

# **EVERSENDAI**

**EVERSENDAI CORPORATION BERHAD**

(Company No. 614060-A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**FOURTH QUARTER ENDED 31 DECEMBER 2016**

(Figures are not audited unless otherwise specified)

(In Ringgit Malaysia)

Dated 28 FEBRUARY 2017

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

**Date: 28 February 2017**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

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

**Financial Year ended 31 December 2016**

**Summary of Key Financial Information for the Fourth Quarter ended 31 December 2016**

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
1 Revenue	340,973	489,321	1,574,610	1,788,804
2 (Loss)/profit before tax	(192,198)	12,469	(248,026)	67,906
3 (Loss)/profit for the period	(192,775)	9,794	(252,762)	61,549
4 (Loss)/profit attributable to equity holders of the Company	(193,075)	7,287	(257,503)	55,365
5 Basic (loss)/earnings per share (sen)	(24.95)	0.94	(33.27)	7.15
6 Proposed/declared dividend per share (sen)	-	-	-	-
			<b>As at 31.12.2016 (RM)</b>	<b>As at 31.12.2015 (RM) (Audited)</b>
7 Net assets per share attributable to the equity holders of the Company			1.15	1.45

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2016**

**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2016**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
<b>Revenue</b>	6	<b>340,973</b>	<b>489,321</b>	<b>1,574,610</b>	<b>1,788,804</b>
Cost of sales		(419,842)	(415,886)	(1,471,655)	(1,554,579)
<b>Gross (loss)/profit</b>		<b>(78,869)</b>	<b>73,435</b>	<b>102,955</b>	<b>234,225</b>
Interest income		583	386	827	930
Dividend income		-	42	12	1,473
Other income		8,694	3,497	15,998	32,949
Operating and administrative expense		(128,692)	(45,247)	(241,423)	(158,604)
<b>Operating (loss)/profit</b>		<b>(198,284)</b>	<b>32,113</b>	<b>(121,631)</b>	<b>110,973</b>
Finance costs		6,086	(11,163)	(24,675)	(33,540)
Net loss on financial assets at fair value through profit or loss		-	(8,481)	(101,720)	(9,527)
<b>(Loss)/profit before tax</b>	8	<b>(192,198)</b>	<b>12,469</b>	<b>(248,026)</b>	<b>67,906</b>
Income tax expense	9	(577)	(2,675)	(4,736)	(6,357)
<b>(Loss)/profit for the period</b>		<b>(192,775)</b>	<b>9,794</b>	<b>(252,762)</b>	<b>61,549</b>
<b>Other comprehensive income/(expense):</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- Fair value adjustment of investment securities		-	300	5	453
- Foreign currency translation		62,132	(36,484)	31,527	167,801
<b>Other comprehensive income/(expense) for the period</b>		<b>62,132</b>	<b>(36,184)</b>	<b>31,532</b>	<b>168,254</b>
<b>Total comprehensive (expense) /income for the period</b>		<b>(130,643)</b>	<b>(26,390)</b>	<b>(221,230)</b>	<b>229,803</b>

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**Financial Year ended 31 December 2016**

**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2016 (Cont'd)**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
(Loss)/profit for the period attributable to:					
- Equity holders of the Company		(193,075)	7,287	(257,503)	55,365
- Non-controlling interests		300	2,507	4,741	6,184
		<u>(192,775)</u>	<u>9,794</u>	<u>(252,762)</u>	<u>61,549</u>
Total comprehensive (expense)/income attributable to:					
- Equity holders of the Company		(132,184)	(28,179)	(226,899)	222,331
- Non-controlling interests		1,541	1,789	5,669	7,472
		<u>(130,643)</u>	<u>(26,390)</u>	<u>(221,230)</u>	<u>229,803</u>
<b>(Loss)/earnings per share attributable to equity holders of the Company</b>					
- <b>Basic/diluted (sen)</b>	10	(24.95)	0.94	(33.27)	7.15

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015, 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 2016**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2016**

