

# **EVERSENDAI**

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

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023**

**FOURTH QUARTER ENDED 31 DECEMBER 2023**  
(Figures are not audited unless otherwise specified)  
(In Ringgit Malaysia)

Dated 28 February 2024

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

**Date: 28 February 2024**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

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(Incorporated in Malaysia)

**Financial Year Ending 31 December 2023**

**Summary of Key Financial Information for the Fourth Quarter ended 31 December 2023**

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
1 Revenue	519,053	300,987	1,454,041	905,308
2 (Loss)/Profit before tax	43,166	(171,665)	21,102	(366,782)
3 (Loss)/Profit for the period	44,388	(169,305)	15,834	(366,861)
4 (Loss)/Profit attributable to equity holders of the Company	57,853	(166,376)	26,616	(361,518)
5 Basic (loss)/earnings per share (sen)	7.41	(21.30)	3.41	(46.29)
6 Diluted (loss)/earnings per share (sen)	7.41	(21.30)	3.41	(46.29)
7 Proposed/declared dividend per share (sen)	-	-	-	-
			<b>As at 31.12.2023 (RM)</b>	<b>As at 31.12.2022 (RM) (Audited)</b>
8 Net assets per share attributable to the equity holders of the Company			0.47	0.39

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Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2023

	Note	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Revenue</b>	6	<b>519,053</b>	<b>300,987</b>	<b>1,454,041</b>	<b>905,308</b>
Cost of sales		(443,345)	(284,283)	(1,276,887)	(934,784)
<b>Gross profit / (loss)</b>		<b>75,708</b>	<b>16,704</b>	<b>177,154</b>	<b>(29,476)</b>
Interest income		545	(126)	1,493	603
Other income		137,960	10,060	184,219	33,942
Operating and administrative expenses		(135,077)	(172,474)	(250,072)	(312,293)
<b>Operating Profit / (loss)</b>		<b>79,137</b>	<b>(145,836)</b>	<b>112,794</b>	<b>(307,224)</b>
Finance costs		(35,971)	(25,829)	(91,692)	(59,558)
<b>Profit / (loss) before tax</b>	8	<b>43,166</b>	<b>(171,665)</b>	<b>21,102</b>	<b>(366,782)</b>
Income tax (expense)/credit	9	1,222	2,360	(5,268)	(79)
<b>Profit / (loss) for the period</b>		<b>44,388</b>	<b>(169,305)</b>	<b>15,834</b>	<b>(366,861)</b>
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Foreign currency translation		1,966	(33,101)	33,354	32,905
- Cash flow hedges		-	5,830	-	5,830
<b>Total comprehensive (expense)/income for the period</b>		<b>46,354</b>	<b>(196,576)</b>	<b>49,188</b>	<b>(328,126)</b>

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**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2023 (Cont'd)**

	Fourth Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<b>Note</b>				
(Loss)/Profit for the period attributable to:				
- Equity holders of the Company	57,853	(166,376)	26,616	(361,518)
- Non-controlling interests	<u>(13,465)</u>	<u>(2,929)</u>	<u>(10,782)</u>	<u>(5,343)</u>
	<b>44,388</b>	<b>(169,305)</b>	<b>15,834</b>	<b>(366,861)</b>
Total comprehensive (expense)/income attributable to:				
- Equity holders of the Company	60,031	(193,696)	60,049	(322,774)
- Non-controlling interests	<u>(13,677)</u>	<u>(2,880)</u>	<u>(10,861)</u>	<u>(5,352)</u>
	<b>46,354</b>	<b>(196,576)</b>	<b>49,188</b>	<b>(328,126)</b>
<b>Profit / (loss) per share attributable to equity holders of the Company</b>				
- Basic (sen)	10	<u>7.41</u>	<u>(21.30)</u>	<u>3.41</u>
- Diluted (sen)	10	<u>7.41</u>	<u>(21.30)</u>	<u>3.41</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 2022, 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 2023

