

EVERSENDI

**EVERSENDI CORPORATION BERHAD
(Company No: 614060-A)
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2013
FIRST QUARTER ENDED
31 MARCH 2013**

DATED 21 MAY 2013

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

SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

	Individual Quarter Ended		Period ended	
	31 March 2013 RM'000 (Unaudited)	31 March 2012 RM'000 (Unaudited)	31 March 2013 RM'000 (Unaudited)	31 March 2012 RM'000 (Unaudited)
1 Revenue	243,182	248,961	243,182	248,961
2 Profit before tax	24,452	31,253	24,452	31,253
3 Profit for the quarter/period	25,079	29,762	25,079	29,762
4 Profit attributable to ordinary equity holders of the parent	23,679	27,249	23,679	27,249
5 Basic earnings per share (sen)	3.06	3.52	3.06	3.52
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at 31 March 2013 (Unaudited)		As at 31 December 2012 (Audited)	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	1.06		1.01	

CURRENCY: - MALAYSIAN RINGGIT (RM)

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

	Individual Quarter ended		Period Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Revenue	243,182	248,961	243,182	248,961
Cost of Sales	(203,979)	(204,072)	(203,979)	(204,072)
Gross profit	39,203	44,889	39,203	44,889
Interest income	643	934	643	934
Dividend income	831	924	831	924
Other income	4,626	6,653	4,626	6,653
Operating and administrative expenses	(16,583)	(17,727)	(16,583)	(17,727)
Finance costs	(4,268)	(4,420)	(4,268)	(4,420)
Profit before taxation	24,452	31,253	24,452	31,253
Income tax expense	(385)	(1,491)	(385)	(1,491)
Share of associate's result	1,012	-	1,012	-
Profit for the quarter/period	25,079	29,762	25,079	29,762
Other comprehensive income				
Fair value adjustment of investment securities	(614)	821	(614)	821
Foreign currency translation	16,464	(13,184)	16,464	(13,184)
Total comprehensive income	40,929	17,399	40,929	17,399
Profit attributable to :				
Equity holders of the Company	23,679	27,249	23,679	27,249
Non-controlling interests	1,400	2,513	1,400	2,513
	25,079	29,762	25,079	29,762
Total comprehensive income attributable to :				
Equity holders of the Company	39,199	15,424	39,199	15,424
Non-controlling interests	1,730	1,975	1,730	1,975
	40,929	17,399	40,929	17,399
Basic/diluted earnings per share attributable to equity holders of the company (sen)*	3.06	3.52	3.06	3.52

* Basic earnings per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue post listing of 774,000,000.

These unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013**

	As at 31 March 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	252,921	217,791
Investment in associate	118,212	-
Investment in structured deposit	25,284	25,284
Goodwill	9,920	9,920
Deferred tax assets	240	304
Total non-current assets	406,577	253,299
Current assets		
Inventories	155,499	185,839
Amount due from customers on construction contracts	274,858	307,062
Trade contract receivables	426,114	419,785
Other receivables and deposits	52,710	48,964
Tax recoverable	96	96
Investment securities	223,395	122,041
Deposits and bank balances	183,364	145,001
Total current assets	1,316,036	1,228,788
Total Assets	1,722,613	1,482,087
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	387,000	387,000
Foreign currency translation reserve	(27,779)	(44,243)
Capital reserves	307	307
Share premium	191,515	191,515
Fair value adjustment reserve	(487)	127
Retained earnings	272,233	248,554
	822,789	783,260
Non-controlling interests	7,554	5,824
Total Equity	830,343	789,084

These unaudited condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D.)
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

	As at 31 March 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
Non-current liabilities		
Hire purchase payables	5,469	3,592
Borrowings	284,657	31,829
Employees' service benefits	22,400	20,742
Deferred tax liabilities	3,408	3,617
Total Non-current liabilities	315,934	59,780
Current liabilities		
Trade payables	91,790	110,492
Other payables	185,411	200,677
Amounts due to directors	164	172
Hire purchase payables	1,322	2,142
Borrowings	182,016	216,439
Amount due to customers on construction contracts	100,418	83,683
Provision for taxation	15,215	13,684
Dividend payable	-	5,934
Total Current liabilities	576,336	633,223
Total liabilities	892,270	693,003
Total equity and liabilities	1,722,613	1,482,087
Net asset per share attributable to ordinary equity holders of the Company (RM)*	1.06	1.01

* Net asset per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue post listing of 774,000,000.

