



EVERSEND AI CORPORATION BERHAD
(Company No: 614060-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2012
FOURTH QUARTER ENDED
31 DECEMBER 2012

DATED 25 FEBRUARY 2013

**SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Individual Quarter Ended		Year ended	
	31 December 2012 RM'000 (Unaudited)	31 December 2011 RM'000 (Unaudited)	31 December 2012 RM'000 (Unaudited)	31 December 2011 RM'000 (Audited)
1 Revenue	274,339	313,294	1,021,253	1,033,702
2 Profit before tax	46,079	35,329	136,952	136,018
3 Profit for the quarter/year	33,835	34,513	121,496	131,549
4 Profit attributable to ordinary equity holders of the parent	32,108	36,424	115,362	119,455
5 Basic earnings per share (sen)	4.15	4.71	14.90	15.43
6 Proposed/Declared dividend per share (sen)	2	1	4	1
	As at 31 December 2012 (Unaudited)		As at 31 December 2011 (Audited)	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	1.01		0.92	

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

	Individual Quarter ended		Year ended	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Revenue	274,339	313,294	1,021,253	1,033,702
Cost of Sales	(196,785)	(244,414)	(815,565)	(812,716)
Gross profit	77,554	68,880	205,688	220,986
Interest income	590	1,230	3,236	1,775
Dividend income	780	1,095	3,620	2,493
Other income	(9,990)	(1,215)	20,080	11,369
Operating and administrative expenses	(18,921)	(29,489)	(76,546)	(80,670)
Finance costs	(3,934)	(5,172)	(19,126)	(19,935)
Profit before taxation	46,079	35,329	136,952	136,018
Income tax expense	(12,244)	(816)	(15,456)	(4,469)
Profit for the quarter/year	33,835	34,513	121,496	131,549
Other comprehensive income				
Fair value adjustment of investment securities	(103)	(346)	473	(346)
Foreign currency translation	(8,589)	(1,881)	(25,671)	11,076
Total comprehensive income	25,143	32,286	96,298	142,279
Profit attributable to :				
Equity holders of the Company	32,108	36,424	115,362	119,455
Non-controlling interests	1,727	(1,911)	6,134	12,094
	33,835	34,513	121,496	131,549
Total comprehensive income attributable to :				
Equity holders of the Company	23,552	34,454	90,766	129,818
Non-controlling interests	1,591	(2,168)	5,532	12,461
	25,143	32,286	96,298	142,279
Basic/diluted earnings per share attributable to equity holders of the company (sen)*	4.15	4.71	14.90	15.43

* 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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

	As at 31 December 2012 (Unaudited) RM'000	As at 31 December 2011 (Restated) RM'000	As at 1 January 2011 (Restated) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	217,791	212,622	184,051
Investment in structured deposit	25,284	-	-
Goodwill	9,920	9,920	9,920
Deferred tax assets	304	246	133
Total non-current assets	253,299	222,788	194,104
Current assets			
Inventories	185,839	158,590	251,685
Amount due from customers on construction contracts	308,028	290,944	93,146
Trade contract receivables	419,785	360,234	280,882
Other receivables and deposits	49,060	35,520	24,973
Investment securities	122,041	151,483	-
Deposits and bank balances	145,001	198,650	194,308
Total current assets	1,229,754	1,195,421	844,994
Total Assets	1,483,053	1,418,209	1,039,098
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	387,000	387,000	28,000
Foreign currency translation reserve	(44,243)	(18,540)	(29,249)
Capital reserves	307	307	307
Share premium	191,515	191,515	-
Fair value adjustment reserve	127	(346)	-
Retained earnings	248,554	155,314	311,844
	783,260	715,250	310,902
Non-controlling interests	5,824	12,474	7,036
Total Equity	789,084	727,724	317,938

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D.)
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

