

# **EVERSENDAI**

**EVERSENDAI CORPORATION BERHAD**  
Company No. 200301011640 (614060-A)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

**SECOND QUARTER ENDED 30 JUNE 2021**  
(Figures are not audited unless otherwise specified)  
(In Ringgit Malaysia)

Dated 29 September 2021

**EVERSENDAI CORPORATION BERHAD** 200301011640 (614060-A)  
(Incorporated in Malaysia)

**Date: 29 September 2021**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021  
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

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**EVERSENDAI CORPORATION BERHAD** 200301011640 (614060-A)  
(Incorporated in Malaysia)

**Financial Year Ending 31 December 2021**

**Summary of Key Financial Information for the Second Quarter ended 30 June 2021**

|  | Second Quarter<br>3 months ended |                     | Cumulative Quarter<br>6 months ended |  |
|--|----------------------------------|---------------------|--------------------------------------|--|
|  | 30.6.2021<br>RM'000              | 30.6.2020<br>RM'000 | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000                                |
| 1 Revenue  | 282,141                          | 192,563             | 593,520                              | 421,059  |
| 2 (Loss)/Profit before tax   | (6,102)                          | (26,070)            | (7,352)                              | (35,790)   |
| 3 (Loss)/Profit for the period   | (7,677)                          | (26,188)            | (10,901)                             | (35,258)   |
| 4 (Loss)/Profit attributable to<br>equity holders of the Company               | (8,855)                          | (26,321)            | (12,698)                             | (36,466)   |
| 5 Basic (loss)/earnings per<br>share (sen)                                     | (1.13)                           | (3.37)              | (1.63)                               | (4.67)   |
| 6 Diluted (loss)/earnings per<br>share (sen)                                   | (1.13)                           | N/A                 | (1.63)                               | N/A  |
| 7 Proposed/declared dividend<br>per share (sen)                                | -                                | -                   | -                                    | -  |
|  |                                  |                     | <b>As at<br/>31.3.2021<br/>(RM)</b>  | <b>As at<br/>31.12.2020<br/>(RM)<br/>(Audited)</b> |
| 7 Net assets per share<br>attributable to the equity<br>holders of the Company |                                  |                     | 0.99                                 | 0.95   |

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Condensed Consolidated Statement of Comprehensive Income for the Second Quarter ended 30 June 2021

|  | Note | Second Quarter<br>3 months ended |                 | Cumulative Quarter<br>6 months ended |                 |
|--|------|----------------------------------|-----------------|--------------------------------------|-----------------|
|  |      | 30.6.2021                        | 30.6.2020       | 30.6.2021                            | 30.6.2020       |
|  |      | RM'000                           | RM'000          | RM'000                               | RM'000          |
| <b>Revenue</b>   | 6    | <b>282,141</b>                   | <b>192,563</b>  | <b>593,520</b>                       | <b>421,059</b>  |
| Cost of sales  |      | (256,584)                        | (186,008)       | (547,271)                            | (385,581)       |
| <b>Gross profit</b>  |      | <b>25,557</b>                    | <b>6,555</b>    | <b>46,249</b>                        | <b>35,478</b>   |
| Interest income  |      | 1,484                            | -               | 1,827                                | 268             |
| Other income   |      | 3,085                            | 5,180           | 11,411                               | 10,326          |
| Operating and administrative expenses                                |      | (26,435)                         | (23,856)        | (48,042)                             | (61,441)        |
| <b>Operating profit/(loss)</b>                                       |      | <b>3,691</b>                     | <b>(12,121)</b> | <b>11,445</b>                        | <b>(15,369)</b> |
| Finance costs  |      | (9,793)                          | (13,949)        | (18,797)                             | (20,421)        |
| <b>Loss before tax</b>   | 8    | <b>(6,102)</b>                   | <b>(26,070)</b> | <b>(7,352)</b>                       | <b>(35,790)</b> |
| Income tax (expense)/credit  | 9    | (1,575)                          | (118)           | (3,549)                              | 532             |
| <b>Loss for the period</b>   |      | <b>(7,677)</b>                   | <b>(26,188)</b> | <b>(10,901)</b>                      | <b>(35,258)</b> |
| <b>Other comprehensive (expense)/income:</b>                         |      |                                  |                 |                                      |                 |
| <b>Items that may be reclassified subsequently to profit or loss</b> |      |                                  |                 |                                      |                 |
| - Foreign currency translation                                       |      | 14,723                           | (17,217)        | 44,753                               | 24,623          |
| <b>Total comprehensive (expense)/income for the period</b>           |      | <b>7,046</b>                     | <b>(43,405)</b> | <b>33,852</b>                        | <b>(10,635)</b> |

