

EVERSENDAI

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

FOURTH QUARTER ENDED 31 DECEMBER 2021
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)

Dated 28 February 2022

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

Date: 28 February 2022

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

Table of contents	Page
Summary of Key Financial Information	1
Condensed Consolidated Statement of Comprehensive Income	2 – 3
Condensed Consolidated Statement of Financial Position	4 – 5
Condensed Consolidated Statement of Changes in Equity	6 – 7
Condensed Consolidated Statement of Cash Flows	8 – 9
Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting	10 – 21
Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia	22 - 25

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

Financial Year Ending 31 December 2021

Summary of Key Financial Information for the Fourth Quarter ended 31 December 2021

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
1 Revenue	308,281	431,830	1,209,721	1,113,373
2 (Loss)/Profit before tax	(123,815)	(63,728)	(143,498)	(132,640)
3 (Loss)/Profit for the period	(122,177)	(69,845)	(146,115)	(139,080)
4 (Loss)/Profit attributable to equity holders of the Company	(123,962)	(65,192)	(133,999)	(137,544)
5 Basic (loss)/earnings per share (sen)	(15.87)	(8.35)	(17.16)	(17.61)
6 Diluted (loss)/earnings per share (sen)	(15.87)	(8.35)	(17.16)	(17.61)
7 Proposed/declared dividend per share (sen)	-	-	-	-
			As at 31.12.2021 (RM)	As at 31.12.2020 (RM) (Audited)
8 Net assets per share attributable to the equity holders of the Company			0.81	0.95

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2021

	Note	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	6	308,281	431,830	1,209,721	1,113,373
Cost of sales		(376,214)	(397,663)	(1,216,161)	(1,057,129)
Gross (loss) / profit		(67,933)	34,167	(6,440)	56,244
Interest income		(79)	(860)	1,748	69
Other income		10,677	26,257	30,390	39,163
Operating and administrative expenses		(53,118)	(102,671)	(124,264)	(173,978)
Operating loss		(110,453)	(43,107)	(98,566)	(78,502)
Finance costs		(13,362)	(20,621)	(44,932)	(54,138)
Loss before tax	8	(123,815)	(63,728)	(143,498)	(132,640)
Income tax (expense)/credit	9	1,638	(6,117)	(2,617)	(6,440)
Loss for the period		(122,177)	(69,845)	(146,115)	(139,080)
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation		37,635	(9,207)	24,864	5,444
- Cash flow hedges		4,482	(8,206)	4,482	(8,206)
Total comprehensive (expense)/income for the period		(80,060)	(87,258)	(116,769)	(141,842)

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2021 (Cont'd)

	Fourth Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Note				
(Loss)/Profit for the period attributable to:				
- Equity holders of the Company	(123,962)	(65,192)	(133,999)	(137,544)
- Non-controlling interests	1,785	(4,653)	(12,116)	(1,536)
	<u>(122,177)</u>	<u>(69,845)</u>	<u>(146,115)</u>	<u>(139,080)</u>
Total comprehensive (expense)/income attributable to:				
- Equity holders of the Company	(81,984)	(76,361)	(104,677)	(139,559)
- Non-controlling interests	1,924	(10,897)	(12,092)	(2,283)
	<u>(80,060)</u>	<u>(87,258)</u>	<u>(116,769)</u>	<u>(141,842)</u>
Loss per share attributable to equity holders of the Company				
- Basic (sen)	10	<u>(15.87)</u>	<u>(8.35)</u>	<u>(17.61)</u>
- Diluted (sen)	10	<u>(15.87)</u>	<u>(8.35)</u>	<u>(17.61)</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 2020, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Financial Position as at 31 December 2021

