EVERSENDAI

EVERSENDAI CORPORATION BERHAD
(614060-A)

TOWERING TO GREATER HEIGHTS

ANNUAL REPORT 2011

Philosophy

Through the years, Eversendai has garnered an enviable reputation in the industry by executing many prestigious and complex projects, both locally and internationally.

The company has achieved this by adhering to its corporate philosophies of:

- Strict Adherence to Safety
- Strict Adherence to Quality
- Strict Adherence to Schedule
- Total Client Satisfaction

Our dedication to these Corporate Philosophies is what consistently brings satisfied clients back, time and again

Vision

Being at the forefront of the structural steel industry in Malaysia and abroad, Eversendai will continue to reach for greater heights by constantly improving and developing new levels of service, skill and ensuring our business is innovative, competitive and profitable.

- To be the global player in the construction industry including general and plant construction.

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DATO' AK NATHAN
Executive Chairman &
Group Managing Director

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my great pleasure to announce that Eversendai Corporation Berhad ("Eversendai" or the "Group"), known as a leading integrated structural steel turnkey contractor, has experienced yet another stellar year, starting with its new status as a Public Listed Company. Incorporated in 2003, the Group has breached the RM1 billion revenue target and this was made possible by staying focused on its growth strategy in the Middle East whilst preparing for the next wave of growth in India and Malaysia. We will continue to be mindful of the foreign environment in view of the financial and political sentiments, particularly keeping in mind the challenges faced in Europe and America. At present, the countries in which we operate have a positive financial and political environment.

Looking back, it is safe to say that we achieved our accomplishments by staying committed to our core values of completing projects on time without compromising on quality and safety. This has taken Eversendai to greater heights in the industries we operate in, resulting in greater success on the iconic projects undertaken. Thus, the theme for the year has been appropriately selected to represent our accomplishments: "Towering to Greater Heights". We now have in hand several strategic projects which we believe will see us soaring even higher next year. We believe in being completely committed and dedicated to each and every one of our projects, resulting in repeat project awards, often at premiums from longstanding clients.

It is on this platform that we work on projects and see them through professionally. Our strict guidelines have helped us with the success we have enjoyed thus far. Quality control, for one, has been our utmost priority, and we believe that with this and the ability to take on complex and iconic structures successfully, Eversendai will certainly soar higher, achieving far more than expected.

Over the years, we have moved from strength to strength on all fronts. We have recorded excellent financial growth year on year. We have increased production capacity at our factories and are presently building our latest factory in Trichy, India. Consistent excellent performance has been made possible by a highly motivated workforce of over 7,500 employees working at our 8 regional offices, which covers 4 fabrication facilities in the UAE, Qatar and Malaysia, as well as various project sites.

Burj Khalifa

Dubai Mall

Tanjung Bin Coal Fired Power Plant

Jimah Coal Fired Power Plant

Manjung Coal Fired Power Plant

OUR VISION

Our vision is to maintain our commendable performance and track record. We are also not one to rest on our laurels. Since its inception, Eversendai has always been known to obtain and successfully complete ground-breaking projects. We are all about building icons and doing it well. As such, we have successfully managed to obtain repeat business from our clients. It is also worth pointing out that we have managed to come as far as we have without a professional marketing team. This is why we always believe that the best way to gain business is to offer our best possible service on the projects we embark on. A company's reputation is its best marketing tool and we believe we have an impeccable track record to show for it.

It is important to keep up to our standards as our future growth and success depends on it. This is why we always educate our staff so that they are fully aware and involved with the company's vision and mission. In everything we do, we keep to these main ideas as guidelines so that we are not side-tracked. Upon listing our company in 2011 on Bursa Malaysia Securities Berhad ("Bursa Securities"), we indicated our plan to expand further. We are currently in the midst of recruiting more personnel to expand our team. With this expansion plan in mind, we are determined to see our vision and mission through with them as well.

After all, Eversendai has evolved from a structural steel erection specialist to one of the leading integrated structural steel turnkey and power plant contractors in the world, with a strong design and engineering division and modern fabrication facilities in Malaysia, the UAE and Qatar. As I have always said, "There is nothing we cannot achieve if we put our minds to it." We have established ourselves as an industry leader in structural steel design, fabrication and erection of steelwork for high rise buildings, stadiums, bridges, roof structures and infrastructure projects. We also have vast experience in the installation works for power plants and industrial plants, having undertaken such projects in Malaysia and in India.

We firmly believe that if you make a promise to someone, you ought to keep it and see it all the way through. This is the foundation on which our company was built. We are here to make sure that everything we take on will be executed with passion and commitment. This belief has seen us through till this day and will see us through into the future. This in turn will see us sharing our profits with our shareholders.

FINANCIAL PERFORMANCE

The Group is very optimistic on its future prospects based on the current order book in hand, which is currently in excess of RM1 billion. We have also recently announced the successful securing of several major projects in the Middle East and India. With this diverse and strong order book, we believe the Group is strategically positioned to perform well in FY 2012 and beyond. The wide geographical spread, number of projects and diverse client base of the current order book minimises the risk profile of the Group substantially, making it not dependent solely on any specific sector or client.


Rose Rayhaan Rotana Tower


Emirates Park Tower Hotel

The year's performance has certainly been a driving force for us to work towards bigger goals. We are in a healthier financial position, reporting stellar financial results for the twelve months ended 31 December 2011. Revenue and profit after tax of the Group for the twelve months ended 31 December 2011 was RM1,033.7 million and RM131.5 million respectively.

The current profit for the financial year was arrived at after expensing RM80.7 million of operating and administrative costs, RM19.9 million of finance cost, and IPO expenses written off in Q3 2011 of RM3.8 million. Total expenditure for the financial year was mainly from staff related expenses and lease rental, amounting to RM28.2 million and RM10.0 million respectively.

It should be noted that 86.3% of the Group's revenue was from its Middle East operations in the UAE, Saudi Arabia and Qatar. The current major projects of the Group in the Middle East include the New Doha International Airport (NDIA) and Doha Convention Centre & Tower in Qatar, King Abdullah Petroleum Studies & Research Centre (KAPSARC) and Capital Market Authority (CMA) Tower in Saudi Arabia. The Group's India and Malaysia operations contributed 6.3% and 7.4% respectively to the Group's revenue.

The global macroeconomic outlook is evolving as events, especially in Europe unfold. However, the underlying fundamentals of our existing key and target markets remain sound with countries in the region continuing to roll out infrastructure projects as part of their overall short and long-term urbanisation and development programs.

With a solid performance for FY 2011 under our belt, we are optimistic that the Group is on target for another strong financial year in FY 2012. Riding on our strong track record and proven execution capabilities, we are well positioned to capitalise on the increased business opportunities.

DIVIDEND

As mentioned earlier, our objective is to share the wealth created with our respected and trusted shareholders and ensuring that we gradually increase the share of returns. The Board of Directors is to propose a final tax exempt (single tier) dividend of 1 sen per ordinary share of RM0.50 each in respect to the financial year ended 31 December 2011. The final dividend is subject to shareholders' approval at the Group's forthcoming Annual General Meeting.

With this, the Board has taken a bold step by proposing a dividend pay-out within the first year of listing on Bursa Securities. This marks the financial strength of Eversendai and its commitment to deliver exceeding shareholders' expectations. We hope to continue with dividend pay-outs from continuous sustainable growth and returns across the regions in which we operate.

Burj Khalifa Annexe Building

Ski Dubai

EXPERTISE

We are an internationally-recognised and established structural steel turnkey and power plant contractor, primarily involved in structural steel design, connection design, detailing, engineering and reengineering for value addition. We also offer structural steel supply and fabrication including protective treatment as well as structural steel erection, installation of mechanical equipment, cladding and electrical works for power plants, petrochemical and industrial plants. In addition, we offer civil construction including mechanical, electrical and plumbing services.

COMPETITIVE STRENGTHS

Our Group's competitive strengths lie in many areas. First of all, we are proud to say that we have with us an experienced senior management team who have been the force behind the proven performance and impeccable track record. On top of that, a commendable safety track record also sees us as a company to reckon with. Our integrated business model gives us that competitive edge and this is further fuelled by our quality of work and an excellent client relationship. It is without doubt that our brand name is recognised the world over as one of the most sought after solution providers for complex and iconic structures. Our skilled employees have certainly played a big role in the success of our company and this is reflected in the awards which we have received over the years.

PLANS AHEAD

Our business strategy and plan for the future is clear and simple. We aspire to enhance our market penetration in existing markets and expand into new markets for structural steel services. We also strive to continue to secure landmark projects and to expand our services offering through mechanical and electrical solutions for power plants. Furthermore, we are also on the lookout for merger and acquisition opportunities of interrelated businesses that will contribute to both our turnover and profitability.

Petronas Tower 2

Al Shams Towers

CROSSING BOUNDARIES

The Group has always crossed boundaries to seek opportunities. Our aim now is to further strengthen our competitive position as one of the leading integrated structural steel turnkey and power plant contractors in the Middle East, South East Asia and India. We intend to achieve this through further diversification and market expansion of our services and production facilities in order to tap the growth driven by the construction and power generation industries.

Middle East

In 1996, our Group entered the Middle East market when our subsidiary, Eversendai Engineering LLC (Dubai) was awarded the contract to erect the steel structure for the sail-silhouetted Burj Al Arab Hotel in Dubai. It was once the world's tallest hotel at 321 metres. Since then, our Group has undertaken many landmark projects in the Middle East, especially in the UAE (namely Dubai and Abu Dhabi), Saudi Arabia and Qatar. Eversendai Engineering LLC was part of the construction team for various iconic buildings in Dubai such as the Emirates Office and Hotel Towers, Ski Dubai, Rose Rayhaan Rotana Tower, Dubai Mall and Dubai Festival City.

The Group also worked on other landmark buildings in the Middle East, such as the Khalifa Stadium and the New Doha International Airport in Qatar, Capital Gate Building in Abu Dhabi and Kingdom Trade Centre in Saudi Arabia. In 2008, we were involved in the construction of the structural steel (including the steel spire) for the Burj Khalifa, the world's tallest building at 828 metres high with more than 160 stories. The steel spire of the Burj Khalifa was constructed from within the building and jacked to its permanent position using a strand jack system and soared higher than the tower crane available on-site for the structure.

India

In 2009, our Group expanded its business operations to India and was involved in the 2x600 MW North Chennai power plant project and Phase 1 of the Chhatrapati Shivaji International Airport - South West Pier in Mumbai. These two contracts were awarded to Shineversendai Engineering (M) Sdn. Bhd. and Eversendai Construction Private Limited respectively.

Capital Gate Building

Al Nasser Headquaters

The government in India has awarded a number of large infrastructure projects to multinational consortiums. This has led to an influx of international consultants and contractors into India with proven track record and expertise. We expect this trend to grow due to the increasing infrastructure requirement, particularly in the power utilities sector, expansion of existing airports and construction of new airports.

The construction industry in India is poised for growth due to its industrialisation, urbanisation, economic development and increasing expectations for better living standards. The India Foreign Trade Policy 2009 – 2014, which was launched in November 2009, expects an annual growth of about 25% in India's construction industry from 2009 to 2014. The International Monetary Fund (IMF) has predicted that India will be the world's third largest powerhouse after China and the USA by 2025. Reforms have also been underway in the power sector to increase efficiency and competitiveness. The 11th Five Year Plan recommends a capacity addition programme of 78,577 MW from 2007 to 2012. Under the plan, new power projects are to make up 23,132 MW of the recommended capacity. This opens up a market of excellent opportunities for the Group.

South-East Asia

In 2008, Eversendai Corporation Berhad commenced the construction of its fourth fabrication plant, located at Rawang Integrated Industrial Park, Selangor, Malaysia. At present, all our facilities are operational with a combined fabrication capacity of approximately 119,000 tonnes per annum.

We have expanded our services to include power plant installation works. Our Group has evolved to become a specialist in the installation and erection of mechanical and structural works for coal fired power plants. In 2001, we took the next step by undertaking the erection of mechanical and structural steel work for the boiler plant, coal and ash plant, fuel gas desulphurisation plant and coal stockyard for the 3x700 MW Manjung Coal Fired Power Plant in Malaysia. After the success of this project, our Group was awarded the mechanical and structural erection works for the boiler plants for the 3x700 MW Tanjung Bin Coal Fired Power Plants, Malaysia in 2004 and 2x700 MW Jimah Coal Fired Power Plants, Malaysia in 2006.

Our fabrication plant in Rawang was built with the objective of increasing the fabrication capacity of our Group, primarily to support our South-East Asian operations, as well as our existing fabrication facilities in the Middle East.

Emirates Office and Hotel Towers

ACKNOWLEDGEMENT

Eversendai's success over the years is the result of the passion of its people and robust leadership. Their dedication and commitment is commendable and inspiring to say the least. It is because of our people, the Group continues on its quest to reach for greater heights.

I would like to thank all our employees for all their effort and contribution that has made Eversendai what it is today. With their consistent, diligent and relentless spirit, we have been awarded projects and seen them through with devotion, perseverance and enthusiasm.

