

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024**
*(The figures have not been audited)*

	Note	Quarter ended			Year to date ended		
		2024	2023	%	2024	2023	%
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	B1	59,907	45,252	32.4	201,479	187,343	7.5
Direct costs		(36,673)	(29,782)		(131,171)	(125,202)	
Gross profit		23,234	15,470	50.2	70,308	62,141	13.1
Other operating income		77	44		195	45	
Administrative expenses		(6,416)	(5,933)		(27,456)	(24,231)	
Other operating expenses		(1,556)	(1,222)		(5,977)	(6,822)	
Net loss on impairment of financial instruments		(352)	(89)		(524)	(65)	
Profit for the year from operations		14,987	8,270	81.2	36,546	31,068	17.6
Finance income		93	99		346	397	
Finance costs		(847)	(711)		(3,111)	(2,912)	
Share of results of associates		34	67		136	168	
Profit before taxation		14,267	7,725	84.7	33,917	28,721	18.1
Taxation	B4	(3,635)	(1,998)		(8,923)	(8,294)	
Profit for the financial period		10,632	5,727	85.6	24,994	20,427	22.4
Other comprehensive income:							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		57	(25)		(63)	36	
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Actuarial loss on defined benefit obligations, net of tax		-	(18)		-	(18)	
Total comprehensive income for the financial period		10,689	5,684	88.1	24,931	20,445	21.9
Profit for the financial period attributable to:-							
Owners of the Company		10,692	5,761	85.6	25,170	20,464	23.0
Non-controlling interests		(60)	(34)	(76.5)	(176)	(37)	(375.7)
		10,632	5,727		24,994	20,427	
Total comprehensive income attributable to:-							
Owners of the Company		10,749	5,718	88.0	25,107	20,482	22.6
Non-controlling interests		(60)	(34)	(76.5)	(176)	(37)	(375.7)
		10,689	5,684		24,931	20,445	
Earnings per share (sen)							
- Basic	B11	2.11	1.16	81.9	4.96	4.13	20.1
- Diluted	B11	2.11	1.16	81.9	4.96	4.13	20.1



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024**

*(The figures have not been audited)*

	<b>Unaudited as at 31.12.2024 RM'000</b>	<b>Audited as at 31.12.2023 RM'000</b>
<b>ASSETS</b>		
	<b>Note</b>	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,958	3,501
Intangible assets	1,030	1,162
Goodwill	162,677	162,677
Right-of-use assets	5,868	6,344
Investments in associates	1,390	2,604
Other investment	200	-
Deferred tax assets	753	490
	<u>175,876</u>	<u>176,778</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	55,088	49,323
Contract assets	161,141	121,990
Current tax assets	105	1,363
Derivative financial assets	-	164
Prepayment	11,585	6,644
Cash and cash equivalents	14,866	19,963
	<u>242,785</u>	<u>199,447</u>
<b>TOTAL ASSETS</b>	<b><u>418,661</u></b>	<b><u>376,225</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	268,439	254,564
Reserves	23,507	4,553
Equity attributable to owners of the Company	<u>291,946</u>	<u>259,117</u>
Non-controlling interest	(183)	(7)
<b>TOTAL EQUITY</b>	<u>291,763</u>	<u>259,110</u>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2024 (cont'd)**

*(The figures have not been audited)*

		<b>Unaudited as at 31.12.2024 RM'000</b>	<b>Audited as at 31.12.2023 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>	<b>Note</b>		
Loans and borrowings	B7	247	219
Lease liabilities	B7	3,216	4,197
Employee benefits		114	8
		<u>3,577</u>	<u>4,424</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	B7	35,371	39,212
Lease liabilities	B7	2,846	2,239
Trade and other payables		68,505	59,472
Contract liabilities		11,976	8,420
Current tax liabilities		3,613	2,880
Provisions		1,010	468
		<u>123,321</u>	<u>112,691</u>
<b>TOTAL LIABILITIES</b>		<u>126,898</u>	<u>117,115</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>418,661</b></u>	<u><b>376,225</b></u>
Net assets per share (RM)		<u>0.58</u>	<u>0.52</u>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 DECEMBER 2024**

