

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2025**
*(The figures have not been audited)*

	Note	Quarter ended 30 June			Year to date ended 30 June		
		2025 RM'000	2024 RM'000	% + / (-)	2025 RM'000	2024 RM'000	% + / (-)
Revenue	B1	57,696	43,824	31.7	109,252	91,202	19.8
Direct costs		(38,076)	(30,829)		(77,113)	(62,947)	
Gross profit		19,620	12,995	51.0	32,139	28,255	13.7
Other operating income		20	38		65	96	
Administrative expenses		(7,500)	(7,014)		(15,326)	(13,747)	
Other operating expenses		(1,946)	(1,305)		(3,663)	(2,870)	
Net loss on impairment of financial instruments		42	(29)		(235)	(131)	
Profit for the year from operations		10,236	4,685	118.5	12,980	11,603	11.9
Finance income		155	115		159	184	
Finance costs		(1,074)	(674)		(1,838)	(1,484)	
Share of results of associates		29	107		488	145	
Profit before taxation		9,346	4,233	120.8	11,789	10,448	12.8
Taxation	B4	(2,760)	(1,430)		(3,808)	(3,264)	
Profit for the financial period		6,586	2,803	135.0	7,981	7,184	11.1
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		(47)	(4)		(57)	27	
Total comprehensive income for the financial period		6,539	2,799	133.6	7,924	7,211	9.9
Profit for the financial period attributable to:-							
Owners of the Company		6,562	2,838	131.2	8,136	7,253	12.2
Non-controlling interests		24	(35)	168.6	(155)	(69)	(124.6)
		6,586	2,803		7,981	7,184	
Total comprehensive income attributable to:-							
Owners of the Company		6,515	2,834	129.9	8,079	7,280	11.0
Non-controlling interests		24	(35)	168.6	(155)	(69)	(124.6)
		6,539	2,799		7,924	7,211	
Earnings per share (sen)							
- Basic	B11	1.29	0.56	130.4	1.60	1.43	11.9
- Diluted	B11	1.29	0.56	130.4	1.60	1.43	11.9

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2025***(The figures have not been audited)*

	<b>Unaudited as at 30.06.2025 RM'000</b>	<b>Audited as at 31.12.2024 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,926	3,958
Intangible assets	894	1,030
Goodwill	162,677	162,677
Right-of-use assets	4,791	5,916
Investments in associates	1,898	1,410
Other investment	2,070	200
Employee benefits	-	31
Deferred tax assets	418	339
	<u>176,674</u>	<u>175,561</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	71,852	55,072
Contract assets	184,189	161,060
Current tax assets	701	129
Prepayment	14,579	11,439
Cash and cash equivalents	19,366	14,867
	<u>290,687</u>	<u>242,567</u>
<b>TOTAL ASSETS</b>	<u><b>467,361</b></u>	<u><b>418,128</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	268,439	268,439
Reserves	31,531	23,452
Equity attributable to owners of the Company	299,970	291,891
Non-controlling interest	(338)	(183)
<b>TOTAL EQUITY</b>	<u>299,632</u>	<u>291,708</u>

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2025 (cont'd)***(The figures have not been audited)*

		<b>Unaudited as at 30.06.2025 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	225	247
Lease liabilities	B7	2,972	3,238
Employee benefits		74	-
		<u>3,271</u>	<u>3,485</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	B7	58,969	35,371
Lease liabilities	B7	2,025	2,875
Trade and other payables		83,112	68,958
Contract liabilities		14,553	11,976
Current tax liabilities		4,791	3,277
Provisions		1,008	478
		<u>164,458</u>	<u>122,935</u>
<b>TOTAL LIABILITIES</b>		<u>167,729</u>	<u>126,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>467,361</b></u>	<u><b>418,128</b></u>
Net assets per share (RM)		<u>0.59</u>	<u>0.58</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 30 JUNE 2025**

*(The figures have not been audited)*

	Attributable to owner of the Company					
	Non-Distributable		Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
As at 1 January 2025	268,439	146	23,306	291,891	(183)	291,708
Other comprehensive income:						
- Foreign currency translation gain	-	(57)	-	(57)	-	(57)
Total other comprehensive income	-	(57)	-	(57)	-	(57)
Profit for the financial period	-	-	8,136	8,136	(155)	7,981
Total comprehensive income for the financial period	-	(57)	8,136	8,079	(155)	7,924
As at 30 June 2025	268,439	89	31,442	299,970	(338)	299,632