	As at 31 December 2012 (Unaudited) RM'000	As at 31 December 2011 (Restated) RM'000	As at 1 January 2011 (Restated) RM'000
Non-current liabilities			
Hire purchase payables	3,592	2,902	3,560
Bank borrowings	31,829	10,170	10,253
Other payables	-	-	782
Employees' service benefits	20,742	15,786	12,622
Deferred tax liabilities	3,617	1,352	1,986
Total Non-current liabilities	59,780	30,210	29,203
Current liabilities			
Trade payables	111,457	84,044	44,680
Other payables	206,612	166,553	137,897
Amount due to directors	172	11,472	14,690
Hire purchase payables	2,142	2,188	3,167
Bank borrowings	216,439	291,224	377,592
Amount due to customers on construction contracts	83,683	96,181	109,479
Provision for taxation	13,684	8,613	4,452
Total Current liabilities	634,189	660,275	691,957
Total liabilities	693,969	690,485	721,160
Total equity and liabilities	1,483,053	1,418,209	1,039,098
Net asset per share attributable to ordinary equity holders of the Company (RM)*	1.01	0.92	0.40

* 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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

	← 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	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
Balance as at 1 January 2011										
As previously reported under FRS	28,000	307	(29,249)	-	-	-	316,312	315,370	2,568	317,938
Prior year adjustments	-	-	-	-	-	-	(4,468)	(4,468)	4,468	-
	28,000	307	(29,249)	-	-	-	311,844	310,902	7,036	317,938
Bonus issue **	275,985	-	-	-	(275,985)	-	-	-	-	-
New share issue	83,015	-	-	191,515	-	-	-	274,530	-	274,530
MFRS day-1 adjustment	-	-	-	-	275,985	-	(275,985)	-	-	-
Dividend ^^	-	-	-	-	-	-	-	-	(7,023)	(7,023)
Total comprehensive income for the year	-	-	10,709	-	-	(346)	119,455	129,818	12,461	142,279
Balance as at 31 December 2011	387,000	307	(18,540)	191,515	-	(346)	155,314	715,250	12,474	727,724

^^ - This relates to Dividend declared by Eversendai Engineering Qatar, WLL

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

	←----- 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	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
Balance as at 1 January 2012										
As previously reported under FRS	387,000	307	(18,540)	191,515	(275,985)	(346)	435,767	719,718	8,006	727,724
Prior year adjustment	-	-	(32)	-	-	-	(3,370)	(3,402)	4,468	1,066
MFRS day-1 adjustment**	-	-	-	-	275,985	-	(275,985)	-	-	-
As reported under MFRS	387,000	307	(18,572)	191,515	-	(346)	156,412	716,316	12,474	728,790
Dividend	-	-	-	-	-	-	(23,220)	(23,220)	(12,182)	(35,402)
Fair value adjustment reserve	-	-	-	-	-	473	-	473	-	473
Total comprehensive income for the year	-	-	(25,671)	-	-	-	115,362	89,691	5,532	95,223
Balance as at 31 December 2012	387,000	307	(44,243)	191,515	-	127	248,554	783,260	5,824	789,084

** - The Bonus Issue was effected by way of capitalising RM275,985,000 from the Company's revaluation reserves of RM333,500,000 based on the Company's latest audited financial statements as at 31 December 2010. The negative reserve is reversed to retained earnings upon the adoption of new MFRS Framework.

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Year ended	
	31 December 2012 RM'000	31 December 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	136,952	136,018
Adjustments for:		
Depreciation	26,176	23,373
Employees' service benefits	8,191	3,603
Gain on disposal of property, plant and equipment	(704)	(162)
Property, plant and equipment written off	(25)	2
Allowance for impairment of receivables	-	8,479
Other receivables written off	-	390
Write back of allowance	(9,786)	-
Write back of overprovision of trade payable	(115)	(389)
Fair value adjustment of investment securities	473	-
Interest income	(3,236)	(1,775)
Dividend income from investment securities	(3,620)	(2,493)
Unrealised loss on foreign exchange	-	700
Interest expense	19,126	19,935
Operating profit before working capital changes	173,432	187,681
Working capital changes:-		
Net changes in current assets	(104,651)	629
Net changes in current liabilities	47,684	(144,846)
Cash generated from operations	116,465	43,464
Employees' service benefits paid	(2,174)	(1,726)
Taxes paid	(5,352)	(1,055)
Interest expense paid	(19,126)	(19,521)
Net cash generated from operating activities	89,813	21,162

