

# **EVERSENDAI**

**EVERSENDAI CORPORATION BERHAD**

(Company No. 614060-A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**FOURTH QUARTER ENDED 31 DECEMBER 2017**

(Figures are not audited unless otherwise specified)

(In Ringgit Malaysia)

Dated 27 February 2018

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

**Date: 27 February 2018**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

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

**Financial Year ended 31 December 2017**

**Summary of Key Financial Information for the Fourth Quarter ended 31 December 2017**

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
1 Revenue	519,224	348,791	1,830,383	1,582,428
2 Profit/(loss) before tax	31,706	(211,380)	95,872	(267,208)
3 Profit/(loss) for the periods	28,545	(214,102)	87,816	(274,089)
4 Profit/(loss) attributable to equity holders of the Company	29,812	(214,455)	86,511	(278,883)
5 Basic earnings/(loss) per share (sen)	3.84	(27.71)	11.15	(36.04)
6 Proposed/declared dividend per share (sen)	-	-	-	-
			<b>As at 31.12.2017 (RM)</b>	<b>As at 31.12.2016 (RM) (Audited)</b>
7 Net assets per share attributable to the equity holders of the Company			1.14	1.12

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**

**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2017**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Revenue</b>	6	<b>519,224</b>	<b>348,791</b>	<b>1,830,383</b>	<b>1,582,428</b>
Cost of sales		(445,095)	(426,937)	(1,581,034)	(1,478,750)
<b>Gross profit/(loss)</b>		<b>74,129</b>	<b>(78,146)</b>	<b>249,349</b>	<b>103,678</b>
Interest income		781	666	2,137	910
Dividend income		-	-	-	12
Other income		7,777	5,906	24,479	13,210
Operating and administrative expense		(43,021)	(145,891)	(147,993)	(258,622)
<b>Operating profit/(loss)</b>		<b>39,666</b>	<b>(217,465)</b>	<b>127,972</b>	<b>(140,812)</b>
Finance costs		(7,960)	6,085	(32,100)	(24,676)
Net loss on financial assets at fair value through profit or loss		-	-	-	(101,720)
<b>Profit/(loss) before tax</b>	8	<b>31,706</b>	<b>(211,380)</b>	<b>95,872</b>	<b>(267,208)</b>
Income tax expense	9	(3,161)	(2,722)	(8,056)	(6,881)
<b>Profit/(loss) for the period</b>		<b>28,545</b>	<b>(214,102)</b>	<b>87,816</b>	<b>(274,089)</b>
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Fair value adjustment of investment securities		-	-	-	5
- Foreign currency translation		(30,869)	61,385	(78,475)	30,780
<b>Other comprehensive (expense)/income for the period:</b>		<b>(30,869)</b>	<b>61,385</b>	<b>(78,475)</b>	<b>30,785</b>
<b>Total comprehensive (expense)/income for the period</b>		<b>(2,324)</b>	<b>(152,717)</b>	<b>9,341</b>	<b>(243,304)</b>

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(Incorporated in Malaysia)

**Financial Year ended 31 December 2017**
**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2017 (Cont'd)**

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Note</b>				
Profit/(loss) for the period attributable to:				
- Equity holders of the Company	29,812	(214,455)	86,511	(278,883)
- Non-controlling interests	(1,267)	353	1,305	4,794
	<u>28,545</u>	<u>(214,102)</u>	<u>87,816</u>	<u>(274,089)</u>
Total comprehensive (expense)/income attributable to:				
- Equity holders of the Company	(306)	(154,308)	9,808	(249,023)
- Non-controlling interests	(2,018)	1,591	(467)	5,719
	<u>(2,324)</u>	<u>(152,717)</u>	<u>9,341</u>	<u>(243,304)</u>
<b>Earnings/(loss) per share attributable to equity holders of the Company</b>				
- <b>Basic/diluted (sen)</b>	10	3.84	(27.71)	11.15
				(36.04)

