

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

	Note	Quarter ended 30 Sept			Year to date ended 30 Sept		
		2025 RM'000	2024 RM'000	% + / (-)	2025 RM'000	2024 RM'000	% + / (-)
Revenue	B1	47,162	50,370	(6.4)	156,414	141,572	10.5
Direct costs		(32,654)	(31,551)		(109,767)	(94,498)	
Gross profit		14,508	18,819	(22.9)	46,647	47,074	(0.9)
Other operating income		80	22		145	118	
Administrative expenses		(7,116)	(7,293)		(22,442)	(21,040)	
Other operating expenses		(4,899)	(1,551)		(8,562)	(4,421)	
Net loss on impairment of financial instruments		(56)	(41)		(291)	(172)	
Profit for the year from operations		2,517	9,956	(74.7)	15,497	21,559	(28.1)
Finance income		90	69		249	253	
Finance costs		(1,055)	(780)		(2,893)	(2,264)	
Share of results of associates		106	(43)		594	102	
Profit before taxation		1,658	9,202	(82.0)	13,447	19,650	(31.6)
Taxation	B4	3,639	(2,024)		(169)	(5,288)	
Profit for the financial period		5,297	7,178	(26.2)	13,278	14,362	(7.5)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		(38)	(147)		(95)	(120)	
Total comprehensive income for the financial period		5,259	7,031	(25.2)	13,183	14,242	(7.4)
Profit for the financial period attributable to:-							
Owners of the Company		5,342	7,225	(26.1)	13,478	14,478	(6.9)
Non-controlling interests		(45)	(47)	4.3	(200)	(116)	(72.4)
		5,297	7,178		13,278	14,362	
Total comprehensive income attributable to:-							
Owners of the Company		5,304	7,078	(25.1)	13,383	14,358	(6.8)
Non-controlling interests		(45)	(47)	4.3	(200)	(116)	(72.4)
		5,259	7,031		13,183	14,242	
Earnings per share (sen)							
- Basic	B11	1.05	1.43	(26.6)	2.65	2.86	(7.3)
- Diluted	B11	1.05	1.43	(26.6)	2.65	2.86	(7.3)

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

	Unaudited as at 30.09.2025 RM'000	Audited as at 31.12.2024 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	3,911	3,958
Intangible assets	1,044	1,030
Goodwill	162,677	162,677
Right-of-use assets	4,115	5,916
Investments in associates	2,004	1,410
Other investment	2,560	200
Employee benefits	-	31
Deferred tax assets	458	339
	<u>176,769</u>	<u>175,561</u>
CURRENT ASSETS		
Trade and other receivables	69,070	55,072
Contract assets	193,432	161,060
Current tax assets	1,314	129
Prepayment	14,814	11,439
Cash and cash equivalents	20,108	14,867
	<u>298,738</u>	<u>242,567</u>
TOTAL ASSETS	<u>475,507</u>	<u>418,128</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	268,439	268,439
Reserves	29,411	23,452
Equity attributable to owners of the Company	297,850	291,891
Non-controlling interest	(338)	(183)
TOTAL EQUITY	<u>297,512</u>	<u>291,708</u>

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

		Unaudited as at 30.09.2025 RM'000	Audited as at 31.12.2024 RM'000
NON-CURRENT LIABILITIES	Note		
Loans and borrowings	B7	225	247
Lease liabilities	B7	2,826	3,238
Employee benefits		66	-
		<u>3,117</u>	<u>3,485</u>
CURRENT LIABILITIES			
Loans and borrowings	B7	73,139	35,371
Lease liabilities	B7	1,492	2,875
Trade and other payables		75,692	68,958
Contract liabilities		19,389	11,976
Current tax liabilities		714	3,277
Provisions		4,452	478
		<u>174,878</u>	<u>122,935</u>
TOTAL LIABILITIES		<u>177,995</u>	<u>126,420</u>
TOTAL EQUITY AND LIABILITIES		<u>475,507</u>	<u>418,128</u>
Net assets per share (RM)		<u>0.59</u>	<u>0.58</u>



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Company No: 201501003232 (1128564-U)

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

(The figures have not been audited)

