

EVERSENDAI

EVERSENDAI CORPORATION BERHAD

(Company No. 614060-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

SECOND QUARTER ENDED 30 JUNE 2015

(Figures are not audited unless otherwise specified)

(In Ringgit Malaysia)

Dated 24 August 2015

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

Date: 24 August 2015

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

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Financial Year ending 31 December 2015

Summary of Key Financial Information for the Second Quarter ended 30 June 2015

	Second Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
1 Revenue	425,229	222,544	828,006	453,265
2 Profit before tax	15,205	7,762	36,385	19,070
3 Profit for the periods	14,315	6,782	34,548	17,131
4 Profit attributable to equity holders of the Company	14,101	7,300	33,497	18,291
5 Basic earnings per share (sen)	1.82	0.94	4.33	2.36
6 Proposed/declared dividend per share (sen)	1.25	1.00	1.25	1.00
			As at 30.6.2015 (RM) (Unaudited)	As at 31.12.2014 (RM) (Audited)
7 Net assets per share attributable to the equity holders of the Company			1.28	1.18

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Condensed Consolidated Statement of Comprehensive Income for the Second Quarter ended 30 June 2015

	Note	Second Quarter 3-month ended		Cumulative Quarter 6-month ended	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Revenue		425,229	222,544	828,006	453,265
Cost of sales		(384,913)	(197,894)	(725,126)	(395,614)
Gross profit		40,316	24,650	102,880	57,651
Interest income		261	395	557	853
Dividend income		452	1,449	1,342	2,469
Other income		3,130	7,090	11,391	13,492
Operating and administrative expense		(32,246)	(26,640)	(69,203)	(51,509)
Operating profit		11,913	6,944	46,967	22,956
Finance costs		(6,669)	(6,143)	(14,167)	(11,200)
Share of associates' results		-	453	-	127
Net gain on financial assets at fair value through profit or loss		9,961	6,508	3,585	7,187
Profit before tax	8	15,205	7,762	36,385	19,070
Income tax expense	9	(890)	(980)	(1,837)	(1,939)
Profit for the period		14,315	6,782	34,548	17,131
Other comprehensive income/(expense) :					
- Fair value adjustment of investment securities		90	(63)	73	(52)
- Foreign currency translation		15,811	(13,248)	58,438	(17,479)
Other comprehensive income/(expense) for the period:		15,901	(13,311)	58,511	(17,531)
Total comprehensive income for the period		30,216	(6,529)	93,059	(400)

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Condensed Consolidated Statement of Comprehensive Income for the Second Quarter ended 30 June 2015 (Cont'd)

	Note	Second Quarter 3-month ended		Cumulative Quarter 6-month ended	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Profit/(loss) for the period attributable to:					
- Equity holders of the Company		14,101	7,300	33,497	18,291
- Non-controlling interests		214	(518)	1,051	(1,160)
		<u>14,315</u>	<u>6,782</u>	<u>34,548</u>	<u>17,131</u>
Total comprehensive income/(expense) attributable to:					
- Equity holders of the Company		30,614	(5,961)	91,670	849
- Non-controlling interests		(398)	(568)	1,389	(1,249)
		<u>30,216</u>	<u>(6,529)</u>	<u>93,059</u>	<u>(400)</u>
Earnings per share attributable to equity holders of the Company					
- Basic (sen)	10	1.82	0.94	4.33	2.36

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Financial Position as at 30 June 2015

	Note	30.6.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	527,955	449,421
Goodwill	12	12,088	12,088
Derivatives financial assets	15	14,978	15,838
Investment in securities	15	91,852	87,847
Investment properties		42,431	-
Deferred tax assets		557	508
Total non-current assets		689,861	565,702
Current assets			
Inventories	13	196,306	148,543
Amount due from customers on construction contracts		614,175	394,831
Trade contract receivables		515,182	466,142
Other receivables and deposits		108,455	77,655
Tax recoverable		316	136
Investment in securities	15	47,546	94,630
Deposit and bank balances	14	171,572	242,702
Total current assets		1,653,552	1,424,639
Total assets		2,343,413	1,990,341
Equity and liabilities			
Current liabilities			
Trade payables		228,949	151,230
Other payables		310,808	193,242
Amount due to customers on construction contracts		88,100	124,899
Amount due to directors		1,800	1,508
Hire purchase payables	17	1,468	3,098
Borrowings	17	364,577	248,077
Provision for taxation		27,128	25,436
Total current liabilities		1,022,830	747,490

