

# **EVERSENDAI**

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

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024**

**THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
(Figures are not audited unless otherwise specified)  
(In Ringgit Malaysia)

Dated 28 November 2024

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

**Date: 28 November 2024**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

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

**Financial Year Ending 31 December 2024**

**Summary of Key Financial Information for the Third Quarter ended 30 September 2024**

	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
1 Revenue	235,205	345,846	910,429	934,988
2 Profit /(loss) before tax	8,883	(27,529)	21,159	(22,063)
3 Profit /(Loss) for the period	2,241	(30,840)	7,151	(28,553)
4 Profit /(Loss) attributable to equity holders of the Company	4,375	(31,577)	5,101	(31,236)
5 Basic (loss)/earnings per share (sen)	0.56	(4.04)	0.65	(4.00)
6 Diluted (loss)/earnings per share (sen)	0.53	(4.04)	0.62	(4.00)
7 Proposed/declared dividend per share (sen)	-	-	-	-
			<b>As at 30.09.2024 (RM)</b>	<b>As at 31.12.2023 (RM) (Audited)</b>
8 Net assets per share attributable to the equity holders of the Company			0.38	0.46

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Condensed Consolidated Statement of Comprehensive Income for Third Quarter ended 30 September 2024

Eversendai Corporation Berhad

Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2024

	Note	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
<b>Revenue</b>	6	<b>235,205</b>	<b>345,846</b>	<b>910,429</b>	<b>934,988</b>
Cost of sales		<u>(184,970)</u>	<u>(317,171)</u>	<u>(727,041)</u>	<u>(833,542)</u>
<b>Gross profit / (loss)</b>		<b>50,235</b>	<b>28,675</b>	<b>183,388</b>	<b>101,446</b>
Interest income		90	566	842	948
Other income		31,005	5,209	62,431	46,259
Operating and administrative expenses		<u>(35,537)</u>	<u>(41,480)</u>	<u>(147,902)</u>	<u>(114,995)</u>
<b>Operating Profit / (loss)</b>		<b>45,793</b>	<b>(7,030)</b>	<b>98,759</b>	<b>33,658</b>
Finance costs		<u>(36,910)</u>	<u>(20,499)</u>	<u>(77,600)</u>	<u>(55,721)</u>
<b>Profit / (loss) before tax</b>	8	<b>8,883</b>	<b>(27,529)</b>	<b>21,159</b>	<b>(22,063)</b>
Income tax (expense)/credit	9	<u>(6,642)</u>	<u>(3,311)</u>	<u>(14,008)</u>	<u>(6,490)</u>
<b>Profit / (loss) for the period</b>		<b>2,241</b>	<b>(30,840)</b>	<b>7,151</b>	<b>(28,553)</b>
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Foreign currency translation		(80,548)	584	(66,601)	31,388
- Cash flow hedges		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive (expense)/income for the period</b>		<b>(78,307)</b>	<b>(30,256)</b>	<b>(59,450)</b>	<b>2,835</b>

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**Condensed Consolidated Statement of Comprehensive Income for Third Quarter ended 30 September 2024  
(Cont'd)**

	Note	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
(Loss)/Profit for the period attributable to:					
- Equity holders of the Company		4,375	(31,577)	5,101	(31,236)
- Non-controlling interests		(2,134)	737	2,050	2,683
		<u>2,241</u>	<u>(30,840)</u>	<u>7,151</u>	<u>(28,553)</u>
Total comprehensive (expense)/income attributable to:					
- Equity holders of the Company		(75,961)	(31,018)	(61,272)	20
- Non-controlling interests		(2,346)	762	1,822	2,815
		<u>(78,307)</u>	<u>(30,256)</u>	<u>(59,450)</u>	<u>2,835</u>
<b>Profit / (loss) per share attributable to equity holders of the Company</b>					
- Basic (sen)	10	<u>0.56</u>	<u>(4.04)</u>	<u>0.65</u>	<u>(4.00)</u>
- Diluted (sen)	10	<u>0.53</u>	<u>(4.04)</u>	<u>0.62</u>	<u>(4.00)</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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Financial Year Ending 31 December 2024