		31.12.2021	31.12.2020
		RM'000	RM'000
	Note		(Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment	11	765,987	795,934
Goodwill	12	9,920	11,251
Deferred tax assets		3,839	2,914
Total Non-current Assets		<u>779,746</u>	<u>810,099</u>
Current Assets			
Inventories	13	201,245	301,096
Contract assets		636,738	935,115
Trade receivables		875,506	822,095
Other receivables, refundable deposits and prepaid expenses		217,394	110,882
Tax recoverable		2,608	9,956
Cash and bank balances	14	102,864	122,711
Total Current Assets		<u>2,036,355</u>	<u>2,301,855</u>
Total Assets		<u>2,816,101</u>	<u>3,111,954</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables		281,224	299,320
Other payables and accrued expenses		450,158	479,234
Contract liabilities		73,613	100,467
Amount owing to directors		16,778	9,046
Derivative financial liabilities		3,724	8,206
Borrowings	16	1,037,867	1,009,251
Lease liabilities	16	80,857	12,037
Tax liabilities		38,146	40,352
Total Current Liabilities		<u>1,982,367</u>	<u>1,957,913</u>

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Financial Position as at 31 December 2021 (Cont'd)

		31.12.2021	31.12.2020
		RM'000	RM'000
	Note		(Audited)
EQUITY AND LIABILITIES (Cont'd)			
Non-current Liabilities			
Borrowings	16	24,257	139,003
Lease liabilities	16	109,374	183,685
Employees' service benefits		74,604	74,639
Deferred tax liabilities		2,791	2,790
Total Non-current Liabilities		211,026	400,117
Total Liabilities		2,193,393	2,358,030
Net Assets		622,708	753,924
Capital and Reserves			
Issued capital	15	585,308	585,308
Treasury shares	15	(91)	(91)
Capital reserve		187	187
Foreign currency translation reserve		164,063	139,223
Cash flow hedge reserve		(3,724)	(8,206)
Retained earnings		(111,684)	22,315
Equity attributable to equity holders of the Company		634,059	738,736
Non-controlling interests		(11,351)	15,188
Total Equity		622,708	753,924
Total Equity and Liabilities		2,816,101	3,111,954

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2021

Note	← Attributable to equity holders of the Company →									
	← Non-distributable →					Distributable				
	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2020	585,308	(91)	187	138,206	30	-	159,859	883,499	13,513	897,012
Disposal of subsidiary	-	-	-	(5,174)	-	-	-	(5,174)	3,958	(1,216)
Fair value adjustment reserve	-	-	-	-	(30)	-	-	(30)	-	(30)
Loss for the period	-	-	-	-	-	-	(137,544)	(137,544)	(1,536)	(139,080)
Other comprehensive income/(loss)	-	-	-	6,191	-	(8,206)	-	(2,015)	(747)	(2,762)
Total comprehensive income/(loss)	-	-	-	6,191	-	(8,206)	(137,544)	(139,559)	(2,283)	(141,842)
At 31.12.2020	585,308	(91)	187	139,223	-	(8,206)	22,315	738,736	15,188	753,924

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2021 (Cont'd)

Note	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Non-distributable				Distributable					
	Issued capital	Treasury share	Capital reserve	Foreign currency translation reserve	Fair value adjustment 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	RM'000
At 1.1.2021	585,308	(91)	187	139,223	-	(8,206)	22,315	738,736	15,188	753,924
Loss for the period	-	-	-	-	-	-	(133,999)	(133,999)	(12,116)	(146,115)
Dividend paid	-	-	-	-	-	-	-	-	(14,447)	(14,447)
Other comprehensive income/(loss)	-	-	-	24,840	-	4,482	-	29,322	24	29,346
Total comprehensive income/(loss)	-	-	-	24,840	-	4,482	(133,999)	(104,677)	(26,539)	(131,216)
At 31.12.2021	585,308	(91)	187	164,063	-	(3,724)	(111,684)	634,059	(11,351)	622,708

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 2020, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2021