These unaudited condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013**

	← Attributable to equity holders of the Company →							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable →			Distributable						
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
At 1 January 2012, as reported under FRS	387,000	307	(18,540)	191,515	(275,985)	(346)	435,767	719,718	8,006	727,724
Prior year adjustments	-	-	(227)	-	-	-	(3,370)	(3,597)	4,468	871
Effects of transition to MFRS	-	-	-	-	275,985	-	(275,985)	-	-	-
As reported under MFRS	387,000	307	(18,767)	191,515	-	(346)	156,412	716,121	12,474	728,595
Profit for the year	-	-	-	-	-	-	115,362	115,362	-	115,362
Other comprehensive income	-	-	(25,476)	-	-	473	-	(25,003)	5,532	(19,471)
Total comprehensive income for the year	-	-	(25,476)	-	-	473	115,362	90,359	5,532	95,891
Dividends	-	-	-	-	-	-	(23,220)	(23,220)	(12,182)	(35,402)
At 31 December 2012	387,000	307	(44,243)	191,515	-	127	248,554	783,260	5,824	789,084

Prior year adjustments relates to income tax and share of profits to non-controlling interest in the prior years. The adjustments have been applied retrospectively and comparatives have been adjusted accordingly.

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

	← Attributable to equity holders of the Company →								
	← Distributable →								
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium 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 January 2013									
As reported under MFRS	387,000	307	(44,243)	191,515	127	248,554	783,260	5,824	789,084
Profit for the year	-	-	-	-	-	23,679	23,679	-	23,679
Other comprehensive income for the year	-	-	16,464	-	(614)	-	15,850	1,730	17,580
Total comprehensive income for the year	-	-	16,464	-	(614)	23,679	39,529	1,730	41,259
At 31 March 2013	387,000	307	(27,779)	191,515	(487)	272,233	822,789	7,554	830,343

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013**

	Period ended	
	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,452	31,253
Adjustments for:		
Depreciation	6,906	5,701
Employees' service benefits	1,528	2,566
Gain on disposal of property, plant and equipment	(8)	(14)
Allowance for impairment of receivables	-	1
Write back of impairment losses on receivables	-	(4,957)
Write back of overprovision of trade payables	-	(114)
Fair value adjustment of investment securities	(614)	473
Interest income	(643)	(935)
Dividend income from investment securities	(831)	(923)
Unrealised foreign exchange (gain)/loss	(2,618)	743
Interest expense	4,268	4,420
Operating profit before working capital changes	32,440	38,214
Working capital changes:-		
Net changes in current assets	51,191	(3,347)
Net changes in current liabilities	(19,622)	35,929
Cash generated from operations	64,009	70,796
Employees' service benefits paid	(608)	(816)
Taxes refunded/(paid)	494	(163)
Interest expense paid	(4,268)	(4,420)
Net cash generated from operating activities	59,627	65,397

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013

	Period ended	
	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(36,623)	(3,725)
Proceeds from disposal of property, plant and equipment	14	53
Net changes in investment securities	(101,354)	(1,744)
Investment in associate	(118,212)	-
Net changes in deposits pledged with financial institutions	(1,976)	1,374
Interest and dividend received	1,474	1,858
Net cash used in investing activities	(256,677)	(2,184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of hire purchase payables	1,057	(584)
Drawdown/(repayment) of borrowings	219,437	(53,706)
Amount due to directors	(8)	(760)
Net cash generated from/(used in) financing activities	220,486	(55,050)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Effect of changes in foreign exchange rate	13,982	(11,321)
Cash and cash equivalents at 31 December 2012/2011	101,277	139,406
CASH AND CASH EQUIVALENTS AT 31 MARCH 2013/2012	138,695	136,248
CASH AND CASH EQUIVALENTS AT 31 MARCH 2013/2012 COMPRISES :		
Cash and bank balance	183,364	211,747
less : Bank Overdraft	(6,115)	(24,775)
less : Deposit pledged with financial institutions	(38,554)	(50,724)
	138,695	136,248

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013**

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013

EXPLANATORY NOTES PURSUANT TO MFRS 134

1. CORPORATE INFORMATION

Eversendai Corporation Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 May 2013.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 31 March 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

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 2012 except for the adoption of the following with effect from 1 January 2013:

- Amendments to MFRS 101, Presentation of items of Other Comprehensive Income
- Amendments to MFRS 7, Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
- MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 10, MFRS 11, MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits
- MFRS 127, Separate Financial Statements
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128, Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- Annual Improvements 2009-2011 Cycle

The initial application of the above is not expected to have any material financial impact on the Group's results.