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2017**

		<b>31.12.2017</b>	<b>31.12.2016</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>		<b>(Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	716,636	719,489
Goodwill	12	12,943	13,780
Deferred tax assets		2,161	1,766
<b>Total non-current assets</b>		<b>731,740</b>	<b>735,035</b>
<b>Current assets</b>			
Inventories	13	278,767	180,804
Amount due from customers under construction contracts		1,051,026	962,487
Trade receivables		583,561	582,243
Other receivables, refundable deposits and prepaid expenses		160,902	132,710
Investment in securities	15	23	23
Tax recoverable		1,612	1,589
Cash and bank balances	14	276,944	386,695
<b>Total current assets</b>		<b>2,352,835</b>	<b>2,246,551</b>
<b>Total assets</b>		<b>3,084,575</b>	<b>2,981,586</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade payables		272,853	252,987
Other payables and accrued expenses		494,361	390,083
Amount due to customers under construction contracts		142,457	108,319
Amount due to directors		10,282	19,605
Hire purchase payables	17	1,249	6,843
Borrowings	17	955,397	930,919
Tax liabilities		37,529	68,675
<b>Total current liabilities</b>		<b>1,914,128</b>	<b>1,777,431</b>

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2017 (Cont'd)**

		<b>31.12.2017</b>	<b>31.12.2016</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>			
Hire purchase payables	17	6,519	11,260
Borrowings	17	194,113	239,432
Employees' service benefits		64,695	65,581
Deferred tax liabilities		4,274	4,274
<b>Total non-current liabilities</b>		<b>269,601</b>	<b>320,547</b>
<b>Total liabilities</b>		<b>2,183,729</b>	<b>2,097,978</b>
<b>Net assets</b>		<b>900,846</b>	<b>883,608</b>
<b>Capital and reserves</b>			
Issued capital	16	588,059	387,000
Share premium		-	191,515
Treasury shares	16	(91)	(91)
Capital reserve		307	307
Foreign currency translation reserve		155,617	232,320
Fair value adjustment reserve		30	30
Retained earnings	29	144,824	58,313
Equity attributable to equity holders of the Company		888,746	869,394
Non-controlling interests		12,100	14,214
<b>Total equity</b>		<b>900,846</b>	<b>883,608</b>
<b>Total equity and liabilities</b>		<b>3,084,575</b>	<b>2,981,586</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 2016, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDAI CORPORATION BERHAD (614060-A)**

(Incorporated in Malaysia)

**Financial Year ended 31 December 2017**
**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2017**

	← Attributable to equity holders of the Company →							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable				→ Distributable					
	Issued capital RM'000	Share premium RM'000	Treasury share RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
<b>At 1.1.2016</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>202,465</b>	<b>25</b>	<b>341,066</b>	<b>1,122,287</b>	<b>7,818</b>	<b>1,130,105</b>
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	677	677
(Loss)/profit for the period	-	-	-	-	-	-	(278,883)	(278,883)	4,794	(274,089)
Other comprehensive income	-	-	-	-	29,855	5	-	29,860	925	30,785
Total comprehensive income/(loss)	-	-	-	-	29,855	5	(278,883)	(249,023)	5,719	(243,304)
Dividend	-	-	-	-	-	-	(3,870)	(3,870)	-	(3,870)
<b>At 31.12.2016</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>232,320</b>	<b>30</b>	<b>58,313</b>	<b>869,394</b>	<b>14,214</b>	<b>883,608</b>