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

	Year ended	
	31 December 2012 RM'000	31 December 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,973)	(47,480)
Proceeds from disposal of property, plant and equipment	875	200
Net changes in investment securities	29,442	(151,829)
Investment in structured deposit	(25,284)	-
Net changes in Fixed deposits pledged	15,520	(136)
Interest and dividend received	6,856	4,268
	(13,564)	(194,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(47,574)	(93,103)
Drawdown/(repayment) of hire purchase payables	645	(2,051)
Amount due to directors	(11,300)	(553)
Issuance of share capital	-	271,865
Dividend paid	(29,466)	(7,023)
	(87,695)	169,135
Net cash (used in)/generated from financing activities		
	(11,446)	(4,680)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Effect of foreign exchange rate changes	(21,131)	2,234
Cash and cash equivalents at 31 December 2011/2010	139,406	141,852
	106,829	139,406
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2012/2011		
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2012/2011		
COMPRISES :		
Cash and bank balance	145,001	198,650
less : Bank Overdraft	(1,594)	(7,146)
less : Deposit pledged to banks	(36,578)	(52,098)
	106,829	139,406

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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

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 25 February 2013.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

These unaudited condensed consolidated interim financial statements, for the period ended 31 December 2012, 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. For the quarter up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Selangor.

These unaudited condensed consolidated interim financial statements are the Group's first MFRS unaudited condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these unaudited condensed consolidated 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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative period and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Investments in subsidiaries

Under FRS, the Company's investments in subsidiaries are stated at fair value with the changes in fair value taken to other comprehensive income. The revaluation reserve arising from this revaluation of subsidiaries were previously utilised for a bonus issue in the financial year ended 31 December 2011. Upon adoption of MFRS, the Company has elected to use the fair value as of the transition date as the deemed cost for these investments in subsidiaries. Accordingly, at the date of transition to MFRS, the balance in other reserve of the Group is now taken to retained earnings in the opening consolidated statement of changes in equity as at 1 January 2011.

Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

EVERSENDI CORPORATION BERHAD (614060-A)
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**
3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D.)
RECONCILIATIONS OF EQUITY

	FRS as at 1 January 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 1 January 2011 (RM'000)	FRS as at 31 December 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 31 December 2011 (RM'000)
Note						
Assets						
Non-current assets						
Property, plant and equipment	184,051	-	184,051	212,622	-	212,622
Goodwill	9,920	-	9,920	9,920	-	9,920
Deferred tax assets	133	-	133	246	-	246
	<u>194,104</u>	<u>-</u>	<u>194,104</u>	<u>222,788</u>	<u>-</u>	<u>222,788</u>
Current assets						
Inventories	251,685	-	251,685	158,590	-	158,590
Amounts due from customers on construction contracts	93,146	-	93,146	290,944	-	290,944
Trade contract receivables	280,882	-	280,882	360,234	-	360,234
Other receivables and deposits	24,973	-	24,973	35,520	-	35,520
Investments securities	-	-	-	151,483	-	151,483
Deposits and bank balances	194,308	-	194,308	198,650	-	198,650
	<u>844,994</u>	<u>-</u>	<u>844,994</u>	<u>1,195,421</u>	<u>-</u>	<u>1,195,421</u>
Total assets	1,039,098	-	1,039,098	1,418,209	-	1,418,209
Equity and liabilities						
Equity attributable to equity holders of the company						
Share capital	28,000	-	28,000	387,000	-	387,000
Foreign currency translation reserve	(29,249)	-	(29,249)	(18,540)	-	(18,540)
Capital reserves	307	-	307	307	-	307
Share premium	-	-	-	191,515	-	191,515
Fair value adjustment reserve	-	-	-	(346)	-	(346)
Revaluation reserve	-	-	-	(275,985)	275,985	-
Retained earnings	311,844	-	311,844	431,299	(275,985)	155,314
	<u>310,902</u>	<u>-</u>	<u>310,902</u>	<u>715,250</u>	<u>-</u>	<u>715,250</u>
Non-controlling interests	7,036	-	7,036	12,474	-	12,474
Total equity	317,938	-	317,938	727,724	-	727,724

EVERSENDI CORPORATION BERHAD (614060-A)
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**
3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D.)
RECONCILIATIONS OF EQUITY (CONT'D.)