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Condensed Consolidated Statement of Financial Position as at 30 June 2015 (Cont'd)

		30.6.2015	31.12.2014
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
Equity and liabilities (cont'd)			
Non-current liabilities			
Hire purchase payables	17	7,489	6,275
Borrowings	17	274,846	288,795
Employees' service benefits		42,151	34,806
Deferred tax liabilities		2,744	2,999
Total non-current liabilities		327,230	332,875
Total liabilities		1,350,060	1,080,365
Net assets		993,353	909,976
Equity attributable to equity holders of the Company			
Share capital	16	387,000	387,000
Share premium	16	191,515	191,515
Treasury shares	16	(91)	(91)
Capital reserve		307	307
Foreign currency translation reserve		94,390	35,952
Fair value adjustment reserve		(355)	(428)
Retained earnings	29	319,198	295,375
		991,964	909,630
Non-controlling interests		1,389	346
Total equity		993,353	909,976
Total equity and liabilities		2,343,413	1,990,341

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the Second Quarter ended 30 June 2015

	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	← Non-distributable →				Distributable					
	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
At 1.1.2014	387,000	191,515	(2)	307	1,418	(454)	265,710	845,494	1,374	846,868
Purchase of treasury shares	-	-	(89)	-	-	-	-	(89)	-	(89)
NCI arising from increase in stake in subsidiaries	-	-	-	-	-	-	-	-	(449)	(449)
Profit for the period	-	-	-	-	-	-	18,291	18,291	-	18,291
Other comprehensive income/(expense)	-	-	-	-	(17,478)	(52)	-	(17,530)	(1,249)	(18,779)
Total comprehensive income/(expense)	-	-	-	-	(17,478)	(52)	18,291	761	(1,249)	(488)
Dividend	-	-	-	-	-	-	(7,739)	(7,739)	-	(7,739)
At 30.6.2014	387,000	191,515	(91)	307	(16,060)	(506)	276,262	838,427	(324)	838,103

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Condensed Consolidated Statement of Changes in Equity for the Second Quarter ended 30 June 2015 (Cont'd)

	← Attributable to equity holders of the Company →						Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Distributable					
	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				
At 1.1.2015	387,000	191,515	(91)	307	35,952	(428)	295,375	909,630	346	909,976
Profit for the period	-	-	-	-	-	-	33,497	33,497	1,051	34,548
Other comprehensive income/(expense)	-	-	-	-	58,438	73	-	58,511	(8)	58,503
Total comprehensive income/(expense)	-	-	-	-	58,438	73	33,497	92,008	1,043	93,051
Dividend	-	-	-	-	-	-	(9,674)	(9,674)	-	(9,674)
At 30.6.2015	387,000	191,515	(91)	307	94,390	(355)	319,198	991,964	1,389	993,353

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 2014, and the accompanying explanatory notes attached to these interim financial statements.

EVERSENDI CORPORATION BERHAD (614060-A)

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Condensed Consolidated Statement of Cash Flows for the Second Quarter ended 30 June 2015