To our stakeholders, associates, clients, bankers, business partners and suppliers, I thank you for your support to the Group. I would also like to extend our gratitude to the Directors and the Management for their contribution to the Group. Here's to "Towering To Greater Heights" from here on.

DATO' AK NATHAN
EXECUTIVE CHAIRMAN & GROUP MANAGING DIRECTOR

Kingdom Trade Centre

PKT Logistics Warehouse

OPERATIONS REVIEW

What We Do
• Structural steel design, connection design, detailing, engineering and reengineering for value addition;
• Structural steel supply and fabrication including protective treatment and fireproofing;
• Structural steel erection including metal decking and stud bolt welding;
• Installation of mechanical equipment, pressure parts, piping, ducting, cladding and electrical works for power plants, petrochemical and industrial plants; and
• General construction including mechanical, electrical and plumbing works.

OUR TECHNICAL SERVICES

Structural steel design, connection design, detailing, engineering and reengineering for value addition

The Group provides structural steel design, connection design, detailing, engineering and reengineering for value addition.

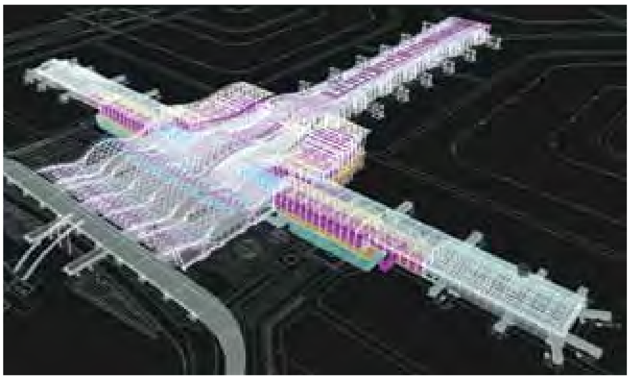
Under the scope of design, we provide complete design services ranging from conceptual stage design to connection design for various structures using appropriate software. We provide design services for complex profile structures and geometrical shapes built of various types of sections. Detailing works involve the preparation of detailed fabrication drawings using 3D modelling software for all types of structures.

In addition, we optimise the design of structures received from clients or consultants to provide value-added engineering services, simplified construction methodology and reduced tonnage (steel quantity), which result in reduced overall project cost.

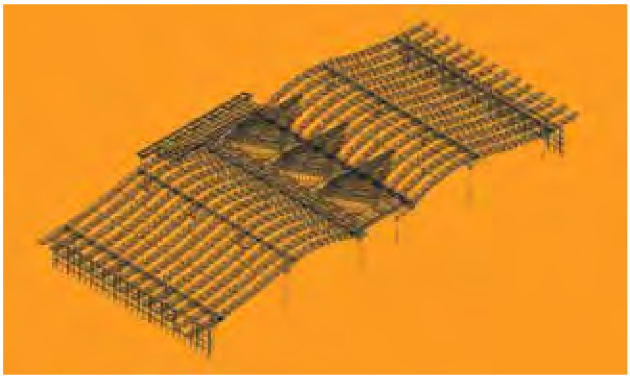
Structural steel supply and fabrication including protective treatment and fireproofing

We source our raw steel material mainly from reputable international steel mills and at times we procure from local and overseas stockists. Eversendai's steel fabrication experience is on the cutting edge of the construction industry, utilising new steel technologies and innovative approaches to succesfully take on industry challenges. A network of automated CNC manufacturing systems are directly integrated with our design and detailing department's advanced 3D modelling software. Data produced by the design / drafting computers are uploaded to the CNC manufacturing systems, which include oxy-fuel and plasma plate cutters, plate drillers and pipe profile cutters.

There are also automated production lines for section cutting and drilling, with multi-drill heads, ensuring that all components are fabricated accurately and are easily identifiable throughout the fabrication process. Other specialised machines such as vertical milling machines, horizontal drillers, 600 MT hydraulic press, roller machines and column and boom automated submerged arc welding machines combine to make up our strong arsenal of automated fabrication systems.



3D modelling of NDIA-Main Terminal Building



3D modelling of KL Sentral Station

The spire of Burj Khalifa

Structural steel erection including metal decking and stud bolt welding

We have a diverse range of structural steel erection capabilities which include multi-storied buildings, mall structures, stadiums, industrial structures, shipbuilding facilities, airport structures, bridges, large span roof structures, power and petrochemical plants.

Installation of mechanical equipment, pressure parts, piping, ducting, cladding and electrical works for power plants, petrochemical and industrial plants

We have maintained our focus on coal fired power plants as these plants are typically more complex, requiring more specialised expertise and substantial quantities of steelwork. The engineering skills required for the design of temporary structures for such power plants are typically complex, which we carry out in-house. Our Group's expertise in power plant construction includes, amongst others, the installation of equipment, pressure parts, erection of steel structures, ducting, painting, piping, electrical and cladding works.

General construction including mechanical, electrical and plumbing works

Our Group has ventured and gained considerable experience in general construction for high rise buildings and industrial plants including mechanical, electrical and plumbing works in Malaysia, the Middle East and India.

FABRICATION PLANTS

Rawang, Malaysia - 24,000 tonnes
Al Qusais Industrial Area, Dubai, UAE – 18,000 tonnes
Hamriyah Free Zone, Sharjah, UAE –53,000 tonnes
Industrial Area, Doha, Qatar – 24,000 tonnes


Qatar National Convention Centre Extension


New Doha International Airport (NDIA)

OPERATIONS IN MIDDLE EAST

Eversendai Engineering LLC, EVS Construction LLC and Eversendai Engineering Qatar WLL have 50 projects in the UAE, Qatar, Saudi Arabia and Oman which are in progress. Most of these projects are iconic buildings as the Group continues to take on new challenges to further develop its portfolio in complex structures. The Group's biggest market remains the Middle East and it continues to develop its stronghold in the market by securing business from repeat and new clients due to its remarkable reputation for quality, safety and on-time delivery.

DUBAI

Burj Al Salam Car Park

This car park of 12 floors in addition to a mechanical floor, Health Club and Roof top, is connected to the Hotel, Residential and Office towers of the Burj Al Salam Project by Link Bridges. The main contractor of this mixed use tower is Dubai Contracting Company (DCC). The Burj Al Salam Car Park is located in a prime area along Sheikh Zayed Road, Dubai.

Pentominium Tower

The Pentominium Tower is a super tall skyscraper under construction in Dubai. It is designed by global award winning architect, AEDAS. When completed, the building will stand 516 metres tall, with 120 floors. Upon completion it will become the tallest residential building in the world. The main contractor for this tower is Arabian Construction Company (ACC).

Dubai Mixed-Use Towers

The Dubai Mixed-Use Towers, also referred to as the Dancing Sisters (and nicknamed the Spice Girls in reference to both Dubai's role in the spice trade and the musicality of the design) is a 60-plus storey tower located in Dubai. The towers rise over 210 metres, one convex, one concave, and comprise 213,470 square metres of mixed use space, including a five star Biltmore Hotel Suites Tower, 250 luxury rental residences with hotel-like services and amenities, prime corporate office space, conference centres, high-end retail shops, restaurants, hospitality and entertainment areas. The main contractor for the project is ACC.

Dubai Pearl

The Dubai Pearl is an iconic structure and is located at the entrance of Palm Jumeirah. The main contractor for this project is Al Habtoor Leighton Group. This project is a mixed use integrated luxury development which will feature podium and tower residences, hospitality, retail, leisure, entertainment and offices.

Stand Point Tower

The project involves construction of two buildings. The first building comprises a ground floor, 27 additional floors and 2 roofs. The second building will comprise a ground level, 19 additional floors, 2 roofs with both the buildings situated over 3 common basement levels, a ground floor and 5 podium levels. The main contractor for this project is Arabtec Construction - BESIX JV.

ABU DHABI

Central Market Redevelopment – Khalifa Bridge

The Central Market Redevelopment comprises a Hotel Tower (56 Floors), Residential Tower (8 Floors), Office Tower (59 Floors), 4 Star Business Hotel (13 Floors), Souk, Bridge and Retail Podium. The Souk, Bridge and Podium comprise a number of multi-storied retail units, which are accessed via a common circulation space. The main contractor for this project is ACC.

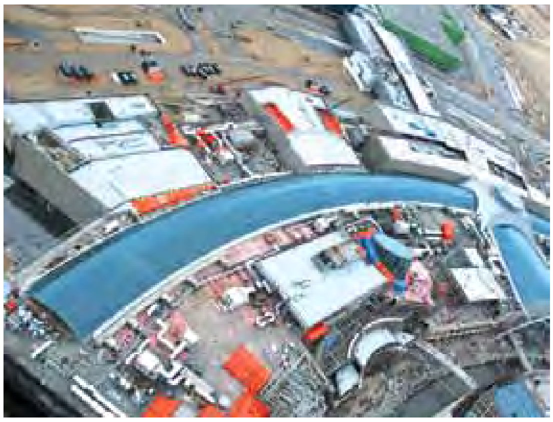
The Gate District Towers

The Gate District Towers will form the entrance to Shams Abu Dhabi, a landmark development located on Al Reem Island. The "Penthouse Bridge" structure connecting the three towers is being constructed by Eversendai. The Towers rise to a height of 250 metres and have 65 floors each. The main contractor for this project is ACC.

Artist Rendition

Capital Market Authority Tower

Gate District Towers



Dubai Festival City

Qatar Airways Hangar


Seafood Floating Restaurant

Al Nasser Headquarters

This project involves construction of a headquarters building comprising 3 basement car parking levels, a ground floor, a mezzanine floor, 18 additional floors and a roof. The main contractor for this project is Al Rostamani Pegel.

Cleveland Clinic Abu Dhabi (CCAD)

The construction and commissioning of a preeminent multi-specialty hospital known as Cleveland Clinic Abu Dhabi (CCAD) was with the objective of bringing world-class healthcare to the region as a unique and unparalleled extension of the Cleveland Clinic model. About 29,000 tonnes of steel fabrication and erection works have been completed in a span of 12 months by Eversendai which is a commendable achievement. The main contractor for this project is Samsung-Sixco JV.

Central Market Redevelopment – Khalifa Podium

The Central Market Redevelopment is a prestigious and fully integrated mixed use scheme at the heart of Abu Dhabi City. The Retail Podium in Central Market Redevelopment can be accessed directly from outside via the landscaped roof terrace. The main contractor for this project is ACC.

Etihad Towers and Seafood Floating Restaurant

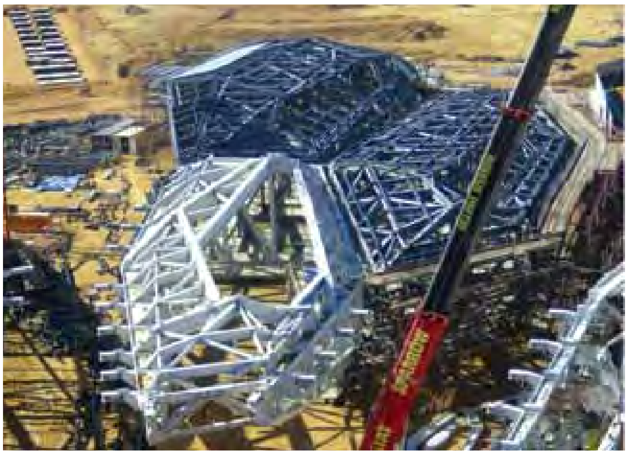
The Etihad Towers development comprises five iconic towers. Three of these are residential, one is an office tower and one a hotel / serviced residence tower. The hotel rooms, residences and office tower epitomise world-class contemporary design, rich in material and seamless detail with panoramic views. The Seafood Restaurant is located on the waters of the beach adjacent to the tower. The main contractor for this project is ACC. Eversendai was involved in the construction of the roof works for the towers, facade supports and Seafood Restaurant in this development.

Masdar Institute of Science & Technology

Masdar City is a planned, sustainable city that is being developed by Abu Dhabi Future Energy Company which relies entirely on solar energy and other renewable energy sources, designed by architectural firm Foster + Partners. This second phase under which Eversendai's scope of work falls compliments the facilities that were recently completed by adding more residential accommodation, laboratory space and laboratory core facilities (such as hi-bays, imaging suite and radio frequency shielding laboratories) in addition to a Multi-Use Hall. The main contractor for this project is ACC.


Cleveland Clinic Abu Dhabi


Cleveland Clinic Abu Dhabi



KAPSARC – IT Centre and Musallah

KAPSARC – IT Centre

The Regent Emirates Pearl Hotel

A landmark project for Abu Dhabi, the Regent Emirates Pearl Hotel is in the top league of business class hotels. Being situated vis-à-vis the world renowned Emirates Palace and with spacious and luxurious interiors, the hotel offers a unique combination of modern design and superior comfort. The main contractor for this project is ACC.

Al Salam Street Tunnel Project

Al Salam Street Tunnel Project is intended to enhance the traffic flow in the city centre of Abu Dhabi and to prepare the city for occupancy of the neighbouring new development in Al Reem Island and Al Sowwah Island. The main contractor for this project is Samsung-Saif bin Darwish JV.

