

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

	Note	Quarter ended 31 Mar			Year to date ended 31 Mar		
		2025 RM'000	2024 RM'000	% + / (-)	2025 RM'000	2024 RM'000	% + / (-)
Revenue	B1	51,556	47,378	8.8	51,556	47,378	8.8
Direct costs		(39,037)	(32,118)		(39,037)	(32,118)	
Gross profit		12,519	15,260	(18.0)	12,519	15,260	(18.0)
Other operating income		45	58		45	58	
Administrative expenses		(7,826)	(6,733)		(7,826)	(6,733)	
Other operating expenses		(1,717)	(1,565)		(1,717)	(1,565)	
Net loss on impairment of financial instruments		(277)	(102)		(277)	(102)	
Profit for the year from operations		2,744	6,918	(60.3)	2,744	6,918	(60.3)
Finance income		4	69		4	69	
Finance costs		(764)	(810)		(764)	(810)	
Share of results of associates		459	38		459	38	
Profit before taxation		2,443	6,215	(60.7)	2,443	6,215	(60.7)
Taxation	B4	(1,048)	(1,834)		(1,048)	(1,834)	
Profit for the financial period		1,395	4,381	(68.2)	1,395	4,381	(68.2)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		(10)	31		(10)	31	
Total comprehensive income for the financial period		1,385	4,412	(68.6)	1,385	4,412	(68.6)
Profit for the financial period attributable to:-							
Owners of the Company		1,574	4,415	(64.3)	1,574	4,415	(64.3)
Non-controlling interests		(179)	(34)	(426.5)	(179)	(34)	(426.5)
		1,395	4,381		1,395	4,381	
Total comprehensive income attributable to:-							
Owners of the Company		1,564	4,446	(64.8)	1,564	4,446	(64.8)
Non-controlling interests		(179)	(34)	(426.5)	(179)	(34)	(426.5)
		1,385	4,412		1,385	4,412	
Earnings per share (sen)							
- Basic	B11	0.31	0.88	(64.8)	0.31	0.88	(64.8)
- Diluted	B11	0.31	0.88	(64.8)	0.31	0.88	(64.8)

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2025***(The figures have not been audited)*

	<b>Unaudited as at 31.03.2025 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	3,873	3,958
Intangible assets	983	1,030
Goodwill	162,677	162,677
Right-of-use assets	5,183	5,916
Investments in associates	1,869	1,410
Other investment	1,260	200
Employee benefits	-	31
Deferred tax assets	462	339
	<u>176,307</u>	<u>175,561</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	57,208	55,072
Contract assets	175,893	161,060
Current tax assets	426	129
Prepayment	13,076	11,439
Cash and cash equivalents	15,469	14,867
	<u>262,072</u>	<u>242,567</u>
<b>TOTAL ASSETS</b>	<u><b>438,379</b></u>	<u><b>418,128</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	268,439	268,439
Reserves	25,016	23,452
Equity attributable to owners of the Company	293,455	291,891
Non-controlling interest	(362)	(183)
<b>TOTAL EQUITY</b>	<u>293,093</u>	<u>291,708</u>

**ENGINEERS****HSS ENGINEERS BERHAD****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 31.03.2025 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	2,889	3,238
Employee benefits		78	-
		<u>3,192</u>	<u>3,485</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	B7	51,434	35,371
Lease liabilities	B7	2,500	2,875
Trade and other payables		73,172	68,958
Contract liabilities		10,763	11,976
Current tax liabilities		3,200	3,277
Provisions		1,025	478
		<u>142,094</u>	<u>122,935</u>
<b>TOTAL LIABILITIES</b>		<u>145,286</u>	<u>126,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>438,379</b></u>	<u><b>418,128</b></u>
Net assets per share (RM)		<u>0.58</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 MARCH 2025***(The figures have not been audited)*

	Attributable to owner of the Company					
	Non-Distributable	Distributable				
	Share Capital	Foreign Currency Translation Reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2025	268,439	146	23,306	291,891	(183)	291,708
Other comprehensive income:						
- Foreign currency translation gain	-	(10)	-	(10)	-	(10)
Total other comprehensive income	-	(10)	-	(10)	-	(10)
Profit for the financial period	-	-	1,574	1,574	(179)	1,395
Total comprehensive income for the financial period	-	(10)	1,574	1,564	(179)	1,385
<b>As at 31 March 2025</b>	<b>268,439</b>	<b>136</b>	<b>24,880</b>	<b>293,455</b>	<b>(362)</b>	<b>293,093</b>