	Cumulative Quarter 6 months ended	
	30.6.2015 RM'000	30.6.2014 RM'000
Operating activities		
Profit before taxation	36,385	19,070
Adjustments for:		
Depreciation of property, plant and equipment	15,757	15,269
Provision for employees' service benefits	6,179	3,488
Gain on disposal of property, plant and equipment	(40)	(204)
Gain on financial assets at fair value through profit or loss	(3,585)	(7,187)
Share of associates' results	-	(127)
Write back of impairment losses on receivables	-	(10,136)
Interest income	(557)	(853)
Dividend income from investment in securities	(1,342)	(2,469)
Unrealised foreign exchange (gains)/loss	(5,095)	2,197
Interest expense	14,167	11,200
	<u>61,869</u>	<u>30,248</u>
Operating profit before working capital changes		
Working capital changes:		
Net changes in current assets	(375,257)	(32,367)
Net changes in current liabilities	120,523	129,606
	<u>(192,865)</u>	<u>127,487</u>
Cash (used in)/generated from operations	(192,865)	127,487
Employees' service benefits paid	(1,749)	(1,760)
Taxes paid	(1,405)	(2,416)
Interest expense paid	(14,167)	(11,200)
	<u>(192,865)</u>	<u>127,487</u>
Net cash flows (used in)/generated from operating activities	<u>(210,186)</u>	<u>112,111</u>
Investing activities		
Purchase of property, plant and equipment	(71,855)	(25,441)
Proceeds from disposal of property, plant and equipment	40	509
Net changes in investment in securities	48,939	(71,796)
Acquisition of a subsidiary, net of cash paid	-	(1,331)
Proceeds from partial disposal of investment in an associate	-	410
Uplift deposits with financial institutions	6,021	3,786
Interest received	557	853
Dividend received	-	2,469
	<u>(16,298)</u>	<u>(90,541)</u>
Net cash flows used in investing activities	<u>(16,298)</u>	<u>(90,541)</u>

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Financial Year ending 31 December 2015**Condensed Consolidated Statement of Cash Flows for the Second Quarter ended 30 June 2015
(Cont'd)**

	Cumulative Quarter 6 months ended	
	30.6.2015 RM'000	30.6.2014 RM'000
Financing activities		
Subscription of treasury shares	-	(89)
Drawdown/(repayment) of bank borrowings	92,955	(56,343)
Dividends paid	-	(3,293)
(Repayment)/drawdown of hire purchase payables	(416)	1,064
Acquisition of non-controlling interest	-	(448)
Advance of amount due to directors	292	4,958
Net cash flows generated from/(used in) financing activities	92,831	(54,151)
Net decrease in cash and cash equivalents	(133,653)	(32,581)
Effect of changes in foreign exchange rate	58,948	(15,162)
Cash and cash equivalents at beginning of period	206,364	141,841
Cash and cash equivalents at end of period	131,659	94,098
Cash and cash equivalents at end of period comprised of:		
Cash and bank balances	171,572	131,521
Less: Bank overdrafts	(9,596)	(3,521)
Less: Deposits with financial institutions	(30,317)	(33,902)
	131,659	94,098

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes to these interim financial statements.

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Financial Year Ending 31 December 2015**Explanatory Notes to the Interim Financial Report for the Second Quarter ended 30 June 2015****A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting****1. Corporate Information**

Eversendai Corporation Berhad (“ECB” or “the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

These unaudited condensed consolidated interim financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 24 August 2015.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the financial year ended 30 June 2015 have been prepared in accordance with MFRS 134, Interim Financial Reporting and Chapter 9 of the Main Market Listing Requirements of Bursa Malaysia. These unaudited condensed consolidated interim financial statements also comply with International Accounting Standard (IAS) 34 issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

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 2014 except for the adoption of the following with effect from 1 January 2015:

<u>Description</u>	<u>Effective date</u>
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
- Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
- Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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4. Changes in Estimates

There were no changes in estimates adopted in the preparation of financial statements that have had a material effect in the current and comparative quarter.

5. Changes in Composition of the Group

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

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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	RM'000	RM'000	RM'000
6 months ended 30.6.2015								
Revenue								
- External	411,075	90,857	175,852	48	150,174	828,006	-	828,006
- Internal	131,741	753	4,912	-	3,132	140,538	(140,538)	-
Total revenue	542,816	91,610	180,764	48	153,306	968,544	(140,538)	828,006
Profit before tax	18,182	(1,254)	6,882	(676)	13,251	36,385	-	36,385
6 months ended 30.6.2014								
Revenue								
- External	270,996	36,346	129,135	-	16,788	453,265	-	453,265
- Internal	66,325	4,383	-	14,714	-	85,422	(85,422)	-
Total revenue	337,321	40,729	129,135	14,714	16,788	538,687	(85,422)	453,265
Profit before tax	20,410	(1,432)	11,850	10,293	(6,999)	34,122	(15,052)	19,070

* Consolidation adjustment & eliminations

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6. Segment Information (Cont'd)

The steel fabrication and erection for building and infrastructure construction businesses in the Middle-East region continued to contribute a lion share of the Group's revenue (49.7%) and pre-tax profit of RM18.2 million in the current financial period-to-date.

