



# **STEEL HAWK BERHAD**

(Registration No. 202001043293 (1399614-A))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
30 JUNE 2025**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED  
30 JUNE 2025 <sup>(1)</sup>**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>
Revenue	11,789	19,294	64,265	39,030
Cost of sales	(6,730)	(10,981)	(37,778)	(22,326)
<b>Gross profit</b>	<b>5,059</b>	<b>8,313</b>	<b>26,487</b>	<b>16,704</b>
Other income	(15)	21	41	26
Administrative expenses	(3,306)	(2,854)	(12,842)	(6,272)
<b>Results from operating activities</b>	<b>1,738</b>	<b>5,480</b>	<b>13,686</b>	<b>10,458</b>
Finance income	11	13	23	25
Finance costs	(136)	(535)	(1,124)	(899)
<b>Profit before tax</b>	<b>1,613</b>	<b>4,958</b>	<b>12,585</b>	<b>9,584</b>
Tax expense	(545)	(1,958)	(3,347)	(3,350)
<b>Net profit and total comprehensive income</b>	<b>1,068</b>	<b>3,000</b>	<b>9,238</b>	<b>6,234</b>
<b>Basic earnings per ordinary shares <sup>(2)</sup> (sen)</b>	<b>0.22</b>	<b>0.61</b>	<b>1.89</b>	<b>1.27</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED  
30 JUNE 2025 <sup>(1)</sup> (CONTINUED)**

**Notes:**

1. The basis of the preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed consolidated interim financial report.
2. Basic and diluted earnings per share ("**EPS**") is calculated based on the number of ordinary shares referred to in Note B11. Diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2025 <sup>(1)</sup>**

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,925	11,821
Right-of-use assets	1,718	1,827
	<u>22,643</u>	<u>13,648</u>
<b>Current assets</b>		
Inventories	862	1,501
Contract assets	66,652	32,014
Trade and other receivables	21,860	26,621
Pledged deposits	5,009	4,950
Cash and cash equivalents	15,354	4,854
	<u>109,737</u>	<u>69,940</u>
<b>Total assets</b>	<b><u>132,380</u></b>	<b><u>83,588</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	20,249	20,249
Restructuring reserves <sup>(2)</sup>	(3,108)	(3,108)
Retained earnings	38,473	29,235
<b>Total equity</b>	<b><u>55,614</u></b>	<b><u>46,376</u></b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2025 <sup>(1)</sup> (CONTINUED)**

	<b>31 June 2025</b>	<b>31 December 2024</b>
	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>Non-current liabilities</b>		
Loans and borrowings	2,499	2,499
Lease liabilities	301	301
Deferred tax liabilities	552	552
	<u>3,352</u>	<u>3,352</u>
<b>Current liabilities</b>		
Loans and borrowings	40,175	22,578
Lease liabilities	83	160
Trade and other payables	25,918	7,231
Current tax liabilities	7,238	3,891
	<u>73,414</u>	<u>33,860</u>
<b>Total liabilities</b>	<b><u>76,766</u></b>	<b><u>37,212</u></b>
<b>Total equity and liabilities</b>	<b><u>132,380</u></b>	<b><u>83,588</u></b>
<b>Net assets per share <sup>(3)</sup> (sen)</b>	<b><u>11.35</u></b>	<b><u>9.46</u></b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2025 <sup>(1)</sup> (CONTINUED)**

**Notes:**

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed consolidated interim financial report.
2. The restructuring reserves comprises the difference between cost of investment recorded by the Company and the share capital of Steel Hawk Engineering Sdn. Bhd. ("**SHESB**") arising from the Company's restructuring exercise undertaken in conjunction with the listing of the Company's shares on the LEAP Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), where on 12 April 2021, the Company had entered into a conditional share sale agreement to acquire the issued share capital of SHESB of RM1,500,000 comprising 1,500,000 ordinary shares from the shareholders of SHESB for the purchase consideration of RM4,607,999.
3. Calculated based on net assets attributable to owners of the Company divided by the Company's issued share capital of 490,000,000 shares.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2025 <sup>(1)</sup>**