	Attributable to owner of the Company		Retained earnings	Total	Non-controlling interests	Total Equity
	Non-Distributable	Distributable				
	Share Capital	Foreign Currency Translation Reserve	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 loss	-	(95)	-	(95)	-	(95)
Total other comprehensive income	-	(95)	-	(95)	-	(95)
Profit for the financial period	-	-	13,478	13,478	(200)	13,278
Total comprehensive income for the financial period	-	(95)	13,478	13,383	(200)	13,183
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)
As at 30 September 2025	268,439	51	29,360	297,850	(338)	297,512



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Company No: 201501003232 (1128564-U)

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

(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
		RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024		254,564	207	4,346	259,117	(7)
Other comprehensive income:						
- Foreign currency translation gain		-	(120)	-	(120)	-
Total other comprehensive income		-	(120)	-	(120)	-
Profit for the financial period		-	-	14,478	14,478	(116)
Total comprehensive income for the financial period		-	(120)	14,478	14,358	(116)
Transactions with owners of the Company:						
Issuance of new shares	A7	13,875	-	-	13,875	-
Dividend paid		-	-	(6,153)	(6,153)	-
Total transactions with owners for the financial period		13,875	-	(6,153)	7,722	-
As at 30 September 2024		268,439	87	12,671	281,197	(123)
						281,074

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

	Year to date ended	
	30 Sept 2025	30 Sept 2024
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,447	19,650
Adjustments for:		
Net loss on impairment of financial instruments	291	172
Depreciation of property, plant and equipment	798	725
Depreciation of right-of-use assets	2,199	2,176
Amortisation of intangible assets	206	107
Finance income	(249)	(253)
Finance costs	2,893	2,264
Net fair value loss on derivative	-	164
Gain on disposal of property, plant and equipment	-	(19)
Write off of Property, plant and equipment	-	16
Share of profit of equity- accounted associates, net of tax	(594)	(102)
Operating profit before working capital changes	18,991	24,900
Changes in working capital:		
Change in employee benefits and provision	97	98
Change in trade and other receivables and prepayments	(17,664)	(14,815)
Change in trade and other payables	10,934	2,637
Change in contract assets	(32,372)	(28,752)
Change in contract liabilities	7,413	7,506
Cash generated used in operations	(12,601)	(8,426)
Interest paid	(621)	(375)
Interest received	249	253
Net tax paid	(4,036)	(5,491)
Net cash used in operating activities	(17,009)	(14,039)

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

	Year to date ended	
	30 Sept 2025 RM'000	30 Sept 2024 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(717)	(520)
Acquisition of intangible assets	(220)	(34)
Acquisition of investment	(2,360)	(200)
Dividend received from associate	-	1,350
Proceeds from disposal of property, plant and equipment	-	19
Net cash (used in)/from investing activities	(3,297)	615
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription of shares in subsidiary by non-controlling interest	45	-
Payment on hire purchase financing	(332)	(421)
Repayment of term loans	-	(13,550)
Net drawdown from/(repayment) of revolving credit	20,962	12,819
Proceeds from new shares issued pursuant to Placement	-	13,875
Payment of lease liabilities	(2,197)	(2,080)
Deposit pledged of licensed bank	(2,569)	35
Dividend paid	(7,424)	(6,153)
Interest paid	(2,272)	(1,821)
Net cash from financing activities	6,213	2,704
Net decrease in cash and cash equivalents during financial period	(14,093)	(10,720)
Effect of exchange rate fluctuation on cash held	(81)	(127)
Cash and cash equivalents at beginning of financial period	(16,231)	(9,928)
Cash and cash equivalents at end of financial period	(30,405)	(20,775)



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

(The figures have not been audited)

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

	30 Sept 2025 RM'000	30 Sept 2024 RM'000
Cash and bank balances	4,268	1,104
Short term deposits with licensed banks	15,840	11,765
Bank overdrafts (secured)	<u>(35,415)</u>	<u>(21,879)</u>
	(15,307)	(9,010)
Less: short term deposits and bank balances pledged with licensed banks	<u>(15,098)</u>	<u>(11,765)</u>
	<u>(30,405)</u>	<u>(20,775)</u>

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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30 September 2025 were as follows:-

	RM'000
Authorised but not contracted for:	<u>2,512</u>



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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 RM47.2 million and RM156.4 million.

