

# **EVERSENDAI**

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

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

**FOURTH QUARTER ENDED 31 DECEMBER 2022**  
(Figures are not audited unless otherwise specified)  
(In Ringgit Malaysia)

Dated 28 February 2023

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

**Date: 28 February 2023**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

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**Financial Year Ending 31 December 2022**

**Summary of Key Financial Information for the Fourth Quarter ended 31 December 2022**

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
1 Revenue	293,605	320,902	897,926	1,222,342
2 (Loss)/Profit before tax	(167,519)	(126,314)	(362,636)	(145,997)
3 (Loss)/Profit for the period	(167,503)	(122,122)	(365,059)	(146,060)
4 (Loss)/Profit attributable to equity holders of the Company	(164,248)	(109,563)	(359,390)	(137,083)
5 Basic (loss)/earnings per share (sen)	(21.03)	(14.03)	(46.02)	(17.55)
6 Diluted (loss)/earnings per share (sen)	(21.03)	(14.03)	(46.02)	(17.55)
7 Proposed/declared dividend per share (sen)	-	-	-	-
			<b>As at 31.12.2022 (RM)</b>	<b>As at 31.12.2021 (RM) (Audited)</b>
8 Net assets per share attributable to the equity holders of the Company			0.38	0.81

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Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2022

	Note	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Revenue</b>	6	<b>293,605</b>	<b>320,902</b>	<b>897,926</b>	<b>1,222,342</b>
Cost of sales		(272,823)	(351,574)	(923,324)	(1,191,521)
<b>Gross profit / (loss)</b>		<b>20,782</b>	<b>(30,672)</b>	<b>(25,398)</b>	<b>30,821</b>
Interest income		(168)	(1,758)	561	69
Other income		599	14,717	24,481	34,430
Operating and administrative expenses		(163,108)	(95,237)	(302,927)	(166,383)
<b>Operating Profit / (loss)</b>		<b>(141,895)</b>	<b>(112,950)</b>	<b>(303,283)</b>	<b>(101,063)</b>
Finance costs		(25,624)	(13,364)	(59,353)	(44,934)
<b>Loss before tax</b>	8	<b>(167,519)</b>	<b>(126,314)</b>	<b>(362,636)</b>	<b>(145,997)</b>
Income tax (expense)/credit	9	16	4,192	(2,423)	(63)
<b>Loss for the period</b>		<b>(167,503)</b>	<b>(122,122)</b>	<b>(365,059)</b>	<b>(146,060)</b>
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Foreign currency translation		(33,067)	(4,780)	32,939	24,963
- Cash flow hedges		(10,994)	4,482	(10,994)	4,482
<b>Total comprehensive (expense)/income for the period</b>		<b>(211,564)</b>	<b>(122,420)</b>	<b>(343,114)</b>	<b>(116,615)</b>

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**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2022 (Cont'd)**

	Fourth Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Note</b>				
(Loss)/Profit for the period attributable to:				
- Equity holders of the Company	(164,248)	(109,563)	(359,390)	(137,083)
- Non-controlling interests	<u>(3,255)</u>	<u>(12,559)</u>	<u>(5,669)</u>	<u>(8,977)</u>
	<b><u>(167,503)</u></b>	<b><u>(122,122)</u></b>	<b><u>(365,059)</u></b>	<b><u>(146,060)</u></b>
Total comprehensive (expense)/income attributable to:				
- Equity holders of the Company	(208,359)	(109,779)	(337,437)	(107,622)
- Non-controlling interests	<u>(3,205)</u>	<u>(12,641)</u>	<u>(5,677)</u>	<u>(8,993)</u>
	<b><u>(211,564)</u></b>	<b><u>(122,420)</u></b>	<b><u>(343,114)</u></b>	<b><u>(116,615)</u></b>
<b>Loss per share attributable to equity holders of the Company</b>				
- Basic (sen)	10	<u>(21.03)</u>	<u>(14.03)</u>	<u>(17.55)</u>
- Diluted (sen)	10	<u>(21.03)</u>	<u>(14.03)</u>	<u>(17.55)</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 2021, and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Financial Position as at 31 December 2022