Condensed Consolidated Statement of Financial Position as at 30 September 2024

		30.09.2024	31.12.2023
		RM'000	RM'000
	Note		(Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11	570,498	641,171
Goodwill	12	9,920	9,920
Deferred tax assets		9,728	11,895
<b>Total Non-current Assets</b>		<b>590,146</b>	<b>662,986</b>
<b>Current Assets</b>			
Inventories	13	170,946	184,713
Contract assets		544,590	596,026
Trade receivables		417,020	894,522
Other receivables, refundable deposits and prepaid expenses		241,034	129,518
Amount owing by holding company		10,055	10,934
Tax recoverable		3,266	2,251
Cash and bank balances	14	164,534	132,731
Assets held for sale		-	61,290
<b>Total Current Assets</b>		<b>1,551,445</b>	<b>2,011,985</b>
<b>Total Assets</b>		<b>2,141,591</b>	<b>2,674,971</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables		294,809	303,408
Other payables and accrued expenses		615,231	563,867
Contract liabilities		76,271	119,664
Amount owing to directors		38,157	28,727
Borrowings	16	585,111	1,027,879
Lease liabilities	16	7,258	12,263
Tax liabilities		9,612	6,313
<b>Total Current Liabilities</b>		<b>1,626,449</b>	<b>2,062,121</b>

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**Condensed Consolidated Statement of Financial Position as at 30 September 2024 (Cont'd)**

		<b>30.09.2024</b>	<b>31.12.2023</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	15,792	23,786
Lease liabilities	16	147,397	168,347
Employees' service benefits		84,156	90,514
<b>Total Non-current Liabilities</b>		<b><u>247,345</u></b>	<b><u>282,647</u></b>
<b>Total Liabilities</b>		<b><u>1,873,794</u></b>	<b><u>2,344,768</u></b>
<b>Net Assets</b>		<b><u>267,797</u></b>	<b><u>330,203</u></b>
<b>Capital and Reserves</b>			
Issued capital	15	585,310	585,308
Treasury shares	15	(91)	(91)
Capital reserve		187	187
Foreign currency translation reserve		153,826	220,199
Retained earnings		(444,492)	(449,593)
Equity attributable to equity holders of the Company		294,740	356,010
<b>Non-controlling interests</b>		<b>(26,943)</b>	<b>(25,807)</b>
<b>Total Equity</b>		<b><u>267,797</u></b>	<b><u>330,203</u></b>
<b>Total Equity and Liabilities</b>		<b><u>2,141,591</u></b>	<b><u>2,674,971</u></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 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 Third Quarter ended 30 September 2024**

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)				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 01.01.2023</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>	
Loss for the period						(31,236)	(31,236)	2,683	(28,553)	
Other comprehensive income				31,257	-		31,257	132	31,389	
Total comprehensive income/(loss)	-	-	-	31,257	-	(31,236)	21	2,815	2,836	
Dividend							-		-	
<b>At 30.09.2023</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>228,341</b>	<b>2,106</b>	<b>(507,522)</b>	<b>308,329</b>	<b>(10,854)</b>	<b>297,475</b>	



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**Condensed Consolidated Statement of Changes in Equity for the Third Quarter ended 30 September 2024 (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 01.01.2024</b>	<b>585,308</b>	<b>(91)</b>	<b>187</b>	<b>220,199</b>	<b>-</b>	<b>(449,593)</b>	<b>356,010</b>	<b>(25,807)</b>	<b>330,203</b>	
Profit for the period	-	-	-	-	-	5,101	5,101	2,050	7,151	
Dividend paid	-	-	-	-	-	-	0	(2,958)	(2,958)	
Other comprehensive income	-	-	-	(66,373)	-	-	(66,373)	(228)	(66,601)	
Total comprehensive income	-	-	-	(66,373)	-	5,101	(61,271)	(1,136)	(62,407)	
Dividend paid	-	-	-	-	-	-	-	-	-	
<b>At 30.09.2024</b>	<b>585,310</b>	<b>(91)</b>	<b>187</b>	<b>153,826</b>	<b>-</b>	<b>(444,492)</b>	<b>294,740</b>	<b>(26,943)</b>	<b>267,797</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 2023, and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Cash Flows for the Third Quarter ended 30 September 2024**