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

	Quarter ended			Year to date ended		
	30 Sept 2025	30 Sept 2024	Variance	30 Sept 2025	30 Sept 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Engineering services						
- Engineering design	7,649	9,702	(21.2)	39,728	28,587	39.0
- Construction supervision	11,582	12,073	(4.1)	35,099	38,613	(9.1)
Project management	24,049	25,124	(4.3)	70,719	65,365	8.2
Digital services	1,215	91	>100	2,709	1,186	>100
Reimbursable income	2,667	3,380	(21.1)	8,159	7,821	4.3
TOTAL	47,162	50,370	(6.4)	156,414	141,572	10.5

Engineering design

The revenue from engineering design for current quarter decreased by 21.2% to RM7.6 million as compared to RM9.7 million for the corresponding quarter ended 30 September 2024. This was attributable to the decrease in revenue from Detail Design and Shop Drawing Design Consultancy Services for Infrastructure Works for the East Coast Rail Link project and Kajian Kebolehlaksanaan Jajaran Rel Selangor project in line with the progress of the projects.

Engineering design revenue increased by 39.0% to RM39.7 million for the current period as opposed to RM28.6 million for the corresponding period ended 30 September 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.



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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 4.1% as compared to RM12.1 million for the corresponding quarter ended 30 September 2025.

Construction supervision revenue was RM35.1 million for the current period as compared to RM38.6 million for the corresponding period ended 30 September 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 4.3% as compared to RM25.1 million for the corresponding quarter ended 30 September 2024.

Project management revenue increased by 8.3% for the current period ended 30 September 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 nine months ended 30 September 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 Sept 2025	30 Sept 2024	Variance	30 Sept 2025	30 Sept 2024	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Local						
Malaysia	40,081	38,329	4.6	131,265	126,825	3.5
Overseas						
India	382	279	36.9	3,572	1,065	>100
Middle East	5,827	11,056	(47.3)	18,005	11,056	62.9
Philippines	759	454	67.2	1,916	1,407	36.2
Cambodia	-	-	-	1,147	-	100.0
Indonesia	113	252	(55.2)	509	1,219	(58.2)
TOTAL	47,162	50,370	(6.4)	156,414	141,572	10.5

Local market continues to contribute significant portion of revenue amounting to 83.9% of the Group's total revenue for period to date ended 30 September 2025.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM5.3 million for the current quarter as compared to a PAT of RM7.2 million for corresponding quarter in year 2024. This was primarily due to decrease in gross profit and the recognition of a RM3.4 million provision for a legal claim during the current quarter. These impacts were partially offset by a tax credit recognised in the current quarter.

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

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	332,588	15.0
- Construction supervision	134,640	6.1
Project management	1,745,917	78.6
	2,213,145	99.7
Digital services	7,410	0.3
Total	2,220,555	100

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2025****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)****B2. Comparison with preceding quarter's profit before taxation**

	Current Quarter 30 Sept 2025 RM'000	Preceding Quarter 30 June 2025 RM'000	Variance %
Revenue	47,162	57,696	(18.3)
Gross profit	14,508	19,620	(26.1)
Profit before taxation	1,658	9,346	(82.3)

The profit before tax for the current quarter was RM1.7 million, compared to RM9.3 million in the immediate preceding quarter ended 30 June 2025, primarily due to lower revenue and a RM3.4 million provision for a legal claim recognised during the current quarter.

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

The government continued to maintain 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) 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 include 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 Gemencheh, 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)

Airport

- Penang • Kota Kinabalu • Tawau • Miri



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2025

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

B3. Prospects (cont'd)

(i) Current Scenario (cont'd)

On the Mass Rapid Transit 3 (MRT3) project, the land acquisition for Selangor and Wilayah Persekutuan is in progress with gazettment under Section 8 of the Land Acquisition Act completed as of August 2025. 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.

Our first Sarawak project, secured through our associate HSS Alliance Sarawak Sdn Bhd, involves upgrading a 4-kilometre road in Serian. The design of the project has been completed and will be tendered for construction soon. HSS Alliance is continuously providing support for the Trans-Borneo Railway Feasibility Study and the Limbang Lawas Masterplan projects.

