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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018

THIRD QUARTER ENDED 30 SEPTEMBER 2018
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)

Dated 29 November 2018

EVERSENDAI

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

Date: 29 November 2018

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

Table of contents **Page**

EVERSENDAI

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

Financial Year ending 31 December 2018
Summary of Key Financial Information for the Third Quarter ended 30 September 2018

		Third Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
1	Revenue	432,206	449,321	1,213,254	1,311,159
2	Profit before tax	16,371	19,706	53,222	64,166
3	Profit for the period	16,848	18,874	52,397	59,271
4	Profit attributable to equity holders of the Company	13,136	20,826	50,503	56,699
5	Basic earnings per share (sen)	1.68	2.69	6.47	7.32
6	Proposed/declared dividend per share (sen)	-	-	-	-

		As at 30.9.2018 (RM)	As at 31.12.2017 (RM) (Restated)
7	Net assets per share attributable to the equity holders of the Company	1.19	1.13

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2018

		Third Quarter 3-month ended		Cumulative Quarter 9-month ended	
		30.9.2018 RM'000	**30.9.2017 RM'000**	**30.9.2018 RM'000**	**30.9.2017 RM'000**
	Note				
Revenue	6	**432,206**	**449,321**	**1,213,254**	**1,311,159**
Cost of sales		(382,010)	(390,204)	(1,065,717)	(1,135,939)
Gross profit		**50,196**	**59,117**	**147,537**	**175,220**
Interest income		413	756	1,749	1,356
Other income		5,133	3,406	17,965	16,702
Operating and administrative expense		(25,038)	(28,706)	(81,566)	(104,972)
Operating profit		**30,704**	**34,573**	**85,685**	**88,306**
Finance costs		(14,333)	(14,867)	(32,463)	(24,140)
Profit before tax	8	**16,371**	**19,706**	**53,222**	**64,166**
Income tax credit/(expense)	9	1,801	(832)	499	(4,895)
Profit for the period from continuing operations		**18,172**	**18,874**	**53,721**	**59,271**
Discontinued Operations					
Loss for the period from discontinued operations, net of tax	10	(1,324)	-	(1,324)	-
Profit for the period		**16,848**	**18,874**	**52,397**	**59,271**
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation		18,297	(14,048)	3,247	(47,606)
Total comprehensive income for the period		**35,145**	**4,826**	**55,644**	**11,665**

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2018 (Cont'd)

	Note	Third Quarter 3-month ended 30.9.2018 RM'000	Third Quarter 3-month ended 30.9.2017 RM'000	Cumulative Quarter 9-month ended 30.9.2018 RM'000	Cumulative Quarter 9-month ended 30.9.2017 RM'000
Profit for the period attributable to:					
- Equity holders of the Company		13,136	20,826	50,503	56,699
- Non-controlling interests		3,712	(1,952)	1,894	2,572
		16,848	**18,874**	**52,397**	**59,271**
Total comprehensive income/(expense) attributable to:					
- Equity holders of the Company		31,054	6,459	53,541	10,114
- Non-controlling interests		4,091	(1,633)	2,103	1,551
		35,145	**4,826**	**55,644**	**11,665**
Earnings per share attributable to equity holders of the Company Basic/diluted (sen)					
- Continuing operations		1.75	2.69	6.54	7.32
- Discontinued operations		(0.07)	-	(0.07)	-
	11	**1.68**	**2.69**	**6.47**	**7.32**

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Financial Position as at 30 September 2018

	Note	30.9.2018 RM'000	31.12.2017 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	12	723,871	714,881
Goodwill	13	12,119	12,119
Deferred tax assets		1,057	2,161
Total non-current assets		**737,047**	**729,161**
Current assets			
Inventories	14	324,210	281,243
Amount due from customers under construction contracts		732,847	1,026,144
Trade receivables		1,021,265	602,062
Other receivables, refundable deposits and prepaid expenses		195,374	165,256
Investment in securities	16	23	23
Tax recoverable		4,058	1,612
Cash and bank balances	15	205,176	273,359
		2,482,953	2,349,699
Assets classified as held for sale		-	339
Total current assets		**2,482,953**	**2,350,038**
Total assets		**3,220,000**	**3,079,199**