The operations in Malaysia had contributed 21.2% to the Group's revenue. Its revenue rose from RM129.1 million to RM175.9 million mainly from Tanjung Bin 4 coal-fired power plant contract, PKT Logistics Warehouse project and Reliance BKC DAICEC project.

The revenue from operations in India has also increased to RM90.9 million with a contribution of 10.9% of the Group revenue, mainly contributed by the progressive completion of projects, ie Reliance J3 project, Atmosphere Sky Bridge, Reliance BKC DAICEC project and Worli project.

The oil and gas business has expanded further and contributed to 18.1% of the Group's revenue, as compared to corresponding period in 2014 of 3.7%. The increase is mainly contributed by the fruitful new ventures in oil and gas sector via Eversendai Offshore RMC FZE and Eversendai Oil & Gas (M) Sdn Bhd in Middle East and Malaysia respectively. Its profit has also increased from a loss of RM7.0 million in previous corresponding period to a profit of RM13.3 million for the current period.

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 Before Tax

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

	Second Quarter 3-month ended		Cumulative Quarter 6-month ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Interest income	261	395	557	853
Dividend income from investment in securities	452	1,449	1,342	2,469
Sales of scrap	1,307	4,296	4,278	5,837
Interest expense	(6,669)	(6,143)	(14,167)	(11,200)
Depreciation of property, plant and equipment	(8,716)	(7,473)	(15,757)	(15,269)
Write back of impairment losses on receivables	-	5,108	-	10,136
Gain on disposal of property, plant and equipment	11	139	40	204
Gain on disposal of quoted investment in associates	-	45	-	45
Unrealised foreign exchange gain/(loss)	240	(2,155)	5,095	(2,197)
Net gain on financial assets at fair value through profit or loss	9,961	6,508	3,585	7,187
Employee benefits expense	(3,340)	(1,691)	(6,179)	(3,488)

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9. Income Tax Expense

	Second Quarter 3-month ended		Cumulative Quarter 6-month ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Current income tax:				
Malaysian income tax	797	967	1,491	1,935
Foreign income tax	94	13	358	4
	<u>891</u>	<u>980</u>	<u>1,849</u>	<u>1,939</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(1)	-	(12)	-
Total income tax expense	<u>890</u>	<u>980</u>	<u>1,837</u>	<u>1,939</u>
Profit before taxation	15,205	7,762	36,385	19,070
Effective tax rate	6%	13%	5%	10%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) on the estimated taxable profit for the period. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the current period ended 30 June 2015 of 5% was lower than the 25% statutory tax rate in Malaysia 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 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.

	Second Quarter 3-month ended		Cumulative Quarter 6-month ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
Profit for the period (RM'000)	14,101	7,300	33,497	18,291
Number of ordinary shares in issue ('000)	773,899	773,899	773,899	773,899
Basic earnings per share (sen)	1.82	0.94	4.33	2.36

11. Property, Plant and Equipment

During the current cumulative 6 months period under review, the Group disposed-off assets with zero carrying value (2014: RM306,000), resulting in a gain of RM40,000 (2014: RM204,000), recognized and included in other income in the statement of comprehensive income.

As at the end of the current quarter under review, the Group does not have any material commitment for the acquisition or disposal of property, plant and equipment.

12. 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 the weighted average cost of capital of the Group.

