

# **EVERSENDAI**

**EVERSENDAI CORPORATION BERHAD**

(Company No. 614060-A)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

(Figures are not audited unless otherwise specified)  
(In Ringgit Malaysia)

Dated 26 February 2015

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

**Financial Year ended 31 December 2014**

**Summary of Key Financial Information for the Fourth Quarter and Financial Year ended 31 December 2014**

	Fourth Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Unaudited)	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
1 Revenue	308,511	238,257	1,002,809	965,050
2 Profit/(loss) before tax	22,764	(3,595)	45,789	39,465
3 Profit/(loss) for the periods	16,444	(9,265)	36,441	32,670
4 Profit/(loss) attributable to equity holders of the Company	16,205	(8,885)	37,404	32,636
5 Basic earnings/(loss) per share (sen)	2.09	(1.15)	4.83	4.22
6 Proposed/declared dividend per share (sen)	1.25	1	1.25	1
			<b>As at 31.12.2014 (RM) (Unaudited)</b>	<b>As at 31.12.2013 (RM) (Audited)</b>
7 Net assets per share attributable to the equity holders of the Company			1.18	1.09

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2014**

**Condensed Consolidated Statements of Comprehensive Income for the Fourth Quarter and Financial Year ended 31 December 2014**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Unaudited)	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
<b>Revenue</b>		<b>308,511</b>	<b>238,257</b>	<b>1,002,809</b>	<b>965,050</b>
Cost of sales		(260,230)	(209,032)	(872,961)	(826,530)
<b>Gross profit</b>		<b>48,281</b>	<b>29,225</b>	<b>129,848</b>	<b>138,520</b>
Interest income		233	691	624	2,524
Dividend income		1,015	1,278	5,010	5,324
Other income		16,415	17,842	41,703	26,931
Operating and administrative expense		(33,915)	(27,256)	(111,132)	(86,323)
<b>Operating profit</b>		<b>32,029</b>	<b>21,780</b>	<b>66,053</b>	<b>86,976</b>
Finance costs		(7,046)	(5,122)	(24,419)	(20,373)
Share of associates' results		-	(424)	126	(6,025)
Impairment loss on investment in associate		-	(26,156)	-	(26,156)
Net gain on financial assets at fair value through profit or loss		(2,219)	6,327	4,029	5,043
<b>Profit/(loss) before tax</b>	8	<b>22,764</b>	<b>(3,595)</b>	<b>45,789</b>	<b>39,465</b>
Income tax expense	9	(6,320)	(5,670)	(9,348)	(6,795)
<b>Profit/(loss) for the period</b>		<b>16,444</b>	<b>(9,265)</b>	<b>36,441</b>	<b>32,670</b>
<b>Other comprehensive income/(expense):</b>					
- Fair value adjustment of investment securities		185	(208)	26	(581)
- Foreign currency translation		41,818	12,356	34,547	46,427
<b>Other comprehensive income/(expense) for the period</b>		<b>42,003</b>	<b>12,148</b>	<b>34,573</b>	<b>45,846</b>
<b>Total comprehensive income for the period</b>		<b>58,447</b>	<b>2,883</b>	<b>71,014</b>	<b>78,516</b>

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**Financial Year ended 31 December 2014**

**Condensed Consolidated Statements of Comprehensive Income for the Fourth Quarter and Financial Year ended 31 December 2014 (Cont'd)**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Unaudited)	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
Profit/(loss) for the period attributable to:					
- Equity holders of the Company		16,205	(8,885)	37,404	32,636
- Non-controlling interests		239	(380)	(963)	34
		<u>16,444</u>	<u>(9,265)</u>	<u>36,441</u>	<u>32,670</u>
Total comprehensive income/(expense) attributable to:					
- Equity holders of the Company		57,774	3,259	71,593	77,716
- Non-controlling interests		673	(376)	(579)	800
		<u>58,447</u>	<u>2,883</u>	<u>71,014</u>	<u>78,516</u>
<b>Earnings/(loss) per share attributable to equity holders of the Company</b>					
- Basic (sen)	10	2.09	(1.15)	4.83	4.22