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Financial Position as at 30 September 2018 (Cont'd)

	Note	30.9.2018 RM'000	31.12.2017 RM'000 (Restated)
Equity and liabilities			
Current liabilities			
Trade payables		389,657	302,046
Other payables and accrued expenses		432,009	467,409
Amount due to customers under construction contracts		135,630	142,457
Amount due to directors		11,334	10,282
Hire purchase payables	18	1,911	4,076
Borrowings	18	865,777	957,125
Tax liabilities		32,080	38,618
Total current liabilities		**1,868,398**	**1,922,013**
Non-current liabilities			
Hire purchase payables	18	5,897	3,692
Borrowings	18	324,354	195,274
Employees' service benefits		71,543	64,695
Deferred tax liabilities		4,274	4,274
Total non-current liabilities		**406,068**	**267,935**
Total liabilities		**2,274,466**	**2,189,948**
Net assets		**945,534**	**889,251**

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Financial Position as at 30 September 2018 (Cont'd)

	Note	30.9.2018 RM'000	31.12.2017 RM'000 (Restated)
Equity and liabilities (Cont'd)			
Capital and reserves			
Issued capital	17	585,308	585,308
Treasury shares	17	(91)	(91)
Capital reserve		187	187
Foreign currency translation reserve		158,730	155,692
Fair value adjustment reserve		30	30
Retained earnings		187,032	136,351
Equity attributable to equity holders of the Company		931,196	877,477
Non-controlling interests		14,338	11,774
Total equity		**945,534**	**889,251**
Total equity and liabilities		**3,220,000**	**3,079,199**

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Changes in Equity for the Third Quarter ended 30 September 2018

	Attributable to equity holders of the Company									
	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	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1.1.2017	**387,000**	**191,515**	**(91)**	**307**	**232,320**	**30**	**58,313**	**869,394**	**14,214**	**883,608**
Increase in share capital	4,423	-	-	-	-	-	-	4,423	-	4,423
Profit for the period	-	-	-	-	-	-	56,699	56,699	2,572	59,271
Other comprehensive expense	-	-	-	-	(46,365)	-	-	(46,365)	(1,241)	(47,606)
Total comprehensive (expense)/income	-	-	-	-	(46,365)	-	56,699	10,334	1,331	11,665
At 30.9.2017	**391,423**	**191,515**	**(91)**	**307**	**185,955**	**30**	**115,012**	**884,151**	**15,545**	**899,696**

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Changes in Equity for the Third Quarter ended 30 September 2018 (Cont'd)

	Attributable to equity holders of the Company									
	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	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1.1.2018, as previously stated	**585,308**	**-**	**(91)**	**187**	**155,692**	**30**	**143,841**	**884,967**	**12,335**	**897,302**
Effects of adoption of MFRS9	**-**	**-**	**-**	**-**	**-**	**-**	**(7,490)**	**(7,490)**	**(561)**	**(8,051)**
At 1.1.2018, as restated	**585,308**	**-**	**(91)**	**187**	**155,692**	**30**	**136,351**	**877,477**	**11,774**	**889,251**
Disposal of subsidiary	-	-	-	-	-	-	178	178	4,963	5,141
Profit for the period	-	-	-	-	-	-	50,503	50,503	1,894	52,397
Other comprehensive income	-	-	-	-	3,038	-	-	3,038	209	3,247
Total comprehensive income	-	-	-	-	3,038	-	50,503	53,541	2,103	55,644
Dividend	-	-	-	-	-	-	-	-	(4,502)	(4,502)
At 30.9.2018	**585,308**	**-**	**(91)**	**187**	**158,730**	**30**	**187,032**	**931,196**	**14,338**	**945,534**

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 2017, and the accompanying explanatory notes attached to these interim financial statements.