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12. Intangible Assets (Cont'd)

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 30 June 2015, 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:

	30.6.2015	31.12.2014
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash and bank balances	127,972	156,726
Deposits with financial institutions	43,600	85,976
Total cash and bank balances	171,572	242,702
Less:		
Bank overdrafts	(9,596)	-
Deposits pledged with financial institutions	(30,317)	(36,338)
Total cash and cash equivalents	131,659	206,364

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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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at the end of the current quarters under review, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Total RM'000
At 30.6.15		
Non-current asset		
Derivative financial asset	14,978	14,978
Investment in securities	91,852	91,852
Current asset		
Investment in securities	47,546	47,546
Total	154,376	154,376
At 31.12.14		
Non-current asset		
Derivative financial asset	15,838	15,838
Investment in securities	87,847	87,847
Current asset		
Investment in securities	94,630	94,630
Total	198,315	198,315

Investment in securities are investments in unit trust fund and quoted shares. Derivative financial asset is an investment in the quoted warrants. The fair value of this class of financial asset is measured based on the quoted market price, with the fair value gains or losses through profit or loss.

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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.

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17. Group Borrowings and Debt Securities

	30.6.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
Current:		
Hire purchase	1,468	3,098
Bank borrowings	364,577	248,077
Total current	366,045	251,175
Non-current:		
Hire purchase	7,489	6,275
Bank borrowings	24,846	38,795
Islamic medium-term notes	250,000	250,000
Total non-current	282,335	295,070
Total group borrowings and debt securities	648,380	546,245

Included in the Group's borrowings as at 30 June 2015 are bank borrowings denominated in foreign currencies as follows:

	Value in foreign currency 30.6.2015 '000	Equivalents in value of Malaysian currency 30.6.2015 RM'000
United Arab Emirates Dirham	216,463	222,721
Qatari Riyal	75,988	78,411
Indian Rupees	1,263,870	74,921

18. Dividends Paid

There was no payment of dividends by the Company during the current quarter under review.

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19. Commitments and Contingencies

a) Capital expenditure commitments

	30.6.2015	30.6.2014
	RM'000	RM'000
Contracted but not provided for:		
Factory building & labour accommodation	13,838	52,882
Office building	-	4,820
Plant and machinery	-	21,868
Computer systems and others	550	3,124
	14,388	82,694
Approved but not contracted for:		
Factory building	4,863	167
Plant and machinery	-	2,854
	4,863	3,021

b) Operating lease commitments

	30.6.2015	30.6.2014
	RM'000	RM'000
Within one year	20,789	22,635
After one year but not more than five years	62,036	55,992
More than five years	195,277	166,553
	278,102	245,180

c) Contingencies

The Group does not have any pending litigation except as disclosed in Note 27 of this interim financial report.

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19. Commitments and Contingencies (Cont'd)

c) Contingencies (Cont'd)

Corporate guarantees

At the end of the current quarters under review, the Group has provided corporate guarantees for banking facilities; which will not result in potential financial liability to the Group, as follows:

	30.6.2015	30.6.2014
	RM'000	RM'000
Eversendai Engineering LLC	2,844,708	2,087,936
Eversendai Offshore RMC FZE	405,741	139,654
Eversendai Engineering Qatar WLL	741,056	598,893
Eversendai Construction Private Limited	200,720	181,329
Shineversendai Engineering (M) Sdn Bhd	266,187	260,118
	4,458,412	3,267,930

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:

	Cumulative quarter	
	6 months ended	
	30.6.2015	30.6.2014
	RM'000	RM'000
Transactions with certain directors and key management personnel of the Group:		
Rental of staff accommodation and office building from a director	514	461
Provision of services for engineering and fabrication by a subsidiary to a company where the Company deemed related to one of the director by virtue of his direct interest in the ultimate holding Company of the Group	134,666	-

21. Events After the Reporting Period

There were no material events subsequent to the end of the current quarter under review that have not been reflected in this interim financial report.