*(The figures have not been audited)*

	<b>Attributable to owner of the Company</b>		<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
	<b>Non-Distributable</b>	<b>Distributable</b>				
	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2024	254,564	207	4,346	259,117	(7)	259,110
Other comprehensive income:						
- Foreign currency translation gain	-	(63)	-	(63)	-	(63)
Total other comprehensive income	-	(63)	-	(63)	-	(63)
Profit for the financial period	-	-	25,170	25,170	(176)	24,994
Total comprehensive income for the financial period	-	(63)	25,170	25,107	(176)	24,931
Transactions with owners of the Company:						
Issuance of new shares	13,875	-	-	13,875	-	13,875
Dividend paid	-	-	(6,153)	(6,153)	-	(6,153)
Total transactions with owners for the financial period	13,875	-	(6,153)	7,722	-	7,722
<b>As at 31 December 2024</b>	<b>268,439</b>	<b>144</b>	<b>23,363</b>	<b>291,946</b>	<b>(183)</b>	<b>291,763</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 DECEMBER 2024 (cont'd)**

*(The figures have not been audited)*

	Attributable to owner of the Company				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Warrants Reserve RM'000	Foreign Currency Translation Reserve RM'000	Accumulated losses RM'000			
As at 1 January 2023	254,291	29,196	171	(40,661)	242,997	-	242,997
Other comprehensive income:							
- Foreign currency translation gain	-	-	36	-	36	-	36
- Actuarial loss on defined benefit obligations, net of tax				(18)	(18)		(18)
Total other comprehensive income	-	-	36	(18)	18	-	18
Profit for the financial period	-	-	-	20,464	20,464	(37)	20,427
Total comprehensive income for the financial period	-	-	36	20,446	20,482	(37)	20,445
Transactions with owners of the Company:							
Warrants exercised during the period	273	(72)	-	-	201	-	201
Lapsed of warrants		(29,124)	-	29,124	-	-	-
Shares acquired by non-controlling interests	-	-	-	-	-	30	30
Dividend paid	-	-	-	(4,563)	(4,563)	-	(4,563)
Total transactions with owners for the financial period	273	(29,196)	-	24,561	(4,362)	30	(4,332)
<b>As at 31 December 2023</b>	<b>254,564</b>	<b>-</b>	<b>207</b>	<b>4,346</b>	<b>259,117</b>	<b>(7)</b>	<b>259,110</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 DECEMBER 2024**

*(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Dec 2024 RM'000</b>	<b>31 Dec 2023 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,917	28,721
Adjustments for:		
Net loss on impairment of financial instruments	524	65
Bad debts written off	-	1,136
Depreciation of property, plant and equipment	953	1,018
Depreciation of right-of-use assets	2,863	2,905
Amortisation of intangible assets	206	152
Finance income	(346)	(397)
Finance costs	3,111	2,912
Net fair value loss on derivative	164	330
Gain on disposal of property, plant and equipment	(19)	-
Write off of Property, plant and equipment	16	1
Gain on derecognition of right-of-use assets	(1)	(40)
Share of profit of equity- accounted associates, net of tax	(136)	(168)
<b>Operating profit before working capital changes</b>	<b>41,252</b>	<b>36,635</b>
Changes in working capital:		
Change in employee benefits and provision	106	(6)
Change in trade and other receivables and prepayments	(11,230)	3,113
Change in trade and other payables	9,575	(19,771)
Change in contract assets	(39,151)	13,353
Change in contract liabilities	3,556	(8,155)
<b>Cash generated (used in)/from operations</b>	<b>4,108</b>	<b>25,169</b>
Interest paid	(554)	(654)
Interest received	346	397
Net tax paid	(7,195)	(6,419)
<b>Net cash (used in)/from operating activities</b>	<b>(3,295)</b>	<b>18,493</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED  
31 DECEMBER 2024 (cont'd)**