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**Condensed Consolidated Statement of Comprehensive Income for the Second Quarter ended 30 June 2021  
(Cont'd)**

|   | Note | Second Quarter<br>3 months ended |                 | Cumulative Quarter<br>6 months ended |                 |
|---|------|----------------------------------|-----------------|--------------------------------------|-----------------|
|   |      | 30.6.2021                        | 30.6.2020       | 30.6.2021                            | 30.6.2020       |
|   |      | RM'000                           | RM'000          | RM'000                               | RM'000          |
| Loss for the period attributable to:                                    |      |                                  |                 |                                      |                 |
| - Equity holders of the Company   |      | (8,855)                          | (26,321)        | (12,698)                             | (36,466)        |
| - Non-controlling interests   |      | 1,178                            | 133             | 1,797                                | 1,208           |
|   |      | <u>(7,677)</u>                   | <u>(26,188)</u> | <u>(10,901)</u>                      | <u>(35,258)</u> |
| Total comprehensive<br>(expense)/income<br>attributable to:             |      |                                  |                 |                                      |                 |
| - Equity holders of the Company   |      | 6,681                            | (47,869)        | 32,128                               | (16,132)        |
| - Non-controlling interests   |      | 365                              | 4,464           | 1,724                                | 5,497           |
|   |      | <u>7,046</u>                     | <u>(43,405)</u> | <u>33,852</u>                        | <u>(10,635)</u> |
| <b>Loss per share attributable to<br/>equity holders of the Company</b> |      |                                  |                 |                                      |                 |
| - Basic (sen)   | 10   | <u>(1.13)</u>                    | <u>(3.37)</u>   | <u>(1.63)</u>                        | <u>(4.67)</u>   |
| - Diluted (sen)   | 10   | <u>(1.13)</u>                    | <u>N/A</u>      | <u>(1.63)</u>                        | <u>N/A</u>      |

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes attached to these interim financial statements.

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Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Financial Position as at 30 June 2021

|   |      | 30.6.2021        | 31.12.2020       |
|---|------|------------------|------------------|
|   |      | RM'000           | RM'000           |
|   | Note |                  | (Audited)        |
| <b>ASSETS</b>   |      |                  |                  |
| <b>Non-current Assets</b>                                   |      |                  |                  |
| Property, plant and equipment                               | 11   | 792,226          | 795,934          |
| Goodwill  | 12   | 11,251           | 11,251           |
| Deferred tax assets   |      | 2,961            | 2,914            |
| <b>Total Non-current Assets</b>                             |      | <b>806,438</b>   | <b>810,099</b>   |
| <b>Current Assets</b>                                       |      |                  |                  |
| Inventories   | 13   | 278,617          | 301,096          |
| Contract assets   |      | 937,157          | 935,115          |
| Trade receivables   |      | 1,108,519        | 822,095          |
| Other receivables, refundable deposits and prepaid expenses |      | 204,209          | 110,882          |
| Tax recoverable   |      | 1,593            | 9,956            |
| Cash and bank balances                                      | 14   | 81,927           | 122,711          |
| <b>Total Current Assets</b>                                 |      | <b>2,612,022</b> | <b>2,301,855</b> |
| <b>Total Assets</b>   |      | <b>3,418,460</b> | <b>3,111,954</b> |
| <b>EQUITY AND LIABILITIES</b>                               |      |                  |                  |
| <b>Current Liabilities</b>                                  |      |                  |                  |
| Trade payables  |      | 353,777          | 299,320          |
| Other payables and accrued expenses                         |      | 676,378          | 479,234          |
| Contract liabilities  |      | 111,302          | 100,467          |
| Amount owing to directors                                   |      | 17,345           | 9,046            |
| Derivative financial liabilities                            |      | 8,206            | 8,206            |
| Borrowings  | 16   | 644,792          | 1,009,251        |
| Lease liabilities   | 16   | 11,234           | 12,037           |
| Tax liabilities   |      | 35,368           | 40,352           |
| <b>Total Current Liabilities</b>                            |      | <b>1,858,402</b> | <b>1,957,913</b> |

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**Condensed Consolidated Statement of Financial Position as at 30 June 2021 (Cont'd)**

|  |             | <b>30.6.2021</b> | <b>31.12.2020</b> |
|--|-------------|------------------|-------------------|
|  |             | <b>RM'000</b>    | <b>RM'000</b>     |
|  | <b>Note</b> |                  | <b>(Audited)</b>  |
| <b>EQUITY AND LIABILITIES (Cont'd)</b>               |             |                  |                   |
| <b>Non-current Liabilities</b>                       |             |                  |                   |
| Borrowings   | 16          | 504,424          | 139,003           |
| Lease liabilities                                    | 16          | 189,191          | 183,685           |
| Employees' service benefits                          |             | 75,598           | 74,639            |
| Deferred tax liabilities                             |             | 3,069            | 2,790             |
| <b>Total Non-current Liabilities</b>                 |             | <b>772,282</b>   | <b>400,117</b>    |
| <b>Total Liabilities</b>                             |             | <b>2,630,684</b> | <b>2,358,030</b>  |
| <b>Net Assets</b>                                    |             | <b>787,776</b>   | <b>753,924</b>    |
| <b>Capital and Reserves</b>                          |             |                  |                   |
| Issued capital                                       | 15          | 585,308          | 585,308           |
| Treasury shares                                      | 15          | (91)             | (91)              |
| Capital reserve                                      |             | 187              | 187               |
| Foreign currency translation reserve                 |             | 184,049          | 139,223           |
| Cash flow hedge reserve                              |             | (8,206)          | (8,206)           |
| Retained earnings                                    |             | 9,617            | 22,315            |
| Equity attributable to equity holders of the Company |             | 770,864          | 738,736           |
| <b>Non-controlling interests</b>                     |             | 16,912           | 15,188            |
| <b>Total Equity</b>                                  |             | <b>787,776</b>   | <b>753,924</b>    |
| <b>Total Equity and Liabilities</b>                  |             | <b>3,418,460</b> | <b>3,111,954</b>  |

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes attached to these interim financial statements.