**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**

**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2017 (Cont'd)**

	← Attributable to equity holders of the Company →						→ Distributable →			
	← Non-distributable			→						
	Issued capital RM'000	Share premium RM'000	Treasury share RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>At 1.1.2017</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>232,320</b>	<b>30</b>	<b>58,313</b>	<b>869,394</b>	<b>14,214</b>	<b>883,608</b>
Increase in share capital	9,544	-	-	-	-	-	-	9,544	-	9,544
Transfer arising from "no Par value" regime	191,515	(191,515)	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	86,511	86,511	1,305	87,816
Other comprehensive loss	-	-	-	-	(76,703)	-	-	(76,703)	(1,772)	(78,475)
Total comprehensive (loss)/income	-	-	-	-	(76,703)	-	86,511	9,808	(467)	9,341
Dividend	-	-	-	-	-	-	-	-	(1,647)	(1,647)
<b>At 31.12.2017</b>	<b>588,059</b>	<b>-</b>	<b>(91)</b>	<b>307</b>	<b>155,617</b>	<b>30</b>	<b>144,824</b>	<b>888,746</b>	<b>12,100</b>	<b>900,846</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 2016, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**

**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2017**

	<b>Cumulative Quarter</b>	
	<b>12 months ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit/(loss) before taxation	95,872	(267,208)
Adjustments for:		
Depreciation of property, plant and equipment	50,300	42,139
Provision for employees' service benefits	14,253	17,246
Gain on disposal of property, plant and equipment	(125)	(187)
Property, plant and equipment written off	83	-
Net loss on financial assets at fair value through profit or loss	-	101,720
Interest income	(2,137)	(910)
Dividend income from investment in securities	-	(12)
Allowance for doubtful debt	3,277	74,081
Provision for foreseeable loss	-	17,900
Impairment for goodwill	837	-
Unrealised foreign exchange (gains)/loss	(17,857)	15,473
Finance cost	32,100	24,676
	<b>176,603</b>	<b>24,918</b>
<b>Operating profit before working capital changes</b>		
Working capital changes:		
Net changes in current assets	(154,001)	(167,122)
Net changes in current liabilities	108,062	97,834
	<b>130,664</b>	<b>(44,370)</b>
Cash generated from operations		
Employees' service benefits paid	(6,074)	(3,803)
Taxes paid	(6,917)	(4,406)
	<b>117,673</b>	<b>(52,579)</b>
<b>Net cash flows generated from/(used in) operating activities</b>		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(97,118)	(71,668)
Proceeds from disposal of property, plant and equipment	1,251	781
Net changes in investment in securities	-	(17)
(Decrease)/increase in deposits pledge with financial institutions	(12,189)	1,450
Interest received	2,137	910
Dividend received	-	12
Proceed from disposal of investment securities	-	8,542
Purchase of investment securities	-	(8,820)
Net cash outflow arising from acquisition of a subsidiary	-	(3,172)
	<b>(105,919)</b>	<b>(71,982)</b>
<b>Net cash flows used in investing activities</b>		

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2017**

**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2017 (Cont'd)**

	<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2017 RM'000</b>	<b>31.12.2016 RM'000</b>
<b>Financing activities</b>		
Issuance of share capital	9,544	-
(Repayment)/drawdown of bank borrowings	(77,141)	346,606
(Repayment)/drawdown of hire purchase payables	(10,335)	(3,630)
(Decrease)/increase in amounts due to directors	(9,323)	10,004
Dividend paid	(1,647)	(3,870)
Finance cost paid	(32,100)	(24,676)
<b>Net cash (used in)/generated from financing activities</b>	<b>(121,002)</b>	<b>324,434</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(109,248)</b>	<b>199,873</b>
Effect of changes in foreign exchange rate	(68,992)	38,083
<b>Cash and cash equivalents at beginning of period</b>	<b>337,912</b>	<b>99,956</b>
<b>Cash and cash equivalents at end of period</b>	<b>159,672</b>	<b>337,912</b>
<b>Cash and cash equivalents at end of period comprised of:</b>		
Cash and bank balances	276,944	386,695
Less: Bank overdrafts	(75,974)	(19,674)
Less: Deposits with financial institutions	(41,298)	(29,109)
	<b>159,672</b>	<b>337,912</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 2016, and the accompanying explanatory notes to these interim financial statements.