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2014**

**Condensed Consolidated Statements of Financial Position as at 31 December 2014**

		<b>31.12.2014</b>	<b>31.12.2013</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and machinery	11	449,421	362,352
Goodwill	12	12,088	10,757
Investment in associates		-	87,399
Other investments	15	103,685	12,181
Investment in structured deposit	15	-	24,000
Deferred tax assets		508	459
<b>Total non-current assets</b>		<b>565,702</b>	<b>497,148</b>
<b>Current assets</b>			
Inventories	13	148,543	133,262
Amount due from customers on construction contracts		384,062	364,531
Trade contract receivables		477,337	402,251
Other receivables and deposits		77,875	53,447
Tax recoverable		136	136
Investment securities	15	94,630	130,583
Deposit and bank balances	14	242,702	182,023
<b>Total current assets</b>		<b>1,425,285</b>	<b>1,266,233</b>
<b>Total assets</b>		<b>1,990,987</b>	<b>1,763,381</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		152,327	84,101
Other payables		192,778	213,568
Amount due to customers on construction contracts		124,899	46,283
Amount due to directors		1,508	1,167
Hire purchase payables		3,161	2,743
Borrowings	17	248,077	214,447
Provision for taxation		25,668	18,491
Dividend payables		-	3,293
<b>Total current liabilities</b>		<b>748,418</b>	<b>584,093</b>

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2014**

**Condensed Consolidated Statements of Financial Position as at 31 December 2014 (Cont'd)**

		<b>31.12.2014</b>	<b>31.12.2013</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Hire purchase payables	17	6,212	6,389
Borrowings	17	288,795	294,236
Employees' service benefits		34,806	28,891
Deferred tax liabilities		2,767	2,904
<b>Total non-current liabilities</b>		<b>332,580</b>	<b>332,420</b>
<b>Total liabilities</b>		<b>1,080,998</b>	<b>916,513</b>
<b>Net assets</b>		<b>909,989</b>	<b>846,868</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	16	387,000	387,000
Share premium		191,515	191,515
Treasury shares		(91)	(2)
Capital reserve		307	307
Foreign currency translation reserve		35,965	1,418
Fair value adjustment reserve		(428)	(454)
Retained earnings	29	295,375	265,710
		909,643	845,494
Non-controlling interests		346	1,374
<b>Total equity</b>		<b>909,989</b>	<b>846,868</b>
<b>Total equity and liabilities</b>		<b>1,990,987</b>	<b>1,763,381</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 2013, 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 2014**
**Condensed Consolidated Statements of Changes in Equity for the Fourth Quarter and Financial Year ended 31 December 2014**

	← Attributable to equity holders of the Company →						Distributable reserve	Total	Non-controlling interests	Total equity
	← Non-distributable reserves →			→						
	Share capital	Share premium	Treasury share	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 01.01.2013</b>	<b>387,000</b>	<b>191,515</b>	-	<b>307</b>	<b>(44,243)</b>	<b>127</b>	<b>248,554</b>	<b>783,260</b>	<b>5,824</b>	<b>789,084</b>
Purchase of treasury shares	-	-	(2)	-	-	-	-	(2)	-	(2)
Non-controlling interests on incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,102	1,102
Profit for the period	-	-	-	-	-	-	32,636	32,636	34	32,670
Other comprehensive income/(expense)	-	-	-	-	45,661	(581)	-	45,080	766	45,846
Total comprehensive income/(expense)	-	-	-	-	45,661	(581)	32,636	77,716	800	78,516
Dividend	-	-	-	-	-	-	(15,480)	(15,480)	(6,352)	(21,832)
<b>At 31.12.2013 (Audited)</b>	<b>387,000</b>	<b>191,515</b>	<b>(2)</b>	<b>307</b>	<b>1,418</b>	<b>(454)</b>	<b>265,710</b>	<b>845,494</b>	<b>1,374</b>	<b>846,868</b>

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

(Incorporated in Malaysia)

**Financial Year ended 31 December 2014**
**Condensed Consolidated Statements of Changes in Equity for the Fourth Quarter and Financial Year ended 31 December 2014 (Cont'd)**