SAUDI ARABIA

Capital Market Authority Tower

Capital Market Authority (CMA) Tower is under construction in the King Abdullah Financial District in Riyadh. On completion, the tower is expected to be the tallest of its kind in Saudi Arabia, standing at 385 metres, superseding the Kingdom Tower. The main contractor for this project is Saudi Binladin Group (SBG).

King Abdullah Petroleum Studies and Research Centre (KAPSARC)

KAPSARC is a future-oriented research and policy centre committed to energy and environmental exploration and analyses. The structures are highly complex in nature as they are intended to form an iconic building, under the vision of the client, Saudi Aramco. The main contractor for this project is Drake & Scull International.

Samba Headquarters

Samba Headquarters is the new headquarters building for Samba Financial Group. The new headquarters comprise 40 floors and 3 basements beneath an 80-metre spire with tower roof structure and collector platforms. The total height of the building is approximately 230 metres with total built up area above ground level of 97,000 square metres. The project is located in the King Abdullah Financial District of Riyadh. The main contractor for this project is El Seif.

Railway Station at King Abdul Aziz International Airport

The Master Plan for the King Abdul Aziz International Airport in Jeddah embraces development in three phases up to year 2035, when ultimate capacity could reach 70-80 Million Annual Passengers (MAP), using the existing three runways. This project will incorporate a new high-speed rail service which will be serviced by several stations for better accessibility. The main contractor for this project is SBG.

OMAN

Development of Salalah Airport

The new terminal at Salalah Airport is intended to cater for the envisaged flow of 1 million passengers annually by 2014. The airport has been designed to allow for further expansions to cater for an expected future demand growth of 2 to 6 million passengers annually. The expansion of Salalah Airport is part of a strategic objective to develop Salalah as a tourist destination. This is a complete design-build package (structural steel works) for Eversendai. The main contractor for this project is Larsen & Toubro.

QATAR

New Doha International Airport (NDIA)

NDIA was designed to deal with the growing volume of air traffic, being able to handle 29 million passengers annually at its opening, three times as many as the current airport capacity. It is also expected to handle 320,000 aircraft movements and 2 million tonnes of cargo annually. The check-in and retail areas are expected to be 12 times larger than that at the current airport. Moving walkways will be installed to handle the traffic.

Phase 1 and Extension

Eversendai's scope includes structural steel works for Main Terminal Building, Concourse A, Concourse B, Control Tower & Bridge. The main contractor for this phase is Taisei Corporation-TAV JV.

Phase 2

Eversendai's scope of work is structural steel fabrication and erection for Concourse C. The main contractor for this phase is Taisei Corporation-TAV JV.

Phase 3

Eversendai's scope for this phase includes complete fabrication and erection of North Node, Concourse D & Concourse E steel structures. The main contractor is Sixco-Midmac JV.

Nakilat

Phase 4

The range of activities to be undertaken in this new Ship Construction Facility includes the building of commercial vessels, coastal defence vessels (navy and coast guard) and luxury yachts. Ships of 5,000t displacement or 10,000t dwt can be built at this facility. While new ship construction will be the primary activity, major refit work will also be taken up. Phase 4 was inaugurated by His Highness the Emir of Qatar on 23 November 2010, and soon after, construction of the first vessel commenced. This is a complete design–build project for Eversendai and the scope includes construction of Depot Store, Assembly Shop and Construction Hall buildings. The client for this Project is Qatar Petroleum.

Nakilat Shipyard

Phase 4A

Our portion of Super Yacht Hall Phase 4A will have two principal functions: Final outfitting and painting of super yacht hulls produced in the main Construction Hall, and refit as well as upgrade of super yachts and naval vessels. The Phase 4A facilities will permit simultaneous work on two super yachts without interference between operations in the Hall's two bays, thereby providing for very high levels of surface finish and overall quality which are essential for super yachts, i.e. yachts of 45 metres and above. This is a complete design-build project for Eversendai and the scope includes construction of Energy Centre, Work Shop & Paint Cell and Super Yacht buildings. The client for this project is Qatar Petroleum.

Phase 5

Phase 5 is closely related to Phases 1 and 2, and is optimised for the repair of small ships. The addition of Phase 5 will give Nakilat the capability to cover the entire ship repair / refit / conversion market from the smallest to the largest vessels operating in the Arabian Gulf. Eversendai's scope encompasses complete design-build.

Qatari Diar – Doha Convention Centre and Tower (DCCT)

DCCT is located in West Bay Area, Doha and will include a 105-storey tower that comprises a hotel, serviced apartments, and retail outlets. It will also comprise a 100,000 square metre convention centre with car parking facilities. It is destined to become an important regional and international exhibition location. The main contractor for this project is Sixco-Midmac JV.

Qatar Faculty of Islamic Studies (QFIS)

QFIS is intended to be the centre for thinking and learning and a pioneer in research and discussion of Islam and the Muslim culture. This project includes the construction of classrooms, auditoriums, exhibition space, faculty offices, prayer areas, and underground car park. The total built-up area of this faculty is envisaged to be 41,770 square metres. The main contractor for this project is Consolidated Contractors Company-Teyseer JV.

Qatar Foundation Headquarters (QFHQ)

Qatar Foundation's mission is to support Qatar on its journey from a carbon economy to a knowledge economy. The QFHQ project involves the construction of a headquarters building in Education City on the outskirts of Doha, comprising a basement level, a ground floor and 12 additional floors. The main contractor for this project is MIDMAC Contracting Company.

Qatari Diar – Doha Convention Centre and Tower (DCCT)


Worli Mixed-Use Development Project


Khalifa Olympic Stadium

National Museum of Qatar
Inspired by the design of the Desert Rose, this museum will provide visitors a view of galleries addressing the natural history of the Qatar Peninsula, the social and cultural history of Qatar and the history of Qatar as a nation from the 18th century to the present day. This building will provide 7,989 square metres of permanent gallery space, 1,997 square metres of temporary gallery space, a 220 seat auditorium along with other amenities. The main contractor for this project is Hyundai Engineering & Construction Company.

OPERATIONS IN MALAYSIA

Sabah Oil & Gas Terminal (SOGT)
Located in Kimanis, the SOGT is an integrated Greenfield development with the aim of receiving, processing, storing, metering and exporting oil and gas. This onshore terminal will receive oil and gas from deep-water fields via a network of undersea pipes for the subsequent exportation of Crude Oil and Condensate. The project is part of a master development by PETRONAS Carigali for the development of the Oil and Gas industry in Sabah, which will eventually include gas-fired power plants, ammonia plants and various pipelines. The main contractor for this project is Samsung Engineering (Malaysia) Sdn Bhd.

Manjung 4 Power Plant
The Manjung 4 power plant will complement the first three Manjung power plants under Stesen Janakuasa Sultan Azlan Shah (SJSAS), which are currently operational at their full capacity of 2,100 MW. This 1,000 MW coal fired supercritical power plant, when operational, will be the first of its kind in Asia and TNB's largest power plant in the country. With a growing population and increasing urbanisation rates, TNB expects this addition to be vital for the country's growing electricity demand. Eversendai has several work orders from Alstom Services Malaysia Sdn Bhd and Mudajaya Corporation Berhad, ranging from Mechanical Boiler installation to fabrication and erection of steel structures.

Tanjung Bin 4 Power Plant
The Tanjung Bin power plant development comprises conventionally designed pulverised coal fired power plants consisting subcritical boilers with tandem compound type turbines. Phase 4 is a follow-on to earlier phases, which comprised 3x700 MW coal fired units. These power plants will incorporate several clean technologies such as Electrostatic Precipitators (ESP) and Flue Gas Desulphurisation (FGD). In a first of its kind, Eversendai is a consortium member with Alstom France, Alstom Malaysia Sdn Bhd and Mudajaya Corporation Berhad for the Engineering, Procurement & Construction (EPC) of this phase for client Tanjung Bin Energy Issuer Berhad, a subsidiary of Malakoff Corporation Berhad.

OPERATIONS IN INDIA

Worli Mixed-Use Development Project

The Worli Mixed-Used Development Project in Mumbai is a 536,000 square metre mixed use development consisting hotel, residential and office space, designed by renowned architects Kohn Pederson & Fox. The project comprises twin towers of 52 and 83 stories tall linked by a common podium. The main contractor for this project is Samsung C&T Pvt Ltd. Eversendai's scope of work includes the reinforced concrete works related to the raft, substructure and superstructure works.

Marathon Futurex Towers Project

Marathon Futurex Tower is a 38-storey development that is envisaged to be India's showcase commercial space. The project employs world-class engineering, futuristic Green Building design and cutting edge technology, which are set to revolutionise the way offices are built and operated in India. It is strategically located at the convergence point of train routes and arterial roads at a retail and commercial hotspot of the city. Eversendai's scope of work includes fabrication, supply and erection of structural steel and the owner of this project is Marathon Realty Pvt Ltd.

EMCO Thermal Power Plant Project

This is a 2x300 MW Thermal Power Plant Project located in Warora, Maharashtra. Eversendai's scope of work includes erection, testing and commissioning of Boiler, Turbine and Generator (BTG) works (mechanical, electrical and C&I works). The owner of this project is GMR Energy Ltd, a subsidiary of GMR Infrastructure Ltd.

NTPL Tuticorin 2x500 MW Power Plant

This is a 2x500 MW Coal Fired Power Plant Project located in Tuticorin, Tamil Nadu. Eversendai's scope of work includes erection, testing and commissioning of electrostatic precipitator & auxililliaries, boiler structures, pressure and non-pressure parts and rotating equipment. The owner of this project is Bharat Heavy Electricals Ltd (BHEL).

SELECTED COMPLETED PROJECTS FOR THE YEAR

UAE

The Almas Tower in Dubai is a 363 metre tall commercial-use skyscraper. Located exclusively on an artificial island of its own in Jumeirah Lake Towers Free Zone, the building houses facilities that provide a wide range of services for the region's diamond, gemstone and pearl industry. For this project, Eversendai carried out the design of connections, fabrication and erection of structural steel for main contractor Taisei Corporation-ACC JV.

QATAR

Convention Centre Extension & Link Bridge

Qatar Foundation (QF) for Education, Science and Community Development has commissioned the development of an Extension to the Qatar National Convention Centre to include Exhibition Halls, Meeting Rooms, Support Spaces and a Link Bridge to Qatar Science and Technology Park (QSTP) at Education City, Doha. The Convention Centre Extension is located in the North Zone of QF's Education City Project and is intended to provide world-class, state-of-art convention and exhibition facilities. This Convention Centre also achieved Leadership in Energy and Environmental Design (LEED) and US Green Building Council (USGBC) "Gold" rating. We have been recognised by the client for our outstanding occupational safety achievement of 1,000,000 manhours with no lost time injury.

Stacker Reclaimer

MALAYSIA

Eversendai secured its first job for the newly operational facility in Rawang, Selangor with the construction of a RM65 million warehouse dubbed "The Wave" for PKT Logistics (M) Sdn Bhd. "The Wave" was part of the development of the One Logistics Hub which the client, PKT Logistics, had planned on their 27 acre land in Shah Alam, Selangor. "The Wave" warehouse was built with an emphasis on green and eco-friendly concepts. "The Wave" also incorporates internationally recognised security features and covers 377,689 square feet with 45 container loading bays. "The Wave" is a state-of-the-art facility and was Eversendai's first project in Malaysia as a general contractor. The whole project was completed within only 8 months.

FINANCIAL REVIEW

Revenue and profit after tax of the Group for the twelve months ended 31 December 2011 was RM1,033.7 million and RM131.6 million, respectively.

It should be noted that 86.3% of the Group's revenue was from its Middle East operations in the UAE, Saudi Arabia and Qatar, while India and Malaysia operations contributed 6.3% and 7.4% respectively.

NTPL Tuticorin 2x500 MW Power Plant

EXPANDING INTO EXISTING MARKETS

INDIA

Eversendai Construction Private Limited, based in Chennai, represents the Eversendai Group in the Indian market that the Group tapped in 2009. Today, the leap into this vast market proves lucrative for the Group. Eversendai's tactful and pragmatic approach has seen the Group move forward to successfully develop business in this country. The group currently has an order book value in India worth approximately RM423.8 million. The projects include EMCO Thermal Power Project, Maharashtra, North Chennai Thermal Power Station and Tuticorin Thermal Power Project, both in Tamil Nadu, all of which are power plant projects. In addition, Eversendai is also executing several residential and commercial projects, namely Oberoi's Worli Mixed-Use Development and Marathon Futurex. Judging from the Group's track record of consistency in quality, safety and on time delivery, we are set to secure more projects in the near future.

EMCO Thermal Power Plant

North Chennai 2x600 MW Power Plant

OMAN

While the Group's businesses in the UAE, Qatar and Saudi Arabia continue to thrive, it aggressively taps into new neighbouring territories. Oman is one such territory that we tapped with the construction of the Salalah Airport. The new terminal at Salalah Airport envisages an expansion of capacity to 1 million passengers annually by 2014. Eversendai will execute the steel structure works for this project.