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year Ended 31 December 2017**

**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2017**

**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”).

These unaudited condensed consolidated interim financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 27 February 2018.

**2. Basis of Preparation**

These unaudited condensed consolidated interim financial statements for the financial period ended 31 December 2017 have been prepared in accordance with MFRS 134, Interim Financial Reporting and Chapter 9 of the Main Market Listing Requirements of Bursa Malaysia. These unaudited condensed consolidated interim financial statements also comply with International Accounting Standard (IAS) 34 issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The accompanying explanatory notes provide explanations to events and transactions that are significant to the understanding of the changes in the financial position and performance of ECB and its subsidiaries (“the Group”) since the year ended 31 December 2016.

**3. Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual statements for the financial year ended 31 December 2016.

**3.1 Adoption of New and Revised Malaysian Financial Reporting Standards**

In the current financial period, the Group and the Company have adopted the new and revised Standards and Amendments issued by the Malaysian Accounting Standards Board (“MASB”) that are relevant to their operations and effective for annual periods beginning on or after 1 January 2017 as follows:

**EVERSENDAI CORPORATION BERHAD (614060-A)**  
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**3. Significant Accounting Policies (Cont'd)**

**3.1 Adoption of New and Revised Malaysian Financial Reporting Standards (Cont'd)**

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRSs	Annual Improvements to MFRSs 2014 – 2016 Cycle

The adoption of these new and revised Standards and Amendments did not have any material impact on the amounts reported on the financial statements of the Group and of the Company in the current and previous financial years.

**3.2 Standards and Amendments in issue but not yet effective**

Effective for annual periods commencing on or after 1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 9	Financial Instruments
Amendments to MFRS 140	Transfers of Investment Property
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for annual periods commencing on or after 1 January 2019

Amendments to MFRS 9	Prepayment Features with Negative Compensation
MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle

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

#### **3.2 Standards and Amendments in issue but not yet effective (Cont'd)**

Adoption of the above pronouncements when they become effective in respective financial year are not expected to have any impact to the financial statements upon their initial application, except as discussed below:

##### MFRS 9 *Financial Instruments* ("MFRS 9")

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory.

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

##### (a) Classification and measurement

- Investment classified as held-to-maturity and loans and receivables carried at amortised cost: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of MFRS 9;
- Quoted and unquoted investments and others classified as available-for-sale investments carried at fair value: these investments qualify for designation as measured at FVTOCI under MFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under MFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's and the Company's profit or loss and other comprehensive income but will not affect total comprehensive income;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under MFRS 139.

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

#### **3.2 Standards and Amendments in issue but not yet effective (Cont'd)**

##### **(b) Impairment**

Financial assets measured at amortised cost and investments that will be carried at FVTOCI under MFRS 9 (see classification and measurement section above) and financial guarantee contracts will be subject to the impairment provisions of MFRS 9. The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by MFRS 9. As regards the quoted, unquoted and others investments and debentures, the Directors consider that they have low credit risk and hence, expect to recognise 12-month expected credit losses for these items. In relation to amount owing by subsidiaries, holding and other related companies and financial guarantee contracts, the Directors have assessed that there has not been a significant increase in the credit risk of these items from initial recognition to 31 December 2017. Accordingly, the Directors expect to recognise 12-month expected credit losses for these items respectively.

In general, the directors anticipate that the application of expected credit loss model of MFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognized for these items.

##### **(c) Hedge accounting**

The Directors do not anticipate that the application of the MFRS 9 hedge accounting requirements will have a material impact on the financial statements of the Group and of the Company.

##### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretation when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

#### **3.2 Standards and Amendments in issue but not yet effective (Cont'd)**

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required MFRS 15.

In June 2016, the MASB issued Clarifications to MFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance. Apart from providing more extensive disclosures on the Group's revenue transactions, the Directors do not anticipate that the application of MFRS 15 will have a significant impact on the financial position and or financial performance of the Group.