	← Attributable to equity holders of the Company →						Distributable reserve	Non- controlling interests	Total equity	
	← Non-distributable reserves			→						Retained earnings
	Share 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	RM'000	RM'000	RM'000	
<b>At 01.01.2014</b>	<b>387,000</b>	<b>191,515</b>	<b>(2)</b>	<b>307</b>	<b>1,418</b>	<b>(454)</b>	<b>265,710</b>	<b>845,494</b>	<b>1,374</b>	<b>846,868</b>
Purchase of treasury shares	-	-	(89)	-	-	-	-	(89)	-	(89)
Non-controlling interests arising from increase in stake in subsidiaries	-	-	-	-	-	-	-	-	(448)	(448)
Profit for the period	-	-	-	-	-	-	37,404	37,404	(963)	36,441
Other comprehensive income/(expense)	-	-	-	-	34,547	26	-	34,573	383	34,956
Total comprehensive income/(expense)	-	-	-	-	34,547	26	37,404	71,977	(580)	71,397
Dividend	-	-	-	-	-	-	(7,739)	(7,739)	-	(7,739)
<b>At 31.12.2014</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>35,965</b>	<b>(428)</b>	<b>295,375</b>	<b>909,643</b>	<b>346</b>	<b>909,989</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 2013, and the accompanying explanatory notes attached to these interim financial statements.



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

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**Financial Year ended 31 December 2014**
**Consolidated Statements of Cash Flows for the Cumulative Quarter ended 31 December 2014**

	Cumulative Quarter 12 months ended	
	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
<b>Operating activities</b>		
Profit before taxation	45,789	39,465
Adjustments for:		
Depreciation of property, plant and equipment	31,450	27,675
Provision for employees' service benefits	7,219	7,831
Gain on disposal of property, plant and equipment	(323)	(52)
Property, plant and equipment written off	9	100
Gain on dilution of controlling interest in a subsidiary	-	(483)
Impairment loss on investment in associate	-	26,156
Net gain on financial assets at fair value through profit or loss	(4,029)	(5,043)
Share of associates' results	(126)	6,025
Allowance for impairment losses on trade receivables	9,792	-
Write back of impairment losses on receivables	(26,488)	(15,400)
Gain on disposal of investment in associate	(45)	-
Interest income	(624)	(2,524)
Dividend income from investment securities	(5,010)	(5,324)
Unrealised foreign exchange losses	(9,636)	(6,601)
Interest expense	24,419	20,373
<b>Operating profit before working capital changes</b>	<b>72,397</b>	<b>92,198</b>
Working capital changes:		
Net changes in current assets	(102,559)	29,756
Net changes in current liabilities	126,052	(49,544)
Cash generated from operations	95,890	72,410
Employees' service benefits paid	(3,385)	(2,034)
Taxes paid	(4,915)	(4,183)
Interest expense paid	(24,419)	(20,373)
<b>Net cash flows generated from operating activities</b>	<b>63,171</b>	<b>45,820</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(105,147)	(154,971)
Proceeds from disposal of property, plant and equipment	925	97
Effect of cash flow arising from loss of control of subsidiary	-	(144)
Acquisition of a subsidiary, net of cash received	(1,331)	(32)
Non-controlling interest arising from incorporation of subsidiaries	-	-
Net changes in investment securities	36,468	(85,404)
Investment in structured deposit	24	-
Upliftment of structured deposit	24,000	-

**EVERSENDI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2014**

**Consolidated Statements of Cash Flows for the Cumulative Quarter ended 31 December 2014 (Cont'd)**

	<b>Cumulative Quarter</b>	
	<b>12 months ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Subscription of derivative financial assets	(827)	(5,854)
(Pledged)/uplift of deposits with financial institutions	1,350	(1,110)
Interest received	624	2,524
Dividend received	5,010	5,324
Investment in associates	409	(42,692)
<b>Net cash flows used in investing activities</b>	<b>(38,495)</b>	<b>(282,262)</b>
<b>Financing activities</b>		
Contribution of non-controlling interests	-	1,102
Acquisition of non-controlling interest	(448)	-
Subscription of treasury shares	(89)	(2)
Drawdown of bank borrowings	28,189	260,415
Dividends paid to:		
-shareholders of the Company	(7,739)	(15,480)
-non-controlling interest	(3,293)	(8,993)
Drawdown/(repayment) of hire purchase payables	241	(3,083)
Advance of amounts due to directors	341	995
<b>Net cash generated from financing activities</b>	<b>17,202</b>	<b>234,954</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>41,878</b>	<b>(1,488)</b>
Effect of changes in foreign exchange rate	22,645	36,500
Cash and cash equivalents at beginning of year	141,841	106,829
<b>Cash and cash equivalents at end of year</b>	<b>206,364</b>	<b>141,841</b>
<b>Cash and cash equivalents at end of year comprised of:</b>		
Cash and bank balances	242,702	182,023
Less: Bank overdrafts	-	(2,494)
Less: Deposits with financial institutions	(36,338)	(37,688)
	<b>206,364</b>	<b>141,841</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 2013, and the accompanying explanatory notes to these interim financial statements.