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**Financial Year Ending 31 December 2021**
**Condensed Consolidated Statement of Changes in Equity for the Second Quarter ended 30 June 2021**

|                                   | ← Attributable to equity holders of the Company → |                |                 |                                      |                               |                         |                   |                |                           |                |
|-----------------------------------|---|----------------|-----------------|--------------------------------------|-------------------------------|-------------------------|-------------------|----------------|---------------------------|----------------|
|                                   | ← Non-distributable →                             |                |                 |                                      |                               | Distributable           |                   |                |                           |                |
|                                   | Issued capital                                    | Treasury share | Capital reserve | Foreign currency translation reserve | Fair value adjustment reserve | Cash flow hedge reserve | Retained earnings | Total          | Non-controlling interests | Total equity   |
| Note                              | RM'000  | RM'000         | RM'000          | RM'000                               | RM'000                        | RM'000                  | RM'000            | RM'000         | RM'000                    | RM'000         |
| <b>At 1.1.2020</b>                | <b>585,308</b>                                    | <b>(91)</b>    | <b>187</b>      | <b>138,206</b>                       | <b>30</b>                     | <b>-</b>                | <b>159,859</b>    | <b>883,499</b> | <b>13,513</b>             | <b>897,012</b> |
| (Loss)/Profit for the period      | -   | -              | -               | -                                    | -                             | -                       | (36,466)          | (36,466)       | 1,208                     | (35,258)       |
| Other comprehensive loss          | -   | -              | -               | 20,334                               | -                             | -                       | -                 | 20,334         | 4,289                     | 24,623         |
| Total comprehensive (loss)/income | -   | -              | -               | 20,334                               | -                             | -                       | (36,466)          | (16,132)       | 5,497                     | (10,635)       |
| <b>At 30.6.2020</b>               | <b>585,308</b>                                    | <b>(91)</b>    | <b>187</b>      | <b>158,540</b>                       | <b>30</b>                     | <b>-</b>                | <b>123,393</b>    | <b>867,367</b> | <b>19,010</b>             | <b>886,377</b> |



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**Condensed Consolidated Statement of Changes in Equity for the Second Quarter ended 30 June 2021 (Cont'd)**

|                                      | ← Attributable to equity holders of the Company → |                   |                    |   |                                     |                               |                      |                |                                  |                |
|--------------------------------------|---|-------------------|--------------------|---|-------------------------------------|-------------------------------|----------------------|----------------|----------------------------------|----------------|
|                                      | ← Non-distributable →                             |                   |                    |   |                                     | Distributable                 |                      |                |                                  |                |
|                                      | Issued<br>capital                                 | Treasury<br>share | Capital<br>reserve | Foreign<br>currency<br>translation<br>reserve | Fair value<br>adjustment<br>reserve | Cash flow<br>hedge<br>reserve | Retained<br>earnings | Total          | Non-<br>controlling<br>interests | Total equity   |
| Note                                 | RM'000  | RM'000            | RM'000             | RM'000  | RM'000                              | RM'000                        | RM'000               | RM'000         | RM'000                           | RM'000         |
| <b>At 1.1.2021</b>                   | <b>585,308</b>                                    | <b>(91)</b>       | <b>187</b>         | <b>139,223</b>                                | <b>-</b>                            | <b>(8,206)</b>                | <b>22,315</b>        | <b>738,736</b> | <b>15,188</b>                    | <b>753,924</b> |
| (Loss)/Profit for the period         | -   | -                 | -                  | -   | -                                   | -                             | (12,698)             | (12,698)       | 1,797                            | (10,901)       |
| Other comprehensive (loss)/income    | -   | -                 | -                  | 44,826  | -                                   | -                             | -                    | 44,826         | (73)                             | 44,753         |
| Total comprehensive<br>income/(loss) | -   | -                 | -                  | 44,826  | -                                   | -                             | (12,698)             | 32,128         | 1,724                            | 33,852         |
| <b>At 30.6.2021</b>                  | <b>585,308</b>                                    | <b>(91)</b>       | <b>187</b>         | <b>184,049</b>                                | <b>-</b>                            | <b>(8,206)</b>                | <b>9,617</b>         | <b>770,864</b> | <b>16,912</b>                    | <b>787,776</b> |

These condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Cash Flows for the Second Quarter ended 30 June 2021**

|  | Note | Cumulative Quarter<br>6 months ended |                     |
|--|------|--------------------------------------|---------------------|
|  |      | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000 |
| <b>Operating activities</b>                                  |      |                                      |                     |
| Loss before taxation   |      | (7,352)                              | (35,790)            |
| Adjustments for:   |      |                                      |                     |
| Depreciation of property, plant and equipment                |      | 32,073                               | 34,710              |
| Provision for employees' service benefits                    |      | 3,675                                | 2,790               |
| Gain on disposal of property, plant and equipment            |      | (369)                                | (57)                |
| Interest income  |      | (1,827)                              | (246)               |
| Impairment loss/(Reversal) on trade receivables              |      | 440                                  | 468                 |
| Reversal of provision for foreseeable loss                   |      | -                                    | (59)                |
| Unrealised foreign exchange loss                             |      | 2,087                                | 12,865              |
| Finance costs  |      | 18,797                               | 20,421              |
| <b>Operating profit before working capital changes</b>       |      | <b>47,524</b>                        | <b>35,102</b>       |
| Working capital changes:                                     |      |                                      |                     |
| Net changes in current assets                                |      | (361,841)                            | (187,079)           |
| Net changes in current liabilities                           |      | 262,438                              | 118,985             |
| Cash generated from operations                               |      | (51,879)                             | (32,992)            |
| Employees' service benefits paid                             |      | (5,132)                              | (194)               |
| Taxes refund   |      | 3,379                                | 664                 |
| <b>Net cash flows generated used in operating activities</b> |      | <b>(53,632)</b>                      | <b>(32,522)</b>     |
| <b>Investing activities</b>                                  |      |                                      |                     |
| Purchase of property, plant and equipment                    |      | (9,972)                              | (3,074)             |
| Proceeds from disposal of property, plant and equipment      |      | 369                                  | 109                 |
| Increase/(decrease) in deposits with financial institutions  |      | 7,253                                | (6,372)             |
| Interest received  |      | 1,827                                | 246                 |
| <b>Net cash flows used in investing activities</b>           |      | <b>(523)</b>                         | <b>(9,091)</b>      |