#### **4. Changes in Estimates**

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

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

There 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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**6. Segment Information**

	Structural Steel & Construction				Oil & Gas	Total	A & E *	Group
	Middle-East and CIS	India	Malaysia	Others				
	RM'000	RM'000	RM'000	RM'000				
<b>12 months ended 31.12.2017</b>								
Revenue								
- External	999,495	265,086	204,336	79,888	281,578	1,830,383	-	1,830,383
- Internal	240,305	780	15,470	-	-	256,555	(256,555)	-
<b>-Total revenue</b>	<b>1,239,800</b>	<b>265,866</b>	<b>219,806</b>	<b>79,888</b>	<b>281,578</b>	<b>2,086,938</b>	<b>(256,555)</b>	<b>1,830,383</b>
<b>Profit/(loss) before tax</b>	<b>87,462</b>	<b>8,749</b>	<b>5,351</b>	<b>4,229</b>	<b>(1,857)</b>	<b>103,934</b>	<b>(8,062)</b>	<b>95,872</b>
<b>12 months ended 31.12.2016</b>								
Revenue								
- External	977,151	158,278	225,719	9,066	212,214	1,582,428	-	1,582,428
- Internal	281,203	98	1,514	146,373	-	429,188	(429,188)	-
<b>Total revenue</b>	<b>1,258,354</b>	<b>158,376</b>	<b>227,233</b>	<b>155,439</b>	<b>212,214</b>	<b>2,011,616</b>	<b>(429,188)</b>	<b>1,582,428</b>
<b>Profit/(loss) before tax</b>	<b>1,501</b>	<b>8,159</b>	<b>2,900</b>	<b>(2,299)</b>	<b>(133,977)</b>	<b>(123,716)</b>	<b>(143,492)</b>	<b>(267,208)</b>

\* Consolidation adjustment &amp; eliminations

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

The steel fabrication and erection for building and infrastructure construction businesses in the Middle-East region continued to contribute a lion share of the Group's revenue of 54.6% and pre-tax profit of RM87.5 million in the current financial period-to-date.

The operations in Malaysia had contributed 11.2% to the Group's revenue and pre-tax profit of RM5.4 million in the current financial period-to-date.

The operations in India had contributed 14.5% to the Group's revenue. The increase in revenue from RM 158.3 million in preceding year's corresponding period compare to current period of RM265.1 million mainly contributed by DLF IT Park project.

The oil and gas business contributed to 15.4% of the Group's revenue in the current period as compared to 13.4% recorded in preceding year's corresponding period. The losses of RM1.9 million during the current financial period mainly due to losses in the petrochemical plant project in Malaysia despite the improved profitability from the oil and gas division in the Middle-East.

## **7. Seasonality of Operations**

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

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

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

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Interest income	(781)	(666)	(2,137)	(910)
Dividend income from investment in securities	-	-	-	(12)
Sales of scrap	(4,079)	(5,974)	(14,210)	(10,955)
Finance cost	7,960	(6,085)	32,100	24,676
Depreciation of property, plant and equipment	12,608	11,825	50,300	42,139
Gain on disposal of property, plant and equipment	(14)	5	(125)	(187)
Unrealised foreign exchange (gain)/loss	(10,566)	9,863	(17,857)	15,473
Net loss on financial assets at fair value through profit or loss	-	-	-	101,720
Provision for employee's service benefits expenses	2,393	4,390	14,253	13,871
Allowance for doubtful debt	3,044	49,318	3,277	48,740

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**9. Income Tax Expense**

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Current income tax:</b>				
Malaysian income tax	484	(1,295)	1,793	(469)
Foreign income tax	3,299	4,051	6,906	6,765
	<u>3,783</u>	<u>2,756</u>	<u>8,699</u>	<u>6,296</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(622)	(34)	(643)	585
<b>Total income tax expense</b>	<u><b>3,161</b></u>	<u><b>2,722</b></u>	<u><b>8,056</b></u>	<u><b>6,881</b></u>
Profit/(loss) before taxation	31,706	(211,380)	95,872	(267,208)
Effective tax rate	10.0%	(1.3%)	8.4%	(2.6%)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) on the estimated taxable profit for the period. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the current year ended 31 December 2017 is lower than the 24% statutory tax rate in Malaysian mainly due to significant portion of the Group's pre-tax profit were generated in the Middle East region where business profits in these jurisdictions are not subject to income tax.