		31.12.2023	31.12.2022
		RM'000	RM'000
	Note		(Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11	701,798	738,645
Goodwill	12	9,920	9,920
Deferred tax assets		6,669	4,829
<b>Total Non-current Assets</b>		<b>718,387</b>	<b>753,394</b>
<b>Current Assets</b>			
Inventories	13	180,915	242,988
Contract assets		604,865	525,587
Trade receivables		898,430	746,519
Other receivables, refundable deposits and prepaid expenses		142,224	122,353
Derivative Financial Asset		2,106	2,106
Tax recoverable		3,372	12,144
Cash and bank balances	14	128,251	104,769
<b>Total Current Assets</b>		<b>1,960,163</b>	<b>1,756,466</b>
<b>Total Assets</b>		<b>2,678,550</b>	<b>2,509,860</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables		300,183	314,870
Other payables and accrued expenses		542,383	492,413
Contract liabilities		126,857	57,168
Amount owing to directors		26,562	25,094
Derivative financial liabilities		-	-
Borrowings	16	1,026,992	986,036
Lease liabilities	16	15,851	15,885
Tax liabilities		6,150	33,333
<b>Total Current Liabilities</b>		<b>2,044,978</b>	<b>1,924,799</b>

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**Condensed Consolidated Statement of Financial Position as at 31 December 2023 (Cont'd)**

		<b>31.12.2023</b>	<b>31.12.2022</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	34,859	34,008
Lease liabilities	16	163,814	177,452
Employees' service benefits		90,514	78,404
Deferred tax liabilities		558	558
<b>Total Non-current Liabilities</b>		<b>289,745</b>	<b>290,422</b>
<b>Total Liabilities</b>		<b>2,334,723</b>	<b>2,215,221</b>
<b>Net Assets</b>		<b>343,827</b>	<b>294,639</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		230,517	197,084
Cash flow hedge reserve		2,106	2,106
Retained earnings		(449,670)	(476,286)
Equity attributable to equity holders of the Company		368,357	308,308
<b>Non-controlling interests</b>		<b>(24,530)</b>	<b>(13,669)</b>
<b>Total Equity</b>		<b>343,827</b>	<b>294,639</b>
<b>Total Equity and Liabilities</b>		<b>2,678,550</b>	<b>2,509,860</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 2022, 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 2023**

	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	← Non-distributable →				Distributable					
Note	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	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>631,081</b>	<b>(8,316)</b>	<b>622,765</b>	
Loss for the period	-	-	-	-	-	(361,518)	(361,518)	(5,343)	(366,861)	
Other comprehensive income	-	-	-	32,915	5,830	-	38,745	(10)	38,735	
Total comprehensive income/(loss)	-	-	-	32,915	5,830	(361,518)	(322,773)	(5,353)	(328,126)	
Dividend	-	-	-	-	-	-	-	-	-	
<b>At 31.12.2022</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>197,084</b>	<b>2,106</b>	<b>(476,286)</b>	<b>308,308</b>	<b>(13,669)</b>	<b>294,639</b>	



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**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2023 (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	Distributable Retained earnings/ (Accumulated losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1.1.2023</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>197,084</b>	<b>2,106</b>	<b>(476,286)</b>	<b>308,308</b>	<b>(13,669)</b>	<b>294,639</b>
Profit for the period	-	-	-	-	-	26,616	26,616	(10,782)	15,834
Other comprehensive income	-	-	-	33,433	-	-	33,433	(79)	33,354
Total comprehensive income	-	-	-	33,433	-	26,616	60,049	(10,861)	49,188
<b>At 31.12.2023</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>230,517</b>	<b>2,106</b>	<b>(449,670)</b>	<b>368,357</b>	<b>(24,530)</b>	<b>343,827</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 2022, 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 2023**