	<u>Share capital</u> RM'000	<u>Non-distributable Restructuring reserves</u> RM'000	<u>Distributable Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2025	20,249	(3,108)	29,235	46,376
Net profit and total comprehensive income for the financial period	-	-	9,238	9,238
At 31 June 2025	<u>20,249</u>	<u>(3,108)</u>	<u>38,473</u>	<u>55,614</u>
At 1 January 2024	7,808	(3,108)	16,583	21,283
Net profit and total comprehensive income for the financial period	-	-	6,234	6,234
At 31 June 2024	<u>7,808</u>	<u>(3,108)</u>	<u>22,817</u>	<u>27,517</u>

**Note:**

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed consolidated interim financial report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT 30 JUNE 2025 <sup>(1)</sup>**

	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Unaudited RM'000</b>	<b>Unaudited RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	12,585	9,584
<u>Adjustments:</u>		
Depreciation of property, plant and equipment	673	411
Loss on disposal of property, plant and equipment	-	48
Depreciation of right-of-use assets	109	36
Interest expenses	1,124	899
Interest income	(23)	(25)
<b>Operating profit before working capital changes</b>	<b>14,468</b>	<b>10,953</b>
<u>Changes in working capital:</u>		
Inventories	639	(39)
Contract assets	(34,638)	712
Trade and other receivables	4,761	(8,991)
Trade and other payables	18,687	(1,028)
<b>Cash generated from operations</b>	<b>3,917</b>	<b>1,607</b>
Tax paid	-	(1,309)
<b>Net cash from operating activities</b>	<b>3,917</b>	<b>298</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,121)	(456)
Proceeds from disposal of property, plant and equipment	-	96
Changes in pledged deposits	(59)	(566)
Interest income	23	25
<b>Net cash used in investing activities</b>	<b>(1,157)</b>	<b>(901)</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT 30 JUNE 2025 <sup>(1)</sup> (CONTINUED)**

	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Unaudited RM'000</b>	<b>Unaudited RM'000</b>
<b>Cash flows from financing activities</b>		
Net repayment of term loans	(1,022)	(901)
Net drawdown of trade financing	3,523	8,201
Net repayment of hire purchase liabilities	(98)	(216)
Repayment of lease liabilities	(77)	(375)
Interest paid	(1,124)	(899)
<b>Net cash from/(used in) financing activities</b>	<b>1,202</b>	<b>(5,810)</b>
Net increase in cash and cash equivalents	3,962	5,207
Cash and cash equivalents at beginning of the financial period	(3,704)	4,465
<b>Cash and cash equivalents at end of the financial period</b>	<b>258</b>	<b>9,672</b>

**(i) Cash and cash equivalents**

Cash and cash equivalents at the end of the financial period comprised of the following amounts:

	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Unaudited RM'000</b>	<b>Unaudited RM'000</b>
Cash and cash equivalents	15,354	19,582
Bank overdraft	(15,096)	(9,910)
	<b>258</b>	<b>9,672</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT 30 JUNE 2025 <sup>(1)</sup> (CONTINUED)**

**(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities**

	<u>At 1 January</u> RM'000	<u>Acquisition of new hire purchase liabilities</u> RM'000	<u>Net changes from financing cash flows</u> RM'000	<u>At 30 June</u> RM'000
<b>2025</b>				
Term loans	2,949	-	(1,022)	1,927
Hire purchase liabilities	776	8,656	(98)	9,334
Trade financing	12,794	-	3,523	16,317
Lease liabilities	461	-	(77)	384
	<u>16,980</u>	<u>8,656</u>	<u>2,326</u>	<u>27,962</u>
<b>2024</b>				
Term loans	4,966	-	(901)	4,065
Hire purchase liabilities	867	448	(216)	1,099
Trade financing	5,666	-	8,201	13,867
Lease liabilities	1,235	-	(375)	860
	<u>12,734</u>	<u>448</u>	<u>6,709</u>	<u>19,891</u>

**Note:**

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed consolidated interim financial report.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING  
STANDARDS ("MFRS") 134**

**A1. BASIS OF PREPARATION**

The condensed consolidated interim financial report of Steel Hawk Berhad and its subsidiaries (collectively, the "**Group**") is unaudited and has been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**") and Rule 9.22 as well as Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").