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**Condensed Consolidated Statement of Cash Flows for the Second Quarter ended 30 June 2021 (Cont'd)**

|   | Note | Cumulative Quarter<br>6 months ended |                     |
|---|------|--------------------------------------|---------------------|
|   |      | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000 |
| <b>Financing activities</b>                                     |      |                                      |                     |
| Drawdown/(repayment) of bank borrowings                         |      | 961                                  | (26,330)            |
| Repayment of lease liabilities                                  |      | 4,702                                | 5,723               |
| Increase in amount owing to directors                           |      | 8,299                                | 4,073               |
| Finance costs paid  |      | (18,797)                             | (20,421)            |
| <b>Net cash flows used in financing activities</b>              |      | <b>(4,835)</b>                       | <b>(36,955)</b>     |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(58,990)</b>                      | <b>(78,568)</b>     |
| Effect of changes in foreign exchange rate                      |      | 22,089                               | 60,335              |
| <b>Cash and cash equivalents at beginning of period</b>         |      | <b>(12,614)</b>                      | <b>27,966</b>       |
| <b>Cash and cash equivalents at end of period</b>               |      | <b>(49,515)</b>                      | <b>9,733</b>        |
| <b>Cash and cash equivalents at end of period comprised of:</b> |      |                                      |                     |
| Cash and bank balances  |      | 81,927                               | 127,522             |
| Less: Bank overdrafts   |      | (76,252)                             | (69,393)            |
| Less: Deposits pledged with financial institutions              |      | (55,190)                             | (48,396)            |
|   |      | <b>(49,515)</b>                      | <b>9,733</b>        |

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes to these interim financial statements.

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**Explanatory Notes to the Interim Financial Report for the Second Quarter ended 30 June 2021**

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting**

**1. Corporate Information**

Eversendai Corporation Berhad (“ECB” or “the Company”) is a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

As per the latest audited financial statements for financial year ended 31 December 2020, ECB has met the criteria of the business activities benchmark and financial ratio benchmark set by Shariah Advisory Council (SAC) of the Securities Commission (SC).

These unaudited condensed consolidated financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 29 September 2021.

**2. Basis of Preparation**

These unaudited condensed consolidated financial statements for the financial period ended 30 June 2021 have been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated financial statements also comply with International Accounting Standard (IAS) 34 issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The accompanying explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of ECB and its subsidiaries (“the Group”) since the year ended 31 December 2020.

**3. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this financial report are consistent with those adopted in the audited financial statements for the financial period ended 30 June 2021, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting years on or after 1 January 2021 as follows:-

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**3. Significant Accounting Policies (Cont'd)**

|                                  |  | <b><u>Effective Date</u></b> |
|----------------------------------|--|------------------------------|
| MFRS 4                           | Insurance Contracts                                | 1 January 2021               |
| MFRS 7                           | Financial Instruments: Disclosure                  | 1 January 2021               |
| MFRS 9                           | Financial Instruments                              | 1 January 2021               |
| MFRS 16                          | Leases   | 1 January 2021               |
| MFRS 139                         | Financial Instruments: Recognition and Measurement | 1 January 2021               |
| Amendment to<br>MFRS 16 Covid-19 | Related Rent Concessions                           | 1 April 2021                 |

The adoption of the above amendments to accounting standards are not expected to have any significant impact on the financial results of the Group.

**4. Changes in Estimates**

There were no changes in estimates adopted in the preparation of financial statements that have had a material effect in the current and comparative quarter.

**5. Changes in Composition of the Group**

There was a change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary and long-term investments, restructuring, and discontinued operations for the second quarters under review.