		31.12.2022	31.12.2021
		RM'000	RM'000
	Note		(Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11	738,821	765,986
Goodwill	12	9,920	9,920
Deferred tax assets		5,515	3,823
<b>Total Non-current Assets</b>		<b><u>754,256</u></b>	<b><u>779,729</u></b>
<b>Current Assets</b>			
Inventories	13	240,008	198,460
Contract assets		531,313	631,634
Trade receivables		757,542	869,256
Other receivables, refundable deposits and prepaid expenses		169,207	110,108
Tax recoverable		2,265	9,146
Cash and bank balances	14	110,562	113,398
<b>Total Current Assets</b>		<b><u>1,810,897</u></b>	<b><u>1,932,002</u></b>
<b>Total Assets</b>		<b><u>2,565,153</u></b>	<b><u>2,711,731</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables		316,306	302,377
Other payables and accrued expenses		529,076	337,732
Contract liabilities		63,093	64,184
Amount owing to directors		25,302	16,245
Derivative financial liabilities		14,718	3,724
Borrowings	16	984,367	1,002,750
Lease liabilities	16	14,598	11,161
Tax liabilities		34,961	35,476
<b>Total Current Liabilities</b>		<b><u>1,982,421</u></b>	<b><u>1,773,649</u></b>

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**Condensed Consolidated Statement of Financial Position as at 31 December 2022 (Cont'd)**

		<b>31.12.2022</b>	<b>31.12.2021</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	39,318	58,536
Lease liabilities	16	182,836	180,173
Employees' service benefits		79,117	74,798
Deferred tax liabilities		1,809	1,809
<b>Total Non-current Liabilities</b>		<b>303,080</b>	<b>315,316</b>
<b>Total Liabilities</b>		<b>2,285,501</b>	<b>2,088,965</b>
<b>Net Assets</b>		<b>279,652</b>	<b>622,766</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		197,116	164,169
Cash flow hedge reserve		(14,718)	(3,724)
Retained earnings		(474,157)	(114,767)
Equity attributable to equity holders of the Company		293,645	631,082
<b>Non-controlling interests</b>		<b>(13,993)</b>	<b>(8,316)</b>
<b>Total Equity</b>		<b>279,652</b>	<b>622,766</b>
<b>Total Equity and Liabilities</b>		<b>2,565,153</b>	<b>2,711,731</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 2021, and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2022**

Note	← Attributable to equity holders of the Company →								
	← Non-distributable →					Distributable			
	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
	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>(8,206)</b>	<b>22,315</b>	<b>738,736</b>	<b>15,188</b>	<b>753,924</b>
Loss for the period	-	-	-	-	-	(137,083)	(137,083)	(8,977)	(146,060)
Other comprehensive income/(loss)	-	-	-	24,946	4,482	-	29,428	17	29,445
Total comprehensive income/(loss)	-	-	-	24,946	4,482	(137,083)	(107,655)	(8,960)	(116,615)
Dividend	-	-	-	-	-	-	-	(14,544)	(14,544)
<b>At 31.12.2021</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>164,169</b>	<b>(3,724)</b>	<b>(114,768)</b>	<b>631,081</b>	<b>(8,316)</b>	<b>622,765</b>



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**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2022 (Cont'd)**

Note	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings/ (Accumulated losses)	Non-distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1.1.2022</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>164,169</b>	<b>(3,724)</b>	<b>(114,768)</b>	<b>631,082</b>	<b>(8,316)</b>	<b>622,765</b>	
Loss for the period	-	-	-	-	-	(359,390)	(359,390)	(5,669)	(365,059)	
Other comprehensive income/(loss)	-	-	-	32,947	(10,994)	-	21,953	(8)	21,945	
Total comprehensive income/(loss)	-	-	-	32,947	(10,994)	(359,390)	(337,437)	(5,677)	(343,114)	
<b>At 31.12.2022</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>197,116</b>	<b>(14,718)</b>	<b>(474,157)</b>	<b>293,646</b>	<b>(13,993)</b>	<b>279,652</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 2021, and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2022**

	Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021
Note	RM'000	RM'000
<b>Operating activities</b>		
Loss before taxation	(362,636)	(145,997)
Adjustments for:		
Depreciation of property, plant and equipment	60,791	62,433
Provision for employees' service benefits	10,628	8,242
Gain on disposal of property, plant and equipment	(591)	635
Interest income	(561)	(10)
Impairment loss/(Reversal) on trade receivables	171,761	55,764
Unrealised foreign exchange loss	17,177	4,854
Bad debts written off	-	6,519
Finance costs	59,353	45,969
<b>Operating profit before working capital changes</b>	<b>(44,078)</b>	<b>38,409</b>
Working capital changes:		
Net changes in current assets	74,694	285,000
Net changes in current liabilities	50,027	(149,427)
Cash generated from operations	80,643	173,982
Employees' service benefits paid	(10,377)	(10,693)
Taxes refund	-	(5,962)
<b>Net cash flows generated used in operating activities</b>	<b>70,266</b>	<b>157,327</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(33,626)	(12,153)
Proceeds from disposal of property, plant and equipment	591	921
Increase/(decrease) in deposits with financial institutions	20,908	12,107
Interest received	561	10
<b>Net cash flows used in investing activities</b>	<b>(11,566)</b>	<b>885</b>