*(The figures have not been audited)*

	<b>Year to date ended</b>	
	<b>31 Dec 2024 RM'000</b>	<b>31 Dec 2023 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,025)	(320)
Acquisition of intangible assets	(73)	(685)
Acquisition of investment	(200)	(20)
Dividend received from associate	1,350	-
Proceeds from disposal of property, plant and equipment	19	-
<b>Net cash from/(used in) investing activities</b>	<b>71</b>	<b>(1,025)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscription of shares in subsidiary by non-controlling interest	-	30
Payment on hire purchase financing	(528)	(708)
Repayment of term loans	(13,550)	(14,002)
Net drawdown/(repayment) of from revolving credit	9,313	(8,101)
Proceeds from new shares issued pursuant to Placement	13,875	-
Proceeds from warrants exercised	-	201
Payment of lease liabilities	(2,753)	(2,945)
Deposit pledged of licensed bank	(729)	907
Dividend paid	(6,153)	(4,563)
Interest paid	(2,489)	(2,238)
<b>Net cash used in financing activities</b>	<b>(3,014)</b>	<b>(31,419)</b>
<b>Net decrease in cash and cash equivalents during financial period</b>	<b>(6,238)</b>	<b>(13,951)</b>
<b>Effect of exchange rate fluctuation on cash held</b>	<b>(66)</b>	<b>39</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>(9,928)</b>	<b>3,984</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>(16,232)</b>	<b>(9,928)</b>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED  
31 DECEMBER 2024 (cont'd)**

*(The figures have not been audited)*

Components of cash and cash equivalents as at 31 December 2024 is as follows:

	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	2,337	2,163
Short term deposits with licensed banks	12,529	17,800
Bank overdrafts (secured)	<u>(18,569)</u>	<u>(18,091)</u>
	(3,703)	1,872
Less: short term deposits and bank balances pledged with licensed banks	<u>(12,529)</u>	<u>(11,800)</u>
	<u><b>(16,232)</b></u>	<u><b>(9,928)</b></u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]





**ENGINEERS**

## **HSS ENGINEERS BERHAD**

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

---

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

#### **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 2023 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 2023 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 2024:

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

- Amendments to MFRS 7, Financial Instruments: Disclosures, MFRS 16, Leases, MFRS 101, Presentation of Financial Statements, and MFRS 107, Statement of Cash Flows.

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

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

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

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

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

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



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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**

In the first quarter of 2024, the Company has issued 12,500,000 new ordinary shares through first tranche of private placement.

Save for the above, 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 financial period under review, a single tier final dividend of 1.21 sen per ordinary share for the financial year ended 31 December 2023 totalling RM6,152,607 was paid on 26 June 2024.

**A9. Segmental information**

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

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

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

**A11. Capital commitments**

The capital commitments of the Group as at 31 December 2024 were as follows:-

	<b>RM'000</b>
Authorised but not contracted for:	<u>1,954</u>



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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 RM59.9 million and RM201.5 million respectively.

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

	Quarter ended			Year to date ended		
	31 Dec 2024	31 Dec 2023	Variance	31 Dec 2024	31 Dec 2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Engineering services</b>						
- Engineering design	12,191	7,560	61.3	40,778	37,335	9.2
- Construction supervision	11,845	12,505	(5.3)	50,458	56,254	(10.3)
<b>Project management</b>	32,828	21,458	53.0	98,193	81,134	21.0
<b>Digital services</b>	759	552	37.5	1,945	1,263	54.0
<b>Reimbursable income</b>	2,284	3,177	(28.1)	10,105	11,357	(11.0)
<b>TOTAL</b>	<b>59,907</b>	<b>45,252</b>	<b>32.4</b>	<b>201,479</b>	<b>187,343</b>	<b>7.5</b>

Engineering design

The revenue from engineering design for current quarter increased by 61.3% to RM12.2 million as compared to RM7.6 million for the corresponding quarter ended 31 December 2023. This was attributed to the revenue contributed as the lead consultant for civil and structural engineering for the Sultan Abdul Aziz Shah airport redevelopment project, Bayan Lepas LRT project and Jeniang Water Transfer Scheme project. However, this was partially offset by the decrease in revenue from IM-Pelaksanaan Projek Perintis Iskandar Rapid Transit Merangkumi Pembinaan Laluan Khas Bas Berkapasiti Tinggi, Stesen dan Fasiliti Berkaitan.

In line with the progress of projects, engineering design revenue for current period slightly increased to RM40.8 million as compared to RM37.3 million for the corresponding period ended 31 December 2023.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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 was RM11.8 million for the current quarter as compared to RM12.5 million for the corresponding quarter ended 31 December 2023. This was attributed to the decrease in revenue from Langat II Water Supply Scheme – Phase 1.