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**
**6. Segment Information**

|                                 | Structural Steel Works |                 |                          |                  | Energy<br>RM'000 | Total<br>Operations<br>RM'000 | A & E *<br>RM'000 | Group<br>RM'000 |
|---------------------------------|------------------------|-----------------|--------------------------|------------------|------------------|-------------------------------|-------------------|-----------------|
|                                 | Middle East<br>RM'000  | India<br>RM'000 | Southeast Asia<br>RM'000 | Others<br>RM'000 |                  |                               |                   |                 |
| <b>6 months ended 30.6.2021</b> |                        |                 |                          |                  |                  |                               |                   |                 |
| Revenue                         |                        |                 |                          |                  |                  |                               |                   |                 |
| - External                      | 289,044                | 127,822         | 63,410                   | 12,900           | 100,344          | 593,520                       | -                 | 593,520         |
| - Internal                      | 46,352                 | -               | 2,992                    | 282              | -                | 49,626                        | (49,626)          | -               |
| <b>Total revenue</b>            | <b>335,396</b>         | <b>127,822</b>  | <b>66,402</b>            | <b>13,182</b>    | <b>100,344</b>   | <b>643,146</b>                | <b>(49,626)</b>   | <b>593,520</b>  |
| <b>Profit/(Loss) before tax</b> | <b>(1,371)</b>         | <b>5,471</b>    | <b>6,026</b>             | <b>(8,653)</b>   | <b>(6,373)</b>   | <b>(4,900)</b>                | <b>(2,452)</b>    | <b>(7,352)</b>  |
| <b>6 months ended 30.6.2020</b> |                        |                 |                          |                  |                  |                               |                   |                 |
| Revenue                         |                        |                 |                          |                  |                  |                               |                   |                 |
| - External                      | 260,441                | 80,878          | 57,418                   | 349              | 21,973           | 421,059                       | -                 | 421,059         |
| - Internal                      | 40,377                 | -               | 18,145                   | 282              | 7,492            | 66,296                        | (66,296)          | -               |
| <b>Total revenue</b>            | <b>300,818</b>         | <b>80,878</b>   | <b>75,563</b>            | <b>631</b>       | <b>29,465</b>    | <b>487,355</b>                | <b>(66,296)</b>   | <b>421,059</b>  |
| <b>Profit/(Loss) before tax</b> | <b>14,267</b>          | <b>651</b>      | <b>3,252</b>             | <b>(22,539)</b>  | <b>(31,421)</b>  | <b>(35,790)</b>               | <b>-</b>          | <b>(35,790)</b> |

\* Consolidation adjustment &amp; elimination

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**6. Segment Information (Cont'd)**

The Group's core business, Structural Steel Works segment continue to be the major contributor of the revenue which contributed for 83.1% of the total Group revenue. Middle East region continue to contribute the largest share of the Structural Steel Works which amounted to RM289.0 million or 48.7% of total Group revenue, followed by India region of RM127.8 million or 21.5% of total Group revenue and South East Asia of RM63.4 million or 10.7% of total Group revenue.

The Others segment reported a loss before tax of RM8.7 million followed by Energy segment of RM6.4 million and Middle East region of RM1.4 million in the second quarter this year. Southeast Asia region reported a profit before tax of RM6.0 million followed by India region of RM5.5 million in the second quarter this year. Better performance was mainly due to the resuming of construction projects except during FMCO commencing from 1 June 2021 as compared to corresponding preceding financial period which was affected by the implementation of MCO commencing from 18 March 2020 in response to the Covid-19 pandemic.

**7. Seasonality of Operations**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

**8. (Loss)/Profit Before Tax**

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

|   | Second Quarter<br>3 months ended |                     | Cumulative Quarter<br>6 months ended |                     |
|---|----------------------------------|---------------------|--------------------------------------|---------------------|
|   | 30.6.2021<br>RM'000              | 30.6.2020<br>RM'000 | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000 |
| Interest income   | 1,484                            | -                   | 1,827                                | 246                 |
| Sales of scrap  | 4,068                            | 2,893               | 8,989                                | 5,721               |
| Finance costs   | (9,793)                          | (13,949)            | (18,797)                             | (20,421)            |
| Depreciation of property, plant and equipment                 | (17,781)                         | (17,355)            | (32,073)                             | (34,710)            |
| Gain on disposal of property, plant and equipment             | -                                | 25                  | 369                                  | 57                  |
| Realised foreign exchange loss                                | (1,068)                          | (1,197)             | (284)                                | (1,240)             |
| Unrealised foreign exchange (loss)/gain                       | (2,486)                          | (12,865)            | (2,087)                              | (12,865)            |
| Reversal/(provision) for employees' service benefits expenses | (1,979)                          | -                   | (3,675)                              | (2,790)             |
| (Provision)/reversal for foreseeable loss                     | -                                | -                   | -                                    | 59                  |
| Impairment loss on receivables                                | (440)                            | (883)               | (440)                                | (468)               |

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**9. Income Tax Expense/(Credit)**

|   | Second Quarter<br>3 months ended |                     | Cumulative Quarter<br>6 months ended |                     |
|---|----------------------------------|---------------------|--------------------------------------|---------------------|
|   | 30.6.2021<br>RM'000              | 30.6.2020<br>RM'000 | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000 |
| <b>Current income tax:</b>                                    |                                  |                     |                                      |                     |
| Malaysian income tax  | 778                              | -                   | 789                                  | 11                  |
| Foreign income tax  | 797                              | 118                 | 2,760                                | (543)               |
|   | <u>1,575</u>                     | <u>118</u>          | <u>3,549</u>                         | <u>(532)</u>        |
| <b>Deferred tax:</b>  |                                  |                     |                                      |                     |
| Relating to origination and reversal of temporary differences | -                                | -                   | -                                    | -                   |
|   | <u>-</u>                         | <u>-</u>            | <u>-</u>                             | <u>-</u>            |
| <b>Total income tax expense/(credit)</b>                      | <u><b>1,575</b></u>              | <u><b>118</b></u>   | <u><b>3,549</b></u>                  | <u><b>(532)</b></u> |
| Profit before tax   | (6,102)                          | (26,070)            | (7,352)                              | (35,790)            |
| Effective tax rate  | -25.81%                          | -0.45%              | -48.27%                              | 1.49%               |

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) on the estimated taxable profit for the period. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the 6 months period ended 30 June 2021 is lower than the 24% statutory tax rate in Malaysia mainly due to significant portion of the Group's pre-tax profit were generated in the Middle East region where business profits in these jurisdictions are not subject to income tax and deductible losses.



