

EVERSENDAI

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

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2013
SECOND QUARTER ENDED
30 JUNE 2013**

DATED 27 AUGUST 2013

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

**SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	Individual Quarter ended		Cumulative Period ended	
	30 June 2013 RM'000 (Unaudited)	30 June 2012 RM'000 (Unaudited)	30 June 2013 RM'000 (Unaudited)	30 June 2012 RM'000 (Unaudited)
1 Revenue	247,506	257,699	490,688	506,660
2 Profit before tax	18,028	33,866	42,480	65,119
3 Profit for the quarter/period	16,624	32,303	41,703	62,065
4 Profit attributable to ordinary equity holders of the parent	16,473	30,492	40,152	57,741
5 Basic earnings per share (sen)	2.13	3.94	5.19	7.46
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at 30 June 2013 (Unaudited)		As at 31 December 2012 (Audited)	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	1.08		1.01	

CURRENCY: - MALAYSIAN RINGGIT (RM)

Definition of Subunit:

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

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	Individual Quarter ended		Cumulative Period ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Revenue	247,506	257,699	490,688	506,660
Cost of Sales	(206,795)	(212,937)	(410,774)	(417,009)
Gross profit	40,711	44,762	79,914	89,651
Interest income	719	864	1,362	1,798
Dividend income	1,723	1,527	2,554	2,450
Other income	290	12,884	4,916	19,538
Operating and administrative expenses	(20,355)	(19,575)	(36,938)	(37,302)
Finance costs	(5,060)	(6,596)	(9,328)	(11,016)
Profit before taxation	18,028	33,866	42,480	65,119
Income tax expense	(297)	(1,563)	(682)	(3,054)
Share of associate's result	(1,107)	-	(95)	-
Profit for the quarter/period	16,624	32,303	41,703	62,065
Other comprehensive income				
Fair value adjustment of investment securities	75	(257)	(539)	564
Foreign currency translation	8,238	16,705	24,702	3,520
Total comprehensive income	24,937	48,751	65,866	66,149
Profit attributable to :				
Equity holders of the Company	16,473	30,492	40,152	57,741
Non-controlling interests	151	1,811	1,551	4,324
	16,624	32,303	41,703	62,065
Total comprehensive income attributable to :				
Equity holders of the Company	24,561	46,467	63,760	61,890
Non-controlling interests	376	2,284	2,106	4,259
	24,937	48,751	65,866	66,149
Basic/diluted earnings per share attributable to equity holders of the company (sen)*	2.13	3.94	5.19	7.46

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

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	As at 30 June 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	261,501	217,791
Investment in associate	117,130	-
Investment in structured deposit	25,284	25,284
Goodwill	9,920	9,920
Deferred tax assets	321	304
Total non-current assets	414,156	253,299
Current assets		
Inventories	142,922	185,839
Amount due from customers on construction contracts	393,106	307,062
Trade contract receivables	323,894	419,785
Other receivables and deposits	58,072	48,964
Tax recoverable	97	96
Investment securities	234,893	122,041
Deposits and bank balances	167,517	145,001
Total current assets	1,320,501	1,228,788
Total Assets	1,734,657	1,482,087
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	387,000	387,000
Foreign currency translation reserve	(19,541)	(44,243)
Capital reserves	307	307
Share premium	191,515	191,515
Fair value adjustment reserve	(412)	127
Retained earnings	273,226	248,554
	832,095	783,260
Non-controlling interests	8,978	5,824
Total Equity	841,073	789,084

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D.)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

	As at 30 June 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
Non-current liabilities		
Hire purchase payables	7,784	3,592
Borrowings	284,394	31,829
Employees' service benefits	23,862	20,742
Deferred tax liabilities	3,421	3,617
Total Non-current liabilities	319,461	59,780
Current liabilities		
Trade payables	88,691	110,492
Other payables	199,788	200,677
Amounts due to directors	161	172
Hire purchase payables	1,505	2,142
Borrowings	186,277	216,439
Amount due to customers on construction contracts	68,337	83,683
Provision for taxation	13,884	13,684
Dividend payable	15,480	5,934
Total Current liabilities	574,123	633,223
Total liabilities	893,584	693,003
Total equity and liabilities	1,734,657	1,482,087
Net asset per share attributable to ordinary equity holders of the Company (RM)*	1.08	1.01