MALAYSIA

The Group's operations in Malaysia are undertaken by Shineversendai Engineering (M) Sdn Bhd which is based in Rawang, Selangor. As part of the Group's outlook on further increasing its presence in markets outside the Middle East, the Malaysian subsidiary has aggressively been securing projects. This includes the KLIA 2, Sabah Oil and Gas Terminal, Manjung 4 Coal Fired Power Plant, Tokuyama Malaysia Polycrystalline Silicon Manufacturing Plant (TMP Project) and the Tanjung Bin Coal Fired Power Plant Phase 4. Other smaller projects include structural steel works for Bank Kerjasama Rakyat Malaysia Berhad Headquaters.

OPERATIONAL HIGHLIGHTS

NEW FACTORY IN TRICHY, INDIA

In 2011, the Group embarked on developing new growth areas. One of the Group's operational highlights for the year was the commencement of construction of a new fabrication facility in Trichy. The facility on 25 acres of acquired land will be another milestone for the Group when it is completed.

The factory will add 24,000 tonnes per annum to the Group's total steel fabrication output capacity, bringing the total capacity to 143,000 tonnes per annum. The Indian economy has been growing at 8% to 10% per annum and driving the growth in the construction sector are various infrastructure projects. Eversendai Construction Private Limited provides extensive services to the market with its experience in engineering and structural design, fabrication and erection of high rise buildings and industrial plants. There is great potential for the wider use of steel in construction in the near future, which makes the Group confident of its business development plans for this market.

ENTERPRISE RESOURCES PLANNING (ERP)

Being ISO 9001 Certified, the Group has to address the replacement of the legacy ERP system. It requires automation, integration and reengineering of business processes with timely and better quality information availability. This is to facilitate better management, operations and reengineering procedures, and enhanced cooperation and teamwork between employees in the company.

In view of this, we did a thorough review of our existing ERP System, taking into consideration the requirements of the organisation, both short-term and long-term, and developed a requirements plan that best suits the organisation's strategic business objectives. Once the requirements plan was developed, we reviewed shortlisted Tier 1 ERP systems in the market and the final recommendation was to select the ORACLE JD Edwards EnterpriseOne (JDE) ERP Solution which best matches Eversendai's requirements.

The major benefits of implementing the JDE ERP System are as follows:

- Complete visibility into all the important processes across various departments of the company
- Automatic and coherent workflow from one department / function to another to ensure smooth transition / completion of processes.
- A unified and single reporting system to analyse the statistics / numbers / status etc. in real time, across all the functions / departments.
- Since the JDE ERP Solution is a modular software system, it is possible to implement either a few or many modules based on the requirements of the organisation. If more modules are implemented, the integration between various departments will be better managed.
- Single Database is implemented on the back-end to store all the information required by the ERP system and that enables centralised storage / back-up of all enterprise data.
- Provide better security as centralised security policies can be applied and all the transactions via the ERP system can be tracked.
- Provide visibility and hence enable better / faster collaboration across all the departments.
- Facilitate easier order tracking, inventory tracking, revenue tracking, sales forecasting and related activities.

We are currently implementing the JDE ERP System on a phased rollout by business unit / geography and the system will eventually be made available to the entire Group. This is referred to as the "Pilot Adoption Method" and is a typical strategy for large organisations across multiple locations like Eversendai. Our target is to commence roll-out starting third quarter 2012 and to complete by the end of the financial year for the entire Group.

MALAYSIA'S FACTORY ENHANCEMENT

In 2010, the Malaysia factory and office was built to further expand the Group's business in the country. This encompasses a total land area of 65,500 square metres with a total covered fabrication area of 19,600 square metres while the built-up area including the office is 23,200 square metres. The factory has been in operation since 2010 and has been instrumental in business expansion in this region and beyond. To enhance the factory operations, new equipment such as painting and blasting chambers, overhead cranes, shearing machine and a hydraulic press brake were recently procured.

FUTURE PLANS

Expansion To New Territories

The Group is looking at expansion in the Middle East, Commonwealth of Independent States (CIS) countries and in the ASEAN region. The expansion in the Middle East is to cater to the growing demand in the region where the Group already has a strong hold of the market. After its success in the Middle East, the Group is strategically leveraging on its experience and reputation there to gain business in the neighbouring CIS countries. The global macroeconomic outlook is evolving as events, especially in Europe, unfold. However, the underlying economic and political fundamentals of our existing key and target markets remain sound with countries in the region continuing to roll out infrastructure projects in line with their overall long-term urbanisation and development plans.

Fabrication factory in Rawang, Malaysia

Fabrication factory in Doha, Qatar

Fabrication factory in Al Qusais Industrial Area, Dubai

Fabrication factory 4 in Hamriyah Free Zone, Sharjah

FINANCIAL CALENDAR

2011	2012
29 June 2011 Announcement of the unaudited condensed consolidated interim financial report for the financial year 2011 first quarter ended 31 March 2011	**28 February 2012** Announcement of the unaudited condensed consolidated interim financial report for the financial year 2011 fourth quarter ended 31 December 2011
1 July 2011 Listed on the Main Market of Bursa Securities	**25 May 2012** Notice of the 9th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2011
19 August 2011 Announcement of the unaudited condensed consolidated interim financial report for the financial year 2011 second quarter ended 30 June 2011	**19 June 2012** 9th Annual General Meeting
10 November 2011 Announcement of the unaudited condensed consolidated interim financial report for the financial year 2011 third quarter ended 30 September 2011	

HEALTH,
SAFETY & ENVIRONMENT

Our Commitment

Eversendai's global vision for Health, Safety and Environment (HSE) is to provide a safe working environment for our employees and to conduct business in an environmentally sound manner. With this in mind, we are committed to our legal, social and moral responsibilities towards safeguarding our manpower, machinery and materials including third parties, and the environment.

"Eversendai's HSE objectives shall be of equal importance with our fundamental business objectives…" Dato' AK Nathan.

Programmes

To achieve our objectives / vision, the Group has in place HSE policies and procedures and a comprehensive framework which encompasses the following;

- **Plan, Prepare and Execute all the activities in the safest possible manner.**
- **Train, Motivate and Supervise the workforce towards a 'safety first' culture.**
- **Adhere to the safety policies.**
- **Follow local Laws and Regulations.**

1. Interaction and Observation

a) Daily Safety Tool Box Meeting

This meeting is held every morning for all workers to motivate and remind them of the hazards of their workplace.

b) Monitoring and Counselling

We actively monitor and, where necessary, provide counselling to our workforce as a preventative measure against any adverse eventualities.

c) Safety Induction

This interactive practice for all new employees reinforces their awareness on hazards as well as rules and regulations.

2. Continual Safety Awareness Development

a) Emergency Response Plan Training

The Emergency Response Plan Training is for employees who work in the factory and office. This program focuses on fire emergencies and educates employees on how to evacuate the building safely to the assembly point.

Fire fighting training

HSE brainstorming session

b) Welfare Facilities Training

This includes educating employees on where the nearest facilities are for their own safety, such as First Aid Room and so on.

c) First Aid Training

We identified and trained selected employees to administer emergency treatment in the event of injuries before professional medical care is available.

3. Compliance with laws, regulations and best practices

a) Submissions of Periodic Reports

In compliance with the law, the Group submits periodic reports to respective enforcement agencies or client representatives as appropriate.

b) Compliance with Statutory Training Requirements

Eversendai strictly complies with local statutory training requirements such as the National Institution of Occupational Safety & Health (NIOSH), TNB safety passport, Construction Industry Development Board (CIDB) green card training and similar programmes in the other countries we operate in.

4. Support and Motivation

a) Safety Awards

We recognise and reward staff for exemplary HSE compliance. Pursuant to this, deserving staff are presented with certificates of achievement and memorabilia for their outstanding performance in HSE initiatives.


Rigger training


Tool box meeting


Safety award briefing


Safety harness training

Achievements

We are an organisation which firmly believes in HSE best practices and we act on it accordingly. Over the years, our strict adherence to these best practices has been duly recognised, both by our clients and by regulatory bodies. Selected awards include:

MALAYSIA	OVERSEAS
• **Title:** Good Safety Performance **By:** UEMC-Bina Puri JV Safety Committee **Recipient:** Shineversendai Engineering (M) Sdn Bhd **Date:** July 2011	• **Title:** Certificate of Excellence for achieving 20,000,000 manhours without Lost Time Incidents **By:** Erhama bin Jaber Al Jalahma Shipyard **Recipient:** Eversendai Engineering Qatar WLL **Date:** 21 January 2011
• **Title:** Certificate of Appreciation for achieving 5,000,000 manhours without Lost Time Injury (LTI) for the construction of Jimah Power Plant Project **By:** Ishi Power Sdn Bhd **Recipent:** Shineversendai Engineering (M) Sdn Bhd **Date:** 25 April 2008	• **Title:** Certificate of Achievement for achieving 2,000,000 manhours without Lost Time Accident for New Doha International Airport (NDIA) **By:** Sky Oryx Joint Venture **Recipient:** Eversendai Engineering Qatar WLL **Date:** 6 August 2008
• **Title:** Best OSH Management for Boiler, ESP & FGD (2x700 MW Jimah Coal Fired Power Plant) Preassembly & Installation **By:** Malaysian Occupational Safety & Health Professional's Association (MOSHPA) **Recipient:** Shineversendai Engineering (M) Sdn Bhd **Date:** 2007 / 2008	• **Title:** Certificate of Achievement for completing 1,000,000 manhours without a Lost Time Incident for National Convention Centre – Extension Project Education City, Qatar **By:** Qatar Petroleum / Qatar Foundation / KEO **Recipient:** Eversendai Engineering Qatar WLL **Date:** 20 February 2010
• **Title:** Certificate of Appreciation for achieving 500,000 manhours without Lost Time Injury (LTI) for the construction of Jimah Power Plant Project (ESP & FGD Package) **By:** Alstom Power Asia Pacific Sdn Bhd **Recipient:** Shineversendai Engineering (M) Sdn Bhd **Date:** 25 February 2008	• **Title:** HSE Achievement Award for participating in and compliance with the JV Site Safety Program for Six Construct – Midmac JV Qipco Office Tower Project 'The Tornado' **By:** Sixco Construct – Midmac JV **Recipient:** Eversendai Engineering Qatar WLL **Date:** December 2008
• **Title:** Best Contractor's Award during Safety Campaign **By:** Ishi Power Sdn Bhd **Recipient:** Shineversendai Engineering (M) Sdn Bhd **Date:** 26 June 2007	

Environment

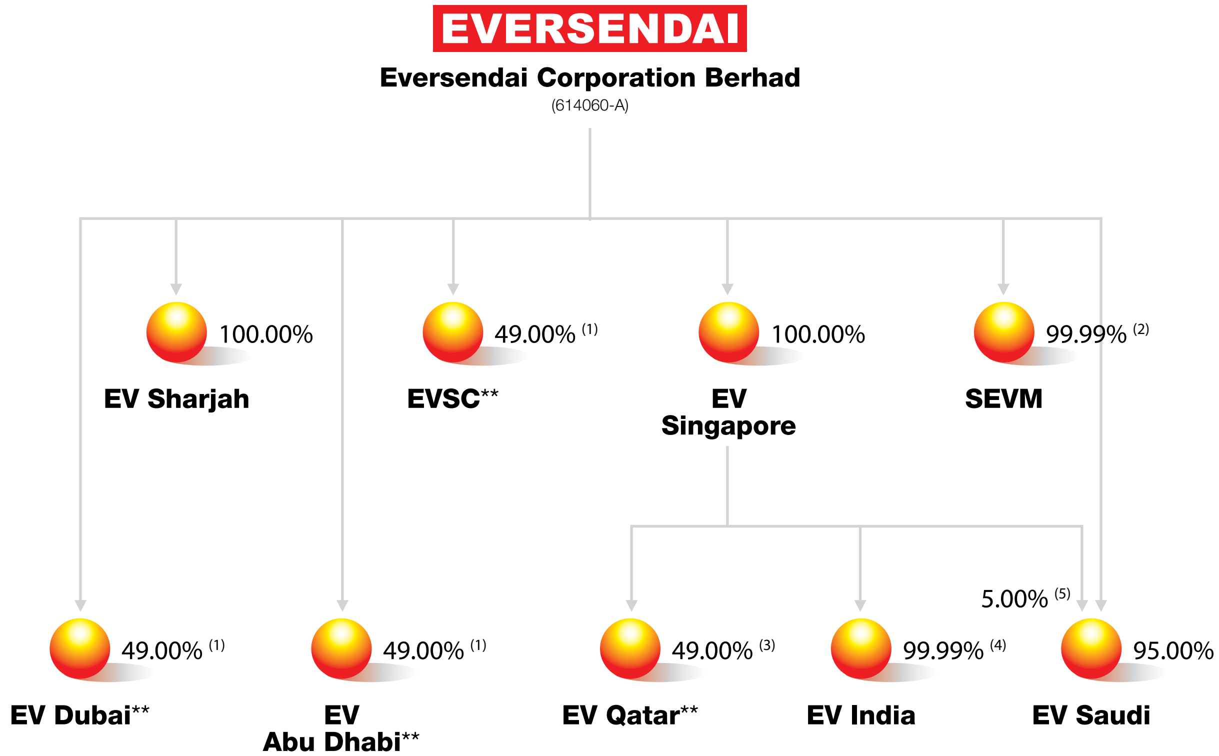
Eversendai has practices in place to deal with environmental issues and in this regard, we do our best to preserve the environment for future generations. For instance, all recyclable waste such as unusable steel off-cuts, plastic cans, wood off-cuts and paper is recycled. Apart from that, taking into consideration the high noise which can be emitted from the fabrication of steel, we have implemented noise monitoring procedures to maintain the ambiance of the surrounding.