Construction supervision revenue for current period has decreased to RM50.5 million as compared to RM56.2 million for the corresponding period ended 31 December 2023. This was attributed to the decrease in revenue from Langat II Water Supply Scheme – Phase 1.

Project management

Project management revenue increased by 53.0% for the current quarter ended 31 December 2024 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. 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).

Project management revenue increased by 21.0% for the current period ended 31 December 2024 as compared to the corresponding period in previous year. This was mainly attributable to our major on-going projects including Project Management Consultancy Services and Supervision for the Railway / Metro Project within the Capital City Baghdad, Project Management Consultant (PMC) Bagi Fasa 1 Projek Lebuhraya Pan Borneo Sabah and Project Delivery Management Office for all development projects by the Client within the Northern Corridor Economic Region progressing well and continuing to contribute significantly to project management revenue for current period.

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

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

	Quarter ended			Year to date ended		
	31 Dec 2024	31 Dec 2023	Variance	31 Dec 2024	31 Dec 2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Local</b>						
Malaysia	42,619	44,219	(3.6)	169,444	184,138	(8.0)
<b>Overseas</b>						
India	271	285	(4.9)	1,336	989	35.1
Middle East	14,650	-	100.0	25,706	-	100.0
Philippines	579	677	(14.5)	1,986	1,676	18.5
Cambodia	1,565		100.0	1,565	-	100.0
Indonesia	223	71	>100	1,442	540	>100
<b>TOTAL</b>	<b>59,907</b>	<b>45,252</b>	<b>32.4</b>	<b>201,479</b>	<b>187,343</b>	<b>7.5</b>

Local market continues to contribute significant portion of revenue amounting to 84.1% of the Group's total revenue for period to date ended 31 December 2024.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM10.6 million for the current quarter as compared to a PAT of RM5.7 million for corresponding quarter in year 2023. This was primarily due to increase in revenue and improved gross profit in the current quarter.

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

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	246,214	11.8
- Construction supervision	107,419	5.1
Project management	1,731,784	82.8
	<u>2,085,417</u>	<u>99.7</u>
Digital services	6,718	0.3
<b>Total</b>	<b>2,092,135</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 FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

	<b>Current Quarter 31 Dec 2024 RM'000</b>	<b>Preceding Quarter 30 Sept 2024 RM'000</b>	<b>Variance  %</b>
Revenue	59,907	50,370	18.9
Gross profit	23,234	18,819	23.5
Profit before taxation	14,267	9,202	55.0

The profit before tax for current quarter was RM14.3 million as compared to RM9.2 million for immediate preceding quarter ended 30 September 2024 due to higher revenue achieved in current quarter.

**B3. Prospects**

**(i) Current Scenario**

The outlook of the sector continues to remain resilient in view of major projects that are expected to be awarded over the next few years which include the Penang LRT (contract value estimated to be more than RM 10.3 billion), Perak-Penang Raw Water Transfer (RM 4 billion), Penang International Airport expansion, 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 and Terengganu.

Apart from the development expenditure, public-private partnership projects worth RM 9 billion will be implemented along with domestic direct investments by Government-linked Investment Companies companies worth RM 25 billion, thus bringing the total public investment for development to RM 120 billion under Budget 2025 which augurs well for the infrastructure sector.

In addition 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 hubs. 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 subsidiary, HSS Alliance Sarawak Sdn Bhd, in Serian, which entails the upgrading of a 4-kilometre road is currently in the Preliminary Design phase with the design scope targeted for completion by April 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.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

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

On the digital technology segment, the Group has recently secured 2 (two) new awards namely GDS and Yondr (subsequent phase) in Johor. The other 5 (five) data centres which we are currently working on are namely Infinaxis and Basis Bay Data Centre in Cyberjaya, whilst StarHill (GDS), K2, Yellowwood Data Centre are in Sedenak Tech Park, Johor Darul Takzim.

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 80.63% completion in December 2024 given full mobilization at site.

For the East Coast Rail Link (ECRL), the design work on Package A, spanning approximately 210 km from Kota Bharu to Dungun, is nearing completion. Presently, our team of experienced personnel is fully engaged in active supervision for both Package A and Section 9 (Serendah to Port Klang) ensuring continuous progress across these sections.