This condensed consolidated interim financial report should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

**A2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted by the Group in this condensed consolidated interim financial report are consistent with those adopted in preparation of the Group's audited consolidated financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report except for the adoption of the following amendments/improvements to MFRSs, which are applicable during the current financial period.

<b>Title</b>	<b>Effective date</b>
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025

The initial application or adoption of the above amendments/improvements to MFRSs are not expected to have any material financial impact on these condensed consolidated interim financial statements.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

The following are accounting standards that have been issued by the MASB but are not yet effective for the Group:

<b>Title</b>	<b>Effective date</b>
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments that are part of Annual Improvements – Volume 11: <ul style="list-style-type: none"> <li>• MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards</i></li> <li>• MFRS 7, <i>Financial Instruments: Disclosures</i></li> <li>• MFRS 9, <i>Financial Instruments</i></li> <li>• MFRS 10, <i>Consolidated Financial Statements</i></li> <li>• MFRS 107, <i>Statement of Cash Flows</i></li> </ul>	1 January 2026
Amendments to MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The initial application of the above standards and amendments are not expected to have any material financial impacts to the condensed consolidated interim financial statements of the Group upon adoption.

**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2024.

**A4. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group were not affected by any seasonal or cyclical trend during the current financial quarter under review.

Nevertheless, the Group's business is subject to Petroliaam Nasional Berhad ("**PETRONAS**") group's expenditure cycle and yearly pre-planned maintenance programs such as preventive maintenances, periodic maintenance, turnarounds and/or shutdown maintenances.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A5. MATERIAL UNUSUAL ITEMS**

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

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect to the Group in the current financial quarter under review.

**A7. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities to the current quarter under review.

**A8. DIVIDEND PAID**

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



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A9. SEGMENTAL INFORMATION**

The Group's revenue is segmented as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June</u> <u>2025</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2024</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2025</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2024</u> <u>Unaudited</u> <u>RM'000</u>
<b>Engineering, Procurement, Construction and Commissioning ("EPCC") services and facilities improvement/maintenance</b>				
Revenue	9,323	15,903	59,904	31,793
Cost of sales	(5,401)	(9,187)	(35,267)	(18,448)
Gross profit	<u>3,922</u>	<u>6,716</u>	<u>24,637</u>	<u>13,345</u>
<b>Installation and Maintenance ("I&amp;M") of oilfield equipment</b>				
Revenue	1,632	2,518	3,189	4,907
Cost of sales	(1,049)	(1,523)	(2,111)	(2,930)
Gross profit	<u>583</u>	<u>995</u>	<u>1,078</u>	<u>1,977</u>
<b>Supply of oilfield equipment ("SOFE")</b>				
Revenue	834	873	1,172	2,330
Cost of sales	(280)	(271)	(400)	(948)
Gross profit	<u>554</u>	<u>602</u>	<u>772</u>	<u>1,382</u>

The geographical location of the Group's customers predominantly operates within Malaysia.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER**

Save as disclosed in Note B6 on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in this condensed consolidated interim financial report.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at the date of this condensed consolidated interim financial report.

**A13. MATERIAL CAPITAL COMMITMENT**

There were no material capital commitments as at the date of this condensed consolidated interim financial report.

**A14. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no valuation of property, plant and equipment as at the date of this condensed consolidated interim financial report.

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no significant related party transactions during the current financial quarter under review.

**A16. DERIVATIVE FINANCIAL INSTRUMENTS**

There were no outstanding derivative financial instruments as at the end of the current financial quarter under review.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**A17. FAIR VALUE OF FINANCIAL LIABILITIES**

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to their relative short term nature of these financial instruments.

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the current market rate of loans and borrowings of the Group at the end of the reporting period.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the unaudited condensed consolidated statement of financial position.