EVERSENDAI CORPORATION BERHAD (614060-A)
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

4. SEGMENT INFORMATION

	Middle East		India		Malaysia		Others		Total		Adjustments & Eliminations		Group	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Revenue														
External	158,879	180,477	33,307	39,306	50,996	29,178	-	-	243,182	248,961	-	-	243,182	248,961
Internal	47,180	63,150	3,031	2,701	-	-	-	-	50,211	65,851	(50,211)	(65,851)	-	-
	206,059	243,627	36,338	42,007	50,996	29,178	-	-	293,393	314,812	(50,211)	(65,851)	243,182	248,961
Gross profit	33,748	37,529	658	3,213	4,797	3,819	-	-	39,203	44,561	-	328	39,203	44,889
Interest income													643	934
Dividend income													831	924
Other income											(253)	(328)	4,626	6,653
Other expenses													(16,583)	(17,727)
Finance costs													(4,268)	(4,420)
Profit before tax													24,452	31,253
Taxation													(385)	(1,491)
Share of results of associate													1,012	-
Profit for the financial period													25,079	29,762

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

4. SEGMENT INFORMATION (CONT'D.)

Gross profit for the Group in current period ended 31 March 2013 has decreased by 12.7% as compared to period ended 31 March 2012. The lower gross profit was contributed by the following segments:

Middle East

Middle East segment recorded a decrease of gross profit by 10.1% in tandem with the decrease in revenue of 15.4%. The decrease is mainly due to in higher finalized variation orders in prior period. The current period's gross profit is mainly contributed by projects such as Capital Market Authority Tower, King Abdul Aziz International Airport Railway Station and KAPSARC projects in Saudi Arabia, Qatar National Museum project, Nakilat Phase 4A in Doha and Salalah International Airport in Oman.

India

India segment recorded a decrease in gross profit by 79.5% as compared to the previous corresponding period. The decrease was mainly contributed by the additional costs for variation works incurred yet to be finalized for EMCO Power Plant project in Warora and Worli Mixed-Use Development project in Mumbai.

Malaysia

Gross profit in Malaysia segment has recorded an increase of 25.6% in gross profit as compared to the previous corresponding period. This is mainly contributed by the Manjung Power Plant and Tanjung Bin Power Plant projects.

With the current order book spread, India and Malaysia are expected to continue contributing higher revenue and gross profit to the Group in the coming year. The growth of the Group will continue to be mainly driven by the Middle East segment.

5. CHANGES IN ESTIMATES

There were no changes in estimates that had a material effect in the current and previous interim results.

6. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in composition of the Group in the current and previous interim results.

7. SEASONALITY OF OPERATIONS

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

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

8. PROFIT BEFORE TAX

Included in the profit before tax are the following:

	Individual Quarter ended		Period ended	
	31 Mar 2013 RM'000 (Unaudited)	31 Mar 2012 RM'000 (Unaudited)	31 Mar 2013 RM'000 (Unaudited)	31 Mar 2012 RM'000 (Unaudited)
Interest income	(643)	(935)	(643)	(935)
Dividend income from investment securities	(831)	(923)	(831)	(923)
Sale of scraps	(2,192)	(2,585)	(2,192)	(2,585)
Other expenses/(income)	171	(4,706)	171	(4,706)
Interest expense	4,268	4,420	4,268	4,420
Depreciation of property, plant and equipment	6,906	5,701	6,906	5,701
Allowance for impairment of receivables and bad debts written off	-	1	-	1
(Gain)/loss on disposal of quoted and unquoted investments	-	-	-	-
Write-back of over provision in trade payables	-	(114)	-	(114)
Negative goodwill on consolidation	-	-	-	-
Impairment of goodwill	-	-	-	-
Property, plant and equipment written off	-	-	-	-
Inventories written off	-	-	-	-
Employee benefits expenses	1,528	2,566	1,528	2,566
Gain on disposal of property, plant and equipment	(8)	(14)	(8)	(14)
Net foreign exchange loss/(gain)	(2,596)	767	(2,596)	767