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 29% 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.

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.





**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

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

The flood mitigation works for the critical stretches impacted by the 2021 flood event of East Coast Highway Phase 1 are in various stages of construction. The highway concessionaires have also identified potential flooding areas along this highway. The flood mitigation works for such stretches are in design stage. The flood mitigation works at the existing Batu Dam in Kuala Lumpur, implemented based on Design and Build concept, are ongoing for Jabatan Pengairan dan Saliran.

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.

As for Pan Borneo Sabah Phase 1B project, letters of acceptance have been issued for 17 work packages with a combined contract value of RM 9.7 billion as announced in Budget 2025. We have submitted our pre-requisite Phase 1 proposal for PMC role for the Pan Borneo Highway Sabah Phase 1B in October 2024.

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

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, we have secured a Digital Twin solution project in the telco sector with the largest telco tower owner in South East Asia. Our scope of works include 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.

With the Global Delivery Drones market projected to be worth in excess of USD 5.0 billion by the year 2030, we are of the view that this organic expansion plan will set us on a path to be a significant player in being a solutions provider to the Unmanned Aerial Vehicles (UAVs) related industry in Southeast Asia.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

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

With privatisation playing a pivotal role in funding some of the key infrastructure undertakings going forward, the Group anticipates potential mega project roll-outs to come on stream through Public-Private Partnerships (PPPs). 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 December 2024, our order book stood at approximately RM 2.09 billion with project management segment being the biggest contributor of 83% and our tender book value is approximately at RM 504 million.

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

We are of the view that the implementation of mega infrastructure projects going forward will be largely driven through PPPs given the Government's fiscal position. The ongoing mega projects such as ECRL, Pan Borneo Highway Sabah, Johor Bahru-Singapore RTS Link among others will continue to support the activities in the infrastructure sector. Further to this, the PPP projects worth RM 9 billion to be implemented under Budget 2025 will allow the government to accelerate infrastructure spending.

With privatisation of tolled highways, we foresee likelihood of a few projects coming on stream given our involvement in more than 60% of Malaysia's tolled highway projects since inception.

The Government of Malaysia, via Jabatan Bekalan Air, Ministry of Energy Transition and Water Transformation (Petra), has called for tender for consultancy services on the Perak to Penang Raw Water Transfer Project and the tender process is ongoing. We are well positioned to offer our experience and expertise, especially in tunnelling works, as the involvement of foreign professionals is not allowed in this tender.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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)**

Further to this, the Jabatan Perkhidmatan Pembetungan has called for pre-qualification of qualified tenderers for the Upgrading and Rationalisation of sewage treatment plants for sewerage catchments in Bandar Tun Razak and Kelang Selatan to be implemented on Design & Build basis. We note the requirement for Green Technology Master Plan element in design and construction in the Pre-Q notices where we have experience and expertise to advise on the subject matter.

There is also potential in the construction of Wastewater Recycling Plant to be implemented by the Water and Wastewater Plant’s Operators and Investors, such as Government of Selangor, Air Selangor and Indah Water Konsortium Sdn Bhd, where design expertise on recycling technologies will be required. We are well positioned to participate in such Projects given our track record.

<b>FUTURE PROSPECTS</b>	
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
PORT SECTOR	Westport Phase 2 / Pulau Carey
	Miri Port
	Kuching Port
	Tg Bruas Melaka



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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)**

<b>FUTURE PROSPECTS</b>	
<b>WATER SECTOR</b>	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
<b>FLOOD MITIGATION SECTOR</b>	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

**(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.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

**(iv) Growth Strategies**

**Recurring Income**

In line with our recurring income strategy, we have submitted a bid proposal for the fifth round of the Large Scale Solar programme (LSS5) which offers a total generation quota of 2,000MW, in the third quarter of 2024. On 23 December 2024, 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").

The Consortium will be incorporating a special purpose vehicle (SPV) for implementation of the Project. HEBE will own 40% of the equity interest in the SPV whilst the remaining 60% equity interest will be held by Unique Fire.

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, Solarvest Asset Management Sdn Bhd and Aziho Trading 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.

Apart from renewable energy, the other opportunities which the Group would focus on in terms of recurring revenue are water concessions, operation and maintenance or facility management service contracts (Highly Skilled Engineering Sector).