		<b>Cumulative Quarter 12 months ended</b>	
	<b>Note</b>	<b>31.12.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
<b>Operating activities</b>			
Profit /(Loss) before taxation		21,102	(366,782)
Adjustments for:			
Depreciation of property, plant and equipment		53,816	62,070
Gain on lease modification		-	(7)
Provision for employees' service benefits		18,305	9,917
Gain on disposal of property, plant and equipment		(947)	(588)
Property, plant and equipment written off		-	-
Interest income		(1,493)	(603)
Impairment loss/(Reversal) on trade receivables		(82,156)	162,698
Unrealised foreign exchange loss		24,145	20,427
Finance costs		91,692	59,558
<b>Operating profit before working capital changes</b>		<b>124,464</b>	<b>(53,310)</b>
Working capital changes:			
Net changes in current assets		(204,104)	3,867
Net changes in current liabilities		162,092	148,789
Cash generated from operations		82,453	99,346
Employees' service benefits paid		(9,294)	(10,377)
Taxes (paid)/refunded		-	(7,653)
<b>Net cash flows generated used in operating activities</b>		<b>73,159</b>	<b>81,316</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(16,969)	(7,015)
Proceeds from disposal of property, plant and equipment		947	671
Increase/(decrease) in deposits with financial institutions		(13,658)	(17,920)
Interest received		1,493	603
<b>Net cash flows used in investing activities</b>		<b>(28,187)</b>	<b>(23,661)</b>

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**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2023 (Cont'd)**

	<b>Cumulative Quarter 12 months ended</b>	
Note	<b>31.12.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
<b>Financing activities</b>		
Drawdown/(repayment) of bank borrowings	41,807	(33,842)
Increase/(Decrease) of amount owing to holding company	(679)	(3,381)
Addition to /(Repayment) of lease liabilities	(13,672)	(7,135)
Increase in amount owing to directors	1,468	8,849
Finance costs paid	(91,692)	(46,777)
<b>Net cash flows used in financing activities</b>	<b>(62,768)</b>	<b>(82,286)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,796)</b>	<b>(24,631)</b>
Effect of changes in foreign exchange rate	31,593	32,915
<b>Cash and cash equivalents at beginning of period</b>	<b>20,519</b>	<b>12,235</b>
<b>Cash and cash equivalents at end of period</b>	<b>34,316</b>	<b>20,519</b>
<b>Cash and cash equivalents at end of period comprised of:</b>		
Cash and bank balances	128,251	104,769
Less: Bank overdrafts	(39,281)	(15,938)
Less: Deposits pledged with financial institutions	(54,654)	(68,312)
	<b>34,316</b>	<b>20,519</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 2022, 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 2023**

**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 2022, 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 2024.

**2. Basis of Preparation**

These unaudited condensed consolidated financial statements for the financial period ended 31 December 2023 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 2022. 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 2022

**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 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning of 1 January 2023. 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 2023**

**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

	Middle East RM'000	India RM'000	Southeast Asia RM'000	Others RM'000	Total Operations RM'000	A & E * RM'000	Group RM'000
<b>12 months ended 31.12.2023</b>							
Revenue							
- External	1,024,754	236,455	192,832	0	1,454,042	-	1,454,042
- Internal	610,260	3,171	31,266	24,160	668,858	(668,858)	-
<b>Total revenue</b>	<b>1,635,015</b>	<b>239,626</b>	<b>224,098</b>	<b>24,160</b>	<b>2,122,900</b>	<b>(668,858)</b>	<b>1,454,042</b>
<b>Profit/(Loss) before tax</b>	<b>115,101</b>	<b>1,296</b>	<b>14,682</b>	<b>(109,978)</b>	<b>21,102</b>	<b>-</b>	<b>21,102</b>
<b>12 months ended 31.12.2022</b>							
Revenue							
- External	456,483	258,512	184,373	5,940	905,308	-	905,308
- Internal	145,151	26	(3,434)	11,524	153,267	(153,267)	-
<b>Total revenue</b>	<b>601,634</b>	<b>258,539</b>	<b>180,939</b>	<b>17,463</b>	<b>1,058,575</b>	<b>(153,267)</b>	<b>905,308</b>
<b>Profit/(Loss) before tax</b>	<b>(242,292)</b>	<b>2,252</b>	<b>(44,212)</b>	<b>(82,529)</b>	<b>(366,782)</b>	<b>-</b>	<b>(366,782)</b>

\* Consolidation adjustment & elimination

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2023**

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

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

The Group's Middle East Segment continues to contribute the largest share of the revenue during the current quarter which amounted to RM407.3 million or 78.5%, followed by India region with RM57.9 million or 11.2% and Southeast Asia with RM53.8 million or 10.4%, of the total Group revenue.