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## 10. Earnings/(Loss) per Share

### Basic/diluted

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

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit/(loss) for the period (RM'000)	29,812	(214,455)	86,511	(278,883)
Number of ordinary shares in issue ('000)	775,641	773,899	775,641	773,899
<b>Basic earnings/(loss) per share (sen)</b>	<b>3.84</b>	<b>(27.71)</b>	<b>11.15</b>	<b>(36.04)</b>

## 11. Property, Plant and Equipment

During the current cumulative 12 months period under review, the Group disposed-off assets with carrying value of RM1,126,000 (2016: RM594,000), resulting in a gain of RM 125,000 (2016: RM187,000), recognized and included in other income in the statement of comprehensive income.

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. Intangible Assets

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
	2017	2017	2016	2016
Eversendai Engineering L.L.C. Dubai	1%	7%	1%	7%
Eversendai Energia Sdn. Bhd.	1%	8%	1%	8%
Eversendai Oil & Gas (M) Sdn. Bhd.	1%	8%	1%	8%
Eversendai Constructions (M) Sdn. Bhd.	1%	8%	1%	8%

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**12. Intangible Assets (Cont'd)**

- a) Budgeted gross margin  
The basis used to determine the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.
- b) Discount rate  
The discount rates used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.
- c) Growth rate  
The growth rates are based on projects tendered and awarded and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

The Group considers the relationship between its budgeted gross margins, discount rate, growth rate and the carrying value of the goodwill, amongst other factors when reviewing indicators of impairment. As of 31 December 2017, 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.

**13. Inventories**

In 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>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Cash and bank balances	235,616	346,483
Deposits with financial institutions	41,328	40,212
<b>Total cash and bank balances</b>	<b>276,944</b>	<b>386,695</b>
Less:		
Bank overdrafts	(75,974)	(19,674)
Deposits pledged with financial institutions	(41,298)	(29,109)
<b>Total cash and cash equivalents</b>	<b>159,672</b>	<b>337,912</b>

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## 15. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 : inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

As at the end of the current quarters under review, the Group held the following financial assets that are measured at fair value:

	<b>Level 1 RM'000</b>
<b>At 31.12.2017</b>	
<b>Current asset</b>	
Investment in securities	23
<b>Total</b>	<b>23</b>
<b>At 31.12.2016 (Audited)</b>	
<b>Current asset</b>	
Investment in securities	23
<b>Total</b>	<b>23</b>

Investment in securities are investments in unit trust fund. The fair value of this class of financial asset is measured based on the quoted market price, with the fair value gains or losses through profit or loss.

The Group does not have any financial instruments measured at fair value using significant unobservable inputs. There were no transfers between any levels of the fair value hierarchy took place during the current quarter and comparative period. The Group also does not hold any credit enhancement or collateral to mitigate credit risk and therefore, the carrying amount of financial assets represents the potential credit risk.

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## 16. Issued Capital, Share Premium and Treasury Shares

The Company has undertaken a private placement of up to 77,389,900 shares, representing up to 10% of the Company's total number of issued shares (excluding 101,000 treasury shares) ("Placement Share(s)").

The Private Placement will be implemented in line with the general mandate under Sections 75 of the Companies Act, 2016 ("Act"), which ECB obtained from its shareholders at its annual general meeting on 25 May 2017 ("General Mandate"). Under the General Mandate, the Board is authorised to issue new Eversendai Shares of up to 10% of the Company's issued share capital. ECB has entered into a conditional share subscription agreement with Macquarie Bank in relation to the issuance and allotment of up to 77,389,900 Placement Shares to the Investor ("Subscription Agreement"). The Private Placement is expected to be implemented in multiple tranches within 12 months from the date on which the conditions precedent in the Subscription Agreement are satisfied.