	FRS as at 1 January 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 1 January 2011 (RM'000)	FRS as at 31 December 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 31 December 2011 (RM'000)
Note						
Non-current liabilities						
Hire purchase payables	3,560	-	3,560	2,902	-	2,902
Bank borrowings	10,253	-	10,253	10,170	-	10,170
Other payables	782	-	782	-	-	-
Employees' service benefits	12,622	-	12,622	15,786	-	15,786
Deferred tax liabilities	1,986	-	1,986	1,352	-	1,352
Total non-current liabilities	29,203	-	29,203	30,210	-	30,210
Current liabilities						
Trade payables	44,680	-	44,680	84,044	-	84,044
Other payables	137,897	-	137,897	166,553	-	166,553
Amount due to directors	14,690	-	14,690	11,472	-	11,472
Hire purchase payables	3,167	-	3,167	2,188	-	2,188
Bank borrowings	377,592	-	377,592	291,224	-	291,224
Amount due to customers on construction contracts	109,479	-	109,479	96,181	-	96,181
Provision for taxation	4,452	-	4,452	8,613	-	8,613
Total current liabilities	691,957	-	691,957	660,275	-	660,275
Total liabilities	721,160	-	721,160	690,485	-	690,485
Total equities and liabilities	1,039,098	-	1,039,098	1,418,209	-	1,418,209

EVERSENDAI CORPORATION BERHAD (614060-A)
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

4. SEGMENT INFORMATION

	Middle East		India		Malaysia		Others		Total		Adjustments & Eliminations		Group	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Revenue														
External	707,063	892,714	146,860	81,175	167,330	59,813	-	-	1,021,253	1,033,702	-	-	1,021,253	1,033,702
Internal	208,273	267,701	11,443	14,858	20,770	27,667	26,024	14,060	266,510	324,286	(266,510)	(324,286)	-	-
	915,336	1,160,415	158,303	96,033	188,100	87,480	26,024	14,060	1,287,763	1,357,988	(266,510)	(324,286)	1,021,253	1,033,702
Gross profit	184,141	201,600	13,530	10,561	28,666	21,458	26,024	14,060	252,361	247,679	(46,673)	(26,693)	205,688	220,986
Interest income													3,236	1,775
Other income											(1,134)	(1,943)	23,700	13,862
Other expenses													(76,546)	(80,670)
Finance costs													(19,126)	(19,935)
Profit before tax													136,952	136,018
Taxation													(15,456)	(4,469)
Profit for the financial year													121,496	131,549

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012

4. SEGMENT INFORMATION (CONT'D.)

Gross profit for the Group in current year ended 31 December 2012 has decreased by 6.9% as compared to year ended 31 December 2011. The lower gross profit was contributed by the following segments:

Middle East

Middle East segment recorded a slight decrease of gross profit by 8.7% in tandem with a slight decrease in revenue of 21.1%. The decrease is mainly due to the timing difference of projects that has been completed such as Cleveland Clinic, Gate District Tower and Masdar Institute of Science & Technology projects in Abu Dhabi as well as New Doha International Airport and Doha Convention Center & Tower projects in Qatar and the commencement of new projects which are still at the preliminary stages such as King Abdul Aziz International Airport Railway Station and KAPSARC projects in Saudi Arabia, Qatar National Museum project and Qatar Foundation Headquarter project in Doha.

India

India segment recorded an increase in gross profit by 28.1%. The growth in this market was mainly contributed by the 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 33.6% in gross profit as compared to the previous corresponding year. This is mainly contributed by the Manjung Power Plant, Tanjung Bin Power Plant and Polycrystalline Silicon Manufacturing 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 have had a material effect in the current and previous interim results.