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Cash Flows for the Third Quarter ended 30 September 2018

		Cumulative Quarter 9 months ended	
		30.9.2018	30.9.2017
	Note	RM'000	RM'000
Operating activities			
Profit/(loss) before taxation			
- Continuing operations		53,222	64,166
- Discontinued operations	10	(3,429)	-
Adjustments for:			
Depreciation of property, plant and equipment		42,555	37,692
Provision for employees' service benefits		9,782	11,860
Gain on disposal of property, plant and equipment		(139)	(111)
Gain on disposal of a subsidiary		(2,166)	-
Property, plant and equipment written off		1	23
Interest income		(1,749)	(1,356)
Allowance for doubtful debt		4,323	233
Reversal for foreseeable loss		(7,756)	-
Unrealised foreign exchange loss/(gains)		4,590	(7,291)
Finance cost		32,463	24,140
Operating profit before working capital changes		**131,697**	**129,356**
Working capital changes:			
Net changes in current assets		(230,573)	(225,590)
Net changes in current liabilities		99,535	176,972
Cash generated from operations		659	80,738
Employees' service benefits paid		(3,333)	(4,621)
Taxes paid		(5,809)	(5,429)
Finance cost paid		(32,463)	(24,140)
Net cash flows (used in)/generated from operating activities		**(40,946)**	**46,548**
Investing activities			
Purchase of property, plant and equipment		(51,463)	(72,258)
Proceeds from disposal of property, plant and equipment		678	179
Decrease in deposits pledge with financial institutions		(10,742)	(26,166)
Interest received		1,749	1,356
Disposal of a subsidiary		(473)	-
Net cash flows used in investing activities		**(60,251)**	**(96,889)**

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

Financial Year ending 31 December 2018
Condensed Consolidated Statement of Cash Flows for the Third Quarter ended 30 September 2018 (Cont'd)

	Note	Cumulative Quarter 9 months ended 30.9.2018 RM'000	30.9.2017 RM'000
Financing activities			
Issuance of share capital		-	4,423
Drawdown/(repayment) of bank borrowings		29,059	(156,308)
Drawdown/(repayment) of hire purchase payables		62	(8,714)
Increase/(decrease) in amounts due to directors		2,105	(9,168)
Dividend paid		(4,502)	-
Net cash flows generated from/(used in) financing activities		**26,724**	**(169,767)**
Net decrease in cash and cash equivalents		**(74,473)**	**(220,108)**
Effect of changes in foreign exchange rate		(13,125)	41,505
Cash and cash equivalents at beginning of period		159,672	337,912
Cash and cash equivalents at end of period		**72,074**	**159,309**
Cash and cash equivalents at end of period comprised of:			
Cash and bank balances		205,176	292,598
Less: Bank overdrafts		(85,498)	(78,014)
Less: Deposits with financial institutions		(47,604)	(55,275)
		72,074	**159,309**

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017, and the accompanying explanatory notes to these interim financial statements.

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

Financial Year Ending 31 December 2018
Explanatory Notes to the Interim Financial Report for the Third Quarter ended 30 September 2018

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 2017, 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 interim financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 29 November 2018.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the financial period ended 30 September 2018 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 2017. 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 2017.

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 2017.

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 2018 as follows:

3. Significant Accounting Policies (Cont'd)

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

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

The adoption of these Amendments to MFRSs did not have any material impact on the amounts reported on the financial statements of the Group in the current and previous financial years except for the following:

<u>MFRS 9 *Financial Instruments* ("MFRS 9")</u>

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 a*nd 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.

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 fair value through other comprehensive income ("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 previous 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;

3. Significant Accounting Policies (Cont'd)

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

MFRS 9 *Financial Instruments* ("MFRS 9") (Cont'd)

(a) Classification and measurement (Cont'd)

- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under MFRS 139.

(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 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.

(d) Transition upon the adoption of MFRS 9

The Group has decided to adopt modified retrospective method of transition to MFRS 9. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018. The financial impact for each financial statement line item affected by the application of MFRS 9 for the current and prior years is disclosed in Note 23.

3. Significant Accounting Policies (Cont'd)

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

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 supersede the previous 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

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 by MFRS 15.