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**Financial Year Ended 31 December 2014****Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2014****A. Explanatory Notes pursuant to Standard #134 of the Malaysian Financial Reporting Standards****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 26 February 2015.

**2. Basis of Preparation**

These unaudited condensed consolidated interim financial statements for the financial year ended 31 December 2014 have been prepared in accordance with Standard#134 – Interim Financial Reporting of the Malaysian Financial Reporting Standards (“MFRS”), and Chapter 9 of the Main Market Listing Requirements of Bursa Malaysia. These unaudited condensed consolidated interim financial statements also comply with Standard #34 – Interim Financial Reporting of the International Accounting Standards 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 2013. 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 2013.

**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 2013 except for the adoption of the following with effect from 1 January 2014:

<b><u>Description</u></b>	<b><u>Effective date</u></b>
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities.	1 January 2014
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities.	1 January 2014
- Amendments to MFRS 136: Recoverable Amount Disclosure for Non-Financial Assets.	1 January 2014
- IC Interpretation 21: Levies	1 January 2014
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
- Annual improvements to MFRSs 2010-2012 Cycle	1 July 2014

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### 3. Significant accounting policies (cont'd)

<u>Description</u>	<u>Effective date</u>
- Annual improvements to MFRSs 2011-2013 Cycle	1 July 2014
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced.
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced.
- MFRS 9: Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139.	To be announced.

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

### 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

On 13 March 2014, the Company entered into a sale and purchase agreement with Technics Oil & Gas Limited ("TOGL"), an associated company, for the purchase by the Company from TOGL 300,000 ordinary shares of RM1 each representing 30% equity interest in Eversendai Technics Sdn Bhd ("ETSB") for a total cash consideration of RM300,000. The acquisition was completed on 11 April 2014 and accordingly, ETSB and its' wholly owned Eversendai Technics RMC FZE ("ETRF") have become wholly-owned subsidiaries of the Company. Subsequently ETSB and ETRF have changed their name to Eversendai Offshore Sdn Bhd and Eversendai Offshore RMC FZE respectively.

On 9 May 2014, the Company announced that it has acquired 1,000,000 ordinary shares of RM1 each representing 20% equity interest in Vahana Constructions Sdn Bhd ("VCSB") for a total cash consideration of RM1,000,000. Upon the completion of the said acquisition, the Company's equity interest in VCSB has increased from 49% to 69% and accordingly, VCSB has become a subsidiary of the Company. On 28 May 2014, VCSB changed its' name to Eversendai Constructions (M) Sdn. Bhd. ("ECMSB").

On 7 July 2014, the Company announced that it has incorporated a 100% owned subsidiary, Eversendai Engineering LLC ("EEL"), in the Republic of Azerbaijan. EEL has an authorised and issued share capital of AZN100,000 (approximately RM410,000) comprising 100,000 shares with nominal value of AZN1 each and will be involved in the provision of engineering, procurement, fabrication and construction services.

On 14 July 2014, the Company announce that it has incorporated a 100% owned subsidiary, Eversendai Frontiers Pvt Ltd ("EFPL"), in the State of Maharashtra, India. EFPL has an issued capital of RS1,000,000 comprising 100,000 ordinary shares of RS10 each, and will be involved in the provision of engineering, procurement, fabrication and construction services.

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**5. Changes in Composition of the Group (cont'd)**

On 11 August 2014, TOGL has completed an exercise for the acquisition of 2 companies in which the purchase consideration was partly satisfied with TOGL's treasury shares and the issuance of new TOGL's shares. Upon the capitalisation of TOGL's treasury shares and issuance and listing of TOGL's new shares, the Company's equity interest in TOGL has decreased from 20.5% to 19.3%. This reduction in equity interest, coupled with the resignation of the Company's representative on the Board of Directors of TOGL on 21 July 2014, has resulted in the loss of the Company's influence over the significant business decision-making in TOGL and hence cessation of TOGL as an associated company of the Company in accordance to the provisions of MFRS 128.

Saved as disclosed, there is no change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary and long-term investments, restructuring, and discontinued operations during the current quarter under review.