The following tranches of the private placement has been issued:

<b>Date</b>	<b>No of shares</b>	<b>Value per share</b>
8/29/2017	500,000	0.9444
9/11/2017	600,000	1.0061
9/13/2017	1,000,000	1.0055
9/18/2017	1,500,000	0.9608
9/21/2017	1,000,000	0.9000
11/3/2017	500,000	0.9000
11/6/2017	600,000	0.9000
11/9/2017	600,000	0.9000
11/10/2017	800,000	0.9000
	<u>7,100,000</u>	

On 19 February 2018, the Company has called off the remaining unissued private placement.

### **Share Premium**

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium account become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act.

Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



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**17. Group Borrowings and Debt Securities**

	<b>31.12.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b> <b>(Audited)</b>
<b>Current:</b>		
Hire purchase	<u>1,249</u>	<u>6,843</u>
Bank overdraft	75,974	19,674
Bills payable	368,579	374,304
Term loans	<u>510,844</u>	<u>536,941</u>
Other Borrowings	<u>955,397</u>	<u>930,919</u>
<b>Total Current Borrowings</b>	<u><b>956,646</b></u>	<u><b>937,762</b></u>
<b>Non-current:</b>		
Hire purchase	<u>6,519</u>	<u>11,260</u>
Term loans	<u>194,113</u>	<u>239,432</u>
Other Borrowings	<u>194,113</u>	<u>239,432</u>
<b>Total Non-Current Borrowings</b>	<u><b>200,632</b></u>	<u><b>250,692</b></u>
<b>Total group borrowings and debt securities</b>	<u><b>1,157,278</b></u>	<u><b>1,188,454</b></u>

Included in the Group's borrowings as of 31 December 2017 are bank borrowings denominated in foreign currencies as follows:

	<b>Value in foreign currency 31.12.2017 '000</b>	<b>Equivalents in value of Malaysian currency 31.12.2017 RM'000</b>
United Arab Emirates Dirham	480,996	532,192
Qatari Riyal	62,881	70,179
Indian Rupees	1,256,176	80,037
Thai Baht	32,928	4,104
United States Dollar	114,000	463,250

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**18. Dividends Paid**

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

**19. Commitments and Contingencies**

**a) Capital expenditure commitments**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contracted but not provided for:</b>		
Factory building & labour accommodation	14,923	45,038
Computer systems and others	3,195	5,976
Office building	-	9,796
	<b>18,118</b>	<b>60,810</b>
<b>Approved but not contracted for:</b>		
Factory building & labour accommodation	-	-

**b) Operating lease commitments**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	31,996	31,304
After one year but not more than five years	78,618	69,730
More than five years	250,332	236,601
	<b>360,946</b>	<b>337,635</b>

**c) 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 quarters under review, the Group has provided corporate guarantees for banking facilities; which will not result in potential financial liability to the Group, as follows:

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Eversendai Engineering LLC	4,032,195	3,420,474
Eversendai Offshore RMC FZE	770,060	579,113
Eversendai Engineering Qatar WLL	730,991	951,271
Eversendai Construction Private Limited	428,356	264,931
Eversendai Energia Sdn. Bhd.	228,802	245,583
Eversendai Engineering Pte Ltd	40,085	-
	<b>6,230,489</b>	<b>5,461,372</b>

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## 20. 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>31.12.2017 RM'000</b>	<b>31.12.2016 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	1,495	862
<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 director by virtue of his direct interest in the ultimate holding Company of the Group	129,096	204,471

## 21. Events After the Reporting Period

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

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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. Review of Group with Comparison to Last Year's Corresponding Periods**

The Group recorded total revenue of RM1,830.4 million for the year 2017, improved from last year's revenue of RM1,582.4 million.