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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**10. (Loss)/Earnings per Share**

**(a) Basic Earnings Per Share**

Basic and diluted earnings per share for the current quarter under review are calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares issued (excluding treasury shares) during the financial period.

|   | <b>Second Quarter<br/>3 months ended</b> |                      | <b>Cumulative Quarter<br/>6 months ended</b> |                      |
|---|--|----------------------|--|----------------------|
|   | <b>30.6.2021</b>                         | <b>30.6.2020</b>     | <b>30.6.2021</b>                             | <b>30.6.2020</b>     |
| (Loss)/Profit for the period attributable to equity holders of the Company (RM'000) | (8,855)                                  | (26,321)             | (12,698)                                     | (36,466)             |
| Number of ordinary shares in issue ('000)   | <u>780,999</u>                           | <u>780,999</u>       | <u>780,999</u>                               | <u>780,999</u>       |
| <b>Basic earnings/(loss) per share (sen)</b>  | <b><u>(1.13)</u></b>                     | <b><u>(3.37)</u></b> | <b><u>(1.63)</u></b>                         | <b><u>(4.67)</u></b> |

**(b) Diluted Earnings Per Share**

The diluted earnings per share for the current quarter under review are calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares issued (excluding treasury shares) during the financial period adjusted for the effects of dilutive potential ordinary shares.

|   | <b>Second Quarter<br/>3 months ended</b> |                   | <b>Cumulative Quarter<br/>6 months ended</b> |                   |
|---|--|-------------------|--|-------------------|
|   | <b>30.6.2021</b>                         | <b>30.6.2020</b>  | <b>30.6.2021</b>                             | <b>30.6.2020</b>  |
| (Loss)/Profit for the period attributable to equity holders of the Company (RM'000) | (8,855)                                  | (26,321)          | (12,698)                                     | (36,466)          |
| Weighted average number of ordinary shares in issue ('000)                          | <u>780,999</u>                           | <u>780,999</u>    | <u>780,999</u>                               | <u>780,999</u>    |
| Effect of conversion of warrants ('000)   | <u>*</u>                                 | <u>-</u>          | <u>*</u>                                     | <u>-</u>          |
| Number of ordinary shares in issue ('000)   | <u>780,999</u>                           | <u>780,999</u>    | <u>780,999</u>                               | <u>780,999</u>    |
| <b>Diluted earnings/(loss) per share (sen)</b>                                      | <b><u>(1.13)</u></b>                     | <b><u>N/A</u></b> | <b><u>(1.63)</u></b>                         | <b><u>N/A</u></b> |

\* The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial period. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**11. Property, Plant and Equipment**

As at the end of the current quarter under review, the Group does not have any material commitment for the acquisition or disposal of property, plant and equipment.

**12. Goodwill**

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by directors for the next five years. The key assumptions for the value-in-use calculations are as follows:

| Cash-generating units ("CGUs")       | Growth Rate | Discount Rate Applied | Growth Rate | Discount Rate Applied |
|--------------------------------------|-------------|-----------------------|-------------|-----------------------|
|                                      | 2021        | 2021                  | 2020        | 2020                  |
| Eversendai Engineering LLC Dubai     | 1%          | 10%                   | 1%          | 10%                   |
| Eversendai Engineering Sdn Bhd       | 1%          | 10%                   | 1%          | 10%                   |
| Eversendai Constructions (M) Sdn Bhd | 1%          | 12%                   | 1%          | 12%                   |

a) Budgeted gross margin

The basis used to determine the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.

b) Discount rate

The discount rates used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.

c) Growth rate

The growth rates are based on projects tendered and awarded and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

The Group considers the relationship between its budgeted gross margins, discount rate, growth rate and the carrying value of the goodwill, amongst other factors when reviewing indicators of impairment.

As of 30 June 2021, the Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**13. Inventories**

Based on the nature of the Group's businesses, its procurement policies and rate of inventories turnover, the Group is not exposed to the risk of old or obsolete inventories. Accordingly, no allowance has been made for impairment. Any shortfall which may arise on subsequent realization will be recognized in the profit and loss as and when incurred.

Certain inventories of the Group are pledged against bank borrowings.

**14. Cash and Cash Equivalents**

Cash and cash equivalents comprised the following amounts:

|  | <b>30.6.2021</b> | <b>31.12.2020</b> |
|--|------------------|-------------------|
|  | <b>RM'000</b>    | <b>RM'000</b>     |
|  |                  | <b>(Audited)</b>  |
| Cash and bank balances                       | 26,681           | 60,212            |
| Deposits with financial institutions         | 55,246           | 62,499            |
| <b>Total cash and bank balances</b>          | <b>81,927</b>    | <b>122,711</b>    |
| Less:  |                  |                   |
| Bank overdrafts                              | (76,252)         | (72,826)          |
| Deposits pledged with financial institutions | (55,190)         | (62,499)          |
| <b>Total cash and cash equivalents</b>       | <b>(49,515)</b>  | <b>(12,614)</b>   |

**15. Issued Capital and Treasury Shares**

There was no share buy-back during the current quarter under review.