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**6. Segment Information**

	Structural Steel & Plant Construction				Oil & Gas	Total	A & E *	Group
	Middle-East	India	Malaysia	Others				
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>12 months ended 31.12.2014</b>								
Revenue								
- External	593,613	95,041	234,571	530	79,054	1,002,809		1,002,809
- Internal	183,264	3,977	14,714	-	-	201,955	(201,955)	-
<b>Total revenue</b>	<b>776,877</b>	<b>99,018</b>	<b>249,285</b>	<b>530</b>	<b>79,054</b>	<b>1,204,764</b>	<b>(201,955)</b>	<b>1,002,809</b>
<b>Profit before tax</b>	<b>36,486</b>	<b>1,232</b>	<b>17,478</b>	<b>4,193</b>	<b>1,450</b>	<b>60,839</b>	<b>(15,050)</b>	<b>45,789</b>
<b>12 months ended 31.12.2013</b>								
Revenue								
- External	637,964	107,178	210,517	-	9,391	965,050	-	965,050
- Internal	193,687	11,069	13,145	13,380	-	231,281	(231,281)	-
<b>Total revenue</b>	<b>831,651</b>	<b>118,247</b>	<b>223,662</b>	<b>13,380</b>	<b>9,391</b>	<b>1,196,331</b>	<b>(231,281)</b>	<b>965,050</b>
<b>Profit before tax</b>	<b>63,854</b>	<b>(4,685)</b>	<b>(9,227)</b>	<b>17,201</b>	<b>(1,639)</b>	<b>65,504</b>	<b>(26,039)</b>	<b>39,465</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 revenue (59%) and pre-tax profit of RM36.5 million in the current financial year-to-date.

Compared to last years', total revenue and pre-tax profit were higher by 4% and 16% due to higher volume of contract execution in the 4<sup>th</sup> quarter, and cost incurred on the development of new businesses in 2013.

The operations in Malaysia, which is mainly steel fabrication and erection for construction of coal-fired power plant, saw its revenue rose from RM210.5 million to RM234.6 million and pre-tax profit increased from a pre-tax loss of RM9.2 million to RM17.5 million (net of interco dividend) year-on-year. These were mainly contributed by the Tanjung Bin 4 coal-fired power plant contract while the Manjung 4 coal-fired plant project has reached the final stage of contract execution.

The revenue from operations in India decreased by 11% but pre-tax profit has increased to RM1.2 million against last year's pre-tax loss of RM4.7 million due mainly to improvisation in cost control on contract execution.

**7. Seasonality of Operations**

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

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

Included in the profit before tax are the following income/(expense):

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Unaudited)	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
Interest income	233	691	624	2,524
Dividend income from investment securities	1,015	1,278	5,010	5,324
Sales of scrap	1,695	3,071	8,811	6,982
Interest expense	(7,046)	(5,122)	(24,419)	(20,373)
Depreciation of property, plant and equipment	(8,917)	(6,274)	(31,450)	(27,675)
Write back of impairment losses on receivables	8,490	15,400	26,488	15,400
Provision for or write-off of inventories	-	-	-	-
Gain/(loss) on disposal of property, plant and equipment	42	(2)	323	52
Gain/(loss) on disposal of quoted investment in associates	-	-	45	-
Allowance for impairment of losses on receivables	(9,792)	-	(9,792)	-
Unrealised foreign exchange gain/(loss)	9,843	2,787	9,636	6,601
Net gain on financial assets at fair value through profit or loss	(2,195)	218	4,029	5,043
Inventories written off	-	-	-	-
Gain/(loss) on fair value changes in investment in structured deposits	-	(1,284)	-	(1,284)
Employee benefits expense	(1,947)	(2,954)	(7,219)	(7,831)
Property, plant and equipment written off	(4)	72	(9)	(100)
Exceptional items	-	-	-	-



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**9. Income Tax Expense**

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Unaudited)	31.12.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
<b>Current income tax:</b>				
Malaysian income tax	908	1,425	3,792	2,665
Foreign income tax	5,412	5,335	5,556	4,814
(Over)/under provision in previous years	-	-	-	80
	<u>6,320</u>	<u>6,760</u>	<u>9,348</u>	<u>7,559</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	164	-	574
Under/(over) provision in previous years	-	(1,254)	-	(1,338)
	<u>-</u>	<u>(1,090)</u>	<u>-</u>	<u>(764)</u>
<b>Total income tax expense</b>	<b><u>6,320</u></b>	<b><u>5,670</u></b>	<b><u>9,348</u></b>	<b><u>6,795</u></b>
Profit/(loss) before taxation	22,764	(3,595)	45,789	39,465
Effective tax rate	28%	N/A	20%	17%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 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 financial year ended 31 December 2014's 20% was lower than the 25% statutory tax rate in Malaysian is due mainly to significant portion of the Group's pre-tax profit were generated in the Middle East region where business profits in many of the jurisdictions are not subject to income tax.