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

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013**

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

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

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

	← Attributable to equity holders of the Company →						← Distributable →		
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
At 1 January 2013									
As reported under MFRS	387,000	307	(44,243)	191,515	127	248,554	783,260	5,824	789,084
Non-controlling interests on incorporation of subsidiaries	-	-	-	-	-	-	-	1,048	1,048
Profit for the year	-	-	-	-	-	40,152	40,152	-	40,152
Other comprehensive income for the year	-	-	24,702	-	(539)	-	24,163	2,106	26,269
Total comprehensive income for the year	-	-	24,702	-	(539)	40,152	64,315	2,106	66,421
Dividends	-	-	-	-	-	(15,480)	(15,480)	-	(15,480)
At 30 June 2013	387,000	307	(19,541)	191,515	(412)	273,226	832,095	8,978	841,073

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	Period ended	
	30 June 2013	30 June 2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,480	65,119
Adjustments for:		
Depreciation	13,901	12,547
Employees' service benefits	3,171	4,221
Gain on disposal of property, plant and equipment	(3)	(17)
Property, plant and equipment written off	163	89
Write back of impairment losses on receivables	-	(9,388)
Write back of overprovision of trade payables	-	(115)
Fair value adjustment of investment securities	(539)	564
Interest income	(1,362)	(1,798)
Dividend income from investment securities	(2,554)	(2,450)
Unrealised foreign exchange loss	1,387	(794)
Interest expense	9,328	11,016
Operating profit before working capital changes	65,972	78,994
Working capital changes:-		
Net changes in current assets	41,553	(23,482)
Net changes in current liabilities	(45,440)	104,051
Cash generated from operations	62,085	159,563
Employees' service benefits paid	(1,263)	(1,379)
Taxes paid	(1,332)	(4,677)
Interest expense paid	(9,328)	(11,016)
Net cash generated from operating activities	50,162	142,491

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)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	Period ended	
	30 June 2013	30 June 2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(52,590)	(17,741)
Proceeds from disposal of property, plant and equipment	470	90
Non-controlling interest arising from incorporation of subsidiaries	1,048	-
Net changes in investment securities	(112,852)	(3,013)
Investment in associate	(117,130)	-
Net changes in deposits pledged with financial institutions	298	10,991
Interest and dividend received	3,916	4,248
	(276,840)	(5,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase payables	3,555	364
Drawdown/(repayment) of borrowings	223,977	(134,035)
Amount due to directors	(11)	(1,235)
Dividend paid	-	(6,144)
	227,521	(141,050)
Net cash used in investing activities		
Net cash generated from/(used in) financing activities		
	227,521	(141,050)
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		
Effect of changes in foreign exchange rate	843	(3,984)
Cash and cash equivalents at 31 December 2012/2011	23,545	3,454
	106,829	139,406
	131,217	138,876
CASH AND CASH EQUIVALENTS AT 30 JUNE 2013/2012		
	131,217	138,876
CASH AND CASH EQUIVALENTS AT 30 JUNE 2013/2012 COMPRISES :		
Cash and bank balance	167,517	180,669
less : Bank Overdraft	(20)	(686)
less : Deposit pledged with financial institutions	(36,280)	(41,107)
	131,217	138,876

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 SIX MONTHS PERIOD ENDED 30 JUNE 2013

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

EXPLANATORY NOTES PURSUANT TO MFRS 134

1. CORPORATE INFORMATION

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 August 2013.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 30 June 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual statements for the financial year ended 31 December 2012 except for the adoption of the following with effect from 1 January 2013:

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

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

EVERSENDI CORPORATION BERHAD (614060-A)
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