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

*(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 2024	254,564	207	4,346	259,117	(7)	259,110
Other comprehensive income:						
- Foreign currency translation gain	-	31	-	31	-	31
Total other comprehensive income	-	31	-	31	-	31
Profit for the financial period	-	-	4,415	4,415	(34)	4,381
Total comprehensive income for the financial period	-	31	4,415	4,446	(34)	4,412
Transactions with owners of the Company:						
Issuance of new shares	13,875	-	-	13,875	-	13,875
Total transactions with owners for the financial period	13,875	-	-	13,875	-	13,875
<b>As at 31 March 2024</b>	<b>268,439</b>	<b>238</b>	<b>8,761</b>	<b>277,438</b>	<b>(41)</b>	<b>277,397</b>

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 MARCH 2025***(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Mar 2025 RM'000</b>	<b>31 Mar 2024 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,443	6,215
Adjustments for:		
Net loss on impairment of financial instruments	277	102
Depreciation of property, plant and equipment	267	231
Depreciation of right-of-use assets	732	725
Amortisation of intangible assets	47	38
Finance income	(4)	(69)
Finance costs	764	810
Net fair value loss on derivative	-	164
Share of profit of equity- accounted associates, net of tax	(459)	(38)
<b>Operating profit before working capital changes</b>	<b>4,067</b>	<b>8,178</b>
Changes in working capital:		
Change in employee benefits and provision	109	115
Change in trade and other receivables and prepayments	(4,050)	(11,622)
Change in trade and other payables	4,987	2,103
Change in contract assets	(14,833)	(8,015)
Change in contract liabilities	(1,213)	5,807
<b>Cash generated used in operations</b>	<b>(10,933)</b>	<b>(3,434)</b>
Interest paid	(95)	(103)
Interest received	4	69
Net tax paid	(1,545)	(1,410)
<b>Net cash used in operating activities</b>	<b>(12,569)</b>	<b>(4,878)</b>

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 MARCH 2025 (cont'd)***(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Mar 2025 RM'000</b>	<b>31 Mar 2024 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(184)	(139)
Acquisition of intangible assets	-	(15)
Acquisition of investment	(1,060)	(201)
<b>Net cash used in investing activities</b>	<b>(1,244)</b>	<b>(355)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on hire purchase financing	(113)	(208)
Repayment of term loans	-	(13,550)
Net drawdown/(repayment) of from revolving credit	11,078	2,497
Proceeds from new shares issued pursuant to Placement	-	13,875
Payment of lease liabilities	(723)	(711)
Deposit pledged of licensed bank	(1,308)	907
Interest paid	(669)	(639)
<b>Net cash from financing activities</b>	<b>8,265</b>	<b>2,171</b>
<b>Net decrease in cash and cash equivalents during financial period</b>	<b>(5,548)</b>	<b>(3,062)</b>
<b>Effect of exchange rate fluctuation on cash held</b>	<b>(8)</b>	<b>31</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>(21,787)</b>	<b>(13,866)</b>



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

*(The figures have not been audited)*

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

	<b>31 Mar 2025 RM'000</b>	<b>31 Mar 2024 RM'000</b>
Cash and bank balances	1,632	2,163
Short term deposits with licensed banks	13,837	15,450
Bank overdrafts (secured)	<u>(23,419)</u>	<u>(19,679)</u>
	(7,950)	(2,066)
Less: short term deposits and bank balances pledged with licensed banks	<u>(13,837)</u>	<u>(11,800)</u>
	<u><b>(21,787)</b></u>	<u><b>(13,866)</b></u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 31 March 2025 were as follows:-

	<b>RM'000</b>
Authorised but not contracted for:	<u>3,051</u>



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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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**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

For the current quarter under review, the Group recorded revenue of RM51.5 million.