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**10. Earnings per Share**

**Basic/diluted**

Basic and diluted earnings per share for the current quarter and cumulative 12 months period 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	
	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Audited)
Profit/(loss) for the period (RM'000)	16,205	(8,885)	37,404	32,636
Number of ordinary shares in issue ('000)	773,899	773,999	773,899	773,999
<b>Basic earnings/(loss) per share (sen)</b>	<b>2.09</b>	<b>(1.15)</b>	<b>4.83</b>	<b>4.22</b>

**11. Property, plant and equipment**

During the current cumulative 12 months period under review, Eversendai Offshore RMC FZE, a wholly owned subsidiary of the Company, has invested RM73.0 million on the development-in-progress of its water-front fabrication yard at the Maritime City of Ras Al-Khaimah.

During the current cumulative 12 months period under review, the Group disposed-off assets with carrying value of RM602,000 (2013: RM630,000), resulting in a gain of RM323,000 (2013: RM52,000), 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.

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**12. Intangible Assets**

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:

- 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 cost of borrowings of the subsidiaries.
- 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 cash-generating units.

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 at 31 December 2014, 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>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM’000</b>	<b>RM’000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash and bank balances	156,726	129,592
Deposits with financial institutions	85,976	52,431
<b>Total cash and bank balances</b>	<b>242,702</b>	<b>182,023</b>
Less:		
Bank overdrafts	-	(2,494)
Deposits pledged with financial institutions	(36,338)	(37,688)
<b>Total cash and cash equivalents</b>	<b>206,364</b>	<b>141,841</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 the financial instruments or 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 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>Level 2 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2014</b>			
<b>Non-current asset</b>			
Other Investments			
Derivative financial asset	15,838	-	15,838
Quoted Investment	87,847	-	87,847
<b>Total other investments</b>	<b>103,685</b>	<b>-</b>	<b>103,685</b>
<b>Current asset</b>			
Investment securities	94,630	-	94,630
<b>Total</b>	<b>198,315</b>	<b>-</b>	<b>198,315</b>
<b>At 31 December 2013</b>			
<b>Non-current asset</b>			
Derivative financial asset	12,181	-	12,181
Investment in structured deposit	-	24,000	24,000
<b>Current asset</b>			
Investment securities	130,583	-	130,583
<b>Total</b>	<b>142,764</b>	<b>24,000</b>	<b>166,764</b>

Investment securities are investments in unit trust fund and quoted shares. On 29 January 2013, the investment in the quoted shares of TOGL of RM76,862,000 has been reclassified to investment in associated company. On 21 July 2014, upon cessation as an associated company, the book value of the investment in TOGL has been reclassified as investment securities. As at 31 December 2014, the fair value of all the investment securities are measured based on the market price.

Derivative financial asset is an investment in the quoted warrants of TOGL. 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.

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**15. Fair value hierarchy (cont'd)**

Structure deposit is an investment placed with a licensed financial institution, and with returns that linked to market indices. The fair value of this class of financial asset is measured based on the market observable inputs, 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.

**16. Share Capital, Share Premium and Treasury Shares**

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

However, during the first quarter of the current financial year under review, the Company repurchased 100,000 of its issued ordinary shares from the open market at an average price of RM0.89 per share. The total consideration paid for the repurchase including transaction costs was RM89,751, financed wholly by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Except as disclosed, there was no issue or repurchase or repayment of equity during the current quarter and cumulative 12 months period under review.

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### 17. Group Borrowings and Debt Securities

	<b>31.12.2014</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>31.12.2013</b> <b>RM'000</b> <b>(Audited)</b>
<b>Current:</b>		
Hire purchase	3,161	2,743
Bank borrowings	248,077	214,447
<b>Total current</b>	<b>251,238</b>	<b>217,190</b>
<b>Non-current:</b>		
Hire purchase	6,212	6,389
Bank borrowings	38,795	44,236
Islamic medium-term notes	250,000	250,000
<b>Total non-current</b>	<b>295,007</b>	<b>300,625</b>
<b>Total group borrowings and debt securities</b>	<b>546,245</b>	<b>517,815</b>