4. SEGMENT INFORMATION

	Middle East		India		Malaysia		Others		Total		Adjustments & Eliminations		Group	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	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	RM'000
Revenue														
External	317,749	366,993	62,400	72,353	110,539	67,314	-	-	490,688	506,660	-	-	490,688	506,660
Internal	88,750	111,482	5,727	5,804	-	-	-	25,731	94,477	143,017	(94,477)	(143,017)	-	-
	406,499	478,475	68,127	78,157	110,539	67,314	-	25,731	585,165	649,677	(94,477)	(143,017)	490,688	506,660
Gross profit	64,159	77,000	1,878	7,206	13,877	4,833		-	25,731	79,914	114,770		-	(25,119)
Interest income														1,362
Dividend income														2,554
Other income														4,916
Other expenses														(36,938)
Finance costs														(9,328)
Profit before tax														42,480
Taxation														(682)
Share of results of associate														(95)
Profit for the financial period														41,703
														62,065

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

4. SEGMENT INFORMATION (CONT'D.)

Gross profit for the Group in current period ended 30 June 2013 has decreased by 10.9% or RM9.7 million as compared to period ended 30 June 2012. The lower gross profit was contributed by the following segments:

Middle East

Middle East segment recorded a decrease of gross profit by 16.7% or RM12.8 million in line with the decreased in revenue of 15.0% and higher gross profit recognised in H1 2012 on account of finalized variation orders in H1 2012. The current period's gross profit is mainly contributed by projects such as Capital Market Authority Tower, King Abdul Aziz International Airport Railway Station and KAPSARC projects in Saudi Arabia, Qatar National Museum project, Nakilat Phase 4A in Doha, Abu Dhabi National Oil Company (ADNOC) HQ project, Masdar Headquarter Abu Dhabi and Salalah International Airport in Oman.

India

India segment recorded a decrease in gross profit by 73.9% as compared to the previous corresponding period. The decrease was mainly contributed by additional costs for variation works incurred yet to be finalized for EMCO Power Plant project in Warora and Worli Mixed-Use Development project in Mumbai.

Malaysia

Gross profit in Malaysia segment recorded an increase of 187.1% as compared to the previous corresponding period. This is mainly contributed by the Manjung Power Plant and Tanjung Bin 4 Power Plant projects.

We will continue to see Malaysia contributing higher revenue and gross profit to the Group in the coming year due to the current order book spread, mainly arising from the power plant projects. The growth of the Group will still continue to be mainly driven by the Middle East segment.

5. CHANGES IN ESTIMATES

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

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

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 incorporation of Eversendai Technics RMC FZE, Eversendai Technics Sdn Bhd and Eversendai Properties Sdn Bhd as well as disposal of 51% stake in Vahana Constructions Sdn Bhd for a cash consideration of RM510,000 to third parties.

7. SEASONALITY OF OPERATIONS

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

8. PROFIT BEFORE TAX

Included in the profit before tax are the following:

	Individual Quarter ended		Period ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(719)	(863)	(1,362)	(1,798)
Dividend income from investment securities	(1,723)	(1,527)	(2,554)	(2,450)
Sale of scraps	(890)	(3,081)	(3,082)	(5,666)
Other expenses/(income)	1,072	(9,731)	1,243	(14,437)
Interest expense	5,060	6,596	9,328	11,016
Depreciation of property, plant and equipment	6,995	6,846	13,901	12,547
Allowance for impairment of receivables and bad debts written off	-	-	-	1
(Gain)/loss on disposal of quoted and unquoted investments	(483)	-	(483)	-
Write-back of over provision in trade payables	-	(1)	-	(115)
Negative goodwill on consolidation	-	-	-	-
Impairment of goodwill	-	-	-	-
Property, plant and equipment written off	163	89	163	89
Inventories written off	-	-	-	-
Employee benefits expenses	1,643	1,655	3,171	4,221
Gain on disposal of property, plant and equipment	(9)	(3)	(17)	(17)
Net foreign exchange loss/(gain)	20	(70)	(2,576)	697

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

9. INCOME TAX EXPENSE

	Individual Quarter ended		Period ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Current tax:				
Malaysian Income tax	237	130	552	260
Foreign Tax	60	1,433	130	2,794
	<u>297</u>	<u>1,563</u>	<u>682</u>	<u>3,054</u>

	Individual Quarter ended		Period ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Effective tax rate	1.65%	4.62%	1.61%	4.69%

The Group's effective tax rate for the current financial period ended 30 June 2013 is lower than Malaysian statutory tax rate as the subsidiaries in the UAE are not subject to any taxation, while the tax rate for operations in Saudi is 20% and the subsidiary in Qatar has a flat rate of 10% applicable on the Group's portion of 70% of its taxable profits.