		<b>31.12.2016</b>	<b>31.12.2015</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	718,352	649,176
Goodwill	12	13,780	12,088
Derivatives financial assets	15	-	8,278
Investment in securities	15	-	84,622
Deferred tax assets		1,807	2,574
<b>Total non-current assets</b>		<b>733,939</b>	<b>756,738</b>
<b>Current assets</b>			
Inventories	13	187,760	168,534
Amount due from customers under construction contracts		940,435	849,435
Trade receivables		649,246	636,293
Other receivables, refundable deposits and prepaid expenses		137,474	125,509
Investment in securities	15	23	8,548
Tax recoverable		1,589	1,419
Cash and bank balances	14	386,090	134,818
<b>Total current assets</b>		<b>2,302,617</b>	<b>1,924,556</b>
<b>Total assets</b>		<b>3,036,556</b>	<b>2,681,294</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade payables		236,358	238,636
Other payables and accrued expenses		483,475	346,185
Amount due to customers under construction contracts		108,102	63,753
Amount due to directors		13,361	2,357
Hire purchase payables	17	1,229	2,899
Borrowings	17	605,362	500,767
Tax liabilities		33,434	33,698
<b>Total current liabilities</b>		<b>1,481,321</b>	<b>1,188,295</b>

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**Financial Year ended 31 December 2016**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2016 (Cont'd)**

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Audited)
<b>Equity and liabilities (cont'd)</b>			
<b>Non-current liabilities</b>			
Hire purchase payables	17	9,475	6,422
Borrowings	17	569,361	299,705
Employees' service benefits		65,256	52,138
Deferred tax liabilities		4,533	4,629
<b>Total non-current liabilities</b>		<b>648,625</b>	<b>362,894</b>
<b>Total liabilities</b>		<b>2,129,946</b>	<b>1,551,189</b>
<b>Net assets</b>		<b>906,610</b>	<b>1,130,105</b>
<b>Capital and reserves</b>			
Issued capital	16	387,000	387,000
Share premium	16	191,515	191,515
Treasury shares	16	(91)	(91)
Capital reserve		307	307
Foreign currency translation reserve		233,992	202,465
Fair value adjustment reserve		30	25
Retained earnings	29	79,693	341,066
Equity attributable to equity holders of the Company		892,446	1,122,287
Non-controlling interests		14,164	7,818
<b>Total equity</b>		<b>906,610</b>	<b>1,130,105</b>
<b>Total equity and liabilities</b>		<b>3,036,556</b>	<b>2,681,294</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 2015, 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 2016**
**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2016**

	← Attributable to equity holders of the Company →								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	Total RM'000		
<b>At 1.1.2015</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>35,952</b>	<b>(428)</b>	<b>295,375</b>	<b>909,630</b>	346	<b>909,976</b>
Profit for the period	-	-	-	-	-	-	55,365	55,365	6,184	61,549
Other comprehensive income/(expense)	-	-	-	-	166,513	453	-	166,966	1,288	168,254
Total comprehensive income	-	-	-	-	166,513	453	55,365	222,331	7,472	229,803
Dividend	-	-	-	-	-	-	(9,674)	(9,674)	-	(9,674)
<b>At 31.12.2015</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>



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

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**Financial Year ended 31 December 2016**
**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2016 (Cont'd)**

	← 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	-	-	-	-	-	-	(257,503)	(257,503)	4,741	(252,762)
Other comprehensive (loss)/income	-	-	-	-	31,527	5	-	31,532	928	32,460
Total comprehensive (loss)/income	-	-	-	-	31,527	5	(257,503)	(225,971)	5,669	(220,302)
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>233,992</b>	<b>30</b>	<b>79,693</b>	<b>892,446</b>	<b>14,164</b>	<b>906,610</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 2015, 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 2016**
**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2016**