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

9. INCOME TAX EXPENSE

	Individual Quarter ended		Period ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Current tax:				
Malaysian Income tax	315	130	315	130
Foreign Tax	70	1,361	70	1,361
	<u>385</u>	<u>1,491</u>	<u>385</u>	<u>1,491</u>

	Individual Quarter ended		Period ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
Effective tax rate	1.57%	4.77%	1.57%	4.77%

The Group's effective tax rate for the current financial period ended 31 March 2013 is lower than Malaysian statutory tax rate as the subsidiaries in the UAE are not subject to any taxation, while a tax rate of 20% for operations in Saudi and the subsidiary in Qatar has a flat rate of 10% applicable on the Group's portion of 70% of its taxable profits.

10. EARNINGS PER SHARE

Basic/Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the Company by the number of ordinary shares in issue post listing of 774,000,000.

	Individual Quarter Ended		Period Ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
Profit net of tax, attributable to equity holders of the Company (RM'000)	23,679	27,249	23,679	27,249
Number of ordinary shares in issue post listing ('000)	774,000	774,000	774,000	774,000
Basic earnings per share (sen per share)	<u>3.06</u>	<u>3.52</u>	<u>3.06</u>	<u>3.52</u>

Diluted earnings per share are equivalent to basic earnings per share as the Company does not have any potential dilutive shares.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

11. PROPERTY, PLANT AND EQUIPMENT

Assets with a carrying amount of RM 5,000 were disposed-off by the Group during the three months period ended 31 March 2013 (31 March 2012: RM 39,000), resulting in a gain on disposal of RM 8,000 (31 March 2012: RM 14,000), recognised and included in other income in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	Goodwill RM'000
Cost:	
1 January 2013	9,920
Accumulated amortisation and impairment:	
At 1 January 2013	-
At 31 March 2013	-
Net Carrying amount:	
At 1 January 2013	9,920
At 31 March 2013	9,920

Goodwill

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill is based on the followings:

- (i) **Budgeted gross margin**
The basis used to determine the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.
- (ii) **Discount rate**
The discount rates used are pre-tax and reflect cost of borrowings of the subsidiaries.
- (iii) **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 margin, growth rate, discount rate and its book value, among other factors when reviewing indicators of impairment. As at 31 March 2013, 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

Due to the nature of the Group's business, its procurement policies and rate of inventory turnover, the Group is not exposed to the risk of old or obsolete inventory. Accordingly, no allowance has been made for impairment of inventories. Any shortfall which may arise on subsequent realisation will be recognised in the profit and loss as and when incurred.

The inventories are pledged against certain bank borrowings.

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	31 March 2013 RM'000	31 December 2012 RM'000
Deposits with financial institutions	55,045	64,981
Cash and bank balances	128,319	80,020
Total cash and bank balances	183,364	145,001

For the purpose of cash flow statements, cash and cash equivalents comprise the following as at the reporting date:

	31 March 2013 RM'000	31 December 2012 RM'000
Cash and bank balances	183,364	145,001
Less: Bank overdrafts	(6,115)	(1,594)
	<u>177,249</u>	<u>143,407</u>
Less: Deposits pledged with financial institutions	(38,554)	(36,578)
Cash and cash equivalents	138,695	106,829

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
- Level 2 - Inputs that are based on observable market data, either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair Value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000
31 March 2013			
Financial assets measured at fair value:			
Investment in structured deposit	25,284	-	25,284
Investment securities	223,395	223,395	-
	<u>248,679</u>	<u>223,395</u>	<u>25,284</u>
31 December 2012			
Financial assets measured at fair value:			
Investment in structured deposit	25,284	-	25,284
Investment securities	122,041	122,041	-
	<u>147,325</u>	<u>122,041</u>	<u>25,284</u>

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

15. FAIR VALUE HIERARCHY (CONT'D.)

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

16. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial quarter.