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

	Quarter ended			Year to date ended		
	31 Mar 2025	31 Mar 2024	Variance	31 Mar 2025	31 Mar 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Engineering services</b>						
- Engineering design	14,223	9,073	56.8	14,223	9,073	56.8
- Construction supervision	11,718	14,189	(17.4)	11,718	14,189	(17.4)
<b>Project management</b>	22,653	21,249	6.6	22,653	21,249	6.6
<b>Digital services</b>	359	496	(27.6)	359	496	(27.6)
<b>Reimbursable income</b>	2,603	2,371	9.8	2,603	2,371	9.8
<b>TOTAL</b>	<b>51,556</b>	<b>47,378</b>	<b>8.8</b>	<b>51,556</b>	<b>47,378</b>	<b>8.8</b>

Engineering design

The revenue from engineering design for current quarter increased by 56.8% to RM14.2 million as compared to RM9.1 million for the corresponding quarter ended 31 March 2024. This was attributed to the revenue contributed by Bayan Lepas LRT project and Proposed Data Centre at Cyberjaya.

Construction supervision

Construction supervision revenue was RM11.7 million for the current quarter as compared to RM14.2 million for the corresponding quarter ended 31 March 2024. This was attributed to the decrease in revenue from Langkat II Water Supply Scheme – Phase 1.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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):-

Project management

Project management revenue increased by 6.6% for the current quarter ended 31 March 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 deceleration of revenue recognised 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.

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 FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 Mar 2025	31 Mar 2024	Variance	31 Mar 2025	31 Mar 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Local</b>						
Malaysia	41,888	45,707	(8.4)	41,888	45,707	(8.4)
<b>Overseas</b>						
India	244	421	(42.0)	244	421	(42.0)
Middle East	7,469	-	100.0	7,469	-	100.0
Philippines	529	650	(18.6)	529	650	(18.6)
Cambodia	1,147	-	100.0	1,147	-	100.0
Indonesia	279	600	(53.5)	279	600	(53.5)
<b>TOTAL</b>	<b>51,556</b>	<b>47,378</b>	<b>8.8</b>	<b>51,556</b>	<b>47,378</b>	<b>8.8</b>

Local market continues to contribute significant portion of revenue amounting to 81.2% of the Group's total revenue for period to date ended 31 March 2025.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM1.4 million for the current quarter as compared to a PAT of RM4.4 million for corresponding quarter in year 2024. This was primarily due to decrease in gross profit in the current quarter, in line with project mix.

(d) Our unbilled order book as at 31 December 2024 was as follows:

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	244,954	11.8
- Construction supervision	96,719	4.7
Project management	1,723,724	83.2
	2,065,397	99.7
Digital services	7,023	0.3
<b>Total</b>	<b>2,072,420</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 FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 Mar 2025 RM'000</b>	<b>Preceding Quarter 31 Dec 2024 RM'000</b>	<b>Variance %</b>
Revenue	51,556	59,672	(13.6)
Gross profit	12,519	23,297	(46.3)
Profit before taxation	2,443	14,245	(82.9)

The profit before tax for current quarter was RM2.4 million as compared to RM14.2 million for immediate preceding quarter ended 31 December 2024 due to lower gross profit recorded in current quarter, in line with project mix.

**B3. Prospects****(i) Current Scenario**

The construction sector is set to be on course for another year of growth driven by contract flows from infrastructure projects as well as new data centre builds. Some of these major projects include the Perak-Penang Raw Water Transfer (RM 4 billion), Pan Borneo Highway Sabah Phase 1B (17 work packages worth RM 9.7 billion), Sarawak-Sabah Link Road Phase 2 (RM 7.4 billion), North-South Expressway (PLUS) expansion (four to six lanes on the Simpang Renggam-Machap stretch) and high-priority flood mitigation projects in Pahang, Selangor, Terengganu as well as several water projects in Johor, Kelantan, Terengganu, Sabah and Sarawak.

Further to this, the state of Sarawak will embark on two mega infrastructure projects primarily a new international airport and deep-sea port in Kuching to fulfil its vision to become a regional aviation and sea hub. The state government and private sector are expected to invest in the region of RM 100 billion over the next 5 (five) to 10 (ten) years to fund these two projects.

Our first project in Sarawak secured via our associate, HSS Alliance Sarawak Sdn Bhd, which entails the upgrading of a 4-kilometre road in Serian, is currently in the Preliminary Design phase with the design scope targeted for completion by June 2025. This award marks an important step in our strategic growth within Sarawak, laying a solid foundation for future collaborations with JKR Sarawak and other regional development bodies.