	Note	Cumulative Quarter 9 months ended	
		30.09.2024 RM'000	30.09.2023 RM'000
<b>Operating activities</b>			
Profit /(Loss) before taxation		21,159	(22,063)
Adjustments for:			
Depreciation of property, plant and equipment		41,419	41,730
Provision for employees' service benefits		12,847	8,329
Gain on disposal of property, plant and equipment		(2,921)	(963)
Interest income		(842)	(948)
Impairment loss/(Reversal) on trade receivables		14,996	(1,650)
Unrealised foreign exchange loss		(34,775)	(8,751)
Finance costs		77,600	55,721
<b>Operating profit before working capital changes</b>		<b>129,483</b>	<b>71,405</b>
Working capital changes:			
Net changes in current assets		518,233	(410,079)
Net changes in current liabilities		12,101	322,381
Cash generated from operations		659,816	(16,293)
Employees' service benefits paid		(9,793)	(4,803)
Taxes (paid)/refunded		-	-
<b>Net cash flows generated used in operating activities</b>		<b>650,023</b>	<b>(21,096)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		29,254	(37,069)
Proceeds from disposal of property, plant and equipment		2,921	963
Increase/(decrease) in deposits with financial institutions		15,966	1,583
Interest received		842	948
<b>Net cash flows used in investing activities</b>		<b>48,983</b>	<b>(33,575)</b>

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**Condensed Consolidated Statement of Cash Flows for the Third Quarter ended 30 September 2024 (Cont'd)**

	<b>Cumulative Quarter 9 months ended</b>	
	<b>30.09.2024</b>	<b>30.09.2023</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Drawdown/(repayment) of bank borrowings	(450,762)	93,338
Increase/(Decrease) of amount owing to holding company	(153)	(646)
Addition to /(Repayment) of lease liabilities	(25,955)	(11,024)
Increase in amount owing to directors	9,430	1,715
Finance costs paid	(77,600)	(55,721)
<b>Net cash flows used in financing activities</b>	<b>(545,040)</b>	<b>27,662</b>
<b>Net decrease in cash and cash equivalents</b>	<b>153,966</b>	<b>(27,009)</b>
Effect of changes in foreign exchange rate	(64,206)	30,854
<b>Cash and cash equivalents at beginning of period</b>	<b>34,391</b>	<b>20,519</b>
<b>Cash and cash equivalents at end of period</b>	<b>124,151</b>	<b>24,364</b>
<b>Cash and cash equivalents at end of period comprised of:</b>		
Cash and bank balances	164,534	125,485
Less: Bank overdrafts	(21,396)	(31,226)
Less: Deposits pledged with financial institutions	(18,987)	(69,895)
	<b>124,151</b>	<b>24,364</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 2023, and the accompanying explanatory notes to these interim financial statements.

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**Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 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 28 November 2024.

**2. Basis of Preparation**

These unaudited condensed consolidated financial statements for the financial period ended 30 September 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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**Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2024**

**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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Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2024

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>9 months ended 30.09.2024</b>							
Revenue							
- External	682,564	128,175	99,676	14.0	910,429	-	910,429
- Internal	303,917	4,447	17,217	28,075	353,656	(353,656)	-
<b>Total revenue</b>	<b>986,481</b>	<b>132,622</b>	<b>116,892</b>	<b>28,089</b>	<b>1,264,085</b>	<b>(353,656)</b>	<b>910,429</b>
<b>Profit/(Loss) before tax</b>	<b>56,798</b>	<b>(19,355)</b>	<b>13,006</b>	<b>(29,289)</b>	<b>21,159</b>	<b>-</b>	<b>21,159</b>
<b>9 months ended 30.09.2023</b>							
Revenue							
- External	617,378	178,565	139,045	0	934,988	-	934,988
- Internal	343,551	3,148	11,677	17,897	376,273	(376,273)	-
<b>Total revenue</b>	<b>960,929</b>	<b>181,713</b>	<b>150,722</b>	<b>17,897</b>	<b>1,311,261</b>	<b>(376,273)</b>	<b>934,988</b>
<b>Profit/(Loss) before tax</b>	<b>5,750</b>	<b>3,966</b>	<b>16,651</b>	<b>(48,430)</b>	<b>(22,063)</b>	<b>-</b>	<b>(22,063)</b>

\* Consolidation adjustment & elimination

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**Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2024**

**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 financial period which amounted to RM682.6 million or 75%, followed by India region with RM128.2 million or 14.1% and Southeast Asia with RM99.7 million or 10.9% of the total Group revenue.