During the current quarter, Middle East segment reported a Profit before tax of RM109.4 million, an improvement by RM300.8 million compared to the Loss before tax during Q4 2022 of RM191.4 million. The Southeast Asia segment reported a loss before tax of RM1.97 million compared to Profit before tax of RM4.6 million during Q4 2022. The India segment recorded a loss before tax of RM2.7 million compared to loss before tax of RM5.3 million during Q4 2022. Others segment reported loss before tax of RM61.5 million during the current quarter against loss before tax during Q4 2022 of RM20.5 million.

Profit before tax during the current quarter is arising mainly due to progress of the projects in the 'Middle East' segment and improved utilisation of the Group's Fabrication facilities from 38% in Q4 2022 to 45% in Q4 2023.

**7. Seasonality of Operations**

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

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

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

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Interest income	545	(126)	1,493	603
Sales of scrap	5,214	(5,562)	21,167	11,236
Finance costs	(35,971)	(25,829)	(91,692)	(59,558)
Depreciation of property, plant and equipment	(12,086)	(17,763)	(53,816)	(62,070)
Gain on disposal of property, plant and equipment	(16)	485	947	588
Gain on lease modification	-	7	-	7
Realised foreign exchange loss	(1,374)	(430)	(1,374)	(672)
Unrealised foreign exchange (loss)/gain	(32,896)	32,947	(24,145)	(20,427)
Reversal/(provision) for employees' service benefits expenses	(9,976)	(2,203)	(18,305)	(9,917)
Reversal/(provision) for impairment loss on receivables and contract assets	80,506	(149,587)	82,156	(162,698)

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**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2023**

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<b>Current income tax:</b>				
Malaysian income tax	13	-	31	-
Foreign income tax	323	(487)	6,903	2,439
Adjustment in respect of prior years	-	-	-	-
	<u>336</u>	<u>(487)</u>	<u>6,934</u>	<u>2,439</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,558)	-	(1,666)	-
Adjustment in respect of prior years	-	-	-	-
<b>Total income tax expense/(credit)</b>	<u>(1,222)</u>	<u>(487)</u>	<u>5,268</u>	<u>2,439</u>
Profit / (loss) before tax	43,165	(171,665)	21,102	(366,782)
Effective tax rate	-2.8%	0.3%	25.0%	-0.7%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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.

	<b>Fourth Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	57,853	(166,376)	26,616	(361,518)
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>7.41</u></b>	<b><u>(21.30)</u></b>	<b><u>3.41</u></b>	<b><u>(46.29)</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>Fourth Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	57,853	(166,376)	26,616	(361,518)
Weighted average number of ordinary shares in 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>7.41</u></b>	<b><u>(21.30)</u></b>	<b><u>3.41</u></b>	<b><u>(46.29)</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:

	<b>Growth Rate</b>	<b>Discount Rate Applied</b>	<b>Growth Rate</b>	<b>Discount Rate Applied</b>
<b>Cash-generating units ("CGUs")</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
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 2023, 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>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Cash and bank balances	73,597	36,457
Deposits with financial institutions	<u>54,654</u>	<u>68,312</u>
<b>Total cash and bank balances</b>	<b>128,251</b>	<b>104,769</b>
Less:		
Bank overdrafts	(39,281)	(15,938)
Deposits pledged with financial institutions	<u>(54,654)</u>	<u>(68,312)</u>
<b>Total cash and cash equivalents</b>	<b><u>34,316</u></b>	<b><u>20,519</u></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>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b>Current:</b>		
Bank overdrafts	39,281	15,938
Bills payable	208,604	216,159
Term loans	779,107	753,939
	<u>1,026,992</u>	<u>986,036</u>
Lease liabilities	43	488
<b>Total Current Borrowings</b>	<u><b>1,027,035</b></u>	<u><b>986,524</b></u>
<b>Non-current:</b>		
Term loans	34,859	34,008
Lease liabilities	-	3
<b>Total Non-current Borrowings</b>	<u><b>34,859</b></u>	<u><b>34,011</b></u>
<b>Total Group Borrowings and Debt Securities</b>	<u><b>1,061,894</b></u>	<u><b>1,020,535</b></u>