On the digital technology segment, the Group has secured 2 (two) new data centre projects, one in Bagan Dato, Perak and the other K2 (phase 2) in Sedenak, Johor early this year. The other 4 (four) data centres which we are currently working on are namely Infinaxis and Basis Bay Data Centre in Cyberjaya, whilst GDS (phase 1), Yellowwood Data Centre (phase 2) are in Kempas Tech Park, Johor and Sedenak Tech Park, Johor respectively. We have completed the PMC scope for K2 (phase 1) and Yellowwood (phase 1) in Sedenak.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025**

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

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

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

The Pan Borneo Sabah project (15 packages under Phase 1A), where we secured the Project Management Consultancy Services (PMC) role in April 2021, is progressing well with 81.70% completion in March 2025 given full mobilization at site.

The Group has been appointed to undertake the feasibility studies for the Selangor Railway and successfully completed the final report to UPEN Selangor (State Economic Planning Unit) in the first quarter of 2025 for their formal review and approval.

For the East Coast Rail Link (ECRL), the design work for Package A, which spans approximately 210 km from Kota Bharu to Dungun, is at the final stages of completion. Our team has maintained close coordination with the relevant parties to address final design clarifications and ensure seamless transition towards construction. In addition, our team of experienced personnel is fully mobilized for the active supervision of both Package A and Section 9 (covering Serendah to Port Klang). This involves regular site inspections, contractor work reviews, and progress meetings being conducted to ensure that construction activities remain on schedule and in compliance with project specifications.

We have been appointed as the Special Independent Technical Consultant for the Klang Valley Double Tracking Phase 2 for the 100km between Salak Selatan to Port Klang (40km) and Salak Selatan to Seremban (60km). The construction works are currently at approximately 34.3% progress.

In the water sector, we have been appointed by Pengurusan Aset Air Berhad (PAAB) as the Consultant for several capital works, comprising of new water treatment plants and bulk supply works in Kulim District, Kedah; Kuantan, Pekan and Rompin Districts in Pahang; and in Batu Pahat District, Johor. The projects in Kedah and Pahang are targeted to be completed in year 2027 and 2026 for Johor.

We are the Supervising Engineer for the ongoing construction of Pelubang Water Supply Scheme in Kedah. Upon completion, these water supply Projects will enhance treated water availability and improve reserve margins in the states of Kedah, Pahang and Johor. The construction of Jernih dam in Melaka, supervised by us, is ongoing.

In Selangor, we are Owner Engineer for the implementation of Sungai Rasau scheme, currently in the construction stage. The "Skim Jamin Air Selangor" that provides solution to pollution threats at Sungai Selangor Phase 1,2 and 3 Schemes as well as Sungai Semenyih Scheme, designed and supervised by us, is in various stages of construction completion.

As Panel Consultant to Air Selangor since July 2021, we have been awarded eight (8) work packages involving pipe replacement and upgrading/refurbishment works. These capital works will improve Selangor State's reserve margin, build up asset and reduce Non Revenue Water to 30% by 2030.





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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025**

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

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

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

In joint venture with an international consulting firm, as Owner Engineer to TNB, we are supervising the implementation of work packages for the Life Extension Programme of Sungai Perak Hydroelectric Schemes, targeted for completion in 2028. We are also the Consultant for the water supply scheme for the Kulai Data Centre in Johor which is currently under construction. The expected capital works by water operators to secure water supply for data centres will provide opportunities in Selangor and other states.

We are presently providing engineering design services for the Sungai Kelang Flood Mitigation Project involving Sg. Klang – Sg. Rasau located in Petaling District in Selangor, implemented on Design and Build concept for Jabatan Pengairan dan Saliran.

The Federal Government encourages harvesting rice from padi fields five seasons every two years to improve food security. We are the consultant for the project to construct tertiary irrigation system at 15 blocks of MADA padi fields located in four regions: Perlis, Jitra, Pendang and Sarang Semut, commencing in March 2025. The design and construction of Jeniang water transfer scheme to supplement water to MADA padi fields is expected to commence soon.