17. GROUP BORROWINGS AND DEBT SECURITIES

	31 March 2013 RM'000	31 December 2012 RM'000
Current		
Hire purchase	1,322	2,142
Bank borrowings	182,016	216,439
	<u>183,338</u>	<u>218,581</u>
Non-current		
Hire purchase	5,469	3,592
Bank borrowings	34,657	31,829
Islamic Medium Term Notes ("SUKUK")	250,000	-
	<u>290,126</u>	<u>35,421</u>

Included in the borrowings as at 31 March 2013 are borrowing denominated in foreign currency:

	Foreign Currency '000	Malaysian Currency RM'000
United Arab Emirates Dirhams (AED)	97,831	82,467
Qatari Riyal (QR)	69,290	58,920
Indian Rupees (INR)	1,037,211	58,919
		<u>200,306</u>

18. DIVIDENDS

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 2 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM15,480,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

19. COMMITMENT AND CONTINGENCIESCapital expenditure commitments

Capital expenditure commitments contracted but not provided for in the interim financial statements as at the end of the financial year are as follows:-

	31 March 2013 RM'000	31 December 2012 RM'000
Factory building	6,885	5,855
Land	26,200	26,090
Plant & Machineries	7,784	7,453
Computer systems and others	3,854	2,736
	<u>44,723</u>	<u>42,134</u>
Approved but not contracted for:		
Factory building	-	2,390

Operating lease commitments

Operating lease commitments not provided for in the interim financial statements as at the end of the financial year are as follows:-

	31 March 2013 RM'000	31 December 2012 RM'000
Future minimum lease payments:		
- not later than 1 year	4,631	4,473
- later than 1 year and not later than 5 years	6,888	6,678
- later than 5 years	-	394
	<u>11,519</u>	<u>11,545</u>

Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as at 31 March 2013:-

	RM'000
Eversendai Engineering LLC	2,027,375
Eversendai Engineering Qatar WLL	434,783
Eversendai Construction Private Limited	119,290
Shineversendai Engineering (M) Sdn Bhd	107,234
	<u>2,688,682</u>

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

20. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2013 and 31 March 2012:

	31 March 2013 RM'000	31 March 2012 RM'000
Transactions with certain directors and key management personnel of the Group:		
Personal guarantee provided by a director	945,168	1,452,366
Personal guarantee provided by a director and a key management of the Company	5,680	5,878
Rental of office from the parents-in-laws of our General Manager for the Infrastructure Division of Eversendai Construction Private Limited	-	4
Rental of staff accommodations from our Executive Chairman and Group Managing Director	27	27
Transactions with a foreign partner of the Group:		
Lease of labour quarters	304	302

21. EVENTS AFTER THE REPORTING PERIOD

On 10 April 2013, the Group and its wholly owned subsidiary, Eversendai Construction (S) Pte. Ltd. had together with Technics Oil & Gas Limited jointly incorporated Eversendai Technics Sdn Bhd (“ETSB”), which will be principally engaged in provision of business relating to engineering, procurement, construction and fabrication services for the oil and gas industry. The intended cost of equity participation by the Group in ETSB of RM700,000 will be financed through internally generated funds.

On 12 April 2013, the Group had disposed 51% shareholding comprising 510,000 ordinary shares of RM1 each in Vahana Constructions Sdn Bhd to third parties for a cash consideration at par.

On 19 April 2013, the Group incorporated (via subscription) a new wholly owned subsidiary company, ECB Properties Sdn Bhd (“ECB Properties”), with a paid up capital of RM2 divided into 2 ordinary shares of RM1 each. ECB Properties intends to carry on the business of real property and development. The authorised share capital of ECB Properties is RM5,000,000 divided into 5,000,000 ordinary shares of RM1 each. The Group intends to subscribe a further 999,998 ordinary shares of RM1 each in ECB Properties which will be financed by internal resources.

The Company had announced on 16 May 2013 on its intention to seek the approval of its shareholders for the proposed authority to the Company to purchase its own shares at the forthcoming 10th Annual General Meeting.

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

22. REVIEW OF PERFORMANCE

For the quarter ended 31 March 2013, the Group continue to report a sustainable revenue and profit after tax of RM243.2 million and RM25.1 million respectively as compared to the revenue and profit after tax of the Group for the quarter ended 31 March 2012 of RM249.0 million and RM29.8 million respectively. The decrease in profit after tax is mainly due to the timing of finalisation of variation orders.

65.3% of the Group's revenue was from its Middle East operations in UAE, Saudi Arabia, Qatar and Oman. The current major projects of the Group in the Middle East include the King Abdullah Petroleum Studies & Research Centre (KAPSARC) and CMA Towers in Saudi Arabia, National Museum of Qatar, Abu Dhabi International Airport and Abu Dhabi National Oil Company (ADNOC) HQ project, Salalah Airport expansion in Oman and Crescent City project in Azerbaijan. The Group's India and Malaysia operations contributed 13.7% and 21.0% respectively to the Group's revenue.