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**16. Group Borrowings and Debt Securities**

|   | <b>30.6.2021</b>        | <b>31.12.2020</b>       |
|---|-------------------------|-------------------------|
|   | <b>RM'000</b>           | <b>RM'000</b>           |
|   |                         | <b>(Audited)</b>        |
| <b>Current:</b>                                   |                         |                         |
| Bank overdrafts                                   | 76,252                  | 72,826                  |
| Bills payable                                     | 328,115                 | 346,651                 |
| Term loans  | 240,425                 | 589,774                 |
|   | <u>644,792</u>          | <u>1,009,251</u>        |
| Lease liabilities                                 | 11,234                  | 12,037                  |
| <b>Total Current Borrowings</b>                   | <b><u>656,026</u></b>   | <b><u>1,021,288</u></b> |
| <b>Non-current:</b>                               |                         |                         |
| Term loans  | 504,424                 | 139,003                 |
| Lease liabilities                                 | 189,191                 | 183,685                 |
| <b>Total Non-current Borrowings</b>               | <b><u>693,615</u></b>   | <b><u>322,688</u></b>   |
| <b>Total Group Borrowings and Debt Securities</b> | <b><u>1,349,641</u></b> | <b><u>1,343,976</u></b> |

Included in the Group's borrowings as of 30 June 2021 are bank borrowings denominated in foreign currencies as follows:

|                             | <b>Value in foreign</b> | <b>Equivalents in</b>     |
|-----------------------------|-------------------------|---------------------------|
|                             | <b>currency</b>         | <b>value of Malaysian</b> |
|                             | <b>30.6.2021</b>        | <b>currency</b>           |
|                             | <b>'000</b>             | <b>30.6.2021</b>          |
|                             |                         | <b>RM'000</b>             |
| United Arab Emirates Dirham | 415,463                 | 469,662                   |
| Qatari Riyal                | 57,889                  | 66,015                    |
| Indian Rupees               | 1,342,066               | 75,016                    |
| Singapore Dollar            | 1,511                   | 4,665                     |
| United States Dollar        | 115,000                 | 473,953                   |
|                             | <u>1,931,929</u>        | <u>1,073,311</u>          |

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**16. Dividend Paid**

No payment of dividend by the Company during the current quarter under review.

**17. Commitments and Contingencies**

**a) Capital expenditure commitments**

|   | <b>30.6.2021</b> | <b>31.12.2020</b> |
|---|------------------|-------------------|
|   | <b>RM'000</b>    | <b>RM'000</b>     |
|   |                  | <b>(Audited)</b>  |
| <b>Contracted but not provided for:</b>   |                  |                   |
| Factory building and labour accommodation | 246              | 2,375             |
| Computer systems and others               | 19               | 345               |
| Plant and machineries                     | 1,047            | 2,076             |
|   | <u>1,312</u>     | <u>4,796</u>      |

**b) Contingencies**

The Group does not have any pending litigation except as disclosed in Note 27 of this interim financial report.

Corporate guarantees

At the end of the current quarter under review, the Company has provided corporate guarantees for banking facilities to the subsidiaries, which will not result in potential financial liability to the Group, as follows:

|  | <b>30.6.2021</b> | <b>31.12.2020</b> |
|--|------------------|-------------------|
|  | <b>RM'000</b>    | <b>RM'000</b>     |
|  |                  | <b>(Audited)</b>  |
| <b><u>Utilised and Unutilised Portion:</u></b> |                  |                   |
| Eversendai Engineering LLC Dubai               | 3,853,489        | 3,733,411         |
| Eversendai Offshore RMC FZE                    | 674,249          | 664,197           |
| Eversendai Engineering Qatar WLL               | 742,887          | 721,991           |
| Eversendai Construction Private Limited        | 308,989          | 301,223           |
| Eversendai Engineering Sdn Bhd                 | 272,320          | 272,320           |
| Eversendai Engineering Pte Ltd                 | 185,581          | 183,432           |
|  | <u>6,037,515</u> | <u>5,876,574</u>  |

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**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting (Cont'd)**

**19. Related Party Transactions**

Related parties include key management personnel of the Group and companies in which they are principal owners. The following table provides information on the transactions which have been entered into with related parties during the cumulative quarters under review:

|   | Cumulative quarter<br>6 months ended |                     |
|---|--------------------------------------|---------------------|
|   | 30.6.2021<br>RM'000                  | 30.6.2020<br>RM'000 |
| <b>Transactions with certain directors and key management personnel of the Group:</b>   |                                      |                     |
| Rental of staff accommodation and office building from a director   | 637                                  | 672                 |
| <b>Transactions with other related company:</b>   |                                      |                     |
| Provision of services for engineering and fabrication by a subsidiary to a company where the Company deemed related to one of the directors by virtue of his direct interest in the ultimate holding Company of the Group | 7,771                                | 124,843             |

**20. Events After the Reporting Year**

There were no material events subsequent to the end of the current quarter under review that have not been reflected in this interim financial report.