On the Port Sector, we have been appointed by Westports for the Project Management and Engineering Consultancy Services of the Westport 2 Expansion Development (Phase 1: CT10 – CT13) involving construction and completion of Dredging, Land Reclamation & Slope Protection works at Westports, Pulau Indah, Port Klang, Selangor.

In addition, we are currently the Project Management Consultant for the Port Klang Cruise Terminal for the extension of their existing wharf to cater for cruise vessels and roll-in and roll-out (RORO) vessels.

The Group will continue to pursue contemporary digital techniques through its newly formed entity, HSS ProPick Technologies (HSS Propick), to enhance its core expertise by embarking on provision of intelligent drone-driven solutions powered by AI across various undertakings.

With its footprint registered under the Ministry of Digital, HSS Propick is recognised as a technology partner for agriculture sector with its innovative solution, "Identifying FFB ripeness using AI (pre-harvest)". This solution is endorsed by the Malaysian Palm Oil Board as a promising roadmap for oil palm plantations. The Group has since made entry into the Indonesian market providing precise drone driven solutions for oil palm plantations.

Further to this, our Digital Twin solution project with the largest telco tower owner in South East Asia has been progressing well with close to 150 towers out of 270 completed in Q1 2025 since the kick off in February 2025. An additional 1000 towers are being confirmed to digitise for this year. Our scope of works includes tower digitalisation using drone imagery and applying AI techniques to detect the asset anomalies and predicting structural analysis of the towers, in a swift and efficient manner. We are also expecting our Philippines and Bangladesh operations to begin in Q2 2025.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025**

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

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

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

The Group anticipates potential mega project roll-outs to come on stream through Public-Private Partnerships (PPPs) with privatisation playing a pivotal role in funding some of the key infrastructure undertakings going forward. In line with the recent unveiled Public-Private Partnership Master Plan 2030 (PPP Master Plan 2030), the Government aims to generate RM 78 billion worth of PPP investments across 17 key initiatives by 2030.

On the regional front, the Group (together with our 50% joint venture partner, Consultant HSS LLC) secured its largest ever contract win amounting to USD 315.9 million (equivalent to RM 1.5 billion) in the Middle East which involves providing Project Management Consultancy and Supervision Services for the Baghdad Metro rail system in Iraq's capital. The Baghdad Metro project, a five-year undertaking, entails the construction of a comprehensive seven-line, 148-km driverless metro network across 64 stations that will traverse underground, surface and elevated sections for seamless city-wide connectivity.

This contract win follows an overseas award secured by the Group in May 2024 to provide consultancy services for the Phnom Penh-Bavet Expressway Project in Cambodia.

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

As at 31st March 2025, our order book stood at approximately RM 2.07 billion with project management segment being the biggest contributor of 83% and our tender book value is approximately at RM 475 million.

**(iii) Future Prospects in Highways, Public Transportation, Port & Water Sector**

FUTURE PROSPECTS	
ROADS & HIGHWAY SECTOR	Pan Borneo Highway Sabah- Phase 1B
	PLUS Highway widening
	Various Other Privatisation Proposals (Urban Highways)
RAILWAY AND AIRPORT SECTOR	Johor LRT
	Penang LRT

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025**
**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)**
**B3. Prospects (cont'd)**
**(iii) Future Prospects in Highways, Public Transportation, Port & Water Sector (cont'd)**

PORT SECTOR	Westport Phase 2 / Pulau Carey
	Miri Port
	Kuching Port
	Tg Bruas Melaka
WATER SECTOR	Penang Island Reclamation Water Supply
	Dam Safety Review of Hydroelectric Dams
	Integrated River Basin Management Plan (IRBM)
	Pelan Induk Saliran Mesra Alam
	Rasau Water Supply Scheme Stage 2 and Langat WTP & Reticulation System Phase 2
	Off-River Storages
	Submarine Pipelines
FLOOD MITIGATION SECTOR	Over RM 12 billion allocation for Flood Mitigation projects More than RM300 billion will be needed for long-term solutions to the country's flood problems over the next 50 years



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2025**

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

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

**(iv) Growth Strategies**

**A) Regional Expansion**

As part of an ongoing expansion plan, the Group signed a Joint Venture and Shareholders' Agreement in October 2024 with OPUS International (M) Berhad, a leading engineering and asset management consultancy, to accelerate expansion into high-growth infrastructure markets across Southeast Asia (SEA) and the Middle East. This partnership aims to bring together the combined expertise of both parties to deliver comprehensive solutions across engineering and technical services, project management and asset management consultancy and energy efficiency solutions in diverse infrastructure sectors.