	Note	Cumulative Quarter 12 months ended	
		31.12.2021 RM'000	31.12.2020 RM'000
Operating activities			
Loss before taxation		(143,498)	(132,640)
Adjustments for:			
Depreciation of property, plant and equipment		56,737	67,153
Gain on lease modification		-	(2,114)
Provision for employees' service benefits		7,481	10,393
Gain on disposal of property, plant and equipment		(673)	(930)
Loss on disposal of a subsidiary		0	556
Property, plant and equipment written off		0	1,949
Interest income		(1,748)	(1,150)
Impairment loss/(Reversal) on trade receivables		5,572	26,958
Reversal of provision for foreseeable loss		0	-
Unrealised foreign exchange loss		10,343	1,893
Allowance for doubtful debts		0	-
Bad debts written off		28	44,020
(Reversal)/provision for foreseeable losses		0	(2,567)
Finance costs		44,932	54,138
Operating profit before working capital changes		(20,826)	67,659
Working capital changes:			
Net changes in current assets		52,724	14,375
Net changes in current liabilities		22,692	(32,185)
Cash generated from operations		54,590	49,849
Employees' service benefits paid		(10,271)	(6,154)
Taxes refund		8,842	(11,187)
Net cash flows generated used in operating activities		53,161	32,508
Investing activities			
Purchase of property, plant and equipment		(26,790)	(9,279)
Proceeds from disposal of property, plant and equipment		673	1,670
Net cash outflow on disposal of a subsidiary company		-	(316)
Increase/(decrease) in deposits with financial institutions		(9,580)	(20,475)
Interest received		1,748	1,150
Net cash flows used in investing activities		(33,949)	(27,250)

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

Financial Year Ending 31 December 2021

Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2021 (Cont'd)

	Cumulative Quarter 12 months ended	
	31.12.2021	31.12.2020
Note	RM'000	RM'000
Financing activities		
Drawdown/(repayment) of bank borrowings	4,679	1,206
Increase/(Decrease) of amount owing to holding company	-	7,965
Repayment of lease liabilities	(5,491)	(23,699)
Increase in amount owing to directors	7,732	(2,043)
Finance costs paid	(44,932)	(46,113)
Net cash flows used in financing activities	(38,012)	(62,684)
Net decrease in cash and cash equivalents	(18,800)	(57,426)
Effect of changes in foreign exchange rate	34,337	2,259
Cash and cash equivalents at beginning of period	(12,614)	42,553
Cash and cash equivalents at end of period	2,923	(12,614)
Cash and cash equivalents at end of period comprised of:		
Cash and bank balances	102,864	122,711
Less: Bank overdrafts	(47,022)	(72,826)
Less: Deposits pledged with financial institutions	(52,919)	(62,499)
	2,923	(12,614)

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020, and the accompanying explanatory notes to these interim financial statements.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 2020, ECB has met the criteria of the business activities benchmark and financial ratio benchmark set by Shariah Advisory Council (SAC) of the Securities Commission (SC).

These unaudited condensed consolidated financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 28 February 2022.

2. Basis of Preparation

These unaudited condensed consolidated financial statements for the financial period ended 31 December 2021 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 2020. 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 2020.

3. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning of 1 January 2021. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

6. Segment Information

	Structural Steel Works				Energy RM'000	Total Operations RM'000	A & E * RM'000	Group RM'000
	Middle East RM'000	India RM'000	Southeast Asia RM'000	Others RM'000				
As at 31.12.2021								
Revenue								
- External	513,108	298,750	205,839	31,389	160,635	1,209,721	-	1,209,721
- Internal	70,016	958	6,808	-	-	77,782	(77,782)	-
Total revenue	583,124	299,708	212,647	31,389	160,635	1,287,503	(77,782)	1,209,721
Profit/(Loss) after tax	(45,990)	945	(44,390)	(570)	(20,400)	(110,405)	(35,710)	(146,115)
As at 31.12.2020								
Revenue								
- External	528,883	175,956	290,088	4,602	113,563	281	-	1,113,373
- Internal	115,969	2,520	9,417	-	-	12,428	(140,334)	-
Total revenue	644,852	178,476	299,505	4,602	113,563	12,709	(140,334)	1,113,373
Profit/(Loss) after tax	(40,789)	1,790	(17,085)	210	(69,150)	(239,469)	225,413	(139,080)

* Consolidation adjustment & elimination

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

6. Segment Information (Cont'd)

The Group's core business, Structural Steel Works segment continue to be the major contributor of the revenue which contributed for 85.1% of the total Group revenue. Middle East region continue to contribute the largest share of the Structural Steel Works which amounted to RM583.1 million or 45.3% of total Group revenue, followed by India region of RM299.7 million or 23.3% of total Group revenue and South East Asia of RM212.6 million or 16.5% of total Group revenue.