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**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2022 (Cont'd)**

	Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021
Note	RM'000	RM'000
<b>Financing activities</b>		
Drawdown/(repayment) of bank borrowings	(37,601)	(104,467)
Increase/(Decrease) of amount owing to holding company	(1,543)	(3,234)
Addition to /(Repayment) of lease liabilities	6,100	(4,388)
Increase in amount owing to directors	9,057	7,199
Dividend paid	-	(14,544)
Finance costs paid	(59,353)	(42,943)
<b>Net cash flows used in financing activities</b>	<b>(83,340)</b>	<b>(162,377)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,640)</b>	<b>(4,165)</b>
Effect of changes in foreign exchange rate	31,255	29,014
<b>Cash and cash equivalents at beginning of period</b>	<b>12,235</b>	<b>(12,614)</b>
<b>Cash and cash equivalents at end of period</b>	<b>18,850</b>	<b>12,235</b>
<b>Cash and cash equivalents at end of period comprised of:</b>		
Cash and bank balances	110,562	113,398
Less: Bank overdrafts	(20,412)	(50,771)
Less: Deposits pledged with financial institutions	(71,300)	(50,392)
	<b>18,850</b>	<b>12,235</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 2021, and the accompanying explanatory notes to these interim financial statements.

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2022**

**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 2021, 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 28 February 2023.

**2. Basis of Preparation**

These unaudited condensed consolidated financial statements for the financial period ended 31 December 2022 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 2021. 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 2021.

**3. Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2021 except for those standards, amendments and interpretations which are effective from the annual period beginning of 1 January 2022. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2022**

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

**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 is no change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary and long-term investments, restructuring, and discontinued operations 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)

6. Segment Information

	Structural Steel Works				Energy RM'000	Total Operations RM'000	A & E * RM'000	Group RM'000
	Middle East RM'000	India RM'000	Southeast Asia RM'000	Others RM'000				
<b>12 months ended 31.12.2022</b>								
Revenue								
- External	405,606	258,512	184,303	5,940	43,565	897,926	-	897,926
- Internal	142,666	26	(3,434)	11,142	2,484	152,885	(152,885)	-
<b>Total revenue</b>	<b>548,272</b>	<b>258,539</b>	<b>180,870</b>	<b>17,081</b>	<b>46,049</b>	<b>1,050,811</b>	<b>(152,885)</b>	<b>897,926</b>
<b>Profit/(Loss) before tax</b>	<b>(187,012)</b>	<b>1,683</b>	<b>(46,161)</b>	<b>(80,808)</b>	<b>(50,338)</b>	<b>(362,636)</b>		<b>(362,636)</b>
<b>12 months ended 31.12.2021</b>								
Revenue								
- External	555,137	298,888	179,462	31,408	160,635	1,225,530	(3,188)	1,222,342
- Internal	63,532	824	27,556	41,113	-	133,025	(133,025)	-
<b>Total revenue</b>	<b>618,669</b>	<b>299,712</b>	<b>207,018</b>	<b>72,521</b>	<b>160,635</b>	<b>1,358,555</b>	<b>(136,213)</b>	<b>1,222,342</b>
<b>Profit/(Loss) before tax</b>	<b>(43,885)</b>	<b>2,139</b>	<b>(50,230)</b>	<b>(801)</b>	<b>(20,400)</b>	<b>(113,177)</b>	<b>(32,820)</b>	<b>(145,997)</b>

\* Consolidation adjustment & elimination

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2022**

**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 continues to be the major contributor of the revenue which contributed for 95.2% of the total Group revenue. Middle East region continues to contribute the largest share of the Structural Steel Works which amounted to RM405.61 million or 45.2% of total Group revenue, followed by India region with RM258.5 million or 28.8% of total Group revenue and Southeast Asia with RM184.3 million or 20.5% of total Group revenue, while Energy sector contributed to RM43.6 million or 4.9% of the total revenue.

Middle East Segment reported a loss before tax of RM 187 million, a deterioration by RM143.1 million compared to the loss before tax during the previous year of RM43.9 million, mainly due to impairment provisions on contract assets and receivables of RM163.8 million. The losses under Others segment of RM80.8 million during the current year are mainly due to unrealised forex loss of RM18.6 million arising from strengthening of the US Dollar against RM and the finance cost of RM34.7 million. The losses from Southeast Asia of RM46.2 million during the year are mainly due to revalidation of Contract margins. The Energy segment recorded a loss before tax of RM50.3 million, an increase in loss by RM29.9 million compared to the loss during the corresponding period in 2021 of RM20.4 million.