10. EARNINGS PER SHARE

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

	Individual Quarter Ended		Period Ended	
	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)
Profit net of tax, attributable to equity holders of the Company (RM'000)	16,473	30,492	40,152	57,741
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>2.13</u>	<u>3.94</u>	<u>5.19</u>	<u>7.46</u>

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

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

11. PROPERTY, PLANT AND EQUIPMENT

Assets with a carrying amount of RM 466,000 were disposed-off by the Group during the six months period ended 30 June 2013 (30 June 2012: RM 73,000), resulting in a gain on disposal of RM 3,000 (30 June 2012: RM 17,000), recognised and included in other income in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	Goodwill RM'000
Cost:	
1 January 2013	9,920
Accumulated amortisation and impairment:	
At 1 January 2013	-
At 30 June 2013	-
Net Carrying amount:	
At 1 January 2013	9,920
At 30 June 2013	9,920

Goodwill

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

- (i) Budgeted gross margin
The basis used to determine the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.
- (ii) Discount rate
The discount rates used are pre-tax and reflect cost of borrowings of the subsidiaries.
- (iii) Growth rate
The growth rates are based on projects tendered and awarded and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

The Group considers the relationship between its budgeted gross margin, growth rate, discount rate and its book value, among other factors when reviewing indicators of impairment. As at 30 June 2013, the Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2013

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:

	30 June 2013 RM'000	31 December 2012 RM'000
Deposits with financial institutions	51,491	64,981
Cash and bank balances	116,026	80,020
Total cash and bank balances	167,517	145,001

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

	30 June 2013 RM'000	31 December 2012 RM'000
Cash and bank balances	167,517	145,001
Less: Bank overdrafts	(20)	(1,594)
	167,497	143,407
Less: Deposits pledged with financial institutions	(36,280)	(36,578)
Cash and cash equivalents	131,217	106,829

EVERSENDI CORPORATION BERHAD (614060-A)
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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	Level 1	Level 2
	RM'000	RM'000	RM'000
30 June 2013			
Financial assets measured at fair value:			
Investment in structured deposit	25,284	-	25,284
Investment securities	234,893	234,893	-
	<u>260,177</u>	<u>234,893</u>	<u>25,284</u>
31 December 2012			
Financial assets measured at fair value:			
Investment in structured deposit	25,284	-	25,284
Investment securities	122,041	122,041	-
	<u>147,325</u>	<u>122,041</u>	<u>25,284</u>

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

	30 June 2013 RM'000	31 December 2012 RM'000
Current		
Hire purchase	1,505	2,142
Bank borrowings	186,277	216,439
	<u>187,782</u>	<u>218,581</u>
Non-current		
Hire purchase	7,784	3,592
Bank borrowings	34,394	31,829
Islamic Medium Term Notes ("SUKUK")	250,000	-
	<u>292,178</u>	<u>35,421</u>

Included in the borrowings as at 30 June 2013 are borrowing denominated in foreign currency:

	Foreign Currency '000	Malaysian Currency RM'000
United Arab Emirates Dirhams (AED)	96,783	83,247
Qatari Riyal (QR)	72,209	62,660
Indian Rupees (INR)	1,127,690	59,747
		<u>205,654</u>

18. DIVIDENDS

No interim ordinary dividend has been declared for the financial period ended 30 June 2013 (30 June 2012: Nil)

At the Annual General Meeting held on 19 June 2013, a final tax exempt (single-tier) dividend in respect of the financial year ending 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 has been approved by the shareholders. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 9 July 2013 and payable on 23 July 2013. The financial statements for the current financial period have reflected this dividend in equity as appropriation of retained earnings in the financial period ending 30 June 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:-

	30 June 2013 RM'000	31 December 2012 RM'000
Factory building	1,557	5,855
Land	31,442	26,090
Plant & Machineries	3,494	7,453
Computer systems and others	1,694	2,736
	<u>38,187</u>	<u>42,134</u>
Approved but not contracted for:		
Factory building	-	2,390