The Group's total revenue of RM1,209.7 million showed an increase of RM96.4 million or 8.7% compared to the preceding year of RM1,113.3 million. The Group recorded a gross loss of RM6.4 million, a decrease of RM62.6 million compared to the preceding year of RM56.2 million. The increase in gross loss was mainly due to under-utilisation of the Group's Fabrication facilities and adjustment of contract values of projects due to global downturn.

7. Seasonality of Operations

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

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

8. (Loss)/Profit Before Tax

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

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Interest income	(79)	210	1,748	1,139
Sales of scrap	3,399	6,396	19,943	18,341
Finance costs	(13,362)	(20,621)	(44,932)	(54,138)
Depreciation of property, plant and equipment	(6,567)	(5,466)	(56,737)	(67,153)
Gain on disposal of property, plant and equipment	201	745	673	930
Gain on lease modification	-	2,114	-	2,114
Loss on disposal of a subsidiary	-	(556)	-	(556)
Property, plant and equipment written off	-	(1,949)	-	(1,949)
Realised foreign exchange loss	-	300	(66)	(1,310)
Unrealised foreign exchange (loss)/gain	(2,333)	(9,162)	(10,343)	(1,893)
Revesal/(provision) for employees' service benefits expenses	(1,858)	(4,294)	(7,481)	(10,393)
(Provision)/reversal for foreseeable loss	-	(59)	-	-
Bad debts written off	-	(44,020)	(28)	(44,020)
Reversal of impairment loss on receivables	-	5,605	-	2,567
Impairment loss on receivables	(608)	(26,075)	(5,572)	(26,958)

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

9. Income Tax Expense/(Credit)

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current income tax:				
Malaysian income tax	1,470	3,611	2,103	3,644
Foreign income tax	(2,815)	2,258	807	2,548
Adjustment in respect of prior years	(1,160)	1,531	(1,160)	1,531
	<u>(2,505)</u>	<u>7,400</u>	<u>1,750</u>	<u>7,723</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	-	-	-
	867	(1,283)	867	(1,283)
Total income tax expense/(credit)	<u>(1,638)</u>	<u>6,117</u>	<u>2,617</u>	<u>6,440</u>
Profit before tax	(123,815)	(63,728)	(143,498)	(132,640)
Effective tax rate	1.32%	-9.60%	-1.82%	-4.86%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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 12 months period ended 31 December 2021 is lower than the 24% statutory tax rate in Malaysia 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 and deductible losses.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

10. (Loss)/Earnings per Share

(a) Basic Earnings Per Share

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

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	(123,962)	(65,192)	(133,999)	(137,544)
Number of ordinary shares in issue ('000)	780,999	780,999	780,999	780,999
Basic earnings/(loss) per share (sen)	(15.87)	(8.35)	(17.16)	(17.61)

(b) Diluted Earnings Per Share

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

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	(123,962)	(65,192)	(133,999)	(137,544)
Weighted average number of ordinary shares in issue ('000)	780,999	780,999	780,999	780,999
Effect of conversion of warrants ('000)	*	-	*	-
Number of ordinary shares in issue ('000)	780,999	780,999	780,999	780,999
Diluted earnings/(loss) per share (sen)	(15.87)	(8.35)	(17.16)	(17.61)

* The potential conversion of warrants are 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.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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	Discount	Growth Rate	Discount
	Rate	Rate Applied		Rate Applied
	2021	2021	2020	2020
Eversendai Engineering LLC Dubai	1%	10%	1%	10%
Eversendai Engineering Sdn Bhd	1%	10%	1%	10%
Eversendai Constructions (M) Sdn Bhd	1%	12%	1%	12%