In general, the Board has assessed that revenue from construction contracts should be recognised over time as the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date and that the customer control the assets during the course of construction by the Group. Furthermore, the Board considers that the input method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under MFRS 15.

3. Significant Accounting Policies (Cont'd)

3.2 Standards and Amendments in issue but not yet effective

Effective for annual periods commencing on or after 1 January 2019

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[2]
Amendments to MFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement[1]
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures[1]
IC Interpretation 23	Uncertainty over Income Tax Payments[1]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these standards will not have material impact on the financial statements of the Group in the period of initial application except as discussed below:

MFRS 16 Leases

MFRS 16 specifies how a MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors are currently assessing the impact of adoption of MFRS 16 on the amount reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group complete a detailed review.

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 during the current quarter under review, except:-

(a) Disposal of Shares in Perisai Kuasa Sdn Bhd ("PKSB"), a subsidiary of the Company

Further to the Company's announcement on 4 May 2018, the disposal of 84,000 ordinary shares in its subsidiary, PKSB which represents 60% of the issued and paid up share capital in PKSB has been completed on 11 July 2018. Accordingly, PKSB no longer a subsidiary of the Company.

(b) Deregistration of Eversendai Steel-A Pty Ltd ("ESPL")

On 6 August 2018, pursuant to an application for voluntary deregistration of ESPL, a dormant company and wholly-owned subsidiary of the Company, made with Australian Securities and Investments Commission (ASIC), ESPL has been deregistered. The voluntary deregistration of ESPL is not expected to have any material effect on the earnings or net assets of the Company for the financial year ending 31 December 2018. None of the Directors or substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the said deregistration.

(c) Incorporation of Eversendai Resources Sdn Bhd ("ERSB")

On 17 August 2018, the Company incorporated ERSB in Malaysia as an associate of the Company. The issued paid up share capital of ERSB is RM100 comprising 100 ordinary shares. ERSB is a 49% effectively owned associate company of ECB. ERSB intends to carry on the business of general contractors and property developer.

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

6. Segment Information

	Structural Steel & Construction				Oil & Gas	A & E *	Total Continuing Operations	Discontinued Operations	Group
	Middle-East and CIS	India	Malaysia	Others					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30.9.2018									
Revenue									
- External	655,413	150,133	101,682	74,431	231,595	-	1,213,254	4,456	1,217,710
- Internal	165,039	-	93,913	-	-	(283,125)	(24,173)	24,173	-
Total revenue	**820,452**	**150,133**	**195,595**	**74,431**	**231,595**	**(283,125)**	**1,189,081**	**28,629**	**1,217,710**
Profit/(loss) before tax	**44,805**	**6,324**	**10,061**	**(4,006)**	**2,271**	**(6,233)**	**53,222**	**(3,429)**	**49,793**
9 months ended 30.9.2017									
Revenue									
- External	746,696	174,005	132,313	41,789	216,356	-	1,311,159	-	1,311,159
- Internal	184,109	787	90	-	-	(184,986)	-	-	-
Total revenue	**930,805**	**174,792**	**132,403**	**41,789**	**216,356**	**(184,986)**	**1,311,159**	**-**	**1,311,159**
Profit/(loss) before tax	**59,103**	**10,969**	**1,622**	**2,062**	**(3,594)**	**(5,996)**	**64,166**	**-**	**64,166**

* Consolidation adjustment & eliminations

6. Segment Information (Cont'd)

Continuing operations

The steel fabrication and erection for building and infrastructure construction businesses in the Middle-East region continued to contribute the largest share of the Group's revenue of 54.0% and pre-tax profit of RM44.8 million in the current financial period-to-date.

The operations in Malaysia had contributed 8.4% to the Group's revenue and pre-tax profit of RM10.1 million in the current financial period-to-date.

The operations in India had contributed 12.4% to the Group's revenue. The decrease in revenue from RM174.0 million in preceding year's corresponding period compare to current period of RM150.1 million mainly contributed by higher revenue recognised from DLF IT Park project in the previous year.