	Note	Cumulative Quarter 12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000
<b>Operating activities</b>			
(Loss)/profit before taxation		(248,026)	67,906
Adjustments for:			
Depreciation of property, plant and equipment		42,113	35,239
Provision for employees' service benefits		13,425	12,319
Gain on disposal of property, plant and equipment		(203)	(283)
Gain on disposal of investment in securities		-	(4)
Net loss on financial assets at fair value through profit or loss		101,720	9,527
Interest income		(827)	(930)
Dividend income from investment in securities		(12)	(1,473)
Allowance for doubtful debt		63,906	4,638
Unrealised foreign exchange loss/(gains)		15,473	(17,965)
Finance cost		24,675	33,540
		<b>12,244</b>	<b>142,514</b>
<b>Operating (loss)/profit before working capital changes</b>			
Working capital changes:			
Net changes in current assets		(272,144)	(535,358)
Net changes in current liabilities		180,040	180,919
Cash used in operations		(79,860)	(211,925)
Employees' service benefits paid		(3,650)	(4,096)
Taxes paid		(3,315)	28
		<b>(86,825)</b>	<b>(215,993)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(85,057)	(166,458)
Proceeds from disposal of property, plant and equipment		4,121	378
Net changes in investment in securities		(5)	60,655
Increase/(decrease) in deposits pledge with financial institutions		1,450	5,779
Interest received		827	930
Dividend received		-	1,473
Proceed from disposal of investment securities		8,542	25,579
Purchase of investment securities		(8,819)	-
Proceed from disposal of quoted shares		-	1,257
Net cash outflow arising from acquisition of a subsidiary		(3,172)	-
		<b>(82,113)</b>	<b>(70,407)</b>

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

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**Financial Year ended 31 December 2016**
**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2016 (Cont'd)**

	Note	Cumulative Quarter 12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000
<b>Financing activities</b>			
Drawdown of bank borrowings		330,599	259,297
Drawdown/(repayment) of hire purchase payables		1,383	(1,055)
Increase in amounts due to directors		3,760	849
Dividend paid		(3,870)	(9,674)
Finance cost paid		(24,675)	(33,540)
<b>Net cash generated from financing activities</b>		<b>307,197</b>	<b>215,877</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>138,259</b>	<b>(70,523)</b>
Effect of changes in foreign exchange rate		99,039	(35,885)
<b>Cash and cash equivalents at beginning of period</b>		<b>99,956</b>	<b>206,364</b>
<b>Cash and cash equivalents at end of period</b>		<b>337,254</b>	<b>99,956</b>
<b>Cash and cash equivalents at end of period comprised of:</b>			
Cash and bank balances	14	386,090	134,818
Less: Bank overdrafts		(19,727)	(4,303)
Less: Deposits with financial institutions		(29,109)	(30,559)
	14	<b>337,254</b>	<b>99,956</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 2015, and the accompanying explanatory notes to these interim financial statements.

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**Financial Year ended 31 December 2016**

**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2016**

**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 28 February 2017.

**2. Basis of Preparation**

These unaudited condensed consolidated interim financial statements for the financial period ended 31 December 2016 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 2015. 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 2015.

**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 2015.

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

In the current financial year, 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 2016 as follows:

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

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

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plant
Amendments to MFRS 127	Equity Method in Separate Financial Statements

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**

At the date of authorisation for issue of these interim financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 9	Financial Instruments <sup>1</sup>
MFRS 15	Revenue from Contracts with Customers <sup>1</sup>
MFRS 16	Leases <sup>4</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to MFRS 107	Disclosure Initiative <sup>3</sup>
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>3</sup>
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective date of the Amendments which was originally for annual periods beginning on or after 1 January 2016, have been deferred to a date to be announced by the MASB.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

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

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

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for MFRS 9 and MFRS 15.

However, it is not practical to provide a reasonable estimate of the effect on MFRS 9 and MFRS 15 until the Group undertakes 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, including business combination, acquisition and/or disposal of subsidiary and long-term investments, restructuring, and discontinued operations during the current quarter under review, except:-

(i) **Acquisition of Eversendai S-Con Engineering Co. Ltd ("S-Con")**

On 1 December 2015, Eversendai Construction (S) Pte. Ltd., ("Eversendai Singapore") a subsidiary of the Company had entered into a shareholder's agreement with Mr. Anuchart Suphannarat ("Anuchart") who is the founder and owner of S-CON. Eversendai Singapore also entered into a conditional share subscription agreement with Anuchart and S-CON, to subscribe 70% of the total voting rights in S-CON for THB 30 million in cash.