The Group also has in place procedures to monitor all discharges into the environment, be it liquid, solid or gaseous, and ensures adherence to the permissible emission threshold. All these are executed jointly with the co-operation of all employees for a good cause.


EVERSENDAI
EVERSENDAI


EVERSENDAI

CORPORATE STRUCTURE



Notes:

(1) ECB owns a 49% equity interest but has an agreement in place with the shareholder holding 51% equity interest pursuant to which the shareholder assigns its rights to its 51% interest to ECB which results in ECB having an interest in 100% of the profits / losses, and upon liquidation, 100% of their assets to be distributed. ECB has full control of the Boards of Directors and shareholders' voting rights, and the ability to direct the financial and operating policies of these entities. These entities are considered subsidiaries of ECB and their financial results are consolidated in their entirety in ECB's financial statements. Further details on the ownership laws in the UAE are set out in Section 5.1(iv) of our Prospectus.

(2) ECB directly and indirectly holds all the shares, save for 1 ordinary share which is held by a sibling of DAKN.

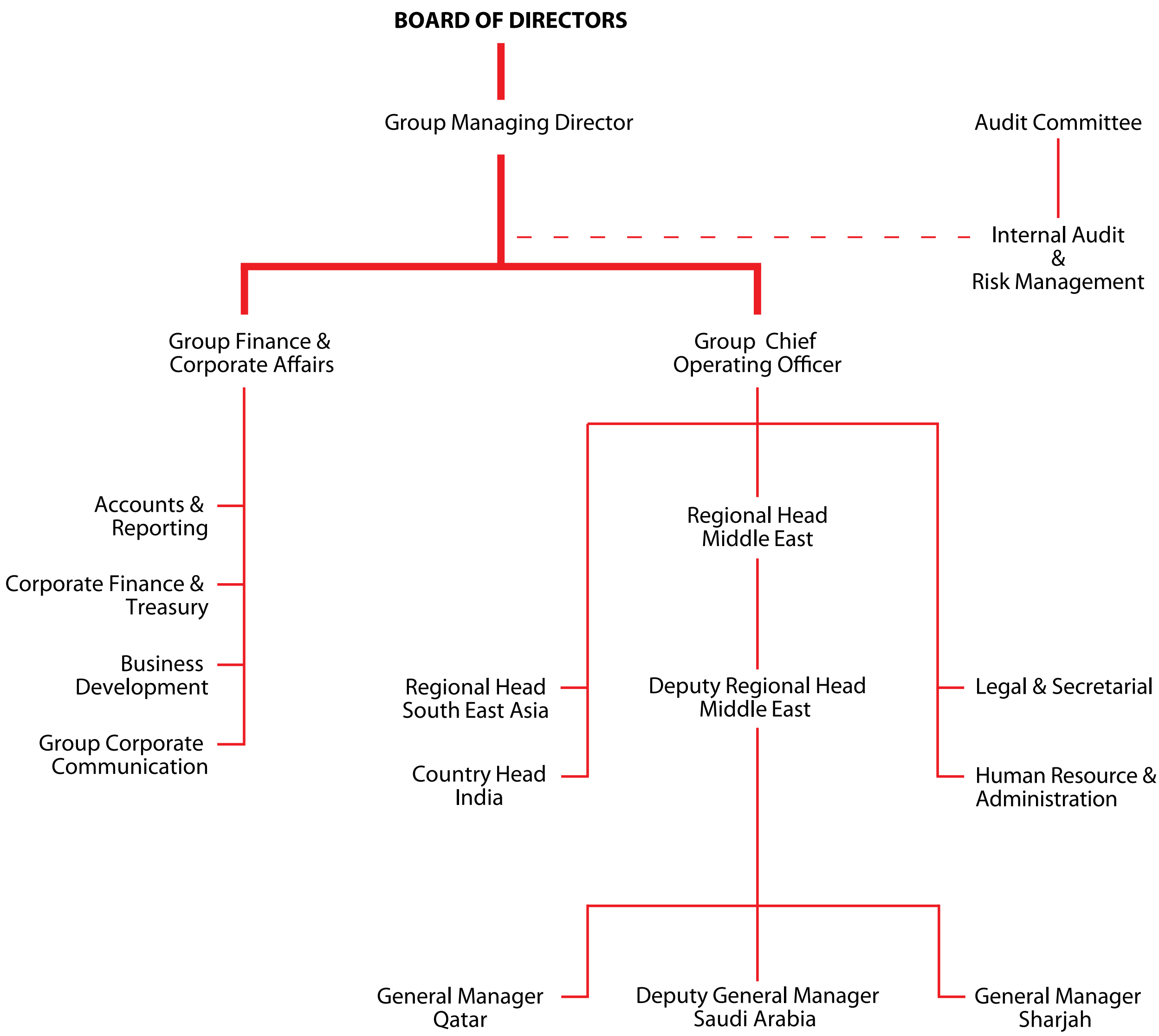
(3) ECB owns a 49% equity interest in EV Qatar. Since 1 January 2009, ECB is entitled to 70% of the profits / losses and upon liquidation, 70% of its assets to be distributed. ECB has full management powers and the ability to direct the financial and operating policies of the entity. As such, EV Qatar is considered a subsidiary of ECB. The balance 30% profit sharing in EV Qatar is held by QIG Industrial and is considered as non-controlling interest for the purpose of consolidation in ECB's financial statements. Prior to 1 January 2009, ECB consolidated 100% of EV Qatar's financial statements based on the profit sharing arrangement with its previous partner, Consoil Co. WLL.

(4) 1 equity share of EV India is directly held by ECB and SEVM each.

(5) 50 equity shares representing 5% equity interest of EV Saudi is held in trust by DAKN as bare trustee for EV Singapore.

** Also denotes non wholly-owned subsidiaries where we control the respective board of directors or where we are entitled to exercise the majority of the voting powers in the corporation.

ORGANISATION CHART



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' AK Nathan
(Executive Chairman)

Mohammad Nizar bin Idris
(Senior Independent Non-Executive Director)

Tan Sri Rastam Mohd Isa
(Independent Non-Executive Director)

Datuk Ng Seing Liong JP
(Independent Non-Executive Director)

Nadarajan Rohan Raj
(Executive Director)

Narla Srinivasa Rao
(Executive Director)

Sunthara Moorthy
(Executive Director)

Narishnath Nathan
(Executive Director)

AUDIT COMMITTEE

Datuk Ng Seing Liong JP
(Chairman /
Independent Non-Executive Director)

Mohammad Nizar bin Idris
(Member /
Senior Independent Non-Executive Director)

Tan Sri Rastam Mohd Isa
(Member /
Independent Non-Executive Director)

REMUNERATION COMMITTEE

Mohammad Nizar bin Idris
(Chairman /
Senior Independent Non-Executive Director)

Tan Sri Rastam Mohd Isa
(Member /
Independent Non-Executive Director)

Nadarajan Rohan Raj
(Member / Executive Director)

NOMINATION COMMITTEE

Tan Sri Rastam Mohd Isa
(Chairman /
Independent Non-Executive Director)

Mohammad Nizar bin Idris
(Member /
Senior Independent Non-Executive Director)

Datuk Ng Seing Liong JP
(Member /
Independent Non-Executive Director)

COMPANY SECRETARIES

Cheok Kim Chee *(MACS 00139)*

Pramila Kaur Amrick Singh
(MAICSA 7064352)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot 19956, Jalan Industri 3/6
Rawang Integrated Industrial Park
48000 Rawang
Selangor Darul Ehsan
Malaysia

Telephone no. : +603 6091 2575
Fax no. : +603 6091 2577
Website : *www.eversendai.com*

PRINCIPAL BANKERS

Malaysia

United Overseas Bank (Malaysia) Bhd
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad

UAE

Dubai Islamic Bank (PJSC)
Emirates NBD Bank (PJSC)
United Arab Bank
United Bank Limited
HSBC Bank Middle East Limited

Qatar

HSBC Bank Middle East Limited
United Bank Limited
Standard Chartered Bank

India

ICICI Bank Limited
Standard Chartered Bank

AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young *(AF: 0039)*
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

Telephone no. : +603 7495 8000
Fax no. : +603 2095 5332

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
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Malaysia

Telephone no. : +603 7841 8000
Fax no. : +603 7841 8151

LISTED

Main Market of Bursa Securities

SHARIAH CERTIFYING AUTHORITY

SAC

GROUP MILESTONES

Eversendai has evolved from a structural steel erection specialist to one of the leading integrated structural steel turnkey and power plant contractors, with a strong design and engineering division and modern fabrication facilities in Malaysia, the UAE and Qatar.

Selected Milestones

1993

- SEVM was incorporated
- Awarded contract for the structural steel erection works for KL Tower, Malaysia

1994

- Awarded contract for the fabrication and erection of steel structure of Tower 2 of the Petronas Twin Towers, Malaysia

1995

- Awarded contract for the structural steel erection works for KLIA Main Terminal Building and Contact Pier, Malaysia
- Awarded contract for the structural steel erection works for KLCC Suria, Malaysia

1996

- Awarded contract for the structural steel erection works for Burj Al Arab, Dubai

1997

- Began full-fledged engineering department to enhance its value proposition
- Awarded contract for the structural steel erection works for KLIA Cargo Terminal – CSS Structure, Malaysia

1998

- Awarded contract for the structural steel erection works for Emirates Towers – Hotel and Offices, Dubai
- Awarded contract for the structural steel erection works for Hong Kong Airport – Extension C304, Hong Kong
- Awarded contract for the structural steel erection works for Jalan Tun Razak Viaduct, Malaysia

1999

- Awarded contract for the structural steel erection works for Ritz Carlton Hotel, Qatar
- Awarded contract for the structural steel erection works for Silicon Wafer Fabrication Facilities, Malaysia

2000

- Obtained ISO 9001: 1994 certification from Llyod's Register Quality Assurance Ltd
- Awarded contract for the structural steel fabrication and erection works for Kingdom Trade Centre, Saudi Arabia

2001

- Awarded contract for the mechanical erection works for Manjung 3x700 MW Coal Fired Power Plant – Boiler Package, Malaysia
- Awarded contract for the structural steel fabrication and erection works for Electrified Double Track Project Between Rawang-Ipoh, Malaysia
- Awarded contract for the structural steel fabrication and erection works for Putrajaya Convention Centre, Malaysia

2002

- Awarded contract for the structural steel erection works for Asian Institute of Medicine, Science and Technology (AIMST), Malaysia
- Awarded contract for the structural steel erection works for Sheikh Zayed Cricket Stadium, Abu Dhabi
- Awarded contract for the structural steel erection works for Al Moayyed Tower, Bahrain

2003

- Awarded contract for the structural steel erection works for Ski Dubai, Dubai
- Awarded contract for the structural steel fabrication and erection works for Dragon Mart, Dubai
- Awarded contract for the structural steel fabrication and erection works for Khalifa Stadium, Qatar

2004

- Obtained ISO 14001 : 2004 certification for Dubai Operation from SGS, Switzerland
- Commenced construction of 2nd fabrication plant at Hamriyah Free Zone, Sharjah
- Awarded contract for the mechanical erection works for Tanjung Bin Power Plant, Malaysia

Selected Milestones

2005

- Awarded contract for the structural steel fabrication and erection works for Rose Rayhaan Rotana Tower, Dubai
- Awarded contract for the structural steel fabrication and erection works / roof works for Dubai Mall, Dubai
- Awarded contract for the Cantilever Stadium Roof structure erection works for Salalah Amphitheatre, Oman
- Awarded contract for the structural steel fabrication and erection works for Qatar Science & Technology Park, Qatar
- Awarded contract for the structural steel fabrication and erection works for Dubai Festival City, Dubai

2006

- Awarded contract for the mechanical erection works for Jimah 2x700 MW Coal Fired Power Plant, Malaysia
- Commenced construction of 3rd fabrication plant in Doha, Qatar
- Awarded contract for the structural steel fabrication and erection works for The Index Building, Dubai
- Awarded contract for the structural steel fabrication and erection works for New Doha International Airport (Phase 1) – Main Terminal Building, Qatar
- Awarded contract for the structural steel fabrication and erection works for Tornado Tower, Qatar

2007

- Obtained OHSAS 18001: 2007 certification for Dubai Operation from SGS, Switzerland
- Awarded contract for the structural steel fabrication and erection works for Burj Khalifa (spire), Dubai
- Awarded contract for the structural steel fabrication and erection works for Al Shams Sky Tower, Abu Dhabi
- Awarded contract for the structural steel fabrication and erection works for Capital Gate Building, Abu Dhabi