During the current financial period, Middle East segment reported a Profit before tax of RM56.8 million, an improvement by RM51.0 million compared to corresponding period in 2023 of RM5.8 million. The Southeast Asia segment reported a Profit before tax of RM13 million compared to corresponding period in 2023 of RM16.7 million. The India segment recorded a Loss before tax of RM19.4 million compared to Profit before tax of RM4 million in corresponding period in 2023 while Others segment reported Loss before tax of RM29.3 million against Loss before tax of RM48.4 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):

	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Interest income	90	566	842	948
Sales of scrap	799	4,220	7,938	15,953
Finance costs	(36,910)	(20,499)	(77,600)	(55,721)
Depreciation of property, plant and equipment	(13,912)	(13,684)	(41,419)	(41,730)
Gain on disposal of property, plant and equipment	2,651	352	2,921	963
Realised foreign exchange (loss)/gain	24	-	2,711	-
Unrealised foreign exchange (loss)/gain	45,282	911	34,775	8,751
Reversal/(provision) for employees' service benefits expenses	(1,747)	(2,922)	(12,847)	(8,329)
Reversal/(provision) for impairment loss on receivables, contract assets and others	(8,846)	(3,960)	(14,996)	1,650

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**Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2024**

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

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

	Third Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
<b>Current income tax:</b>				
Malaysian income tax	5	5	21	18
Foreign income tax	6,526	3,246	13,877	6,580
Adjustment in respect of prior years	-	-	-	-
	<u>6,532</u>	<u>3,251</u>	<u>13,898</u>	<u>6,599</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	110	60	110	(109)
Adjustment in respect of prior years	-	-	-	-
<b>Total income tax expense/(credit)</b>	<u>6,642</u>	<u>3,311</u>	<u>14,008</u>	<u>6,490</u>
Profit / (loss) before tax	8,883	(27,529)	21,159	(22,063)
Effective tax rate	74.8%	-12.0%	66.2%	-29.4%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 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 9 months period ended 30 September 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.

	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	4,375	(31,577)	5,101	(31,236)
Number of ordinary shares in issue ('000)	<u>781,004</u>	<u>780,999</u>	<u>781,004</u>	<u>780,999</u>
<b>Basic earnings/(loss) per share (sen)</b>	<b><u>0.56</u></b>	<b><u>(4.04)</u></b>	<b><u>0.65</u></b>	<b><u>(4.00)</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.

	Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	4,375	(31,577)	5,101	(31,236)
Weighted average number of ordinary shares in issue ('000)	781,002	780,999	781,002	780,999
Effect of conversion of warrants ('000)	<u>39,972</u>	<u>-</u>	<u>39,972</u>	<u>-</u>
Number of ordinary shares in issue ('000)	<u>820,974</u>	<u>780,999</u>	<u>820,974</u>	<u>780,999</u>
<b>Diluted earnings/(loss) per share (sen)</b>	<b><u>0.53</u></b>	<b><u>(4.04)</u></b>	<b><u>0.62</u></b>	<b><u>(4.00)</u></b>

Note: The incremental shares from assumed conversions are included in calculating the diluted per-share amounts attributable to ordinary equity holders of the parent entity for the quarter/period.

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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 30 September 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:

	<b>30.09.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Cash and bank balances	93,913	78,076
Deposits with financial institutions	70,621	54,655
<b>Total cash and bank balances</b>	<b>164,534</b>	<b>132,731</b>
Less:		
Bank overdrafts	(21,396)	(43,685)
Deposits pledged with financial institutions	(18,987)	(54,655)
<b>Total cash and cash equivalents</b>	<b>124,151</b>	<b>34,391</b>

**15. Issued Capital and Treasury Shares**

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

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

**16. Group Borrowings and Debt Securities**

	<b>30.09.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b>Current:</b>		
Bank overdrafts	21,396	43,685
Bills payable	142,930	204,955
Term loans	420,785	779,196
	<u>585,111</u>	<u>1,027,836</u>
Lease liabilities	337	43
<b>Total Current Borrowings</b>	<u><b>585,448</b></u>	<u><b>1,027,879</b></u>
<b>Non-current:</b>		
Term loans	15,792	23,786
Lease liabilities	-	-
<b>Total Non-current Borrowings</b>	<u><b>15,792</b></u>	<u><b>23,786</b></u>
<b>Total Group Borrowings and Debt Securities</b>	<u><b>601,240</b></u>	<u><b>1,051,665</b></u>