The oil and gas business contributed a higher revenue to the Group at 19.1% in the current period as compared to 16.5% recorded in preceding year's corresponding quarter. The higher pre-tax profit is mainly due to the derecognised of loss in the subsidiary disposed off during the period. The financial result for the subsidiary disposed off during the period has been presented separately as discontinued operations in the Condensed Consolidation Statement of Comprehensive Income.

Discontinued operations

The Group has completed its disposal of Perisai Kuasa Sdn Bhd ("PKSB") on 11 July 2018. PKSB and its subsidiary company had ceased to contribute to the Group's results in the current quarter under review.

7. Seasonality of Operations

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

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

8. Profit Before Tax

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

	Third Quarter 3-month ended		Cumulative Quarter 9-month ended	
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Interest income	(413)	(756)	(1,749)	(1,356)
Sales of scrap	(2,858)	(3,250)	(11,537)	(10,131)
Finance cost	14,333	14,867	32,463	24,140
Depreciation of property, plant and equipment	14,841	13,434	42,555	37,692
Gain on disposal of property, plant and equipment	-	(23)	(139)	(111)
Unrealised foreign exchange loss/(gain)	5,578	(2,440)	4,590	(7,291)
Provision for employee's service benefits expenses	3,799	7,040	9,782	11,860
Allowance for doubtful debt	4,945	220	4,323	233
Reversal for foreseeable loss	(1,504)	-	(7,756)	-

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

9. Income Tax Expense

	Third Quarter 3-month ended		Cumulative Quarter 9-month ended	
	30.9.2018 RM'000	**30.9.2017 RM'000**	**30.9.2018 RM'000**	**30.9.2017 RM'000**
Current income tax:				
Malaysian income tax	27	436	(398)	1,309
Foreign income tax	(2,236)	396	(1,144)	3,607
	(2,209)	832	(1,542)	4,916
Deferred tax:				
Relating to origination and reversal of temporary differences	408	-	1,043	(21)
Total income tax (credit)/expense	**(1,801)**	**832**	**(499)**	**4,895**
Profit before taxation	16,371	19,706	53,222	64,166
Effective tax rate	(11.0%)	4.2%	(0.9%)	7.6%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 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 30 September 2018 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.

10. Discontinued operation

On 4 May 2018, the Group had entered into a share sale agreement for the disposal of 84,000 ordinary shares in its subsidiary, Perisai Kuasa Sdn Bhd ("PKSB"), which represents 60% of the issued and paid up share capital in PKSB. On 11 July 2018, the Company announced that the disposal has been completed. Accordingly, PKSB is no longer a subsidiary of the Company.

The Group therefore presents and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (Non-Current Assets Held For Sale and Discontinued Operations).

The results of the discontinued operation is as follows:

	11 July 2018 RM'000
Revenue	28,629
Cost of sales	(32,214)
Other income	722
Operating expenses	(563)
Finance cost	(3)
Loss before income tax	(3,429)
Income tax expenses	(61)
Loss after income tax of discontinued operation	(3,490)
Gain on disposal of a subsidiary after income tax	2,166
Loss from discontinued operation	**(1,324)**

The cash flow attributable to the discontinued operations is as follows:

	11 July 2018 RM'000
Net cash outflow from operating activities	2,085
Net cash outflow from financing activities	-
Net cash inflow from investing activities	(12)
Net increase in cash generated by the subsidiary	**2,073**

Details of the disposal of the subsidiary:

	11 July 2018 RM
Cash consideration received	84
Carrying amount of net assets sold	2,166,002
Gain on disposal	**2,166,086**

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

10. Discontinued operation (Cont'd)

The carrying amounts of assets and liabilities as at date of disposal (11 July 2018) were:

	11 July 2018 RM'000
Property, plant and equipment	169
Amount due from customers under construction contracts	32,700
Trade receivables	9,004
Other receivables, refundable deposits and prepaid expenses	3,485
Amount due from related companies	7,691
Cash and bank balances	2,639
Total assets	**55,688**
Trade payables	(14,737)
Other payables and accrued expenses	(14,042)
Tax liabilities	582
Amount due to customers under construction contracts	(1,357)
Amount due to directors	(1,053)
Hire purchase payables	(22)
Amount due to related companies	(32,366)
Non-controlling interests	5,141
Total liabilities	**(57,854)**
Net liabilities	**(2,166)**