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 30 JUNE 2025 (cont'd)**

*(The figures have not been audited)*

	Attributable to owner of the Company					
	Non-Distributable		Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings RM'000	Total RM'000		
As at 1 January 2024	254,564	207	4,346	259,117	(7)	259,110
Other comprehensive income:						
- Foreign currency translation gain	-	27	-	27	-	27
Total other comprehensive income	-	27	-	27	-	27
Profit for the financial period	-	-	7,253	7,253	(69)	7,184
Total comprehensive income for the financial period	-	27	7,253	7,280	(69)	7,211
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 30 June 2024</b>	<b>268,439</b>	<b>234</b>	<b>5,446</b>	<b>274,119</b>	<b>(76)</b>	<b>274,043</b>

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 30 JUNE 2025***(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,789	10,448
Adjustments for:		
Net loss on impairment of financial instruments	235	131
Depreciation of property, plant and equipment	533	470
Depreciation of right-of-use assets	1,462	1,448
Amortisation of intangible assets	136	74
Finance income	(159)	(184)
Finance costs	1,838	1,484
Net fair value loss on derivative	-	164
Write off of Property, plant and equipment	-	16
Share of profit of equity- accounted associates, net of tax	(488)	(145)
<b>Operating profit before working capital changes</b>	<b>15,346</b>	<b>13,906</b>
Changes in working capital:		
Change in employee benefits and provision	105	115
Change in trade and other receivables and prepayments	(20,155)	(14,304)
Change in trade and other payables	14,910	5,227
Change in contract assets	(23,129)	(14,540)
Change in contract liabilities	2,577	4,706
<b>Cash generated used in operations</b>	<b>(10,346)</b>	<b>(4,890)</b>
Interest paid	(374)	(243)
Interest received	159	184
Net tax paid	(2,945)	(2,506)
<b>Net cash used in operating activities</b>	<b>(13,506)</b>	<b>(7,455)</b>

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 30 JUNE 2025 (cont'd)***(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>30 June 2025 RM'000</b>	<b>30 June 2024 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(464)	(197)
Acquisition of intangible assets	-	(15)
Acquisition of investment	(1,870)	(200)
<b>Net cash used in investing activities</b>	<b>(2,334)</b>	<b>(412)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on hire purchase financing	(227)	(349)
Repayment of term loans	-	(13,550)
Net drawdown from/(repayment) of revolving credit	16,005	(59)
Proceeds from new shares issued pursuant to Placement	-	13,875
Payment of lease liabilities	(1,448)	(1,391)
Deposit pledged of licensed bank	(2,569)	1,738
Dividend paid	-	(6,153)
Interest paid	(1,464)	(1,173)
<b>Net cash from/(used in) financing activities</b>	<b>10,297</b>	<b>(7,062)</b>
<b>Net decrease in cash and cash equivalents during financial period</b>	<b>(5,543)</b>	<b>(14,929)</b>
<b>Effect of exchange rate fluctuation on cash held</b>	<b>(55)</b>	<b>24</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>(16,231)</b>	<b>(10,835)</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>(21,829)</b>	<b>(25,740)</b>



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

*(The figures have not been audited)*

Components of cash and cash equivalents as at 30 June 2025 is as follows:

	<b>30 June 2025 RM'000</b>	<b>30 June 2024 RM'000</b>
Cash and bank balances	4,268	679
Short term deposits with licensed banks	15,098	10,969
Bank overdrafts (secured)	<u>(26,097)</u>	<u>(26,419)</u>
	(6,731)	(14,771)
Less: short term deposits and bank balances pledged with licensed banks	<u>(15,098)</u>	<u>(10,969)</u>
	<b><u>(21,829)</u></b>	<b><u>(25,740)</u></b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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**

There was no dividend paid during the current quarter under review.

**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 30 June 2025 were as follows:-

	<b>RM'000</b>
Authorised but not contracted for:	<u>2,839</u>



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 RM57.7 million and RM109.3 million.

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

	Quarter ended			Year to date ended		
	30 June 2025	30 June 2024	Variance	30 June 2025	30 June 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Engineering services</b>						
- Engineering design	17,856	9,812	82.0	32,079	18,885	69.9
- Construction supervision	11,799	12,351	(4.5)	23,517	26,540	(11.4)
<b>Project management</b>	24,017	18,992	26.5	46,670	40,241	16.0
<b>Digital services</b>	1,135	599	89.5	1,494	1,095	36.4
<b>Reimbursable income</b>	2,889	2,070	39.6	5,492	4,441	23.7
<b>TOTAL</b>	<b>57,696</b>	<b>43,824</b>	<b>31.7</b>	<b>109,252</b>	<b>91,202</b>	<b>19.8</b>

Engineering design

The revenue from engineering design for current quarter increased by 82.0% to RM17.9 million as compared to RM9.8 million for the corresponding quarter ended 30 June 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.