**21. Review of Group with Comparison to Last Year Corresponding Period**

The Group reported a revenue and loss before tax of RM282.1 million and RM6.1 million respectively in the current quarter as compared to RM192.6 million and RM26.1 million in the preceding year corresponding quarter, indicating an increase of approximately 46.5% in revenue and 76.6% better performance in terms of loss before tax. This was mainly due to the resuming of construction projects except during FMCO commencing from 1 June 2021 as compared to corresponding preceding financial period which was affected by the implementation of MCO commencing from 18 March 2020 in response to the Covid-19 pandemic.

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**B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia**

**22. Material Change in Loss Before Taxation in Cumulative Quarters as Compared to Loss in Preceding Year's Corresponding Cumulative Quarters**

For the second quarter ended 30 June 2021, the Group's revenue increased by RM172.4 million or 40.9% to RM593.5 million from RM421.1 million reported in the preceding year corresponding quarter mainly due to new projects which were commenced in the Middle East during this period.

The Group's loss before tax improved by RM28.5 million to RM7.3 million in the current quarter ended 30 June 2021, as compared to the loss before tax of RM35.8 million in the preceding year corresponding quarter.

**23. Review of Group with Comparison in Current Quarter to Immediate Preceding Quarter**

|                     | <b>Current<br/>Quarter<br/>30.6.2021<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>31.3.2021<br/>RM'000</b> |
|---------------------|---|---|
| Revenue             | 282,141   | 311,379   |
| Operating profit    | 3,691   | 7,754   |
| Loss before tax     | (6,102)   | (1,250)   |
| Loss for the period | (7,677)   | (3,224)   |

For the current period under review, the Group recorded revenue and pre-tax loss of RM282.1 million and RM6.1 million respectively, as compared to the immediate preceding quarter of RM311.4 million and RM1.3 million respectively. This was mainly due to disruption of operating environment caused by further restrictions imposed by the Authorities in locations where the Group operates due to the worsening outcome of the Covid-19 Pandemic. The progress of construction work was impeded consequently. This has impacted significantly on subsidiaries in India, South East Asia and Middle East region.

**24. Prospects of the Group**

The Group has an impressive order book worth RM1,591.3 million in hand currently in FY2021 under review. The tender book is estimated at approximately RM12,166.8 million with interesting prospective projects in the pipeline. The Group had secured RM82.7 million worth of new projects currently in FY2021 under review via our subsidiaries in Singapore, India, Dubai and Qatar.

The Covid 19 pandemic has had a devastating effect on business activities globally with no exception to the Group. The recovery in all regions is envisioned to continue into 2022. Hence, the Group anticipates the second half of 2021 will remain challenging.

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**B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia (Cont'd)**

**25. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee committed by the Company or the Group for the current quarter under review.

**26. Corporate Proposals**

**a) Letter of offer from Vahana Holdings Sdn Bhd**

On 10 February 2020, the Company had received a letter of offer from Vahana Holdings Sdn Bhd, one of the major shareholder of the Company wherein Vahana Holdings Sdn Bhd had offered the Company, the opportunity to acquire the entire issued and paid-up share capital of its wholly owned subsidiary, Vahana Offshore (M) Sdn Bhd, which currently owns the entire issued and paid-up share capital of Aryan-Inspire Pte Ltd, Arjun-Aspire Pte Ltd and Vahana Marine Solutions DMCC based on the terms and conditions as set out in the Letter of Offer.

On 10 March 2020, the Company had accepted the Offer, subject to the finalization and execution of a definitive share sale agreement and the fulfilment of the condition precedent set out in the Letter of Offer and the Definitive Agreement. The Company and Vahana Holdings Sdn Bhd have mutually agreed to execute the Definitive Agreement by 30 June 2020.

On 30 June 2020, the Company had entered into a conditional share sale agreement with Vahana Holdings Sdn. Bhd. in relation to the proposed acquisition of 100% equity interest in Vahana Offshore (M) Sdn. Bhd., for a purchase consideration of RM235,000,000 to be fully satisfied via the issuance of 770,491,803 new redeemable convertible preference shares in Eversendai Corporation Berhad at an issue price of RM0.305 each, upon and subject to the terms and conditions of the share sale agreement.

During the EGM held on 10 September 2020, shareholders had approved the proposed acquisition.

As at the date of this report, the completion of the acquisition of Vahana Offshore (M) Sdn Bhd is still pending satisfaction of certain conditions in the Share Sale Agreement.



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**B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia (cont'd)**

**27. Changes in Material Litigation**

Linsun Engineering Sdn Bhd against Eversendai Engineering Sdn Bhd (“EESB”)

On 14 November 2014, a supplier known as Linsun Engineering Sdn Bhd (“the Plaintiff”) has served a Writ of Summons against EESB, for certain supply of manpower for scaffolding erection and dismantling works at the project known as Manjung 4 Power Plant for an alleged claim of RM8,222,465 plus interest which is disputed by the company.

Further trials were held on 13 to 15 September 2021, 20 to 21 September 2021 and 27 September 2021. Our witness had been examined and the case is still ongoing. The trial is ongoing and has not been finalised yet.

Although the management is of the view that it has a very good defence against the above claim but the verdict will depend on the way the judge weighs the evidence presented in court based on documentary and oral evidence.

**28. Dividend Payable**

No interim dividend has been declared for the current financial period ended 30 June 2021.

By order of the Board of Directors

**Tan Sri Dato’ A K Nathan Elumalay**  
Executive Chairman and Group Managing Director  
**Eversendai Corporation Berhad**

29 September 2021