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B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia**22. Review of Group with Comparison to Last Year's Corresponding Periods**

During the second quarter under review, the Group has secured the following key contracts worth RM256.3 million:

- i) A contract for the erection package of the Dhirubhai Ambani International Convention and Exhibition Centre in India;
- ii) A general construction contract for a high-end, luxury residential project, located on a one-acre land in Worli, India;
- iii) A connection design, fabrication, metal decking, supply, erection and fireproofing of steel works contract for a Theme Park in Abu Dhabi;
- iv) A contract for the fabrication of skid shoes at Gas Treatment Platform in Abu Dhabi;
- v) A turnkey supply, fabrication, painting, delivery and erection of structural steel contract for a rubber manufacturing plant;
- vi) An engineering, procurement, construction and commissioning of structural steel works for the Pengerang Co-Generation Plant at the Rapid Complex in Pengerang, Johor;

which together with the following contract win in the first quarter, has added total contract worth of approximately RM1,120.4 million to the order book of the Group in the current cumulative 6 months period under review:

- i) A structural steel fabrication and erection contract for the Nas Arena contract in Dubai;
- ii) A structural steel fabrication contract for the construction of Dhirubhai Ambani International Convention and Exhibition Centre (DAICEC) in Mumbai, India;
- iii) A contract for the construction of the 12 Waves, in Batu Kawan, Penang, Malaysia;
- iv) A structural steel fabrication and erection contract for the Al Wahda Arches and Visitors Centre in Doha, Qatar;
- v) 2 structural steel fabrication and erection contracts in Kingdom of Saudi Arabia.

The Group recorded total revenue of RM828.0 million in the first half of the year, which when compared to last year's RM453.3 million, was higher by 82.7%.

Out of the total revenue of RM828.0 million, 67.0% was contributed by the businesses in the Middle-East region (including the Commonwealth of Independent States), 22.0% by operations in Malaysia and the remaining 11.0% by projects in India.

Profit before tax for the second quarter and cumulative 6 month periods were RM15.2 mil and RM36.4 mil, as compared to last year's RM7.8 mil and RM19.1 mil, which was mainly due to higher value of contract executions.

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

The Group's profit before tax of RM15.2 million during the second quarter, which when compared to the preceding quarter's RM21.2 million, was lower by 28.3%. This was mainly due to lower margins from Malaysia projects and lower sales of scrap in the current quarter.

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24. Prospects of the Group

During the current financial period ended 30 June 2015, the Group has secured approximately RM1,120.4 million in new contracts. As at 30 June 2015, the Group's order book stood at approximately RM1.8 billion. Approximately 53.5% 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 will be executed by the operations in Qatar (20.3%), Malaysia (12.3%) and India (13.9%).

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 under review.

26. Corporate Proposals

There is no corporate proposal announced but not completed as at 17 August 2015, being a date not earlier than seven days from the date of issuance of this interim financial report.

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27. Changes in Material Litigation

During the current quarters under review and up to 17 Aug 2015, being a date no earlier than seven days from the date of this interim financial report, a supplier known as Linsun Engineering Sdn Bhd had on 14 November 2014, served a Writ of Summons against the company's subsidiary, Shineversendai Engineering (M) Sdn Bhd for certain supply of manpower for scaffolding erection and dismantling works at the Project known as Manjung 4 Power Plant for an alleged claim of RM8,222,465 plus interest which is disputed by the company. The company is of the view that it has a very good defence against the alleged claim.

The next case management for this matter is fixed on 23 September 2015 and the trial will be from 26 to 29 October 2015.

28. Dividend Payable

At the Annual General Meeting of the Company held on 29 June 2015, 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 RM9,673,738 for the preceding financial year ended 31 December 2014 has been approved by the shareholders of the Company. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 10 July 2015 and paid on 24 July 2015. The financial statements for the current financial period have reflected this dividend in equity as appropriation of retained earnings in the financial period ended 30 June 2015.

29. Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group as at 30 June 2015 and 31 December 2014 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.

	30.6.2015	31.12.2014
	RM'000	RM'000
	(Unaudited)	(Audited)
Total retained profits of the Group as reported under MFRS		
- Realised	675,717	660,229
- Unrealised	(14,159)	(23,548)
	<u>661,558</u>	<u>636,681</u>
Less: Consolidation adjustments	(342,360)	(341,306)
Total retained profits of the Group as per consolidated financial statements	<u>319,198</u>	<u>295,375</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 2014 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

24 August 2015