The losses during the current financial period are mainly due to under-utilisation of the Group's Fabrication facilities, with utilisation averaging at 28%, resulting in severe under recovery of fixed costs, coupled with adjustment of contract values and margins for some projects and provision for impairment of contract assets and receivables.

**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:

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Interest income	(168)	(1,817)	561	10
Sales of scrap	(5,851)	7,242	10,947	23,786
Finance costs	(25,624)	(13,364)	(59,353)	(44,934)
Depreciation of property, plant and equipment	(16,484)	(12,263)	(60,791)	(62,433)
Gain on disposal of property, plant and equipment	591	224	591	696
Property, plant and equipment written off	-	1,331	-	1,331
Realised foreign exchange loss	(210)	(3,019)	(452)	(3,085)
Unrealised foreign exchange (loss)/gain	36,197	3,156	(17,177)	(4,854)
Reversal/(provision) for employees' service benefits expenses	(2,914)	(2,619)	(10,628)	(8,242)
Bad debts written off	-	(6,491)	-	(6,519)
Reversal of impairment loss on receivables	(159,552)	(50,192)	(171,761)	(55,764)

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2022**

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

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

	Fourth Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Current income tax:</b>				
Malaysian income tax	480	(383)	480	250
Foreign income tax	(2,415)	(574)	24	3,048
	<u>(1,934)</u>	<u>(957)</u>	<u>505</u>	<u>3,298</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,918	(456)	1,918	(456)
<b>Total income tax expense/(credit)</b>	<b><u>(16)</u></b>	<b><u>(1,413)</u></b>	<b><u>2,423</u></b>	<b><u>2,842</u></b>
Loss before tax	(167,519)	(126,314)	(362,636)	(145,997)
Effective tax rate	0.0%	1.1%	-0.7%	-1.9%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) on the estimated taxable profit for the period. Taxation on other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the 12 months period ended 31 December 2022 is lower than the 24% statutory tax rate in Malaysia mainly due to a significant portion of the Group's pre-tax profit being 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.

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	(164,248)	(109,563)	(359,390)	(137,083)
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>(21.03)</u></b>	<b><u>(14.03)</u></b>	<b><u>(46.02)</u></b>	<b><u>(17.55)</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.

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	(164,248)	(109,563)	(359,390)	(137,083)
Weighted average number of ordinary shares is issue ('000)	780,999	780,999	780,999	780,999
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>(21.03)</u></b>	<b><u>(14.03)</u></b>	<b><u>(46.02)</u></b>	<b><u>(17.55)</u></b>

\* The potential conversion of warrants is 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
	2022	2022	2021	2021
Eversendai Engineering LLC Dubai	1%	10%	1%	10%
Eversendai Engineering Sdn Bhd	1%	10%	1%	10%

- 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 at 31 December 2022, 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>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Cash and bank balances	39,262	63,006
Deposits with financial institutions	71,300	50,392
<b>Total cash and bank balances</b>	<b>110,562</b>	<b>113,398</b>
Less:		
Bank overdrafts	(20,412)	(50,771)
Deposits pledged with financial institutions	(71,300)	(50,392)
<b>Total cash and cash equivalents</b>	<b>18,850</b>	<b>12,235</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>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b>Current:</b>		
Bank overdrafts	20,412	50,771
Bills payable	214,531	173,330
Term loans	749,424	778,649
	<u>984,367</u>	<u>1,002,750</u>
Lease liabilities	14,598	11,161
<b>Total Current Borrowings</b>	<u><b>998,965</b></u>	<u><b>1,013,911</b></u>
<b>Non-current:</b>		
Term loans	39,318	58,536
Lease liabilities	182,836	180,173
<b>Total Non-current Borrowings</b>	<u><b>222,154</b></u>	<u><b>238,709</b></u>
<b>Total Group Borrowings and Debt Securities</b>	<u><b>1,221,119</b></u>	<u><b>1,252,620</b></u>

Included in the Group's borrowings as of 31 December 2022 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>31.12.2022</b>	<b>currency</b>
	<b>'000</b>	<b>31.12.2022</b>
		<b>RM'000</b>
United Arab Emirates Dirham	308,748	370,960
Qatari Riyal	33,913	41,096
Indian Rupees	1,426,210	76,017
Singapore Dollar	3,727	12,258
United States Dollar	<u>115,000</u>	<u>502,856</u>

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

**17. Dividend Paid**

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

**18. Commitments and Contingencies**

**a) Capital expenditure commitments**

As at the end of the current quarter under review, the Group does not have any material capital expenditure commitments.

