

EVERSENDAI

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024

FIRST QUARTER ENDED 31 MARCH 2024
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)

Dated 30 May 2024

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

Date: 30 May 2024

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

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Summary of Key Financial Information for the First Quarter ended 31 March 2024

	First Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
1 Revenue	399,715	307,314	399,715	307,314
2 Profit /(loss) before tax	7,473	2,899	7,473	2,899
3 Profit /(Loss) for the period	4,482	1,432	4,482	1,432
4 Profit /(Loss) attributable to equity holders of the Company	355	1,195	355	1,195
5 Basic (loss)/earnings per share (sen)	0.05	0.15	0.05	0.15
6 Diluted (loss)/earnings per share (sen)	0.05	0.15	0.05	0.15
7 Proposed/declared dividend per share (sen)	-	-	-	-
			As at	As at
			31.03.2024	31.12.2023
			(RM)	(RM)
				(Audited)
8 Net assets per share attributable to the equity holders of the Company			0.48	0.46

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Condensed Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2024

	Note	First Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		RM'000	RM'000	RM'000	RM'000
Revenue	6	399,715	307,314	399,715	307,314
Cost of sales		(322,735)	(276,109)	(322,735)	(276,109)
Gross profit / (loss)		76,980	31,205	76,980	31,205
Interest income		480	286	480	286
Other income		9,231	21,339	9,231	21,339
Operating and administrative expenses		(56,064)	(34,521)	(56,064)	(34,521)
Operating Profit / (loss)		30,627	18,309	30,627	18,309
Finance costs		(23,154)	(15,410)	(23,154)	(15,410)
Profit / (loss) before tax	8	7,473	2,899	7,473	2,899
Income tax (expense)/credit	9	(2,991)	(1,467)	(2,991)	(1,467)
Profit / (loss) for the period		4,482	1,432	4,482	1,432
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation		15,735	1,303	15,735	1,303
- Cash flow hedges		-	-	-	-
Total comprehensive (expense)/income for the period		20,217	2,735	20,217	2,735

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**Condensed Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2024
(Cont'd)**

	First Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Note				
(Loss)/Profit for the period attributable to:				
- Equity holders of the Company	355	1,195	355	1,195
- Non-controlling interests	4,127	237	4,127	237
	<u>4,482</u>	<u>1,432</u>	<u>4,482</u>	<u>1,432</u>
Total comprehensive (expense)/income attributable to:				
- Equity holders of the Company	16,091	2,497	16,091	2,497
- Non-controlling interests	4,126	238	4,126	238
	<u>20,217</u>	<u>2,735</u>	<u>20,217</u>	<u>2,735</u>
Profit / (loss) per share attributable to equity holders of the Company				
- Basic (sen)	10	<u>0.05</u>	<u>0.05</u>	<u>0.15</u>
- Diluted (sen)	10	<u>0.05</u>	<u>0.05</u>	<u>0.15</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 2023, and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Financial Position as at 31 March 2024

		31.03.2024	31.12.2023
		RM'000	RM'000
	Note		(Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment	11	645,211	641,171
Goodwill	12	9,920	9,920
Deferred tax assets		12,222	11,895
Total Non-current Assets		667,353	662,986
Current Assets			
Inventories	13	153,182	184,713
Contract assets		673,477	596,026
Trade receivables		822,215	894,522
Other receivables, refundable deposits and prepaid expenses		162,505	129,518
Amount owing by holding company		10,055	10,934
Tax recoverable		2,305	2,251
Cash and bank balances	14	132,116	132,731
Assets held for sale		61,290	61,290
Total Current Assets		2,017,145	2,011,985
Total Assets		2,684,498	2,674,971
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables		307,307	303,408
Other payables and accrued expenses		623,431	563,867
Contract liabilities		61,562	119,664
Amount owing to directors		22,208	28,727
Borrowings	16	1,018,203	1,027,879
Lease liabilities	16	12,707	12,263
Tax liabilities		8,391	6,313
Total Current Liabilities		2,053,809	2,062,121

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Condensed Consolidated Statement of Financial Position as at 31 March 2024 (Cont'd)

