudited Condensed Consolidated Statement of Cash Flows.

**B8. Material litigation**

On 5th January 2026, HSSI was served with an Amended Writ of Summons and Amended Statement of Claim re-dated 2nd January 2026 in respect of a civil suit filed at the High Court of Malaya at Kuala Lumpur (Kuala Lumpur High Court Civil Suit No. WA-22NCC-872-12/2025) (the "Suit").



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B8. Material litigation (cont'd)**

The Plaintiffs in the Suit are registered holders, custodians, trustees, beneficial owners, fund managers or representatives in relation to the Sukuk Murabahah issued by MEX II Sdn Bhd (In Receivership) to finance the construction of the Lebuhraya Putrajaya–KLIA (MEX II) highway project (the "Project").

HSS Integrated is named as the 11th Defendant among twelve (12) defendants.

The Plaintiffs allege losses arising from the default by MEX II Sdn Bhd on principal repayments and periodic profit payments under the Sukuk Murabahah. Specifically against HSSI, the Plaintiffs allege breaches of duty of care in its capacity as the consulting engineer for the Project by the certification of certain interim progress payment certificates during construction.

The Company believes that HSSI has, at all material times, discharged its duties and obligations in respect of the Project professionally and in accordance with applicable legal and contractual standards. As such, the Suit is not expected to have any material financial or operational impact on the Company or its Group.

Save for the matter disclosed above and in Note A16, there is no material litigation or arbitration and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

**B9. Dividend Payable**

The Board of Directors does not recommend any dividend for the current quarter under review.

**B10. Earnings per share ("EPS")**

The basic and diluted EPS are computed as follows:

	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	194	10,611	13,672	25,089
Weighted average number of ordinary shares in issue ('000)	508,480	507,179	508,480	507,179
Basic EPS (sen)	0.04	2.09	2.69	4.95
Diluted EPS (sen)	0.04	2.09	2.69	4.95

Diluted earnings per share of the Group is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

**Company No: 201501003232 (1128564-U)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2025**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**

**B11. Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Profit for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended		Year to date ended	
	31 Dec 2025 RM'000	31 Dec 2024 RM'000	31 Dec 2025 RM'000	31 Dec 2024 RM'000
Depreciation of property, plant and equipment	262	228	1,060	953
Depreciation of Right-of-use assets	746	761	2,945	2,937
Amortisation of intangible assets	73	98	279	205
Property, plant and equipment written off	-	-	-	16
Gain on disposal of property, plant & equipment	-	-	-	(19)
Net loss on impairment of Financial instruments	12,035	352	12,326	524
Finance costs	1,356	858	4,249	3,122
Finance income	(101)	(103)	(350)	(356)
Provision for legal claim	-	-	3,425	-
Loss on derivatives	-	-	-	164
(Gain)/Loss on foreign exchange	(258)	(20)	215	45

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

**B12. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors on 25 February 2026.