Out of the total revenue of RM1,830.4 million, 54.6% was contributed by the businesses in the Middle-East region, 11.2% by operations in Malaysia, 14.5% by operations in India, 15.4% from the oil and gas segment and the remaining 4.4% from operation in Thailand and Singapore.

The Group has reported a PATAMI of RM86.5 million in the year 2017, turned around from the loss of RM278.9 million in last year.

**23. Material Change in Loss Before Taxation in Current Quarter as Compared to Loss in Immediate Preceding Quarter**

The Group's recorded a higher profit before tax of RM31.7 million during the current quarter when compared to the preceding year's corresponding quarter's profit of RM19.7 million mainly contributed by higher profit from Middle East and Malaysia segment.

**24. Prospects of the Group**

During the current financial period ended 31 December 2017, the Group has secured approximately RM1.6 billion new contracts. As at 31 December 2017, the Group's order book stood at approximately RM 2.2 billion. Approximately 40.9% of the order book came from the Group's traditional stronghold in the Middle East region, 20.7% from South East Asia, 22.0% from India and the remaining 16.4% are from the Oil & Gas segment.

With the current order book in hand, the Group is confident to achieve higher revenue and profitability going forward.

**25. Profit Forecast or Profit Guarantee**

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

**26. Corporate Proposals**

Except as disclosed in Note 16, there is no corporate proposal announced but not completed as at 20 February 2018, being a date not earlier than seven days from the date of issuance of this interim financial report.

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## **27. Changes in Material Litigation**

(i) Linsun Engineering Sdn. Bhd. against Eversendai Energia Sdn. Bhd. (“Eversendai Energia”)

On 14 November 2014, a supplier known as Linsun Engineering Sdn. Bhd. (“the plaintiff”) has served a Writ of Summons against Eversendai Energia, 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 the Hearing of the matter on 21 August 2017, the Learned Judge directed that New Trial dates be set, with previous set trial dates to be vacated, as follows:

- a) 12-13 February 2018;
- b) 26-28 February 2018; and
- c) 24-26 April 2018.

Management is of the view that it has a very good defence against the above claim.

(ii) Deepsea Resources Sdn Bhd (“DRSB”) against Eversendai Oil & Gas (M) Sdn. Bhd. (“EOG”)

On 27 July 2017, EOG was served with a Writ of Summons claiming from EOG the sum of RM 926,387.97 for work done for the Rapid SCC Project-Tower Dress Up project.

The matter came for Case Management on 20 October 2017 where parties informed the court of intention to mediate the matter. The Judge fixed the Mediation on 16 November 2017.

On 16 November 2017, the Learned Judge directed for the Mediation to be adjourned to 19 December 2017 to enable parties to update the court on the final amount of settlement to be agreed upon.

Parties were unable to reach a final settlement amount. Court has set the matter for Trial on 25 and 26 April 2018.

## **28. Dividend Payable**

No interim dividend has been declared for the current fourth quarter and 12 months period ended 31 December 2017.

## **29. Realised and Unrealised Profits or Losses**

The breakdown of the retained profits of the Group as of 31 December 2017 and 31 December 2016 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia dated 25 March 2010 and 20 December 2010, and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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**29. Realised and Unrealised Profits or Losses (Cont'd)**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Total retained earnings of the Group as reported under MFRS		
- Realised	91,167	434,368
- Unrealised	15,744	(17,981)
	<u>106,911</u>	<u>416,387</u>
Less: Consolidation adjustments	37,913	(358,074)
<b>Total retained earnings of the Group as per consolidated financial statements</b>	<b><u>144,824</u></b>	<b><u>58,313</u></b>

**30. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

By order of the Board of Directors

**Tan Sri Nathan a/l Elumalay**  
Executive Chairman and Group Managing Director  
**Eversendai Corporation Berhad**

27 February 2018