The profit for the current financial quarter was arrived at after expensing RM16.6 million of operating and administration expenses and RM4.3 million of finance cost. Total expenditure for the financial quarter was mainly from staff related expenses and lease rental of RM8.1 million and RM2.2 million respectively.

23. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The profit before taxation margin for the first quarter ended 31 March 2013 has decreased by RM21.6 million as compared to the immediate preceding quarter due to the timing of the finalisation of account for few projects in the Middle East in the immediate preceding quarter.

24. COMMENTARY ON PROSPECTS

The Group's strategic positioning is reflected with the securing of few contracts in first quarter 2013 and is optimistic on its prospects based on the order book in hand. With the recent announced securing of Abu Dhabi Airport Project of RM327 million and Crescent City project in Azerbaijan of RM88 million, the Group has a total order book of RM1.5 billion. This would provide the Group with sustainable results for FY2013.

The wide geographical spread, number of projects, repeat clients and large client base of the current order book minimizes the risk profile of the Group substantially, as it is not dependent solely on any specific sector, country and or client.

25. COMMENTARY ON PROGRESS TO ACHIEVE REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

This is not applicable to the Group as the Group had not issued any profit estimate, forecast, projection or internal targets.

26. STATEMENT BY DIRECTORS ON ACHIEVABILITY OF REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

This is not applicable to the Group as the Group had not issued any statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

27. STATUS OF CORPORATE PROPOSALS

Listing

The entire enlarged issued and paid-up share capital of RM387,000,000 comprising 774,000,000 ordinary shares of the Company of RM0.50 each was listed on the Main Market of Bursa Securities on 1 July 2011.

Status of utilisation proceeds raised from Initial Public Offering

Purpose	Proposed utilisation RM'mil	Actual utilisation RM'mil	Intended timeframe for utilisation within	Deviation RM'mil	Explanations
Capital expenditure	126.0	100.7	24 months	-	-
Business expansion	80.0	80.0	24 months	-	-
Working capital	58.4	60.7	12 months	(2.3)	Excess from unutilised portion of listing expenses
Listing expenses	8.8	6.5	1 month	2.3	Excess used for working capital purpose
	273.2	247.9			

Sukuk Programme

The Company has obtained an approval from the Securities Commission Malaysia on 7 January 2013 on the establishment of Sukuk Programme (“Sukuk”) with a tenure of 7 years from the date of first issuance. The proceeds from the issuance will be utilised by the Group and the Company for general corporate exercises and/or working capital requirements.

The Company had on 11 March 2013, issued its first tranche of RM250,000,000 Islamic medium term notes under the Sukuk Programme. The Sukuk rated AA₃ by RAM Rating Services, are issued for a tenure of five (5) years with a periodic distribution rate of 4.7% per annum, payable semi-annually throughout the tenure of the Sukuk.

28. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation as at the date of this report.

29. DIVIDEND PAYABLE

Please refer to Note 18 for details.

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013

30. DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES

There were no outstanding derivatives as at the end of the reporting period.

31. RATIONALE FOR ENTERING INTO DERIVATIVES

The Group did not enter into any derivatives during the period ended 31 March 2013 or the previous financial year ended 31 December 2012.

32. RISKS AND POLICIES OF DERIVATIVES

The Group did not enter into any derivatives during the period ended 31 March 2013 or the previous financial year ended 31 December 2012.

33. DISCLOSURE OF GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2013 and 31 December 2012.

34. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 March 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, 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.

	31 March 2013 RM'000	31 December 2012 RM'000
Total retained profits of the Company and its subsidiaries, as reported under MFRS		
- Realised	619,083	650,862
- Unrealised	8,111	10,229
	<hr/> 627,194	<hr/> 661,091
Less: Consolidation adjustments	(354,961)	(412,537)
Total group retained profits as per financial statements	<hr/> 272,233	<hr/> 248,554

35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

**EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS PERIOD ENDED 31 MARCH 2013**

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue in accordance with the resolution passed at the Board of Directors' Meeting held on 21 May 2013.

BY ORDER OF THE BOARD

**DATO' NATHAN A/L ELUMALAY
EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR
EVERSENDI CORPORATION BERHAD
21 MAY 2013**