Reference to our announcement made on 5 January 2024 on the Disposal of Two Parcels of Freehold Land in Mukim Sungai Buloh, the sale transaction of RM63,000,000/- has been fully completed and proceeds from the disposal will be used to further reduce the Group's borrowings.

Included in the Group's borrowings as of 30 September 2024 are bank borrowings denominated in foreign currencies as follows:

	<b>Value in foreign</b>	<b>Equivalents in</b>
	<b>currency</b>	<b>value of Malaysian</b>
	<b>30.09.2024</b>	<b>30.09.2024</b>
	<b>'000</b>	<b>RM'000</b>
United Arab Emirates Dirham	84,529	94,774
Qatari Riyal	66	74
Indian Rupees	980,971	48,264
Singapore Dollar	2,178	6,995
United States Dollar	<u>101,619</u>	<u>418,529</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>30.09.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b><u>Utilised and Unutilised Portion:</u></b>		
Eversendai Engineering LLC Dubai	311,613	380,918
Eversendai Offshore RMC FZE	17,531	280,444
Eversendai Construction Private Limited	303,612	337,893
Eversendai Engineering Qatar WLL	81,341	210,601
Eversendai Engineering Sdn Bhd	250,871	32,295
Eversendai Engineering Pte Ltd	136,690	27,966
Eversendai Engineering Saudi LLC	18,035	20,130
	<b><u>1,119,692</u></b>	<b><u>1,290,247</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 9 months ended</b>	
	<b>30.09.2024 RM'000</b>	<b>30.09.2023 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	1,683	1,079
<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	-	5,932

**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 RM910.4 million for the current period showed a decline by RM24.6 million or 2.6% compared to RM935.0 million during corresponding period in 2023. The Group recorded Gross Profit of RM183.4 million during the current period against Gross Profit of RM101.4 million during corresponding period in 2023, an improvement by RM81.9 million, arising mainly from realisation of additional variation claims from projects in the Middle East.

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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 Profit before Taxation in Preceding Year's Corresponding Quarter**

The Group recorded Profit before tax of RM8.9 million in the current quarter, against Loss before tax of RM27.5 million during corresponding quarter of the preceding year. 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 RM235.2 million and RM8.9 million respectively in the current quarter as compared to revenue of RM275.5 million and Profit before tax of RM4.8 million in the immediately preceding Quarter. The decline in revenue is attributable to the final stages of completion of major projects in the Middle East while marginal increase in Profit before tax is mainly attributable to forex gains. Revenues from newly commenced projects would significantly contribute to Group revenue in coming Quarters.

**24. Prospects of the Group**

With the Group's current outstanding order book of RM5.7 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.

With the settlement of the Ijarah loan for Vahana Aryan and the partial settlement of the Term loan with proceeds from disposal of a non-core land asset in Malaysia, the Group's total borrowings have reduced by 42.8% from RM1,051.7 million to RM601.2 million during the current period. The Group is making further efforts to restructure its borrowings and strengthen its liquidity position.

The Trojena Ski Village project secured from Neom in Kingdom of Saudi Arabia is progressing well. The Design & Engineering works are on-going and the first steel structure was erected at the project site on 20 June 2024, meeting the first contractual milestone. The newly awarded Projects in the Middle East and India have commenced and are progressing. With the current outstanding order book, the Group foresees optimal utilisation of all its fabrication facilities in the coming quarters.

The Group is optimistic of its future prospects to achieve improvised financial performance.

**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.

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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)**

**26. Corporate Proposals**

There is no corporate proposal announced but not completed as at 22 November 2024, being a date not earlier than seven days from the date of issuance of this interim financial report.

**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 18<sup>th</sup> April 2023, which has been complied with.

**28. Dividend Payable**

No interim dividend has been proposed during the current financial period ended 30 September 2024.

By order of the Board of Directors

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

28 November 2024