11. Earnings 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.

	Third Quarter 3-month ended		**Cumulative Quarter 9-month ended**	
	30.9.2018	**30.9.2017**	**30.9.2018**	**30.9.2017**
Profit/(loss) for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	13,685	20,826	51,052	56,699
- From discontinued operations	(549)	-	(549)	-
	13,136	20,826	50,503	56,699
Number of ordinary shares in issue ('000)	780,999	774,177	780,999	774,177
Basic earnings/(loss) per share (sen)				
- From continuing operations	1.75	2.69	6.54	7.32
- From discontinued operations	(0.07)	-	(0.07)	-
	1.68	**2.69**	**6.47**	**7.32**

12. Property, Plant and Equipment

During the current period under review, the Group disposed-off assets with carrying value of RM539,000 (2017: RM68,000), resulting in a gain of RM139,000 (2017: RM111,000), 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.

13. 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 2018	Discount Rate Applied 2018	Growth Rate 2017	Discount Rate Applied 2017
Eversendai Engineering L.L.C. Dubai	1%	7%	1%	7%
Eversendai Engineering Sdn. Bhd*. (Formally known as Eversendai Energia Sdn. Bhd.)*	1%	9%	1%	9%
Eversendai Constructions (M) Sdn. Bhd.	1%	9%	1%	9%
Eversendai S-Con Engineering Co. Ltd	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 of 30 September 2018, 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.

14. 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.

15. Cash and Cash Equivalents

Cash and cash equivalents comprised the following amounts:

	30.9.2018 RM'000	31.12.2017 RM'000 (Audited)
Cash and bank balances	157,572	236,467
Deposits with financial institutions	47,604	36,892
Total cash and bank balances	**205,176**	**273,359**
Less:		
Bank overdrafts	(85,498)	(76,825)
Deposits pledged with financial institutions	(47,604)	(36,862)
Total cash and cash equivalents	**72,074**	**159,672**

16. 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:

	Level 1 RM'000
At 30.9.2018	
Current asset	
Investment in securities	23
Total	**23**
At 31.12.2017 (Audited)	
Current asset	
Investment in securities	23
Total	**23**

16. Fair Value Hierarchy (Cont'd)

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.

17. Issued Capital and Treasury Shares

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

18. Group Borrowings and Debt Securities

	30.9.2018 RM'000	31.12.2017 RM'000 (Audited)
Current:		
Hire purchase	1,911	4,076
Bank overdraft	85,498	76,825
Bills payable	266,575	368,579
Term loans	513,704	511,721
Other Borrowings	865,777	957,125
Total Current Borrowings	**867,688**	**961,201**
Non-current:		
Hire purchase	5,897	3,692
Term loans	324,354	195,274
Total Non-Current Borrowings	**330,251**	**198,966**
Total group borrowings and debt securities	**1,197,939**	**1,160,167**

18. Group Borrowings and Debt Securities (Cont'd)

Included in the Group's borrowings as of 30 September 2018 are bank borrowings denominated in foreign currencies as follows:

	Value in foreign currency 30.9.2018 '000	Equivalent value in Malaysian currency 30.9.2018 RM'000
United Arab Emirates Dirham	493,824	556,421
Qatari Riyal	52,583	59,774
Indian Rupees	1,181,256	67,470
Thai Baht	36,753	4,704
Singapore Dollar	3,597	10,882
United States Dollar	114,000	471,789

19. Dividends Paid

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

20. Commitments and Contingencies

a) Capital expenditure commitments

	30.9.2018 RM'000	30.9.2017 RM'000
Contracted but not provided for:		
Factory building & labour accommodation	11,943	17,143
Computer systems	7	3,505
Plant & machineries	4,544	-
	16,494	**20,648**
Approved but not contracted for:		
Factory building & labour accommodation	18,028	-
Computer systems	563	-
Plant & machineries	1,127	-
	19,718	**-**