EVERSENDI CORPORATION BERHAD (614060-A)
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6. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in composition of the Group in the current and previous interim results except for the acquisition of a subsidiary in Singapore and incorporation of a subsidiary in Malaysia. Both corporate exercise is not expected to have any significant effect on the earning, net asset, gearing and share capital of the Group for the financial year ended 31 December 2012

The Group had on 28 August 2012 incorporated a new wholly owned subsidiary company, Vahana Constructions Sdn. Bhd. (“VCSB”), with a paid up capital of RM2.00 divided into two (2) ordinary shares of RM1.00 each. The authorized share capital of the Company is RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each.

The Company has subscribed for 999,998 ordinary shares of RM1.00 each on 29 October 2012 and intends to subscribe a further 1,000,000 ordinary shares of RM1.00 each in VCSB in 2013. VCSB intends to carry on the business of general contractors and property developer.

On 19 October 2012, the Group acquired 100% equity interest in Eversendai Engineering Pte. Ltd (“EEPL”), a Singapore registered company from its related party for a consideration of SGD 1. The Group acquired the company due to EEPL’s proven track record in executing and successfully completing construction projects in Singapore. High profile projects undertaken by EEPL in Singapore include Hitachi Tower, Caltex Tower and Republic Plaza. The acquisition will enable the Group to utilise the track records of EEPL and the Group’s expertise in the field of construction to bid and secure projects in Singapore and regionally.

The provisional fair value of the identifiable assets and liabilities of EEPL as at the date of acquisition was:

	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	46,000
Liabilities	
Trade and other payables	<u>(19,000)</u>
Net identifiable assets	27,000
Negative goodwill on acquisition recognised in statement of comprehensive income	<u>(26,998)</u>
Cost of business combination	<u>2</u>

7. SEASONALITY OF OPERATIONS

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

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8. PROFIT BEFORE TAX

Included in the profit before tax are the following:

	Individual Quarter ended		Year ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Interest income	(590)	167	(3,236)	(1,775)
Dividend income from investment securities	(780)	(2,493)	(3,620)	(2,493)
Sale of scraps	(5,292)	(1,427)	(13,286)	(9,077)
Other income	14,254	(71)	(10,614)	(2,442)
Interest expense	3,934	5,172	19,126	19,935
Depreciation of property, plant and equipment	6,638	6,594	26,175	23,373
Allowance for impairment of receivables and bad debts written off	-	-	1	-
Gain on fair value changes in investment in structured deposit	(1,284)	-	(1,284)	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-	-	-
Write-back of over provision in trade payables	-	-	(115)	-
Negative goodwill on consolidation	(26)	-	(26)	-
Impairment of goodwill	-	-	-	-
Property, plant and equipment written off	(61)	-	28	-
Inventories written off	-	-	-	-
Employee benefits expenses	2,308	1,393	8,191	4,687
Gain on disposal of property, plant and equipment	(225)	(159)	(704)	(162)
Net foreign exchange loss/ (gain)	2,536	3,186	5,922	700

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9. INCOME TAX EXPENSE

	Individual Quarter ended		Year ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Current tax:				
Malaysian Income tax	1,107	(503)	1,673	(114)
Foreign Tax	11,137	1,319	13,783	4,583
	<u>12,244</u>	<u>816</u>	<u>15,456</u>	<u>4,469</u>

	Individual Quarter ended		Year ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Effective tax rate	<u>26.6%</u>	<u>2.3%</u>	<u>11.3%</u>	<u>3.3%</u>

The Group's effective tax rate for the current financial year ended 31 December 2012 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		Year ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Profit net of tax, attributable to equity holders of the Company (RM'000)	32,108	36,424	115,362	119,455
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>4.15</u>	<u>4.71</u>	<u>14.90</u>	<u>15.43</u>

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

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11. PROPERTY, PLANT AND EQUIPMENT

Assets with a carrying amount of RM 171,000 were disposed-off by the Group during the Twelve months period ended 31 December 2012 (31 December 2011: RM 401,000), resulting in a gain on disposal of RM 704,000 (31 December 2011: RM 162,000), recognised and included in other income in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	Goodwill
	RM'000
Cost:	
At 1 January 2011/31 December 2011/ 1 January 2012	9,920
Accumulated amortisation and impairment:	
At 1 January 2011/31 December 2011/ 1 January 2012	-
At 31 December 2012	-
Net Carrying amount:	
At 1 January 2011	9,920
At 31 December 2011	9,920
At 31 December 2012	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 December 2012, 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.