- 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 2021, 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.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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:

	31.12.2021	31.12.2020
	RM'000	RM'000
		(Audited)
Cash and bank balances	49,945	60,212
Deposits with financial institutions	52,919	62,499
Total cash and bank balances	102,864	122,711
Less:		
Bank overdrafts	(47,022)	(72,826)
Deposits pledged with financial institutions	(52,919)	(62,499)
Total cash and cash equivalents	2,923	(12,614)

15. Issued Capital and Treasury Shares

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

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

16. Group Borrowings and Debt Securities

	31.12.2021	31.12.2020
	RM'000	RM'000
		(Audited)
Current:		
Bank overdrafts	47,022	72,826
Bills payable	170,577	346,651
Term loans	820,268	589,774
	<u>1,037,867</u>	<u>1,009,251</u>
Lease liabilities	80,857	12,037
Total Current Borrowings	<u>1,118,724</u>	<u>1,021,288</u>
Non-current:		
Term loans	24,257	139,003
Lease liabilities	109,374	183,685
Total Non-current Borrowings	<u>133,631</u>	<u>322,688</u>
Total Group Borrowings and Debt Securities	<u>1,252,355</u>	<u>1,343,976</u>

Included in the Group's borrowings as of 31 December 2021 are bank borrowings denominated in foreign currencies as follows:

	Value in foreign	Equivalents in
	currency	value of Malaysian
	31.12.2021	currency
	'000	31.12.2021
		RM'000
United Arab Emirates Dirham	373,643	424,256
Qatari Riyal	28,434	32,571
Indian Rupees	1,580,451	88,638
Singapore Dollar	2,121	6,553
United States Dollar	115,619	482,147
	<u>1,100,278</u>	<u>1,034,165</u>

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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

	31.12.2021	31.12.2020
	RM'000	RM'000
		(Audited)
Contracted but not provided for:		
Factory building and labour accommodation	20,227	2,375
Computer systems and others	1,138	345
Plant and machineries	1,495	2,076
	<u>22,860</u>	<u>4,796</u>

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:

	31.12.2021	31.12.2020
	RM'000	RM'000
		(Audited)
<u>Utilised and Unutilised Portion:</u>		
Eversendai Engineering LLC Dubai	3,853,489	3,733,411
Eversendai Offshore RMC FZE	674,249	664,197
Eversendai Engineering Qatar WLL	742,887	721,991
Eversendai Construction Private Limited	308,989	301,223
Eversendai Engineering Sdn Bhd	272,320	272,320
Eversendai Engineering Pte Ltd	185,581	183,432
	<u>6,037,515</u>	<u>5,876,574</u>

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000
Transactions with certain directors and key management personnel of the Group:		
Rental of staff accommodation and office building from a director	1,004	966
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	943	121,169

20. Events After the Reporting Year

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.

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

The Group recorded revenue of RM1,209.7 million and loss before tax of RM143.5 million for the period ended 31 December 2021 as compared to corresponding period in immediately preceding year of RM1,113.3 million and loss before tax of RM132.6 million respectively. The deterioration in performance was mainly due to under-utilisation of the Group's Fabrication facilities and adjustment of contract values of projects due to global downturn.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia

22. Material Change in Loss Before Taxation in Current Quarter as Compared to Loss in Preceding Year's Corresponding Quarter

The Group's total revenue of RM308.3 million in 4Q 2021, a decrease of RM123.5 million or 28.6% from 4Q 2020 of RM431.8 million. The decrease was mainly due to delays in award of new projects. The Group recorded loss before taxation of RM123.9 million, an increase of RM60.1 million from 4Q 2020 gross loss of RM63.7 million. The deterioration in performance was due to under-utilisation of the Group's fabrication facilities, adjustment of contract values of projects due to global downturn and impairment of receivables.