		31.03.2024	31.12.2023
		RM'000	RM'000
	Note		(Audited)
EQUITY AND LIABILITIES (Cont'd)			
Non-current Liabilities			
Borrowings	16	20,107	23,786
Lease liabilities	16	170,160	168,347
Employees' service benefits		92,960	90,514
Total Non-current Liabilities		283,227	282,647
Total Liabilities		2,337,036	2,344,768
Net Assets		347,462	330,203
Capital and Reserves			
Issued capital	15	585,308	585,308
Treasury shares	15	(91)	(91)
Capital reserve		187	187
Foreign currency translation reserve		235,935	220,199
Retained earnings		(449,238)	(449,593)
Equity attributable to equity holders of the Company		372,101	356,010
Non-controlling interests		(24,639)	(25,807)
Total Equity		347,462	330,203
Total Equity and Liabilities		2,684,498	2,674,971

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023, and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2024

Note	← Attributable to equity holders of the Company →							Non-controlling interests	Total equity
	← Non-distributable →				Distributable				
	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings/ (Accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01.01.2023	585,308	(91)	187	197,084	2,106	(476,286)	308,308	(13,668)	294,640
Loss for the period						1,195	1,195	237	1,432
Other comprehensive income				1,302	-		1,302	1	1,303
Total comprehensive income/(loss)	-	-	-	1,302	-	1,195	2,497	238	2,735
Dividend							-		-
At 31.03.2023	585,308	(91)	187	198,386	2,106	(475,091)	310,805	(13,430)	297,375

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Condensed Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2024 (Cont'd)

	← Attributable to equity holders of the Company →							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/ (Accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01.01.2024	585,308	(91)	187	220,199	-	(449,593)	356,010	(25,807)	330,203
Profit for the period	-	-	-	-	-	355	355	4,127	4,482
Dividend paid	-	-	-	-	-	-	-	(2,958)	(2,958)
Other comprehensive income	-	-	-	15,736	-	-	15,736	(1)	15,735
Total comprehensive income	-	-	-	15,736	-	355	16,091	1,168	17,259
Dividend paid	17	-	-	-	-	-	-	-	-
At 31.03.2024	585,308	(91)	187	235,935	-	(449,238)	372,101	(24,639)	347,462

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 2023, and the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD 200301011640 (614060-A)
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Condensed Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2024

	Note	Cumulative Quarter 3 months ended	
		31.03.2024 RM'000	31.03.2023 RM'000
Operating activities			
Profit /(Loss) before taxation		7,473	2,899
Adjustments for:			
Depreciation of property, plant and equipment		13,933	13,717
Provision for employees' service benefits		7,838	2,310
Gain on disposal of property, plant and equipment		(123)	(621)
Interest income		(480)	(286)
Impairment loss/(Reversal) on trade receivables		4,206	(11,652)
Unrealised foreign exchange loss		10,143	921
Finance costs		23,154	15,410
Operating profit before working capital changes		66,144	22,698
Working capital changes:			
Net changes in current assets		(9,981)	(164,509)
Net changes in current liabilities		12,179	159,713
Cash generated from operations		68,341	17,902
Employees' service benefits paid		(7,928)	(1,645)
Taxes (paid)/refunded		-	-
Net cash flows generated used in operating activities		60,414	16,257
Investing activities			
Purchase of property, plant and equipment		(17,973)	(1,219)
Proceeds from disposal of property, plant and equipment		123	621
Increase/(decrease) in deposits with financial institutions		6,182	(5,352)
Interest received		480	286
Net cash flows used in investing activities		(11,188)	(5,664)

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Condensed Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2024 (Cont'd)

	Note	Cumulative Quarter 3 months ended	
		31.03.2024 RM'000	31.03.2023 RM'000
Financing activities			
Drawdown/(repayment) of bank borrowings		(13,355)	(625)
Increase/(Decrease) of amount owing to holding company		(2,977)	(502)
Addition to /(Repayment) of lease liabilities		2,257	(11,370)
Increase in amount owing to directors		(6,519)	541
Finance costs paid		(23,154)	(15,410)
Net cash flows used in financing activities		(43,748)	(27,366)
Net decrease in cash and cash equivalents		5,478	(16,773)
Effect of changes in foreign exchange rate		15,409	1,096
Cash and cash equivalents at beginning of period		34,391	20,519
Cash and cash equivalents at end of period		55,278	4,842
Cash and cash equivalents at end of period comprised of:			
Cash and bank balances		132,116	83,146
Less: Bank overdrafts		(16,001)	(15,344)
Less: Deposits pledged with financial institutions		(60,837)	(62,960)
		55,278	4,842

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023, and the accompanying explanatory notes to these interim financial statements.