**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>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b><u>Utilised and Unutilised Portion:</u></b>		
Eversendai Engineering LLC Dubai	453,496	580,320
Eversendai Offshore RMC FZE	274,854	302,925
Eversendai Construction Private Limited	293,731	304,344
Eversendai Engineering Qatar WLL	180,886	159,966
Eversendai Engineering Sdn Bhd	242,441	138,655
Eversendai Engineering Pte Ltd	126,646	92,706
Eversendai Engineering Saudi LLC	55,400	55,400
	<b><u>1,627,454</u></b>	<b><u>1,634,315</u></b>

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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:

	<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
<b>Transactions with certain directors and key management personnel of the Group:</b>		
Rental of staff accommodation and office building from a director	1,389	1,337
<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	26,585	1,071

**20. Events After the Reporting Year**

There were no material events subsequent to 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's total revenue of RM897.9 million showed a decrease of RM324.4 million or deterioration by 26.5% compared to previous year revenue of RM1,222.3 million. The Group recorded a gross loss of RM25.4 million, a deterioration by RM56.2 million compared to the previous year gross profit of RM30.8 million. The deterioration in performance during the year is mainly due to under-utilisation of the Group's Fabrication facilities averaging at 28%, resulting in under recovery of fixed costs, coupled with adjustment of contract values and margins for some projects, finance costs and provision for impairment of contract assets and receivables.

The loss before tax during the year includes impact of unrealised forex loss of RM17.2 million arising from the strengthening of US Dollar against the RM and finance cost of RM59.4 million.

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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 Current Quarter as Compared to Loss in Preceding Year's Corresponding Quarter**

The Group's total loss before taxation of RM167.5 million in current quarter, an increase in loss of RM41.2 million from corresponding quarter of previous year loss before taxation of RM126.3 million. The increase in loss is mainly due to under-utilisation of the Group's Fabrication facilities averaging at 28%, resulting in under recovery of fixed costs, coupled with adjustment of contract values and margins for some projects, finance costs and provision for impairment of contract assets and receivables.

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

	<b>Current Quarter 31.12.2022 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2022 RM'000</b>
Revenue	293,605	205,876
Operating losses	(141,895)	(83,309)
Loss before tax	(167,519)	(98,604)
Loss for the period	(167,503)	(98,117)

The Group reported revenue and loss before tax of RM293.6 million and RM167.5 million respectively in the current quarter as compared to revenue of RM205.9 million and loss before tax of RM98.6 million in the immediately preceding Quarter. The increase in loss is mainly due to under-utilisation of the Group's Fabrication facilities, with utilisation averaging at 28%, resulting in under recovery of fixed costs, coupled with adjustment of contract values and margins for some projects, finance costs and provision for impairment of contract assets and receivables.

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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)**

**24. Prospects of the Group**

As part of the Group's overall strategy for the recovery phase from the post COVID-19 situation and its related impact, the Group, in addition to strengthening its existing order book of RM 1.6 Billion for the foreseeable future, undertook a comprehensive internal reorganisation exercise with a strong focus on optimisation of costs and improving efficiency in its operations and resources to increase productivity with the aim of ultimately improving the profitability of the Group.

Additionally, action has been taken to address short-term liquidity challenges to ensure that the Group manages the effects of this global downturn and to ensure continued sustainability and development of the Group. In due course, the Group is exploring additional alternative funding options including restructuring of its' Group's assets, to further strengthen its liquidity position. With these combined efforts, going forward, the Group is optimistic of its future prospects but remains cautious of the global geopolitical and economic challenges.

**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 with the cut off date to complete within 6 months from the date of the 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. The period to complete the acquisition is extended until 30 June 2023.



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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.

The matter has been tried in the High Court and the Shah Alam High Court has delivered its decision, allowing the Plaintiff’s claim in the sum of RM8,025,493.38 together with interest on the said sum to be calculated at the rate of 5% per annum from the date of filing of the claim (12 November 2014) until full realisation and associated costs.

In the meantime, the Company also wishes to update that EESB has filed an Appeal to the Court of Appeal on 21 December 2022 against the decision of the Shah Alam High Court dated 19 December 2022, which is now fixed for case management on 21 March 2023 and a stay of execution of the judgment until disposal of the appeal filed on 22 December 2022, is now fixed for case management on 9 March 2023.

**28. Dividend Payable**

No interim dividend has been proposed during the current financial period ended 31 December 2022.

By order of the Board of Directors

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

28 February 2023