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:

- 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)



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2025

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

B3. Prospects (cont'd)

(i) Current Scenario (cont'd)

Water Infrastructure & Irrigation Projects (con'd)

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.

Transportation

• Pan Borneo Sabah (Phase 1A)

Appointed as Project Management Consultant since April 2021. As of September 2025, the project has achieved 85.25% 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 96% complete as of Q3 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 45%.

• Selangor Railway

Feasibility studies have been completed and submitted to the Selangor State Economic Planning Unit (UPEN) in Q1 2025. The conclusion of the feasibility studies is anticipated soon.

• 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2025

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

B3. Prospects (cont'd)

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.

(ii) Order Book/Tender Book

As at 30th September 2025, our order book stood at approximately RM 2.22 billion with project management segment being the biggest contributor of 79% and our tender book value is approximately at RM 467 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) is undertaking the development of a 95.00 MW Large Scale Solar Photovoltaic Power Plant in Hilir Perak and 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 has achieved financial close in November 2025.

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 Sept 2025 RM'000	30 Sept 2024 RM'000	30 Sept 2025 RM'000	30 Sept 2024 RM'000
<u>Income tax expense</u>				
- Current financial period	1,103	2,543	4,990	5,870
- Prior financial period	(4,702)	(569)	(4,702)	(569)
	<u>(3,599)</u>	<u>1,974</u>	<u>288</u>	<u>5,301</u>
<u>Deferred tax</u>				
- Current financial period	31	50	(48)	(13)
- Prior financial period	(71)	-	(71)	-
	<u>(40)</u>	<u>50</u>	<u>(119)</u>	<u>(13)</u>
Total tax expense	<u>(3,639)</u>	<u>2,024</u>	<u>169</u>	<u>5,288</u>

Tax expense is a credit balance in the current quarter due to the overprovision of tax payable in the prior year. The overprovision arose as certain foreign-sourced income, which had been budgeted for repatriation to Malaysia in the prior year, was not received during that period. Under current tax rules, foreign-sourced income is taxable only upon remittance into Malaysia.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 September 2025 are as follows:-

	As at 30 Sept 2025 RM'000	As at 31 Dec 2024 RM'000
Current:		
Lease liabilities	1,492	2,875
Hire purchase payables	300	340
Bank overdrafts	35,415	18,569
Revolving Credit	37,424	16,462
	<u>74,631</u>	<u>38,246</u>
Non-current:		
Lease liabilities	2,826	3,238
Hire purchase payables	225	247
	<u>3,051</u>	<u>3,485</u>
Total borrowings:		
Lease liabilities	4,318	6,113
Hire purchase payables	525	587
Bank overdrafts	35,415	18,569
Revolving Credit	37,424	16,462
	<u>77,682</u>	<u>41,731</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2025

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

B8. Material litigation

Save for the matter disclosed 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:

	Quarter ended		Year to date ended	
	30 Sept 2025	30 Sept 2024	30 Sept 2025	30 Sept 2024
Net profit attributable to ordinary equity holders of the Company (RM'000)	5,342	7,225	13,478	14,478
Weighted average number of ordinary shares in issue ('000)	508,480	506,740	508,480	506,740
Basic EPS (sen)	1.05	1.43	2.65	2.86
Diluted EPS (sen)	1.05	1.43	2.65	2.86

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	
	30 Sept 2025 RM'000	30 Sept 2024 RM'000	30 Sept 2025 RM'000	30 Sept 2024 RM'000
Depreciation of property, plant and equipment	265	255	798	725
Depreciation of Right-of-use assets	737	728	2,199	2,176
Amortisation of intangible assets	70	33	206	107
Property, plant and equipment written off	-	-	-	16
Gain on disposal of property, plant & equipment	-	(19)	-	(19)
Net loss on impairment of Financial instruments	56	41	291	172
Finance costs	1,055	780	2,893	2,264
Finance income	(90)	(69)	(249)	(253)
Provision for legal claim	3,425	-	3,425	-
Loss on derivatives	-	-	-	164
Loss on foreign exchange	50	31	473	65

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 26 November 2025.