	<u>30 June 2025</u>		<u>31 December 2024</u>	
	<u>Fair value of financial instruments not carried at fair value</u>	<u>Carrying amount</u>	<u>Fair value of financial instruments not carried at fair value</u>	<u>Carrying amount</u>
	<u>Level 3</u>		<u>Level 3</u>	
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>	<u>Audited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Term loans	1,851	1,927	3,044	2,949
Hire purchase liabilities	9,554	9,334	812	776
Lease liabilities	390	384	446	461
	<u>11,795</u>	<u>11,645</u>	<u>4,302</u>	<u>4,186</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING  
REQUIREMENTS**

**B1. REVIEW OF PERFORMANCE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June</u> <u>2025</u> Unaudited RM'000	<u>30 June</u> <u>2024</u> Unaudited RM'000	<u>30 June</u> <u>2025</u> Unaudited RM'000	<u>30 June</u> <u>2024</u> Unaudited RM'000
Revenue	11,789	19,294	64,265	39,030
Profit before tax	1,613	4,958	12,585	9,584

**Individual Quarter Ended 30 June 2025 against 30 June 2024**

The Group's revenue declined to RM11.79 million, representing a reduction of RM7.50 million from RM19.29 million in the corresponding quarter of the previous financial year. The decrease is primarily attributable to a slowdown in the issuance of work orders and the deferment of planned activities by PETRONAS, in line with their ongoing internal cost rationalisation efforts and reprioritisation of operational scopes under a tightened OPEX budget.

Consequently, the Group recorded a profit before tax of RM1.61 million, a decrease of RM3.35 million from RM4.96 million in the corresponding quarter of the previous financial year. The lower revenue base impacted our ability to absorb the overheads at normal operating levels, resulting in a decline in profitability.

To mitigate this impact, the Group has undertaken several measures including cost rationalisation initiatives, resource reallocation, and reprioritisation of non-critical expenditure. Nonetheless, these initiatives typically require time to take full effect and, as such, their financial benefits are expected to materialize progressively over the subsequent financial periods.

**Cumulative Quarter Ended 30 June 2025 against 30 June 2024**

For the six-month period ended 30 June 2025, the Group recorded revenue of RM64.27 million, an increase of RM25.24 million compared to RM39.03 million in the corresponding period of the previous financial year. The stronger performance was mainly driven by higher project execution and billings recognised during Q1 2025.

In tandem with the higher revenue base, profit before tax improved to RM12.59 million from RM9.58 million in the prior year, representing an increase of RM3.01 million. The improved profitability reflects the Group's stronger topline growth, supported by prudent cost management and operational efficiency.

Looking ahead, the Group remains focused on executing ongoing projects, securing new work orders, and sustaining cost discipline to ensure continued earnings growth for the remainder of the financial year.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

	<u>Current Quarter</u> 30 June 2025 Unaudited RM'000	<u>Immediate Preceding Quarter</u> 31 March 2025 Unaudited RM'000	<b>Changes</b>  %
Revenue	18,402	52,476	- 64.93
Profit before tax	4,929	10,972	- 55.08
Net profit and total comprehensive income	3,572	8,170	- 56.28

The Group reported revenue of RM18.40 million for the current quarter, a decline from RM52.48 million in the immediate preceding quarter. As highlighted in Section B1, the reduction is primarily attributable to a slowdown in the issuance of work orders and the deferment of planned activities by PETRONAS.

Correspondingly, profit before tax declined by 55.08% to RM4.93 million from RM10.97 million in the immediate preceding quarter. The lower revenue base affected the Group's ability to absorb fixed overheads at normal operating levels, resulting in reduced profitability.

The Group has initiated cost optimisation measures and resource reallocation efforts to mitigate the impact on profitability. However, the financial benefits of these initiatives are expected to be realised progressively over the coming quarters.



## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

### **B3. PROSPECTS OF THE GROUP**

PETRONAS aims to boost national oil and gas output to 2 million boe/d by 2027, driven by upstream expansion, deepwater projects, and enhanced recovery. Strategic investments in Carbon Capture and Storage (“**CCS**”), digitalisation, and biofuels support long-term sustainability and energy security. With over 69 development wells and 367 annual Field Inspection Programs (“**FIPs**”) planned, PETRONAS is positioning Malaysia’s energy sector for resilient growth. These initiatives, alongside Oil & Gas Services and Equipment (“**OGSE**”) ecosystem support, offer compelling opportunities for service providers such as the Group.

The Group continues to build on its strong track record, with over RM260 million in completed PETRONAS projects since 2019. As of 30 June 2025, it manages 13 active call-out contracts, including five secured post-ACE Market transition in September 2024, ensuring stable revenue visibility through 2029.

A key milestone was reached in November 2024 with the award of its largest contract to date, with five Construction and Modification Works (“**CMW**”) packages across PETRONAS Operating Plant Units (“**OPUs**”). This marked a significant expansion of the Group’s national footprint, including East Malaysia.

Building on the momentum, the Group continues to expand its project portfolio with several strategic contract wins. These include provision of Splash Zone (“**SZ**”) structural repair and maintenance services, panel contractor appointment for EPCC services for Remote Operations (“**RO**”), and an extension of its Onshore Facilities Maintenance, Construction, and Modification (“**ONMCM**”) services with PETRONAS.

Additionally, the Group secured a term contract with PRPC Utilities & Facilities Sdn Bhd for manpower supply at the Solid Product Warehouse (“**SPW**”), further reinforcing its operational competencies and long-term service capabilities.

These recent contract awards underscore the Group’s growing industry recognition and its capability to deliver integrated, high-value services across upstream, midstream, and downstream segments. As an OPEX-focused contractor, the Group plays a critical role in maintaining and ensuring the safe operation of essential oil and gas infrastructure. This positioning provides resilience against oil price volatility, offering investors a stable and dependable growth outlook.

While the oil and gas sector in Malaysia faces headwinds, with PETRONAS’s ongoing cost optimisation efforts and global uncertainties such as potential tariff shifts with the U.S in the background, the Group remains well-positioned. PETRONAS’s ongoing cost optimisation measures and prioritising high-return projects may lead to more selective spending. However, the Group’s core in OPEX-related services, which are essential to maintaining operational continuity, provides resilience and continued opportunity, particularly in midstream and downstream segments that remain relatively insulated from capex fluctuations.

To strengthen long-term resilience, the Group is actively exploring opportunities beyond the oil and gas sector—targeting industries that demand similar technical competencies, such as infrastructure, utilities, and renewable energy. This strategic diversification aims to mitigate sector-specific risks while leveraging the Group’s core strengths in engineering, maintenance, and project execution.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B3. PROSPECTS OF THE GROUP (CONTINUED)**

With a strong project pipeline, pursuant to the recent procurement of new contracts such as CMW, RO, and SZ contracts, the Group have solid operational momentum. Barring unforeseen circumstances, these developments are expected to contribute positively to its financial performance for the year ending 31 December 2025, reinforcing its position as a dependable and growing service provider in the energy sector.

**B4. PROFIT FORECAST**

The Group did not issue any profit estimate, forecast, projection or internal targets in any public document.

**B5. TAXATION**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June 2025</u> Unaudited RM'000	<u>30 June 2024</u> Unaudited RM'000	<u>30 June 2025</u> Unaudited RM'000	<u>30 June 2024</u> Unaudited RM'000
Current taxation	545	1,958	3,347	3,358
Deferred taxation	-	-	-	(8)
<b>Total</b>	<b>545</b>	<b>1,958</b>	<b>3,347</b>	<b>3,350</b>
Effective tax rate (%)	33.79%	39.49%	26.60%	34.95%

The overall effective tax rate for the current individual quarter and cumulative financial period ended 30 June 2025 was higher than the statutory tax rate of 24.00%, primarily due to the impact of non-deductible expenses that are not allowable for tax purposes. These expenses increased the Group's taxable income, resulting in an effective tax rate of 33.79% for the current quarter and 26.60% on a cumulative basis.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B6. STATUS OF CORPORATE PROPOSALS**

On 29 August 2025, the Company announced that it intended to undertake the following proposals:

- i. Proposed diversification of the existing business of Steel Hawk and its subsidiaries into the expanded EPCC segment ("**Proposed Diversification**"); and
- ii. Proposed variation in the utilisation of proceeds raised from the initial public offering ("**Proposed Variation**").