On 1 April, 2016, the subscription of 70% of the voting rights in S-CON, now known as Eversendai S-CON Engineering Co. Ltd. ("ESECL"), by Eversendai Singapore has been duly completed. Consequently, ESECL became a subsidiary company of Eversendai Singapore.

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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 31.12.2016</b>								
Revenue								
-External	977,151	152,021	224,593	9,066	211,779	<b>1,574,610</b>	-	<b>1,574,610</b>
-Internal	281,203	98	1,514	146,373	-	<b>429,188</b>	(429,188)	-
<b>-Total revenue</b>	<b>1,258,354</b>	<b>152,119</b>	<b>226,107</b>	<b>155,439</b>	<b>211,779</b>	<b>2,003,798</b>	<b>(429,188)</b>	<b>1,574,610</b>
<b>Profit/(loss) before tax</b>	<b>23,485</b>	<b>3,713</b>	<b>4,275</b>	<b>(1,702)</b>	<b>(134,306)</b>	<b>(104,535)</b>	<b>(143,491)</b>	<b>(248,026)</b>
<b>12 months ended 31.12.2015</b>								
Revenue								
-External	911,250	151,867	318,825	39	406,823	<b>1,788,804</b>	-	<b>1,788,804</b>
-Internal	301,899	2,245	16,036	-	3,031	<b>353,961</b>	(353,961)	-
<b>Total revenue</b>	<b>1,213,149</b>	<b>154,112</b>	<b>334,861</b>	<b>39</b>	<b>409,854</b>	<b>2,142,765</b>	<b>(353,961)</b>	<b>1,788,804</b>
<b>Profit/(loss) before tax</b>	<b>55,769</b>	<b>(14,207)</b>	<b>8,950</b>	<b>20,303</b>	<b>27,842</b>	<b>98,657</b>	<b>(30,751)</b>	<b>67,906</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 62.1% and pre-tax profit of RM23.5 million in the current financial year ended 31 December 2016.

The operations in Malaysia had contributed 14.3% to the Group's revenue. The decrease in revenue from RM318.8 million to RM224.6 million was mainly due to a delay in commencement of major key projects.

The revenue from operations in India remained stable compared to previous financial year with a contribution of 9.7% to the Group revenue and has been profitable at RM3.7 million.

The Oil and Gas business contributed to 13.4% of the Group's revenue, as compared to the corresponding period in 2015 of 22.7%. The losses of RM134 million during the current financial year was mainly due to a critical review of project costing, taking into consideration higher costs resulting from delays in project funding, low utilisation of fabrication factory, penalty and storage charges of machineries procurement, weak currency coupled with exceptionally slow recovery of the Oil and Gas industry.

**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. (Loss)/profit Before Tax**

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

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest income	(583)	(386)	(827)	(930)
Dividend income from investment in securities	-	(42)	(12)	(1,473)
Sales of scrap	(4,968)	(1,456)	(9,949)	(6,691)
Finance cost	(6,086)	11,163	24,675	33,540
Depreciation of property, plant and equipment	11,799	12,721	42,113	35,239
Gain on disposal of property, plant and equipment	(11)	(94)	(203)	(283)
Unrealised foreign exchange (gain)/loss	9,863	598	15,473	(17,965)
Net loss/(gain) on financial assets at fair value through profit or loss	-	8,481	101,720	9,527
Provision for employee's service benefits expenses	3,944	2,954	13,425	12,319
Allowance for doubtful debt	60,299	4,638	63,906	4,638

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**9. Income Tax Expense**

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
<b>Current income tax:</b>				
Malaysian income tax	(4)	820	822	2,833
Foreign income tax	116	2,449	2,830	4,118
	<u>112</u>	<u>3,269</u>	<u>3,652</u>	<u>6,951</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	465	(594)	1,084	(594)
<b>Total income tax expense</b>	<u>577</u>	<u>2,675</u>	<u>4,736</u>	<u>6,357</u>
Profit/(loss) before taxation	(192,198)	12,469	(248,026)	67,906
Effective tax rate	(0.3%)	21.5%	(1.9%)	9.4%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) 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 2016 is lower than the 24% statutory tax rate in Malaysian mainly due to losses incurred during the financial year.