Included in the Group's borrowings as at 31 December 2014 are bank borrowings denominated in foreign currencies as follows:

	<b>Value in</b> <b>foreign</b> <b>currency</b> <b>31.12.2014</b> <b>'000</b>	<b>Equivalents in</b> <b>value of</b> <b>Malaysian</b> <b>currency</b> <b>31.12.2014</b> <b>RM'000</b>
United Arab Emirates Dirham	135,053	128,708
Qatari Riyal	71,930	69,136
Indian Rupees	1,438,953	79,124

### 18. Dividends Paid

A final tax exempt (single-tier) dividend of RM0.01 per share on 773,899,000 ordinary shares (excluded treasury share of 101,000 shares) of RM0.50 each, amounting to total dividend payable of RM7,738,990 for the preceding financial year ended 31 December 2013, has been approved by the shareholders of the Company during the Annual General Meeting held on 19 June 2014. The Company paid the said dividend on 23 July 2014 and accounted the appropriation of earnings in the statement of changes in equity in the financial statements for the third quarter ended 30 September 2014.

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## 19. Commitments and Contingencies

### a) Capital expenditure commitments

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Contracted but not provided for:</b>		
Land	-	456
Factory building & labour accommodation	19,658	2,510
Plant and machinery	165	-
Computer systems and others	1,937	1,456
	<b>21,760</b>	<b>4,422</b>
<b>Approved by not contracted for:</b>		
Factory building	-	31,000
Plant and machinery	2,931	18,700
	<b>2,931</b>	<b>49,700</b>

### b) Operating lease commitments

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within one year	17,072	16,857
After one year but not more than five years	54,860	37,272
More than five years	176,355	195,446
	<b>248,287</b>	<b>249,575</b>

### c) Contingencies

At the end of the current quarters under review, the Group does not have any pending litigation or financial guarantee issued in favour of a third party that will result in potential financial liability to the Group.

#### Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as follows:-

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	<b>31.12.2014</b>	<b>30.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Eversendai Engineering LLC	2,160,377	2,172,310
Eversendai Offshore RMC FZE	317,977	-
Eversendai Engineering Qatar WLL	666,336	665,918
Eversendai Construction Private Limited	186,186	129,818
Shineversendai Engineering (M) Sdn Bhd	75,726	99,834
	<b>3,406,602</b>	<b>3,067,880</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</b>	
	<b>12 months ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Transactions with certain directors and key management personnel of the Group:</b>		
Rental of staff accommodation and office building from a director	1,019	641
Provision of services for engineering and fabrication by a subsidiary to Vahana Offshore Pte Ltd where a director and his daughter hold 50% direct equity interest each	58	-
<b>Transaction with a foreign partner of the Group:</b>		
Lease of staff accommodation	-	1,348

## 21. Events After the Reporting Period

There were not 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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**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 added the following contracts worth a total of approximately RM1.1 billion to the order book of the Group in the current cumulative 12 months period under review:

- a) A structural steel fabrication and erection contract for the New Jet Propulsion Centre in Jeddah, the Kingdom of Saudi Arabia for a total contract value of approximately RM40.9 million;
- b) A structural steel fabrication and erection contract for the Al Ain Mosque in Abu Dhabi, UAE for a total contract value of approximately RM27.1 million;
- c) A structural steel fabrication and erection contract for the Dubai Frame in Dubai, UAE for a total contract value of approximately RM11.9 million;
- d) A structural steel fabrication and erection contract for the Lusail Expressway Artscape in Doha, Qatar for a total contract value of approximately RM14.0 million;
- e) A contract for construction of composite structure for the Kshitij building at Paramanadwadi, Mumbai at contract value of approximately RM57.4 million;
- f) 2 contracts for the construction of 2 units of liftboat for USD90.0 million each or total contract values of approximately RM588.0 million;
- g) A structural steel fabrication and erection and mechanical works contract for the Gabbro Terminal expansion project in the Mesaieed State in Qatar for a total contract value of approximately RM77.9 million;
- h) A structural steel fabrication and erection contract for the Skylight project of Mall of Qatar in Doha for a total contract value of approximately RM16.1 million;
- i) A structural steel fabrication contract for the J3 Project in Jamnagar, Gujarat, India for a total contract value of approximately RM57.5 million;
- j) A structural steel fabrication and erection contract for the renovation of the Khalifa Olympic Stadium in Qatar at a total contract value of approximately RM113.5 million; and
- k) A maiden oil & gas construction contract in Malaysia for Petronas Carigali Sdn Bhd's Terengganu Gas Terminal Plant project at a total contract value of approximately RM72.2 million (comprised of 2 packages: (i) steel structure fabrication and erection for building construction; and (ii) fabrication and erection of piping and mechanical equipment).