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

	Current Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.9.2021 RM'000
Revenue	308,281	307,920
Operating losses	(110,453)	442
Loss before tax	(123,815)	(12,331)
Loss for the period	(122,177)	(13,037)

The Group reported revenue and LBT of RM308.2 million and RM123.8 million respectively in the current quarter as compared to revenue of RM307.9 million and LBT of RM12.3 million in the immediate preceding quarter. Increase in LBT mainly due to under-utilization of the Group's fabrication facilities, adjustment of contract values and impairment on receivables.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2021

B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia (Cont'd)

24. Prospects of the Group

As at the date of this financial report, the Group's order book value stood at RM1.3 billion. In the face of the COVID-19 crisis, the company acted quickly to optimize resilience, rebalancing for risk and liquidity while assessing opportunities for growth. Immediate action had been taken to address short-term liquidity challenges to ensure the company rebounds from the global downturn, to ensure sustainability of the Group.

With the current order book value and improved operational efficiency upon implementation of cost reduction exercise across the Group, and with the improving economies post Covid-19 across all regions, going forward, the Group is optimistic of its prospects for the year but remains cautious.

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. Memorandum of Understanding

On 29 April 2020, the Eversendai Offshore RMC FZE, a subsidiary of Eversendai Corporation Berhad, had inked Memorandum of Understanding with Hyundai Engineering & Construction Co Ltd as global strategic partners in modular construction work for the construction and energy industries.

Eversendai Offshore managed to penetrate the Offshore Wind Renewable Energy sector by successfully securing and delivering three (3) European Offshore Wind Renewable Energy projects. On the back of these projects, we believe we will be able to position well in the European Offshore Wind Renewable Energy sector to secure more projects going forward.

27. Corporate Proposals

a) Letter of offer from Vahana Holdings Sdn Bhd

On 10 February 2020, the Company had received a letter of offer from Vahana Holdings Sdn Bhd, one of the major shareholder of the Company wherein Vahana Holdings Sdn Bhd had offered the Company, the opportunity to acquire the entire issued and paid-up share capital of its wholly owned subsidiary, Vahana Offshore (M) Sdn Bhd, which currently owns the entire issued and paid-up share capital of Aryan-Inspire Pte Ltd, Arjun-Aspire Pte Ltd and Vahana Marine Solutions DMCC based on the terms and conditions as set out in the Letter of Offer.

On 10 March 2020, the Company had accepted the Offer, subject to the finalization and execution of a definitive share sale agreement and the fulfilment of the condition precedent set out in the Letter of Offer and the Definitive Agreement. The Company and Vahana Holdings Sdn Bhd have mutually agreed to execute the Definitive Agreement by 30 June 2020.

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

Financial Year Ending 31 December 2021

Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2021

B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia (cont'd)

On 30 June 2020, the Company had entered into a conditional share sale agreement with Vahana Holdings Sdn. Bhd. in relation to the proposed acquisition of 100% equity interest in Vahana Offshore (M) Sdn. Bhd., for a purchase consideration of RM235,000,000 to be fully satisfied via the issuance of 770,491,803 new redeemable convertible preference shares in Eversendai Corporation Berhad at an issue price of RM0.305 each, upon and subject to the terms and conditions of the share sale agreement.

During the EGM held on 10 September 2020, shareholders had approved the proposed acquisition.

As at the date of this report, the completion of the acquisition of Vahana Offshore (M) Sdn Bhd is still pending satisfaction of certain conditions in the Share Sale Agreement, however, the period to complete the acquisition is extended until 30th June 2022.

28. 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.

“Matter fixed for continued trial with Defendant’s final witness on 25 Nov 2021. Continued with cross-examination. Adjourned to 10 December 2021. Case concluded on 10 December 2021 and the Court has fixed 13 May 2022 for final decision.”

Although the management is of the view that it has a very good defence against the above claim but the verdict will depend on the way the judge weighs the evidence presented in court based on documentary and oral evidence.

29. Dividend Payable

No interim dividend has been declared for the current financial period ended 31 December 2021.

By order of the Board of Directors

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

28 February 2022