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**10. (Loss)/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.

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit/(loss) for the period (RM'000)	(193,075)	7,287	(257,503)	55,365
Number of ordinary shares in issue ('000)	773,899	773,899	773,899	773,899
<b>Basic earnings/(loss) per share (sen)</b>	<b>(24.95)</b>	<b>0.94</b>	<b>(33.27)</b>	<b>7.15</b>

**11. Property, Plant and Equipment**

During the current financial year under review, the Group disposed-off assets with carrying value of RM3.9 million (2015: RM95,000), resulting in a gain of RM203,000 (2015: RM283,000), 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. Goodwill**

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by directors for the next five years. The key assumptions for the value-in-use calculations are as follows:

Cash-generating units ("CGUs")	Growth Rate	Discount Rate Applied	Growth Rate	Discount Rate Applied
	2016	2016	2015	2015
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. Goodwill (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 2016, 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>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Cash and bank balances	345,879	102,234
Deposits with financial institutions	40,211	32,584
<b>Total cash and bank balances</b>	<b>386,090</b>	<b>134,818</b>
Less:		
Bank overdrafts	(19,727)	(4,303)
Deposits pledged with financial institutions	(29,109)	(30,559)
<b>Total cash and cash equivalents</b>	<b>337,254</b>	<b>99,956</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 31.12.2016</b>	
<b>Non-current assets</b>	
Derivative financial assets	-
Investment in securities	-
<b>Current asset</b>	
Investment in securities	23
<b>Total</b>	<b>23</b>
<b>At 31.12.2015 (Audited)</b>	
<b>Non-current assets</b>	
Derivative financial assets	8,278
Investment in securities	84,622
<b>Current asset</b>	
Investment in securities	8,548
<b>Total</b>	<b>101,448</b>

Investment in securities are investments in unit trust fund and quoted shares. Derivative financial asset is an investment in the quoted warrants. 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

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

## 17. Group Borrowings and Debt Securities

	31.12.2016 RM'000	31.12.2015 RM'000 (Audited)
<b>Current:</b>		
Hire purchase	<u>1,229</u>	<u>2,899</u>
Bank overdraft	19,727	4,303
Bills payable	419,665	424,118
Term loans	<u>165,970</u>	<u>72,346</u>
Other Borrowings	<u>605,362</u>	<u>500,767</u>
<b>Total Current Borrowings</b>	<u>606,591</u>	<u>503,666</u>
<b>Non-current:</b>		
Hire purchase	<u>9,475</u>	<u>6,422</u>
Term loans	569,361	49,705
Islamic medium-term notes	-	250,000
Other Borrowings	<u>569,361</u>	<u>299,705</u>
<b>Total Non- current Borrowings</b>	<u>578,836</u>	<u>306,127</u>
<b>Total group borrowings and debt securities</b>	<u>1,185,427</u>	<u>809,793</u>

Included in the Group's borrowings as of 31 December 2016 are bank borrowings denominated in foreign currencies as follows:

	Value in foreign currency	Equivalents in value of Malaysian currency
	31.12.2016 '000	31.12.2016 RM'000
United Arab Emirates Dirham	899,700	1,098,875
Qatari Riyal	22,915	28,230
Indian Rupees	759,705	50,167
Thai Baht	23,632	2,960

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**18. Dividends Paid**

A final single-tier dividend of 0.50 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury share excluded), in respect of the financial year ended 31 December 2015 amounting to RM3,869,495 has been approved by the shareholders during the Annual General Meeting held on 27 May 2016. The Company paid the said dividend on 14 July 2016 and accounted the appropriation of earnings in the statement of changes in equity during the quarter ended 30 June 2016.