2008

- Obtained ISO 9001: 2008 for Dubai Operation from SGS, Switzerland
- Commenced construction of 4th fabrication plant in Rawang Industrial Area, Malaysia
- Awarded contract for the structural steel fabrication and erection works for New Doha International Airport (Phase 1) – Main Terminal Building, Qatar
- Awarded contract for the structural steel fabrication and erection works for Nakilat Ship Construction Facilities Phase 4, Qatar

2009

- Expansion into India
- Awarded contract for the fabrication and erection works for Chhatrapati Shivaji International Airport – South West Pier, India
- Awarded contract for the structural steel fabrication and erection works for Gate District Towers, Abu Dhabi
- Awarded contract for the structural steel fabrication and erection works for Pentominium Tower, Dubai

2010

- Awarded contract for the structural steel fabrication and erection works for Etihad Tower – Roof, Abu Dhabi
- Awarded contract for the structural steel fabrication and erection works for Cleveland Clinic Abu Dhabi, Abu Dhabi
- Awarded contract for the structural steel fabrication and erection works for Capital Market Authority Tower, Saudi Arabia
- Awarded contract for the structural steel fabrication and erection works for New Doha International Airport – North Node, Concourse C&D – Phase 3 CP51, Qatar
- Awarded contract for the structural steel fabrication and erection works for King Abdullah Petroleum Studies and Research Centre, Saudi Arabia

2011

- Integrated Management Systems (ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004)
- Eversendai Corporation Berhad successfully listed on the Main Market of Bursa Securities, Malaysia
- Awarded contract for the fabrication and erection works for Masdar Institute for Science and Technology, Abu Dhabi
- Awarded contract for the fabrication and erection works for Samba Headquarters in King Abdullah Financial District, Saudi Arabia


CIDB
MALAYSIA
The Malaysian Construction Industry
Excellence Awards 2005
INTERNATIONAL ACHIEVEMENT AWARD
Shineversendai Engineering
(M) Sdn Bhd

OUR ACHIEVEMENTS

2000

▶ INTAMM

Achievement Award at the Mega Achievement rally

2004

▶ Malindian

International Achievement Award

2005

▶ CIDB

International Achievement Award

2007

▶ Tekla, ME

Best Steel Model

2008

▶ MOSHPA

Safety & Health Excellence Award for Best OSH Management for Boiler, ESP & FGD (2 x 700 MW Jimah Coal Fired Power Plant) preassembly and installation year 2007 / 2008

▶ DOSH

Certification of Recognition for the Contribution in achieving 12,000,000 manhours without LTI for 2x700 MW Coal Fired Power Plant Jimah Project

▶ Tekla, ME

Gold Steel Award

▶ The Trade Leaders Club, Madrid, Spain

Golden Construction Award during the 20th International Construction Award (New Millennium Award)

▶ SMI Malaysia

SME Overseas Platinum award for 2008

▶ The Brandlaureate

SMEs Best Brands in the Asia Pacific – Structural Steel Specialist

▶ Ernst & Young

Master Entrepreneur of the Year and Malaysian Entrepreneur of the Year

▶ CIDB

CEO of the Year

2009

▶ Business Initiative Directions – France

International Star Award for Leadership in Quality in the Gold Category

▶ Ernst & Young

E&Y Country Winner – Represented Malaysia and inducted into the Hall of Fame for the World Entrepreneur of the Year held in Monte Carlo

▶ MOSHPA

MOSHPA OSH Excellence Award 2009 – Steel Erection & Fabrication Sector

▶ Enterprise Asia

Asia Pasific Entrepreneurship Award - Outstanding Entrepreneurship

2010

▶ The Brandlaureate

Brand Personality Award 2009

▶ MITI

Export Excellence Awards (Services) 2009

▶ Matrade-Dubai

Best Malaysian Steel Contractor & Fabricator in Middle East – Eversendai Engineering LLC 2010

PRIME MINISTER
MALAYSIA

PPM (S) 5304-01-14

24 April 2009

Dato' A. K. Nathan
Eversendai Corporation Sdn. Bhd.
c/o World Entrepreneur Of The Year Awards
Monte Carlo, Monaco

Yang Dato',

ERNST & YOUNG WORLD ENTREPRENEUR OF THE YEAR 2009

Congratulations on being chosen to represent Malaysia at the World Entrepreneur Of The Year event and for being inducted into the World Entrepreneur Of The Year Hall of Fame.

You are joining an elite group of individuals from around the world whose vision, drive and determination set the benchmark for entrepreneurial achievement. I am proud and happy that your accomplishments as a Malaysian are being recognized on such a prominent world stage.

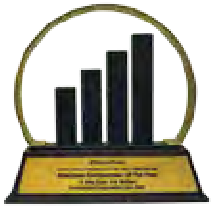
Sincerely yours,

(DATO' SRI MOHD NAJIB)

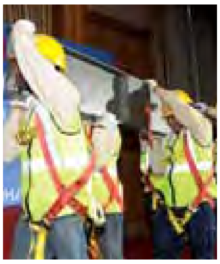
■ Awarded By ■ Title of Awards

Our
Achievements [cont'd]

Selected Trophies and Mementos	Year	Title of Awards
	2011	**Malaysian Institute of Directors (MID)** Innovative Leadership in Globalisation Eversendai Corporation Berhad
	2010	**Matrade-Dubai** Best Malaysian Steel Contractor & Fabricator in Middle East Eversendai Engineering LLC
	2010	**Construction Industry Development Board (CIDB) Malaysia** Achievement of Excellence (Special Mentioned Award) Shineversendai Engineering (M) Sdn Bhd
	2009	**Business Initiative Directions – Madrid, Spain** International Star Award for Leadership in Quality in the Gold Category Eversendai Corporation Berhad
	2009	**Ministry of International Trade and Industry (MITI)** Achievement of Excellence (Export Service Category III) Eversendai Corporation Berhad
	2008 / 2009	**Malaysian Occupational Safety & Health Professional's Association (MOSHPA)** MOSHPA OSH Excellence Award – Steel Erection and Fabrication Sector Shineversendai Engineering (M) Sdn Bhd

Title of Awards	Year	Selected Trophies and Mementos
Ernst & Young Malaysian Entrepreneur of the Year Eversendai Corporation Berhad	2008	
Ernst & Young Master Entrepreneur of the Year Eversendai Corporation Berhad	2008	
The Trade Leaders Club Golden Construction Award (New Millennium Award) Eversendai Corporation Berhad	2008	
Construction Industry Development Board (CIDB) CEO of the Year Eversendai Corporation Berhad	2008	
Construction Industry Development Board (CIDB) International Achievement Award Shineversendai Engineering (M) Sdn Bhd	2005	

CALENDAR OF EVENTS 2011



15 June 2011

The launch of Prospectus in the Main Market of Bursa Securities by Dato' Seri Mustapa Mohamed, Minister of International Trade and Industry in Malaysia. While remaining committed to its existing market, Eversendai aims to venture into other emerging markets such as South-East Asia, other Middle East countries and Commonwealth of Independent States (CIS).

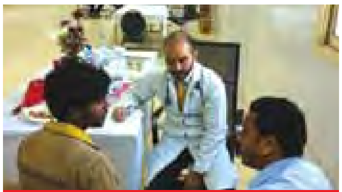
1 July 2011

Dato' AK Nathan looking at the Bursa Securities board during the listing of Eversendai Corporation Berhad. With him are (from left) Narishnath Nathan, Mohammad Nizar Idris, Datuk Ng Seing Liong JP and Nadarajan Rohan Raj.

23 March 2011

A technology business meet was held in India to discuss on the future of construction using modern methods to fast track construction completion. Participants who attended the event came from a variety of backgrounds including leading architects, consultants, builders, developers, suppliers, contractors and manufacturers.

Calendar of Events 2011 [cont'd]



28 January 2011
Health Camp for Employees
Hamriyah Free Zone, Sharjah, UAE

National Museum of Qatar
Start of Erection
Qatar

5 February 2011
Capital Market Authority Tower (CMA)
Riyadh, Saudi Arabia

17 February 2011
Kids Cricket Showdown
Zabeel Park, Dubai, UAE

18 February 2011
King Abdullah Petroleum Studies and Research Centre (KAPSARC)
Start of Erection
Riyadh, Saudi Arabia

24 February 2011
Eversendai Cricket Premier League
Trophy presentation to the winning team by Dato' AK Nathan
Hamriyah Free Zone, Sharjah, UAE

Visit to Dubai Pearl Site
Dubai, UAE

Drum lifting ceremony at the Warora Power Plant
Maharashtra, India

20 July 2011
Dubai Mixed-Use Development Project
Start of Erection and Adoration
Dubai, UAE

Annual Dinner
Chennai, India

11 August 2011
Cleveland Clinic Abu Dhabi
Topping up Ceremony
Abu Dhabi, UAE

15 August 2011
Al Nasser Headquarters Project
Topping up Cermony
Abu Dhabi, UAE

13 October 2011
Start of Erection
Dubai, UAE

November 2011
Cricket match
Qatar

8 December 2011
Staff Annual Party
Ajman Beach Hotel, Ajman, UAE

9 December 2011
Staff Annual Family Party
Sheraton Deira, Dubai, UAE

10 December 2011
Cleveland Clinic Abu Dhabi Project
Achieved 5 Million Manhours without Any Lost Time Injury
Abu Dhabi, UAE.

MEDIA HIGHLIGHTS

Eversendai survives crisis on productivity, cost controls

Eversendai sets RM1b turnover target

Steel-y Eversendai

Group pitching for RM1.5b worth of foreign jobs

I'VE ALWAYS HELD TO THREE PHILOSOPHIES: ADHERENCE TO SAFETY, NO COMPROMISE ON QUALITY AND ALWAYS DELIVER ON TIME.

Eversendai expanding

It will use the RM270mil from its IPO for capital expenditure

Eversendai aims to double order book to RM3bil

Eversendai offers Middle Eastern exposure

Eversendai posts 4-sen premium on Main Market debut

By EDY SAREF
edy@thestar.com.my

KUALA LUMPUR: Shares in Eversendai Corp Bhd closed at RM1.72 on its debut on the Main Market yesterday, 2 sen higher from its initial public offering (IPO) price of RM1.70 per share.

A total of 59.5 million shares changed hands. The shares opened at RM1.74 for a premium of 4 sen per share.

Eversendai is an integrated steel contractor, specialising in structural steel supply, design and erection.

Speaking at a press conference after the listing yesterday, group managing director Datuk A.K. Nathan said he was happy with the opening price and hoped the momentum would continue to build up.

"This is one of the greatest moment of my life to have the group listed. With our strong fundamental, we will continue to bid for more jobs" he said yesterday at a press conference after the listing.

Nathan said Eversendai had achieved its target turnover of RM1bil for this financial year ending Dec 31, 2011 after securing the RM139mil Qatar contract from its major client Qatar Petroleum. The job entails works for Phase-4A of the Nakilat Shipyard at Port Ras Laffan.

Nathan said the group had achieved 94% of the target turnover in May.

"We will continue to bid jobs locally and internationally. There are good opportunities for us in the local market and we expect to win some from the third quarter onward," he said adding that the company was eyeing for some RM10.2bil worth of jobs.

Apart from the local market, Nathan said the group would scout for business opportunities in Saudi Arabia, United Arab Emirates, Qatar and South-East Asia.

Eversendai's final institutional price was fixed at RM1.70 and final retail price at RM1.62. The group posted a net profit of RM22.56mil on revenue of RM207.85mil for the first quarter ended March 31, largely due to contribution from the company's projects in the Middle East.

Memorable moment: Nathan hitting the gong to mark the listing of Eversendai yesterday. With him are other company's directors.

Media
Highlights [cont'd]

B4 NEWS BUSINESS TIMES THURSDAY, JUNE 16, 2011

Eversendai ups the ante

... and upgrading to be leading industry player

EVERSENDAI CORP
Revenue (RM'000)
783,262 817,061 744,926
2008 2009 2010
Net profit (RM'000) & net profit margin
73,603 90,265 116,727
7.4% 9.9% 15.7%

Nathan's will of steel takes company to new heights

NEWS

Eversendai bids for jobs worth RM12b

OUTLOOK: It expects to be successful in about 20pc of these bids

22 SUNBIZ

Eversendai eyes bigger jobs in M'sia, India

> Company bidding for RM12b worth of projects

6 NEWS

Eversendai bids for RM12b jobs

Projects to consist of infrastructure development, power plants and engineering jobs

"In India, we have five ongoing projects which comprise two high-rise buildings and three power projects."