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Explanatory Notes to the Interim Financial Report for the First Quarter ended 31 March 2024

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 2023, 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 30 May 2024.

2. Basis of Preparation

These unaudited condensed consolidated financial statements for the financial period ended 31 March 2024 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 2023. 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 2023

3. Material 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 2023 except for those standards, amendments and interpretations which are effective from the annual period beginning of 1 January 2024. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

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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	India	Southeast Asia	Others	Total Operations	A & E *	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31.03.2024							
Revenue							
- External	319,229	37,945	42,429	112	399,715	-	399,715
- Internal	104,839	1,220	4,271	7,183	117,513	(117,513)	-
Total revenue	424,069	39,165	46,700	7,295	517,228	(117,513)	399,715
Profit/(Loss) before tax	34,320	(2,444)	7,085	(31,487)	7,474	-	7,474
3 months ended 31.03.2023							
Revenue							
- External	207,893	60,499	38,922	0	307,314	-	307,314
- Internal	88,099	788	2,711	5,580	97,178	(97,178)	-
Total revenue	295,992	61,287	41,633	5,580	404,492	(97,178)	307,314
Profit/(Loss) before tax	16,430	(631)	870	(13,770)	2,899	-	2,899

* Consolidation adjustment & 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 Middle East Segment continues to contribute the largest share of the revenue during the current quarter which amounted to RM319.2 million or 79.9%, followed by Southeast Asia with RM42.4 million or 10.6% and India region with RM37.9 million or 9.5% of the total Group revenue.

During the current quarter, Middle East segment reported a Profit before tax of RM34.3 million, an improvement by RM17.9 million compared to the Profit before tax during Q1 2023 of RM16.4 million. The Southeast Asia segment reported a Profit before tax of RM7.1 million compared to Profit before tax of RM0.9 million during Q1 2023. The India segment recorded a loss before tax of RM2.4 million compared to loss before tax of RM0.6 million during Q1 2023. Others segment reported loss before tax of RM31.5 million during the current quarter against loss before tax during Q1 2023 of RM13.8 million.

7. Seasonality of Operations

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

8. Profit Before Tax

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

	First Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Interest income	480	286	480	286
Sales of scrap	1,548	7,698	1,548	7,698
Finance costs	(23,154)	(15,410)	(23,154)	(15,410)
Depreciation of property, plant and equipment	(13,933)	(13,717)	(13,933)	(13,717)
Gain on disposal of property, plant and equipment	123	621	123	621
Realised foreign exchange (loss)/gain	2,397	(23)	2,397	(23)
Unrealised foreign exchange (loss)/gain	(10,143)	(921)	(10,143)	(921)
Reversal/(provision) for employees' service benefits expenses	(7,838)	(2,310)	(7,838)	(2,310)
Reversal/(provision) for impairment loss on receivables, contract assets and others	(4,206)	11,652	(4,206)	11,652

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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)

	First Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	-	5	-	5
Foreign income tax	2,991	1,630	2,991	1,630
Adjustment in respect of prior years	-	-	-	-
	<u>2,991</u>	<u>1,636</u>	<u>2,991</u>	<u>1,636</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(168)	-	(168)
Adjustment in respect of prior years	-	-	-	-
Total income tax expense/(credit)	<u>2,991</u>	<u>1,467</u>	<u>2,991</u>	<u>1,467</u>
Profit / (loss) before tax	7,473	2,899	7,473	2,899
Effective tax rate	40.0%	50.6%	40.0%	50.6%

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 3 months period ended 31 March 2024 is higher than the 24% statutory tax rate in Malaysia since a significant portion of the Group's pre-tax profit being generated in jurisdictions outside Malaysia.

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

10. 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.

	First Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	355	1,195	355	1,195
Number of ordinary shares in issue ('000)	<u>780,999</u>	<u>780,999</u>	<u>780,999</u>	<u>780,999</u>
Basic earnings/(loss) per share (sen)	<u>0.05</u>	<u>0.15</u>	<u>0.05</u>	<u>0.15</u>

(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.