The Group had earlier acquired a 12% equity stake in PT Oriental Consultants Indonesia (PT Oriental) in Indonesia to tap into the thriving construction sector in the country, along with partner OC Global Co. Ltd. PT Oriental is an Indonesian firm specialising in engineering consultancy services, including engineering design, urban planning services, and construction consultancy.

**Recurring Income**

In line with our recurring income strategy, the Group's subsidiary, HEB Energy Sdn Bhd (HEBE) together with consortium partner, Unique Fire Holdings Berhad (Unique Fire) accepted the letter of notification by the Energy Commission to undertake the development of a Large Scale Solar Photovoltaic Power Plant of 95.00 MW in Hilir Perak, Perak (Project) in December 2024.

A special-purpose vehicle (SPV), namely Unique HEB Energy Sdn Bhd, was incorporated in January 2025 for the implementation of the Project by the consortium. HEBE will own 40% of the equity interest in the SPV whilst the remaining 60% will be held by Unique Fire.

Subsequently, on 19 March 2025, Unique HEB Energy Sdn Bhd signed and executed a Solar Power Purchase Agreement (PPA) with Tenaga Nasional Berhad. Pursuant to the PPA, the SPV shall design, construct, own, operate and maintain a solar photovoltaic energy generating facility with its approved capacity of 95.00 MW at the project site.

The Group is currently 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 (Project) in the state of Kedah.

The Project involves the proposed development, financing, construction, ownership, operation and maintenance of the PV Plant on a build, operate and transfer basis. The Project has received approval for the Green Investment Tax Allowance incentive, a strategic initiative by the Malaysian government aimed at promoting investments in green technology, from the Malaysian Investment Development Authority.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 Mar 2025 RM'000	31 Mar 2024 RM'000	31 Mar 2025 RM'000	31 Mar 2024 RM'000
<u>Income tax expense</u>				
- Current financial period	1,171	1,922	1,171	1,922
	1,171	1,922	1,171	1,922
<u>Deferred tax</u>				
- Current financial period	(123)	(88)	(123)	(88)
	(123)	(88)	(123)	(88)
Total tax expense	1,048	1,834	1,048	1,834

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 FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 March 2025 are as follows:-

	<b>As at 31 Mar 2025 RM'000</b>	<b>As at 31 Dec 2024 RM'000</b>
<b>Current:</b>		
Lease liabilities	2,500	2,875
Hire purchase payables	475	340
Bank overdrafts	23,419	18,569
Revolving Credit	27,540	16,462
	<u>53,934</u>	<u>38,246</u>
<b>Non-current:</b>		
Lease liabilities	2,889	3,238
Hire purchase payables	225	247
	<u>3,114</u>	<u>3,485</u>
<b>Total borrowings:</b>		
Lease liabilities	5,389	6,113
Hire purchase payables	700	587
Bank overdrafts	23,419	18,569
Revolving Credit	27,540	16,462
	<u><b>57,048</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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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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>31 Mar 2025</b>	<b>31 Mar 2024</b>	<b>31 Mar 2025</b>	<b>31 Mar 2024</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,574	4,415	1,574	4,415
Weighted average number of ordinary shares in issue ('000)	508,480	503,202	508,480	503,202
Basic EPS (sen)	0.31	0.88	0.31	0.88
Diluted EPS (sen)	0.31	0.88	0.31	0.88

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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**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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>31 Mar 2025 RM'000</b>	<b>31 Mar 2024 RM'000</b>	<b>31 Mar 2025 RM'000</b>	<b>31 Mar 2024 RM'000</b>
Depreciation of property, plant and equipment	267	231	267	231
Depreciation of Right-of-use assets	732	725	732	725
Amortisation of intangible assets	47	38	47	38
Net loss on impairment of Financial instruments	277	102	277	102
Finance costs	764	810	764	810
Finance income	(4)	(69)	(4)	(69)
Loss on derivatives	-	164	-	164
Loss on foreign exchange	32	15	32	15

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 21 May 2025.