(Collectively, the "**Proposals**").

Further details are contained in the announcement released on Bursa Securities on 29 August 2025.

Save for the above, there were no corporate proposals announced by the Company but not completed as at the date of this condensed consolidated interim financial report.

**B7. UTILISATION OF PROCEEDS FROM THE IPO**

The gross proceeds from the IPO amounting to RM13.50 million is expected to be utilised in the following manner:

	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Balance to be utilised</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Construction of the Proposed Teluk Kalung Facility 2	7,000	-	7,000	Within 24 months
Working capital	2,000	(2,000)	-	Within 18 months
Repayment of bank borrowings	1,000	(1,000)	-	Within 6 months
Estimated expenses for the Transfer	3,500	(3,500)	-	Within 3 months
	<u>13,500</u>	<u>(6,500)</u>	<u>7,000</u>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 16 August 2024.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The details of the Group's borrowings are as follows:

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>Non-current liabilities</b>		
<u>Secured:</u>		
Term loans	1,870	1,870
Hire purchase liabilities	629	629
	<u>2,499</u>	<u>2,499</u>
<b>Current liabilities</b>		
<u>Secured:</u>		
Term loans	57	1,079
Hire purchase liabilities	8,705	147
Trade financing	16,317	12,794
Bank overdraft	15,096	8,558
	<u>40,175</u>	<u>22,578</u>
	<b><u>42,674</u></b>	<b><u>25,077</u></b>

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

**B9. MATERIAL LITIGATION**

There is no litigation or arbitration which has a material effect on the financial position of the Group. The Board is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this condensed consolidated interim financial report.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B10. DIVIDEND**

There was no dividend declared or recommended for payment by the Board during the current financial quarter under review.

**B11. BASIC/DILUTED EARNINGS PER SHARE**

The basic and diluted EPS for the current quarter are computed as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>	<u>Unaudited RM'000</u>
Profit attributable to owners of the Company	1,068	3,000	9,238	6,234
Number of ordinary shares ('000)	490,000	490,000	490,000	490,000
Basic/Diluted EPS (sen) <sup>(1)</sup>	0.22	0.61	1.89	1.27

**Note:**

- Basic and diluted EPS is calculated based on the Company's enlarged share capital of 490,000,000 shares after the IPO of the Company. Diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

**B12. PROFIT BEFORE TAX**

Profit before tax is arrived at after charging/(crediting):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30 June</u> <u>2025</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2024</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2025</u> <u>Unaudited</u> <u>RM'000</u>	<u>30 June</u> <u>2024</u> <u>Unaudited</u> <u>RM'000</u>
Auditors' remuneration	38	-	76	63
<b>Material expenses/(income)</b>				
Depreciation of property, plant and equipment	327	209	646	411
Loss on disposal of property, plant and equipment	-	25	-	48
Depreciation of right-of-use assets	85	15	109	36
Finance income	(11)	(13)	(23)	(25)
Personnel expenses (including key management personnel):				
- Contributions to state plans	200	135	400	260
- Directors' fees	142	150	266	283
- Wages, salaries and others	1,744	1,427	3,371	2,691
Outsourced staffing expenses	3,927	973	6,649	2,781
Net realised foreign exchange loss/(gain)	7	(8)	20	107
Listing expenses	-	562	-	1,176
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other expenses arising from leases</b>				
Expenses relating to short-term leases	366	218	2,660	496
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Save as disclosed above, the other disclosure items pursuant to Note 16 of Appendix 9B of the Listing Requirements are not applicable.

**BY ORDER OF THE BOARD**  
**29 August 2025**