	First Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	355	1,195	355	1,195
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>
Diluted earnings/(loss) per share (sen)	<u>0.05</u>	<u>0.15</u>	<u>0.05</u>	<u>0.15</u>

* 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
	2024	2024	2023	2023
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 March 2024, 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:

	31.03.2024	31.12.2023
	RM'000	RM'000
		(Audited)
Cash and bank balances	71,279	78,076
Deposits with financial institutions	60,837	54,655
Total cash and bank balances	132,116	132,731
Less:		
Bank overdrafts	(16,001)	(43,685)
Deposits pledged with financial institutions	(60,837)	(54,655)
Total cash and cash equivalents	55,278	34,391

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

	31.03.2024	31.12.2023
	RM'000	RM'000
		(Audited)
Current:		
Bank overdrafts	16,001	43,685
Bills payable	196,358	204,955
Term loans	805,844	779,196
	<u>1,018,203</u>	<u>1,027,836</u>
Lease liabilities	292	43
Total Current Borrowings	<u>1,018,495</u>	<u>1,027,879</u>
Non-current:		
Term loans	20,107	23,786
Lease liabilities	-	-
Total Non-current Borrowings	<u>20,107</u>	<u>23,786</u>
Total Group Borrowings and Debt Securities	<u>1,038,602</u>	<u>1,051,665</u>

Included in the Group's borrowings as of 31 March 2024 are bank borrowings denominated in foreign currencies as follows:

	Value in foreign	Equivalents in
	currency	value of Malaysian
	31.03.2024	31.03.2024
	'000	RM'000
United Arab Emirates Dirham	288,963	371,694
Qatari Riyal	16,096	20,863
Indian Rupees	1,204,415	68,290
Singapore Dollar	4,638	16,233
United States Dollar	<u>115,000</u>	<u>543,222</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:

	31.03.2024	31.12.2023
	RM'000	RM'000
		(Audited)
<u>Utilised and Unutilised Portion:</u>		
Eversendai Engineering LLC Dubai	360,101	380,918
Eversendai Offshore RMC FZE	281,752	280,444
Eversendai Construction Private Limited	346,132	337,893
Eversendai Engineering Qatar WLL	142,599	210,601
Eversendai Engineering Sdn Bhd	31,302	32,295
Eversendai Engineering Pte Ltd	150,991	27,966
Eversendai Engineering Saudi LLC	20,680	20,130
	<u>1,333,557</u>	<u>1,290,247</u>

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Explanatory Notes to the Interim Financial Report for the First Quarter ended 31 March 2024

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 3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Transactions with certain directors and key management personnel of the Group:		
Rental of staff accommodation and office building from a director	363	346
Transactions with other related company:		
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	-	2,254

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 revenue of RM399.7 million for the current quarter showed an increase of RM92.4 million or 30.1% as compared to RM307.3 million during corresponding quarter Q1 2023. The Group recorded Gross Profit of RM77.0 million during the current quarter against Gross Profit of RM31.2 million during corresponding quarter Q1 2023, an improvement by RM45.8 million.

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Explanatory Notes to the Interim Financial Report for the First Quarter ended 31 March 2024

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 Profit before Taxation in Preceding Year's Corresponding Quarter

The Group recorded Profit before tax of RM7.5 million in the current quarter, against Profit before tax of RM2.9 million during corresponding quarter Q1 2023, the improvement is attributable to progress of the projects in the Middle East and increased operational performance during the current period.

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

The Group reported revenue and profit before tax of RM399.7 million and RM7.5 million respectively in the current quarter as compared to revenue of RM522.5 million and Profit before tax of RM36.9 million in the immediately preceding Quarter. This decline in revenue and profit before tax is attributable to final stage of completion of major projects in the Middle East region. Newly awarded projects would contribute to Group revenue in coming Quarters.

24. Prospects of the Group

With the Group's current outstanding order book of RM5.5 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.

The Group foresees optimal utilisation of all its fabrication facilities with the current outstanding order book. The Group is optimistic of its future prospects to achieve improvised 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

There is no corporate proposal announced but not completed as at 24 May 2024, being a date not earlier than seven days from the date of issuance of this interim financial report.

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Explanatory Notes to the Interim Financial Report for the First Quarter ended 31 March 2024

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 was earlier fixed for hearing on 27 May 2024. On 27 May 2024, the Court of Appeal adjourned the hearing date of Appeal to 4 October 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 18th April 2023, which has been complied with.

28. Dividend Payable

No interim dividend has been proposed during the current financial period ended 31 March 2024.

By order of the Board of Directors

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

30 May 2024