The Group recorded total revenue of RM308.5 million in the fourth quarter, which when compared to last year's RM238.3 million, was higher by 29%. This brings the Group total revenue for the cumulative 12 months period to RM1,002.8 million against last year's RM965.1 million. The higher revenue in fourth quarter and the cumulative 12 months period were due mainly to the commencement in execution of many contracts secured during the current financial year.

Out of the total revenue of RM1,002.8 million, 67% was contributed by the businesses in the Middle-East region (including the Commonwealth of Independent States), 24% by operations in Malaysia and the remaining 9% by projects in India.

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**22. Review of Group with Comparison to Last Year's Corresponding Periods (Cont'd)**

Profit before tax for the fourth quarter of RM22.8 million, when compared to last year's loss before tax of RM3.6 million, was a result of higher quantity and value of contract-in-execution, and in the absence of impairment loss on Investment in Associate and downward revision in contracts' budgeted profits as made in last year.

For the cumulative 12 month periods, the current year's profit before tax of RM45.8 million was higher against last year's RM39.5 million, due mainly to costs incurred in 2013 on the development of new businesses in which the Group is in progress to extend and expand its' core operation strengths into the liftboat construction, steel fabrication and plant construction segments of the oil & gas industry.

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

The Group's profit before tax of RM22.8 million for the fourth quarter, which when compared to the third quarter's RM4.0 million, was higher by 470%. This was mainly due to commencement in execution of many contracts secured during the current quarter.

**24. Prospects of the Group**

During the current financial year ended 31 December 2014, the Group has secured approximately RM1.1 billion in new contracts. These new contracts included the RM588 million contracts for the construction of 2 units of liftboats and the RM113 million contract for the renovation of the Khalifa Olympic Stadium in Qatar. As at 31 December 2014, the Group's order book stood at approximately RM1.4 billion at the back of a tender book of RM11.8 billion. Approximately 75% of the order book came from the Group's traditional stronghold in the Middle East region and the Commonwealth of Independent States, while the remaining 14% and 11% will be executed by the operations in Malaysia and India, respectively.

On top of sustaining inflows of contracts from its' established core businesses in the steel engineering, fabrication and erection for the building construction industry, the Group's extension and expansion of its core strengths into the related segments in the oil and gas industry which started in the middle of year 2013, have been successful with the procurement of contracts for the construction of both onshore and offshore oil & gas processing plant, production supporting facilities and equipment.

Barring unforeseen circumstances, and notwithstanding the gestation period of new businesses in the oil & gas industry, the Board is confident that the Group's prospects remain positive based on the long term underlying fundamentals.

**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 and cumulative 12 months period under review.

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**26. Corporate Proposals**

There is no corporate proposal announced but not completed as at 19 February 2015, being a date not earlier than seven days from the date of issuance of this interim financial report.

**27. Changes in Material Litigation**

During the current quarters under review and up to 19 February 2015, being a date no earlier than seven days from the date of this interim financial report, there was no material litigation against the Group.

**28. Dividend Payable**

The Board of Directors has proposed a final tax exempt (single-tier) dividend of 1.25 sen per share on 773,899,000 ordinary shares (excluded treasury share of 101,000) of RM0.50 each, amounting to total dividend payable of RM9,673,737 for the current financial year ended 31 December 2014. Such dividend, if approved by the shareholders at the forthcoming annual general meeting of the Company, will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ended 31 December 2015.

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

The breakdown of the retained profits of the Group as at 31 December 2014 and 31 December 2013 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>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Total retained profits of the Group as reported under MFRS		
- Realised	619,745	587,456
- Unrealised	23,300	30,487
	<u>643,045</u>	<u>617,943</u>
Total share of retained earnings/(accumulated losses) from:-		
Associated companies:		
Realised	(5,899)	(6,025)
Less: Consolidation adjustments	(341,771)	(346,208)
<b>Total retained profits of the Group as per consolidated financial statements</b>	<u><b>295,375</b></u>	<u><b>265,710</b></u>

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

The auditors' report on the financial statements for the year ended 31 December 2013 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**

26 February 2015