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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.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Deposits with financial institutions	64,981	143,138	65,413
Cash and bank balances	80,020	55,512	128,895
Total cash and bank balances	145,001	198,650	194,308

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

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash and bank balances	145,001	198,650	194,308
Less: Bank overdrafts	(1,594)	(7,146)	(494)
	143,407	191,504	193,814
Less: Deposits pledged to banks	(36,578)	(52,098)	(51,962)
Cash and cash equivalents	106,829	139,406	141,852

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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
- 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	Level 3 RM'000
31 December 2012				
Financial assets measured at fair value:				
Investment securities	<u>147,325</u>	<u>122,041</u>	<u>25,284</u>	<u>-</u>
31 December 2011				
Financial assets measured at fair value:				
Investment securities	<u>151,483</u>	<u>151,483</u>	<u>-</u>	<u>-</u>
1 January 2011				
Financial assets measured at fair value:				
Investment securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

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17. GROUP BORROWINGS AND DEBT SECURITIES

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Current			
Hire purchase	2,142	2,188	3,167
Bank borrowings	216,439	291,224	377,592
	<u>218,581</u>	<u>293,412</u>	<u>380,759</u>
Non-current			
Hire purchase	3,592	2,902	3,560
Bank borrowings	31,829	10,170	10,253
	<u>35,421</u>	<u>13,072</u>	<u>13,813</u>

Included in the borrowings as at 31 December 2012 are borrowing denominated in foreign currency:

	Foreign Currency '000	Malaysian Currency RM'000
United Arab Emirates Dirhams (AED)	147,009	119,704
Qatari Riyal (QR)	75,689	62,162
Indian Rupees (INR)	908,658	49,419
		<u>231,285</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.

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19. COMMITMENT AND CONTINGENCIES

Capital 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 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Factory building	5,855	2,961	10,208
Land	26,090	-	-
Plant & Machineries	7,453	62	-
Computer systems and others	2,736	693	-
	<u>42,134</u>	<u>3,716</u>	<u>10,208</u>
Approved but not contracted for:			
Factory building	<u>2,462</u>	<u>35,630</u>	<u>-</u>

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 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Future minimum lease payments:			
- not later than 1 year	4,473	6,340	3,369
- later than 1 year and not later than 5 years	6,678	6,281	7,373
- later than 5 years	394	419	2,025
	<u>11,545</u>	<u>13,040</u>	<u>12,767</u>

Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as at 31 December 2012:-

	RM'000
Eversendai Engineering LLC	1,805,897
Eversendai Engineering FZE	418,834
Eversendai Engineering Qatar WLL	419,929
Eversendai Construction Private Limited	114,213
Shineversendai Engineering (M) Sdn Bhd	109,937
	<u>2,868,810</u>

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20. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions which have been entered into with related parties during the Twelve-month period ended 31 December 2012 and 31 December 2011 as well as the balances with the related parties as at 31 December 2012 and 31 December 2011:

	2012 RM'000	2011 RM'000
Transactions with certain directors and key management personnel of the Group:		
Personal guarantee provided by a director	<u>1,198,759</u>	<u>1,441,065</u>
Personal guarantee provided by a director and a key management of the Company	<u>5,439</u>	<u>5,818</u>
Sale of motor vehicle by a Director to a subsidiary	<u>-</u>	<u>136</u>
Rental of office from the in-laws of our General Manager for the Infrastructure Division of Eversendai Construction Private Limited	<u>17</u>	<u>14</u>
Rental of staff accommodations from our Executive Chairman and Group Managing Director	<u>109</u>	<u>185</u>
Transactions with a foreign partner of the Group:		
Lease of labour quarters	<u>1,213</u>	<u>1,426</u>

21. EVENTS AFTER THE REPORTING PERIOD

On 30 January, the Group announced that it now owns 20.1% of the entire issued and paid up share capital or 45,116,000 shares in Technics Oil & Gas Limited ("Technics"), a public-listed entity on the Mainboard of the Singapore Exchange for a total purchase consideration of RM117.3 million. Technics specialises in the design and fabrication of complex and highly customised process modules for application in both onshore and offshore oil and gas exploration and production activities.