Operating lease commitments

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

	30 June 2013 RM'000	31 December 2012 RM'000
Future minimum lease payments:		
- not later than 1 year	4,929	4,473
- later than 1 year and not later than 5 years	6,161	6,678
- later than 5 years	208	394
	<u>11,298</u>	<u>11,545</u>

Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as at 30 June 2013:-

	RM'000
Eversendai Engineering LLC	2,083,930
Eversendai Engineering Qatar WLL	638,932
Eversendai Construction Private Limited	129,169
Shineversendai Engineering (M) Sdn Bhd	108,621
	<u>2,960,652</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 six-month period ended 30 June:

	2013 RM'000	2012 RM'000
Transactions with certain directors and key management personnel of the Group:		
Personal guarantee provided by a director	553,202	1,458,597
Personal guarantee provided by a director and a key management of the Company	5,298	5,678
Rental of office from the parents-in-laws of our General Manager for the Infrastructure Division of Eversendai Construction Private Limited	-	9
Rental of staff accommodations and office building from our Executive Chairman and Group Managing Director	278	54
Transactions with a foreign partner of the Group:		
Lease of labour quarters	608	607

21. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting date.

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

22. REVIEW OF PERFORMANCE

For the period ended 30 June 2013, the Group reported a sustainable revenue and profit after tax of RM490.7 million and RM41.7 million respectively as compared to the revenue and profit after tax of the Group for the period ended 30 June 2012 of RM506.7 million and RM62.1 million respectively. The decrease in profit after tax is mainly due to higher finalisation of accounts for few projects in the Middle East in the previous corresponding quarter and higher other income from reversal of provision for contract claims in Q2 2012. The decrease is also partly due to delay in the timing of finalisation of variation orders.

64.8% of the Group's revenue was from its Middle East operations in UAE, Saudi Arabia, Qatar and Oman. The current major projects of the Group in the Middle East include the King Abdullah Petroleum Studies & Research Centre (KAPSARC), CMA Towers and King Abdul Aziz International Airport Railway Station in Saudi Arabia, National Museum of Qatar and Qatar Foundation Research & Development Complex, Abu Dhabi International Airport and Abu Dhabi National Oil Company (ADNOC) HQ project and Crescent City project in Azerbaijan. The Group's India and Malaysia operations contributed 12.7% and 22.5% respectively to the Group's revenue.

The profit for the current financial quarter was arrived at after expensing RM20.4 million of operating and administration expenses and RM5.1 million of finance cost. Total expenditure for the financial quarter was mainly from staff related expenses and lease rental of RM8.2 million and RM2.5 million respectively.

23. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The profit before taxation for the second quarter ended 30 June 2013 has decreased by RM6.4 million or 26.3% as compared to the immediate preceding quarter mainly due to higher operating and administrative expenses and lower other income.

24. COMMENTARY ON PROSPECTS

The Group's strategic positioning is reflected with the securing of few contracts in first half 2013 and is optimistic on its prospects based on the order book in hand. With the recent announced winning of Abu Dhabi Airport Project of RM327 million and Crescent City project in Azerbaijan of RM88 million, the Group has a total order book of RM1.4 billion for continue sustainable results for FY2013.

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

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

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

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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	126.0	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>273.2</u>			

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 period ended 30 June 2013 or the previous financial year ended 31 December 2012.

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32. RISKS AND POLICIES OF DERIVATIVES

The Group did not enter into any derivatives during the period ended 30 June 2013 or the previous financial year ended 31 December 2012.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2013 and 31 December 2012.

34. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 June 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	30 June 2013 RM'000	31 December 2012 RM'000
Total retained profits of the Company and its subsidiaries, as reported under MFRS		
- Realised	618,733	650,862
- Unrealised	9,603	10,229
	<hr/> 628,336	<hr/> 661,091
Less: Consolidation adjustments	(355,110)	(412,537)
Total group retained profits as per financial statements	<hr/> 273,226	<hr/> 248,554

35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

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 27 August 2013.

BY ORDER OF THE BOARD

TAN SRI NATHAN A/L ELUMALAY
EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR
EVERSENDI CORPORATION BERHAD
27 AUGUST 2013