Engineering design revenue increased by 69.9% to RM32.1 million for the current period as opposed to RM18.9 million for the corresponding period ended 30 June 2024. This was attributed to the revenue contributed by Tuna Tekra project, Bayan Lepas LRT project, Rancangan Tebatan Banjir Sg. Kelang project and Proposed Data Centre at Cyberjaya.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 decreased marginally by 4.5% as compared to RM12.4 million for the corresponding quarter ended 30 June 2024.

Construction supervision revenue was RM23.5 million for the current period as compared to RM26.5 million for the corresponding period ended 30 June 2024. This was attributed to the decrease in revenue from Langat II Water Supply Scheme – Phase 1.

Project management

Project management revenue increased by 26.5% and 16.0% for the current quarter and current period ended 30 June 2025 as compared to the corresponding quarter in 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 absence of revenue contribution from Project Management Consultancy Services for the "Projek Mass Rapid Transit Laluan 3: Laluan Lingkaran" (MRT 3 Project) for six months ended 30 June 2025.

Digital services

Digital services accounted for a small proportion of the group's revenue.

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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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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		
	30 June 2025	30 June 2024	Variance	30 June 2025	30 June 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Local</b>						
Malaysia	49,296	42,789	15.2	91,184	88,496	(3.0)
<b>Overseas</b>						
India	2,946	365	>100	3,190	786	>100
Middle East	4,709	-	100.0	12,178	-	100.0
Philippines	628	303	>100	1,157	953	21.4
Cambodia	-	-	-	1,147	-	100.0
Indonesia	117	367	(68.1)	396	967	(59.0)
<b>TOTAL</b>	<b>57,696</b>	<b>43,824</b>	<b>31.7</b>	<b>109,252</b>	<b>91,202</b>	<b>19.8</b>

Local market continues to contribute significant portion of revenue amounting to 83.5% of the Group's total revenue for period to date ended 30 June 2025.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM6.6 million for the current quarter as compared to a PAT of RM2.8 million for corresponding quarter in year 2024. This was primarily due to increase in gross profit in the current quarter, in line with project mix.

(d) Our unbilled order book as at 30 June 2025 was as follows:

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	273,121	13.1
- Construction supervision	92,836	4.4
Project management	1,709,840	82.1
	<u>2,075,797</u>	<u>99.6</u>
Digital services	7,611	0.4
<b>Total</b>	<b>2,083,408</b>	<b>100</b>

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

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30 June 2025 RM'000</b>	<b>Preceding Quarter 31 Mar 2025 RM'000</b>	<b>Variance  %</b>
Revenue	57,696	51,556	11.9
Gross profit	19,620	12,519	56.7
Profit before taxation	9,346	2,443	>100

The profit before tax for current quarter was RM9.3 million as compared to RM2.4 million for immediate preceding quarter ended 31 March 2025 due to higher gross profit recorded in current quarter.

**B3. Prospects****(i) Current Scenario****Construction Sector Gaining Momentum**

The construction sector is poised for renewed momentum in the second half of 2025, supported by a robust pipeline of infrastructure and industrial projects and sustained demand for data centres. The tabling of the 13th Malaysia Plan (13MP), with an annual development expenditure of approximately RM 80 billion, reaffirms the Government's focus on infrastructure development, socio-economic advancement, and domestic economic growth.

A key catalyst is the approval of the Mass Rapid Transit 3 (MRT3) project in July 2025 by the Minister of Transport. Land acquisition under Section 8 of the Land Acquisition Act is in progress, with gazettelement expected by mid-August 2025. Construction is scheduled to begin in early 2027.

In Sarawak, feasibility studies for two major infrastructure initiatives—a new international airport and a deep-sea port in Kuching—are currently underway. These projects are expected to attract investments of up to RM 100 billion over the next 5 to 10 years. Additionally, a hydrogen-powered Autonomous Rail Transit (ART) system will be introduced under the 13MP to serve the fast-growing industrial and green technology zones in Bintulu, connecting Bintulu, Kidurong, and Samalaju.