Included in the Group's borrowings as of 31 December 2023 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>31.12.2023</b>	<b>currency</b>
	<b>'000</b>	<b>31.12.2023</b>
		<b>RM'000</b>
United Arab Emirates Dirham	293,674	367,416
Qatari Riyal	40,086	50,548
Indian Rupees	1,433,101	79,107
Singapore Dollar	2,651	9,230
United States Dollar	<u>115,000</u>	<u>528,493</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>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b><u>Utilised and Unutilised Portion:</u></b>		
Eversendai Engineering LLC Dubai	380,918	453,496
Eversendai Offshore RMC FZE	280,444	274,854
Eversendai Construction Private Limited	337,893	293,731
Eversendai Engineering Qatar WLL	210,601	180,886
Eversendai Engineering Sdn Bhd	32,295	242,441
Eversendai Engineering Pte Ltd	27,966	126,646
Eversendai Engineering Saudi LLC	20,130	55,400
	<b><u>1,290,248</u></b>	<b><u>1,627,454</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>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>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	1,411	1,389
<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	6,036	26,585

**20. Events After the Reporting Year**

A Sale and Purchase Agreement was entered by one of the wholly owned subsidiaries, ECB Properties Sdn Bhd with Pelangi Tulus Sdn Bhd on 5 January 2024 for the proposed sale of two parcels of freehold land held under Geran 111868, Lot 67331 and Geran 111869, Lot 67332, both of Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor, Malaysia for a total cash consideration of RM63 million.

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

The Group's revenue of RM1,454.0 million for the current financial year showed an increase of RM548.7 million or 60.6% as compared to RM905.3 million for last financial year. The Group recorded Gross Profit of RM177.2 million during the current financial year against Gross loss of RM29.5 million during last financial year, an improvement by RM206.6 million, mainly arising from progress of the projects in the Middle East and improvement in the utilisation of the Group's Fabrication facilities, with utilisation averaging at 42% during the current year as compared to 22% during 2022.

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

The Group recorded Profit before tax of RM43.2 million in the current quarter, against Loss before tax of RM171.7 million during corresponding quarter of 2022, the improvement is attributable to increased operational performance during the current period and to the reversal of provisions.

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

	<b>Current Quarter 31.12.2023 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2023 RM'000</b>
Revenue	519,053	345,846
Operating profit	79,137	(7,030)
Profit / (loss) before tax	43,166	(27,529)
Profit for the period	44,388	(30,840)

The Group reported revenue and profit before tax of RM519.0 million and RM43.2 million respectively in the current quarter as compared to revenue of RM345.8 million and loss before tax of RM27.5 million in the immediately preceding Quarter. Profit during the current quarter is arising mainly due to progress of the projects in the 'Middle East' segment and improved utilisation of the Group's Fabrication facilities and reversal of provisions.

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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**

With the Group's current order book of RM1.4 billion and continuous reorganisation of resources with a strong focus on optimisation of costs and improving efficiency in its operations, the Group believes that the path of recovery is in motion. The Group is also in the process of restructuring its borrowings to strengthen its liquidity position.

Profits during the current year are mainly from improved operational performance and reversal of provisions. The Group foresees optimal utilisation of all its fabrication facilities with the existing order book and with the expected award of highly potential iconic projects from the tender book. The Group is optimistic of its future prospects to achieve improved financial performance but remains cautious of the global geopolitical and economic uncertainties.

**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 cutoff 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.

The period to complete the acquisition is extended until 31 December 2023. On 28 December 2023, both parties have mutually agreed to terminate the conditional share sale agreement due to non-fulfilment of certain conditions precedent as set therein.



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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.

On 19 December 2022, the Shah Alam High Court delivered its decision in allowing the Plaintiff’s claim in the sum of RM8,025,000 until full realisation with costs.

On 21 December 2022, EESB filed an appeal to the Court of Appeal against the decision of the Shah Alam High Court dated 19 December 2022, which is now fixed for hearing on 27 May 2024.

On 22 December 2022, EESB filed its application to stay the execution of said judgement until disposal of EESB’s appeal. On 18 April 2023 the High Court granted a stay in favour of EESB on condition that EESB pays the judgement sum together with interest to the plaintiff’s solicitors within 30 days from 18 April 2023, which has been complied with.

**28. Dividend Payable**

No interim dividend has been proposed during the current financial period ended 31 December 2023.

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 2024