中東鋼鐵架設工程建知名度

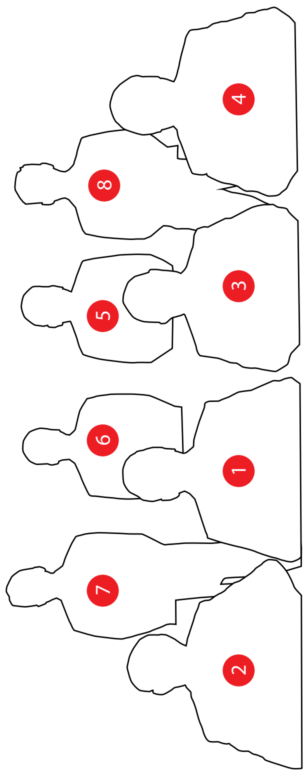
艾華仙台下一步瞄準印度東南亞

中東地區

印度

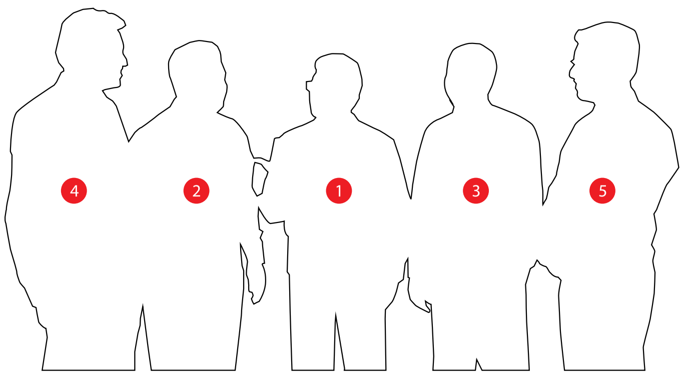
Steely determination

BOARD OF DIRECTORS



1. **Dato' AK Nathan** *(Executive Chairman)*
2. **Mohammad Nizar bin Idris** *(Senior Independent Non-Executive Director)*
3. **Tan Sri Rastam Mohd Isa** *(Independent Non-Executive Director)*
4. **Datuk Ng Seing Liong JP** *(Independent Non-Executive Director)*
5. **Nadarajan Rohan Raj** *(Executive Director)*
6. **Narla Srinivasa Rao** *(Executive Director)*
7. **Sunthara Moorthy** *(Executive Director)*
8. **Narishnath Nathan** *(Executive Director)*

EXECUTIVE DIRECTORS



1. **Dato' AK Nathan**
   (Executive Chairman)
2. **Nadarajan Rohan Raj**
   (Executive Director)
3. **Narla Srinivasa Rao**
   (Executive Director)
4. **Sunthara Moorthy**
   (Executive Director)
5. **Narishnath Nathan**
   (Executive Director)

BOARD OF DIRECTORS' PROFILE

Dato' AK Nathan aged 56, is the Executive Chairman and Group Managing Director of our Company and was appointed to our Board on 12 August 2004.

He built the company from a modest structural steel erection specialist in Malaysia into one of the world's leading integrated structural steel turnkey contractors. Under his leadership, our Group has successfully completed the structural steel work for several high-profile projects namely, Tower 2 of the Petronas and the Kuala Lumpur International Airport in Malaysia; the Burj Al Arab, Dubai Mall, Ski Dubai and Burj Khalifa in Dubai, UAE; Capital Gate in Abu Dhabi, UAE; and the New Doha International Airport in Doha, Qatar. He was also instrumental in establishing steel fabrication facilities in Rawang, Dubai, Sharjah and Doha with a combined annual capacity of 119,000 tonnes and developed Eversendai to where it is today.

He has won several notable industry awards which pay tribute to his contributions to the construction industry such as the Golden Construction Award 2008 from Trade Leaders Club, Madrid, Spain, Malaysian Entrepreneur of the Year 2008 from Ernst & Young, CEO of the Year Award in 2008 by CIDB and Brand Personality Award in 2009 by The Brandlaureate in Asia-Pacific. He is a council member of the Master Builders Association of Malaysia, one of the trustees for the Construction Industry Research Institute of Malaysia and is also a board member of CIDB. He is also an active speaker and has been invited to deliver speeches at various seminars, forums, universities and conferences.

Mohammad Nizar bin Idris aged 69, is our Senior Independent Non- Executive Director and was appointed to our Board on 25 May 2010.

He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994. He started his career in the Judicial and Legal service of the Government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") working in Malaysia, the Netherlands and in the UK. During his last posting in Shell in London, he was the Head of the Legal Division responsible for Shell's investments, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals (TKSB). After his retirement he was appointed as a director on the boards of several companies. Currently, he is the Chairman of Fitters Diversified Bhd, Bechtel Bina Malaysia Sdn Bhd, CDC Management Sdn Bhd and CDC Consulting Sdn Bhd. He also sits on the board of Rotary MEC (M) Sdn Bhd. He is an independent non-executive director of Pacific & Orient Insurance Co Bhd.

Tan Sri Rastam Mohd Isa aged 61, is our Independent Non-Executive Director and was appointed to our Board on 31 March 2011.

He obtained his Bachelor in Social Science Degree from Universiti Sains Malaysia in 1974 and a Certificate in Diplomacy from the University of Oxford in 1977. He also obtained a Master of Arts Degree in International Relations and Strategic Studies from the University of Lancaster in 1986. Tan Sri Rastam began his career in the Malaysian Administrative and Diplomatic Service in 1974. Tan Sri Rastam was appointed as High Commissioner of Malaysia to Pakistan in October 1994. In November 1996, he became the first Malaysian Ambassador to Bosnia Herzegovina, resident in Sarajevo. He was posted back to New York as Ambassador and Deputy Permanent Representative to the United Nations in May 1998. From September 1999 to March 2003, Tan Sri Rastam assumed the post of Malaysian Ambassador to the Republic of Indonesia. He returned to New York and served as Malaysia's Permanent Representative to the United Nations from March 2003 to August 2005. He served as Deputy Secretary General at the Ministry of Foreign Affairs, Malaysia before being appointed as Secretary General. Tan Sri Rastam served as the Secretary General of the Ministry of Foreign Affairs, Malaysia from 8 January 2006 to 2 September 2010. He retired after serving for more than 36 years with for the Malaysian government. He was appointed as an advisor to the Chief Minister's Department, Sarawak in November 2010. With more than 36 years of working experience at the Ministry of Foreign Affairs, Malaysia, Tan Sri Rastam gained vast experience in administration, management, diplomacy and international relations.

Datuk Ng Seing Liong JP aged 58, is our Independent Non-Executive Director and was appointed to our Board on 25 May 2010.

He holds a Diploma in Commerce from Tunku Abdul Rahman College. He is the Senior Partner of S. L. Ng & Associates. He is a Chartered Accountant, approved Company Auditor and Liquidator. He is a Member of the Malaysian Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants UK, Associate Member of the Institute of Chartered Secretaries & Administrators UK, Member of the Malaysian Institute of Certified Public Accountants, Fellow Member of the Institute of Co-operative and Management Auditors Malaysia and Fellow Member of the Chartered Institute of Taxation, Malaysia. He has more than 25 years of experience in Receivership and Liquidation. He was the President of the Real Estate and Housing Developers' Association Malaysia from 2006 to June 2010. He is also the Managing Director of Kota Kelang Development Sdn Bhd and Director of CIDB. He is a member of the MIA Insolvency Committee and Council Member of Insolvency Practitioners Association of Malaysia (IPAM).

Nadarajan Rohan Raj aged 46, is our Executive Director and Group Chief Operating Officer. He was appointed to our Board on 12 August 2004.

He is a Chartered Civil Engineer and has obtained his Master of Business Administration ("MBA") post graduate degree from London Business School, UK. He is also an Associate of the Chartered Institute of Arbitrators, UK. He has over 20 years experience in the structural steel industry spanning across the Middle East, India and South-East Asia.

He was with Kvaerner Construction (formerly known as Trafalgar House) of the UK for a period of 12 years where he was seconded to Cleveland Bridge's structural steel division in the Middle East, Malaysia and India. He was responsible for the successful tendering, negotiation and execution of several major projects and was involved in the expansion of their steel fabrication facilities in Dubai, UAE and Seremban, Malaysia. His last position in Cleveland Bridge was as Managing Director of their Indian operations and Director of their Malaysian operations. Prior to joining us, he was with the Sembawang Group, Singapore for about a year where he was in charge of all commercial affairs related to the engineering and construction of an offshore gas processing facility for Occidental Petroleum which was eventually delivered and installed offshore at Ras Laffan, Qatar.

Narla Srinivasa Rao aged 45, is our Executive Director and Regional Head for the Middle East. He was appointed to our Board on 25 May 2010.

He graduated in 1987 with a Diploma in Mechanical Engineering and is currently pursuing an MBA from Manchester Business School, UK. He started his career at Century Construction Pvt Ltd, India as a junior engineer where he gained valuable experience in fabrication and erection of structural steelwork and in hydro and coal fired power plant construction. He joined our Group in 1993 as a Site Engineer and held various positions in our Group before being appointed to his current position.

He has played a major role in the successful execution of several major landmark projects for our Group.

Sunthara Moorthy aged 49, is our Executive Finance and Corporate Affairs Director. He was appointed to our Board on 7 October 2011.

He is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants. He has completed the Harvard Business School Senior Management Development Program and has over 25 years of experience, mainly in general management, business development, corporate finance, accounts and audit.

He started his career in 1986 in the field of accounting, audit practice and offshore trust in various firms in London, UK. He most recently served as the Chief Executive Officer of Faber Facilities Sdn Bhd (December 2007 to September 2011), which was a wholly-owned subsidiary of Faber Group Berhad ("FGB"). Prior to that, he served as the Chief Financial Officer of FGB (2005–2007), while serving concurrently as the Head of Business Development of FGB (2004-2007), and assumed the role again as Director of Corporate Services (2009-2011). He also served as the Head of UEM's Property and Environmental Division (2000-2003) while concurrently holding the position as the Chief Financial Officer of Faber Medi-Serve Sdn Bhd (1996-2004), before which he was Group Accountant with FGB (1995-1996).

Narishnath Nathan aged 29, is our Executive Director and Deputy Regional Head for the Middle East. He was appointed to our Board on 25 May 2010.

He holds a Bachelor in Business Information Technology (Honours) Degree from Coventry University, UK and is currently pursuing an MBA with the Manchester Business School, UK. He first joined EV Dubai in 2004 and was subsequently posted to EV Qatar in 2006 as its General Manager. His responsibilities as General Manager of EV Qatar included the setting up of our fabrication facility and managing of several major projects. During his tenure, he was also instrumental in securing several large contracts for the Group. He subsequently returned to EV Dubai in 2008 as its Deputy Commercial Director and held the post until 2009. Thereafter, he was promoted to the position of Country Head / Executive Director of the Indian operations which represented 4 divisions i.e. Infrastructure, Engineering, Power and Fabrication. Currently, he is the Executive Director and Deputy Regional Head for our Middle East operations. He is the son of Dato' AK Nathan, our Executive Chairman and Group Managing Director and nephew of Gopala Krishnan, our General Manager for EV Qatar.

Note:

- Save as disclosed, there are no family relationship between the Directors and / or major shareholders of the Company.
- All Directors are Malaysians except for Nadarajan Rohan Raj, who is a Singaporean national and Narla Srinivasa Rao, who is an Indian national.
- None of the Directors have any conflict of interest with the Company.
- All Directors maintain a clean record with regard to convictions for offences.

CORE VALUES

HUMAN CAPITAL DEVELOPMENT

1. OUR PEOPLE & PERFORMANCE

The Group's key priority is to shape each staff so they can reach their highest potential. It is our pride to have within our roster talented personnel that have been groomed by us and have grown to assume senior management roles within the company. This is one of the factors that have led to our success. We believe that our people are the driving force of the company. This is what has moulded us to become what we are today – a world-renowned structural steel turnkey and power plant contractor.

We have stayed focused and worked hard to promote a positive and healthy work culture with an effective two way communication approach. This approach includes regular scheduled meetings to help create a meaningful and robust method of dealing with concerns and management issues across all levels of the business. The top management, including the Executive Chairman and Group Managing Director himself takes the time and effort to shape and develop management level employees so that they meet the Group's standards.

The Group has now more than 7,500 direct employees and 2,500 contract workers in Malaysia, the UAE, Saudi Arabia, Qatar and India. Crucial to our team are on-board professional and technical staff who offer services in their respective fields. Their skills are pivotal to the excellent service we promise our clients. Our people power has propelled Eversendai to become a major structural steel and power plant contractor to be reckoned with.

Performance

At Eversendai, we believe in the constant development of our employees' skills and knowledge. Over the years, the Group has put together many programmes to develop as well as recognise exemplary and loyal staff. A stable workforce which is a result of good workplace relations will keep staff morale high, reduce turnover rates, and bring in as well as retain talent. Keeping our focus on business development in tandem with employee development is the Group's utmost priority. Our adherence to these fundamentals has been reflected in the Group's excellent performance, which we are optimistic is sustainable in the long run.

Training & Development

The Group's continuous effort in ensuring its performance is of the highest standard sees it setting aside a budget for training programmes. Each programme is individually customised to develop a specific skill set that is vital for the overall operation of the Group. The Group believes in constantly upgrading its technical competence and boosting employee capability for overall enhancement in management and leadership skills.

During the year, the Group has sent its employees for several training programmes such as Primavera and Tekla trainings. The Primavera programme included training on how to manage multiple projects, create a project, create a work breakdown structure, add activities, maintain the project documents library, create relationships, schedule the project, assign constraints, format schedule data, define roles and resources, assign roles, assign resources and costs, analyse resources, optimise the project plan, execute the project and report performance. This training reached out to support employees who were keen on enhancing their skills in addition to fulfilling the requirement of such expertise within the company.