**19. Commitments and Contingencies**
**a) Capital expenditure commitments**

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contracted but not provided for:</b>		
Factory building & labour accommodation	49,230	26,555
Computer systems and others	1,913	452
Office building	10,627	-
Plant & machinery	4,309	-
	<u>66,079</u>	<u>27,007</u>
<b>Approved but not contracted for:</b>		
Factory building & labour accommodation	-	-

**b) Operating lease commitments**

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	37,249	22,885
After one year but not more than five years	98,326	77,119
More than five years	251,876	235,264
	<u>387,451</u>	<u>335,268</u>

**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:

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## 19. Commitments and Contingencies (Cont'd)

### c) Contingencies (Cont'd)

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Eversendai Engineering Pte Ltd	40,877	-
Eversendai Engineering LLC	4,316,715	3,238,576
Eversendai Offshore RMC FZE	850,055	543,915
Eversendai Engineering Qatar WLL	806,883	940,761
Eversendai Construction Private Limited	443,956	277,724
Eversendai Energia Sdn. Bhd. (formerly known as Shineversendai Engineering (M) Sdn. Bhd.)	245,583	301,187
	<b>6,704,069</b>	<b>5,302,163</b>

## 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>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with certain directors and key management personnel of the Group:</b>		
Rental of office premises from a director	1,168	1,095
<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	99,640	338,587

## 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 has secured RM1.8 billion new contracts for FY2016.

Out of the total revenue of RM1,574.6 million, 62.1% was contributed by the businesses in the Middle-East region, 14.3% by operations in Malaysia, 9.7% by operations in India, 13.4% from the Oil and Gas segment and the remaining 0.5% from operation in Thailand.

Impact on fair value of financial assets of RM101.7 million, unrealised foreign exchange loss of RM15.5 million, provision for doubtful debts of RM63.9 million and the higher costs resulting from delays in project funding and low utilisation of fabrication factory in the Oil and Gas segment has resulted in the loss after tax of RM252.7 million in the current year as compared to last year's profit after tax of RM61.5 million.

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

The Group's recorded loss before tax of RM192.1 million during the current quarter, which when compared to the preceding quarter's profit of RM12.5 million was mainly due to the provision for doubtful debts and the higher costs resulting from delays in project funding and low utilisation of the fabrication factory in the Oil and Gas segment.

**24. Prospects of the Group**

During the current financial year ended 31 December 2016, the Group has secured approximately RM1.8 billion new contracts. As at 31 December 2016, the Group's order book stood at approximately RM2.4 billion. Approximately 37.7% of the order book came from the Group's traditional stronghold in the Middle East region, 24.7% from South East Asia, 22.3% from India and the remaining 15.3% was from the Oil & Gas segment.

With the new projects secured up to 28 February 2017, resulting in our order book's increase to approximately RM3.0 billion, the Group is confident to achieve higher revenue and profitability going forward especially with the recovery in the Oil & Gas industry.

**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**

There is no corporate proposal announced but not completed as at 21 February 2017, 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.

The legal case has been set for trial in 2017.

(ii) Poratha Corporation Sdn. Bhd. against Eversendai Energia Sdn. Bhd.

On 21 April 2016, Eversendai Energia received a signed and sealed Writ of Summons and statement of claim dated 15 April 2016 from Poratha Corporation Sdn. Bhd. (“the plaintiff”) claiming for a total sum of RM7,448,220 for FGD ducting, miscellaneous piping works and firefighting piping works, 5% interest per annum on the judgement amount (calculated from the judgement date until the date of full settlement) and other incidental costs.

The legal case has been set for trial in 2017.

Management is of the view that it has a very good defence against all of the aforementioned alleged claims.

## **28. Dividend Payable**

No interim dividend has been declared for the current fourth quarter and 12 months period ended 31 December 2016.

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## 29. Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group as of 31 December 2016 and 31 December 2015 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.

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Total retained earnings of the Group as reported under MFRS		
- Realised	434,961	649,707
- Unrealised	(9,586)	38,850
	<u>425,375</u>	<u>688,557</u>
Less: Consolidation adjustments	(345,682)	(347,491)
<b>Total retained earnings of the Group as per consolidated financial statements</b>	<b><u>79,693</u></b>	<b><u>341,066</u></b>

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

The auditors' report on the financial statements for the year ended 31 December 2015 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**

28 February 2017