Our first Sarawak project, secured through our associate HSS Alliance Sarawak Sdn Bhd, involves upgrading a 4-kilometre road in Serian. The project is in the detailed design phase and is targeted for tendering by August 2025.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2025**

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

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

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

**Digital Infrastructure & Data Centre Expansion**

We have successfully completed three blocks of Data Centres (totalling 120MW) for DayOne as of end-June 2025. Two additional blocks (96MW) are scheduled for completion by year-end. Phase 1 of a 275kV Consumer Landing Station (CLS) to support DayOne Phase 1 has been completed, and we have been appointed as Project Management Consultant for CLS Phase 2.

To date, we have secured two new data centre projects:

- One in Bagan Dato, Perak
- One in Sedenak, Johor

**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 will run from August 2025 to January 2026. Our Digital Twin project with the largest telco tower operator in Southeast Asia has digitised over 500 towers as of Q2 2025, with an additional 1,150 towers scheduled by year-end. Internationally, tower digitisation is underway in the Philippines (500 towers in process), and we plan to begin digitisation in Bangladesh in Q4 2025.

**Water Infrastructure & Irrigation Projects**

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

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

Ongoing supervision projects include:

- Pelubang Water Supply Scheme (Kedah)
- Jernih Dam (Melaka)
- Sungai Rasau Water Supply Scheme Phase 1 (Selangor) – currently under construction
- Phase 2 – in tender stage, to be implemented via Design & Build

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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 June 2025, the project has achieved 83.56% 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 95% complete as of Q2 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. Current construction progress stands at approximately 36.85%.

**• Selangor Railway**

Feasibility studies have been completed and submitted to the Selangor State Economic Planning Unit (UPEN) in Q1 2025.

**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.

**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.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2025**

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

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

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

As at 30th June 2025, our order book stood at approximately RM 2.08 billion with project management segment being the biggest contributor of 82% 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.

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 is currently in the development phase and expected to achieve financial close by mid-September 2025.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2025**
**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**
**B4. Income tax expense**

	Quarter ended		Year to date ended	
	30 June 2025 RM'000	30 June 2024 RM'000	30 June 2025 RM'000	30 June 2024 RM'000
<u>Income tax expense</u>				
- Current financial period	2,716	1,405	3,887	3,327
	2,716	1,405	3,887	3,327
<u>Deferred tax</u>				
- Current financial period	44	25	(79)	(63)
	44	25	(79)	(63)
Total tax expense	2,760	1,430	3,808	3,264

The effective tax rate for the current financial period is higher than the statutory tax rate of 24% mainly due to losses incurred in newly set up subsidiary in September 2023: - HSS Propick Technologies Sdn Bhd, In addition, recurring non-deductible expenses such as legal and professional fees, business development and entertainment and restriction on certain interest expenses which are non-deductible has also contributed to the increase in effective tax rate.

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30 June 2025 are as follows:-

	<b>As at 30 June 2025 RM'000</b>	<b>As at 31 Dec 2024 RM'000</b>
<b>Current:</b>		
Lease liabilities	2,025	2,875
Hire purchase payables	405	340
Bank overdrafts	26,097	18,569
Revolving Credit	32,467	16,462
	<u>60,994</u>	<u>38,246</u>
<b>Non-current:</b>		
Lease liabilities	2,972	3,238
Hire purchase payables	225	247
	<u>3,197</u>	<u>3,485</u>
<b>Total borrowings:</b>		
Lease liabilities	4,997	6,113
Hire purchase payables	630	587
Bank overdrafts	26,097	18,569
Revolving Credit	32,467	16,462
	<u><b>64,191</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.

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**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2025****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)****B8. Material litigation**

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>30 June 2025</b>	<b>30 June 2024</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	6,562	2,838	8,136	7,253
Weighted average number of ordinary shares in issue ('000)	508,480	505,856	508,480	505,856
Basic EPS (sen)	1.29	0.56	1.60	1.43
Diluted EPS (sen)	1.29	0.56	1.60	1.43

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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):

	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 June 2025 RM'000</b>	<b>30 June 2024 RM'000</b>	<b>30 June 2025 RM'000</b>	<b>30 June 2024 RM'000</b>
Depreciation of property, plant and equipment	266	239	533	470
Depreciation of Right-of-use assets	730	723	1,462	1,448
Amortisation of intangible assets	89	36	136	74
Property, plant and equipment written off		16	-	16
Net loss on impairment of Financial instruments	(42)	29	235	131
Finance costs	1,074	674	1,838	1,484
Finance income	(155)	(115)	(159)	(184)
Loss on derivatives	-	-	-	164
Loss on foreign exchange	391	19	423	34

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 19 August 2025.