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

**B4. Income tax expense**

	Quarter ended		Year to date ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
<u>Income tax expense</u>				
- Current financial period	3,886	2,040	9,756	8,297
- Prior financial period	-	(4)	(569)	(2,517)
	<u>3,886</u>	<u>2,036</u>	<u>9,187</u>	<u>5,780</u>
<u>Deferred tax</u>				
- Current financial period	(251)	(40)	(264)	44
- Prior financial period	-	2	-	2,470
	<u>(251)</u>	<u>(38)</u>	<u>(264)</u>	<u>2,514</u>
Total tax expense	<u>3,635</u>	<u>1,998</u>	<u>8,923</u>	<u>8,294</u>

The effective tax rate for the current financial period is higher than the statutory tax rate of 24% mainly due to one-off non-deductible expenses incurred for Corporate Exercise on listing of and quotation for up to 49,590,000 new ordinary shares in the Company. Losses incurred in newly set up subsidiary in September 2023: - HSS Propick Technologies Sdn Bhd, which resulted in lower profit before tax of the Group has also indirectly increased the effective tax rate. 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**

On 11 December 2023, the Company had obtained Bursa Securities' approval for the listing of and quotation for up to 49,590,000 new ordinary shares in the Company, representing up to 10% of the total issued and paid-up share capital of the Company. ("Private Placement").

The first tranche of the Private Placement was completed on 8 February 2024 following the listing of and quotation for 12,500,000 ordinary shares on the Main Market of Bursa Malaysia Securities Berhad, at an issue price of RM1.11 per Placement Share.

Save for the above and the Proposed Variation of Utilisation of Proceeds from the Initial Public Offering ("IPO"), there is no other outstanding corporate exercise which have been announced but not completed as at the date of this report.



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

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

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

The Group's borrowings as at 31 December 2024 are as follows:-

	<b>As at 31 Dec 2024 RM'000</b>	<b>As at 31 Dec 2023 RM'000</b>
<b>Current:</b>		
Lease liabilities	2,846	2,239
Hire purchase payables	340	490
Bank overdrafts	18,569	18,091
Revolving Credit	16,462	7,149
Term loan	-	13,482
	<u>38,217</u>	<u>41,451</u>
<b>Non-current:</b>		
Lease liabilities	3,216	4,197
Hire purchase payables	247	219
	<u>3,463</u>	<u>4,416</u>
<b>Total borrowings:</b>		
Lease liabilities	6,062	6,436
Hire purchase payables	587	709
Bank overdrafts	18,569	18,091
Revolving Credit	16,462	7,149
Term loan	-	13,482
	<u><b>41,680</b></u>	<u><b>45,867</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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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:

	<u>Quarter ended</u>		<u>Year to date ended</u>	
	<u>31 Dec 2024</u>	<u>31 Dec 2023</u>	<u>31 Dec 2024</u>	<u>31 Dec 2023</u>
Net profit attributable to ordinary equity holders of the Company (RM'000)	10,632	5,727	24,994	20,427
Weighted average number of ordinary shares in issue ('000)	507,179	495,961	507,179	495,961
Basic EPS (sen)	<u>2.11</u>	<u>1.16</u>	<u>4.96</u>	<u>4.13</u>
Diluted EPS (sen)	<u>2.11</u>	<u>1.16</u>	<u>4.96</u>	<u>4.13</u>

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]





**ENGINEERS**

**HSS ENGINEERS BERHAD**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2024**

**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 Dec 2024 RM'000</b>	<b>31 Dec 2023 RM'000</b>	<b>31 Dec 2024 RM'000</b>	<b>31 Dec 2023 RM'000</b>
Depreciation of property, plant and equipment	228	244	953	1,018
Depreciation of Right-of-use assets	687	761	2,863	2,905
Amortisation of intangible assets	99	38	206	152
Property, plant and equipment written off	-	-	16	-
Gain on disposal of property, plant & equipment	-	-	(19)	-
Bad debts written off	-	-	-	1,136
Net loss on impairment of Financial instruments	352	89	524	65
Finance costs	847	711	3,111	2,912
Finance income	(93)	(99)	(346)	(397)
Loss on derivatives	-	75	164	330
Loss on foreign exchange	7	15	72	54

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 February 2025.