The strategic investment in Technics will enable the Group to secure a stronger footing in the oil and gas fabrication sector and enhance shareholder value derived from venturing into the inter-related sector.

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

22. REVIEW OF PERFORMANCE

For the quarter ended 31 December 2012, the Group continue to report a sustainable revenue and profit after tax of RM274.3 million and RM33.8 million respectively as compared to the revenue and profit after tax of the Group for the quarter ended 31 December 2011 of RM313.3 million and RM34.5 million respectively. For the year ended 31 December 2012, the Group's revenue and profit after tax stood at RM1,021.3 million and RM121.5 million respectively as compared to RM1,033.7 million and RM131.6 million respectively for the year ended 31 December 2011. The slight decrease in profit after tax of 7.6% is mainly due to timing difference of projects that has been completed and commencement of new projects which are still at the preliminary stages, foreign exchange losses and higher income tax expenses.

69.2% 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 Center (KAPSARC) and CMA Towers in Saudi Arabia, Qatar Faculty of Islamic Studies, National Museum of Qatar and Qatar Foundation Headquarter in Qatar, Al-Jalila Children's Specialty Hospital in Dubai, Yas Mall Phase 2 in Abu Dhabi and Salalah Airport expansion in Oman. The Group's India and Malaysia operations contributed 14.4% and 16.4% respectively to the Group's revenue.

The profit for the current financial quarter was arrived at after expensing RM18.9 million of operating and administration expenses and RM3.9 million of finance cost. Total expenditure for the financial quarter was mainly from staff related expenses and lease rental of RM8.6 million and RM1.7 million respectively.

23. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The profit before taxation margin for the fourth quarter ended 31 December 2012 has increased by 78.9% as compared to the immediate preceding quarter due to finalisation of account for few projects in the Middle East that has been completed during the last quarter as well as lower operating and administrative expenses and higher other income from sales of scrap and reversal of previous financial year's provision for contract claims.

24. COMMENTARY ON PROSPECTS

The Group's strategic positioning is reflected with the securing of few major contracts in 2012 and is optimistic on its prospects based on the order book in hand. With the recent announced winning of Abu Dhabi Airport Project on 15 January 2013 of RM327 million, the Group will have a total order book of RM1.6 billion to kick start the year.

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.

As a result of the above the Group is expected to maintain sustainable profitability in FY 2013.

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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.

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	82.8	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
	<u>273.2</u>	<u>230.0</u>			

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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.

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 year ended 31 December 2012 or the previous financial year ended 31 December 2011.

32. RISKS AND POLICIES OF DERIVATIVES

The Group did not enter into any derivatives during the year ended 31 December 2012 or the previous financial year ended 31 December 2011.

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 December 2012 and 31 December 2011.

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34. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 December 2012 and 31 December 2011 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 December 2012 RM'000	31 December 2011 RM'000
Total retained profits of the Company and its subsidiaries, as previously stated		
- Realised	650,862	496,068
- Unrealised	10,229	3,077
	<u>661,091</u>	<u>499,145</u>
Less: Prior year adjustments	-	(4,468)
Less: MFRS day-1 adjustment	-	(275,985)
Total retained profits of the Company and its subsidiaries, as adjusted	661,091	218,692
Less: Consolidation adjustments	(412,537)	(63,378)
Total group retained profits as per financial statements	<u>248,554</u>	<u>155,314</u>

35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

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 25 February 2013.

BY ORDER OF THE BOARD

DATO' NATHAN A/L ELUMALAY
EXECUTIVE CHAIRMAN / GROUP MANAGING DIRECTOR
EVERSENDAI CORPORATION BERHAD
25 FEBRUARY 2013