20. Commitments and Contingencies (Cont'd)

b) Operating lease commitments

	30.9.2018 RM'000	30.9.2017 RM'000
Within one year	29,484	31,716
After one year but not more than five years	72,235	83,507
More than five years	243,002	266,772
	344,721	**381,995**

c) Contingencies

The Group does not have any pending litigation except as disclosed in Note 29 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:

	30.9.2018 RM'000	30.9.2017 RM'000
Eversendai Engineering LLC	3,816,856	4,189,811
Eversendai Offshore RMC FZE	672,654	800,161
Eversendai Engineering Qatar WLL	705,636	755,006
Eversendai Construction Private Limited	313,876	434,754
Eversendai Engineering Sdn. Bhd.	245,583	228,802
Eversendai Engineering Pte Ltd	39,891	40,995
	5,794,496	**6,449,529**

21. 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 9 months ended	
	30.9.2018 RM'000	**30.9.2017 RM'000**
Transactions with certain directors and key management personnel of the Group:		
Rental of staff accommodation and office building from a director	1,119	1,101
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 director by virtue of his direct interest in the ultimate holding Company of the Group	40,398	95,061

22. Events After the Reporting Period

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

23. Restatement of Comparative

The table below show the amount of adjustment for each financial statement line item affected by application of MFRS 9 for the previous financial year.

Condensed Statements of Financial Position

	As previously reported RM'000	MFRS 9 adjustments RM'000	As restated RM'000
As at 1st January 2018			
Trade Receivables	610,113	(8,051)	602,062
Retained Earnings	143,841	(7,490)	136,351
Non- controlling Interests	12,335	(561)	11,774

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

24. Review of Group with Comparison to Last Year's Corresponding Period

Continuing operations

The Group recorded total revenue of RM1,213.3 million for the first 9 months of the year which was lower by 7.5% compared to the total revenue of RM1,311.2 million recorded in the last year's corresponding period.

Out of the total revenue of RM1,213.3 million, 54.0% was contributed by the businesses in the Middle-East region, 8.4% by operations in Malaysia, 12.4% by operations in India, 19.1% from the oil and gas segment and the remaining 6.1% from operation in Thailand, Singapore and United Kingdom.

The Group has reported a PATAMI of RM50.5 million in the first 9 months of the year, lower than PATAMI of RM56.7 million reported in the last year's corresponding period, mainly due to lower revenue recognised and higher finance cost incurred during the current financial period to date.

Discontinued operations

The Group has completed its disposal of Perisai Kuasa Sdn Bhd ("PKSB") in 11 July 2018. PKSB and its subsidiary company had ceased to contribute to the Group's results in the current quarter under review.

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

The Group's recorded a lower profit before tax of RM16.4 million during the current quarter when compared to the preceding year's corresponding quarter's profit of RM19.7 million, mainly due to lower revenue recognised during the current quarter.

26. Prospects of the Group

During the current financial period ended 30 September 2018, the Group has secured approximately RM1.1 billion new contracts. As at 30 September 2018, the Group's order book stood at approximately RM2.4 billion. Approximately 56.3% of the order book came from the Group's traditional stronghold in the Middle East region, 20.7% from Malaysia, 16.7% from India and the remaining 6.3% are from the Oil & Gas segment.

With the current order book in hand, it ensure steady revenue stream for the future.

27. 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.

28. Corporate Proposals

There is no corporate proposal announced but not completed as at 22 November 2018, being a date not earlier than seven days from the date of issuance of this interim financial report.

29. Changes in Material Litigation

Linsun Engineering Sdn. Bhd. against Eversendai Engineering Sdn. Bhd. (formerly known as Eversendai Energia 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.

The matter has been fixed for Trial on 14 to 18 January 2019.

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

30. Dividend Payable

No interim dividend has been declared for the current financial period and 9 months period ended 30 September 2018.

31. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

By order of the Board of Directors

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

29 November 2018