The Group is committed to ensuring its human capital is well-equipped so that they are abreast with what is current in the market. Therefore, we send our personnel to recommended Ernst and Young and Malaysian Investor Relations Association (MIRA) workshops. These keep our employees current and armed with the knowledge with which they need to apply in their daily job scope.

The Group was listed in 2011 and the Board of Directors and Senior Management attended training sessions to become aware of Bursa Securities' listing requirements. All directors have attended the Mandatory Accreditation Programme as stipulated in the Listing Requirements of Bursa Securities. Guidelines issued by Bursa Securities on its Continuing Education Programme that continuously evaluates and determines training of the Board of Directors has also been noted. In this light, the directors will attend such training when necessary to enhance their skills and knowledge in order to perform their duties as directors of the Group.

We believe well-informed and well-trained human capital will result in a well-regulated market. A company that practices corporate governance with excellence is an essential contributing factor towards the growth and development of a country's economy. This is why our human capital development plan includes employing the right people for the job. We have taken the effort to source a talented pool of employees to execute work that they are best cut-out for.

As a construction company, it is crucial that our talent pool is also involved in CIDB trainings. This includes the training for green cards for those who actively work in construction. CIDB provides excellent periodic training for employees in many areas of the construction industry, such as in productivity, safety consciousness, quality-orientation and competency. It is also important that construction personnel meet the ever-changing needs of the construction industry especially in technology. The Group encourages its employees to be part of these training sessions for technical growth and development.

As part of its operations development, the Group sent selected employees for the Oracle JD Edwards EnterpriseOne Solution training when it decided to implement the new Enterprise Resource Planning (ERP) system. This training enables the personnel working on the system to comprehend the workings of it so that they are able to use it to its maximum potential.

2. OUR STAKEHOLDER'S VALUE

Eversendai is aggressively setting out to gain stakeholder trust and is firmly committed to valuing and upholding such trust gained. We have successfully earned their confidence by being sincere, transparent and staying in touch with them. We highly value this mutually rewarding and healthy relationship that we have built up with them over time.

Upon our recent listing, we have managed to create strong ties with our stakeholders by continuously keeping them updated on the latest information, which will facilitate their making of decisions. Information is of little use if not disseminated in the correct manner. Knowing this, we have created several channels for our investors to obtain such information, ensuring total ease of access.

Corporate and Investor Relation website

The Annual General Meeting is the primary way in which the Group opens up to its stakeholders. The Group's first ever Annual General Meeting will be held on 19 June 2012 and we look forward to enlightening our stakeholders on any uncertainties they may have about the Group. Other means of communication include briefings that are held quarterly when we announce our results, through the media and via our website *www.eversendai.com* which has recently been revamped to include an Investor Relations section. This addition to our website has been well-received by our stakeholders as we upload regular updates on the Group's activities. Our website also allows shareholders, potential investors and other stakeholders to pose queries to the management.

Our stakeholders are also given the opportunity to better understand the Group when we hold our analyst and investor briefings, as well as when we organise site visits. We have held several investor visits to our facilities in Malaysia and the Middle East, which we believe serve as an eye opener to our investors, providing them with yet another avenue to get to know, recognise and appreciate the work we do.

To facilitate smooth and uninterrupted operation, we have put in place a Risk Management framework with all the processes and regulatory compliances that the Group requires. With a Risk Management Framework, the Group can at best negate, if not mitigate the impact of any risk that may arise during its operations. We believe these activities would help our stakeholders gather the necessary information on our working, performance and the direction that we are heading in.

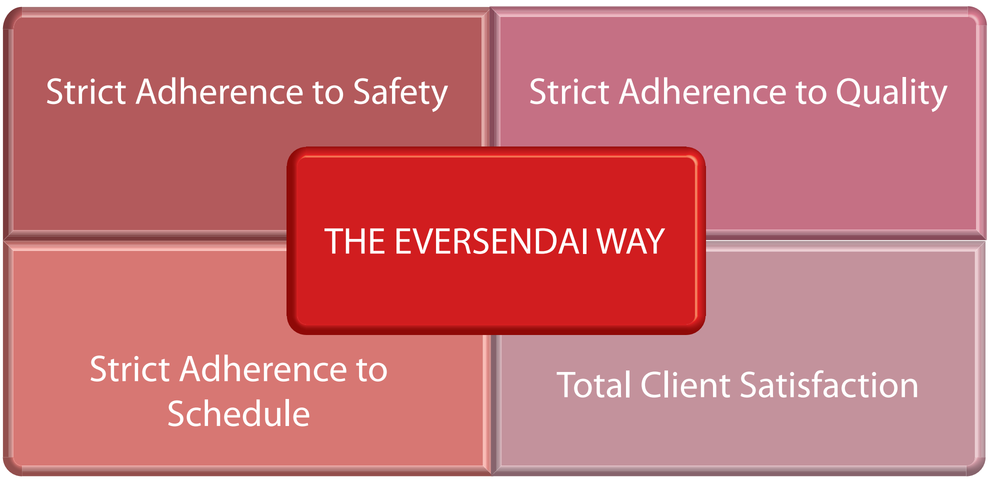
Brand Building

The Group builds its already robust brand name through uncompromising adherence to its core values. A strong focus on Quality, Safety and On-Time Delivery has seen us successfully propel ourselves forward through the past few decades. To date, we have delivered every project on schedule and at times, ahead of schedule. In ensuring prompt delivery, we make safety and quality an utmost priority. These core values have become synonymous with the Group's identity, a fact that we are proud of, and which we will continue to uphold at all costs.

EVERSENDAI'S CORPORATE PHILOSOPHY

the Eversendai Way

Through the years, Eversendai has garnered an **ENVIABLE REPUTATION** in the industry by executing many **prestigious and complex projects**, both locally and internationally. The company has achieved this by adhering to its Corporate Philosophies of:



Our dedication to these Corporate Philosophies is what consistently brings satisfied clients back, time and again.


EVERSENDAI

OUR FOCUS ON QUALITY


The American Society of Mechanical Engineers

U2

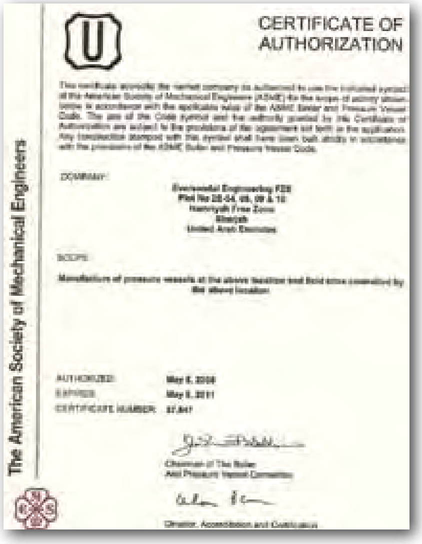
CERTIFICATE OF AUTHORIZATION

COMPANY:

SCOPE:

AUTHORIZED:

EXPIRES:


The American Society of Mechanical Engineers

U

CERTIFICATE OF AUTHORIZATION

COMPANY:

SCOPE:

AUTHORIZED:

EXPIRES:

CERTIFICATE NUMBER:


The American Society of Mechanical Engineers

S

CERTIFICATE OF AUTHORIZATION

COMPANY:

SCOPE:

AUTHORIZED:

EXPIRES:

CERTIFICATE NUMBER:


THE NATIONAL BOARD

Certificate of Authorization


THE NATIONAL BOARD

OF

BOILER & PRESSURE VESSEL INSPECTORS

Certificate of Authorization

This is to certify that

EVERSENDAI ENGINEERING FZE


Congratulations!

TEKLA

Congratulations! You are a Winner of Tekla Middle East Model Competition!

ME Model Competition 2011


TATA STEEL

TATA

Continuing Professional Development

CERTIFICATE OF ATTENDANCE

This is to certify that

EVERSENDAI ENGINEERING LLC

Attended a Continuing Professional Development Course

WELDED JOINTS IN TUBULAR STEEL

Provided by Tata Steel Tubes at

EVERSENDAI HFZ MAIN CONFERENCE HALL

And confirms 1 hour of training on

21ST NOVEMBER 2011


TOP3

CERTIFICATE OF RECOGNITION

Eversendai Engineering FZE

For your outstanding performance and commitment to excellence towards continuous improvement in Hamriyah Free Zone.

"TOP 3 - 2011 INVESTORS | STEEL INDUSTRY"

Our Focus
On Quality [cont'd]

OUR COMMITMENT TO HEALTH, SAFETY & ENVIRONMENT

ERHAMA BIN JABER AL JALAHMA SHIPYARD

Certificate of Excellence

Awarded to

M/s GTC 08/102 Eversendai Engineering Qatar WLL

In honor of your outstanding HSE performance, dedication and for your contribution in achieving

20 MILLION Man-Hours

without Lost Time Incidents on 21st January 2011

Muhammad Ghannam, Managing Director

Stephen May, Project Director

Certificate of Achievement

is hereby awarded to

EVERSENDAI

6,000,000

Man-hours worked Without a Lost Time Accident on the 16th of February 2011 at the New Doha International Airport Project, City of Doha, State of Qatar

Mr. Rahman Mazumder, SOJV Sr. ES&H Manager

NDIA

Mr. M. Horikawa, SOJV Project Manager

Six Construct | Cleveland Clinic Abu Dhabi Project | SAMSUNG C&T

Health Safety & Environment Certificate Of Achievement

Presented To

EVERSENDAI ENGINEERING LLC

In Recognition Of Your Valuable Commitment Towards Achieving 5 Million Man-Hours Without Any Lost Time Injury At Cleveland Clinic Abu Dhabi Project From 21st September 2010 To 28th January 2011

Didier Bosredon, Project director

James Kim Hyeon, Dy Project Director

6th February, 2011

Certificate of Recognition

is hereby awarded to

EVERSENDAI

for being the "Best Big Subcontractor of the Month" for the month of February 2011.

Presented on this 21st day of March, 2011

Mr. M. Horikawa, SOJV Project Manager

NDIA

Certificate of Excellence

In honor of your outstanding HSE performance and dedication we gladly present,

M/s GTC 08/102 Eversendai Engineering Qatar W.L.L.

this certificate of recognition for the contribution in achieving

10 MILLION Safe Man-Hours on 4th June 2010

NAKILAT SHIP REPAIR YARD PROJECT

Muhammad Ghannam, Managing Director

Stephen May, Project Director

Certificate of Achievement

is hereby awarded to

EVERSENDAI

5,000,000

Man-hours worked Without a Lost Time Accident on the 17th of June, 2010 at the New Doha International Airport Project, City of Doha, State of Qatar

Mr. Thomas Biolik, SOJV Deputy ES&H Manager

NDIA

Mr. M. Horikawa, SOJV Project Manager

CONGRATULATION TO

SHIN EVERSENDAI ENG. S/B

3x700 MW COAL FIRED POWER PLANT TANJUNG BIN, JOHOR

5 MILLION MAN-HOURS WITHOUT LTI (28 JUNE 2006)

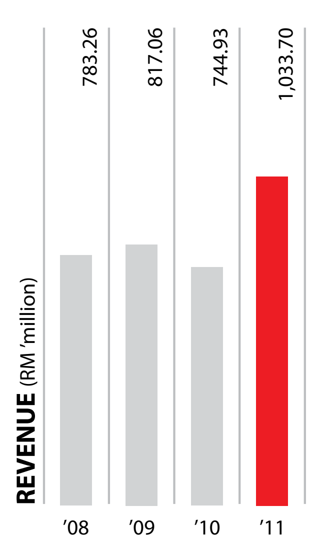
TanjungBin Power

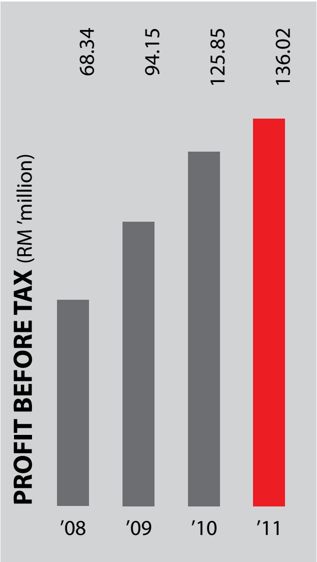
SUMI-POWER

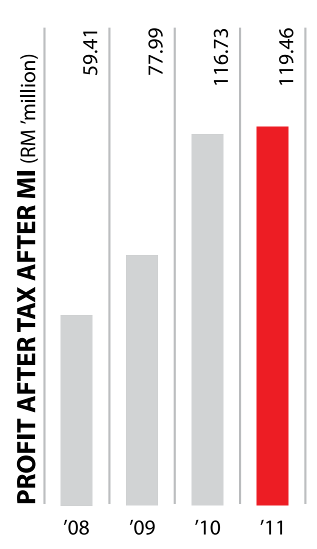
Our Commitment To
Health, Safety & Environment [cont'd]

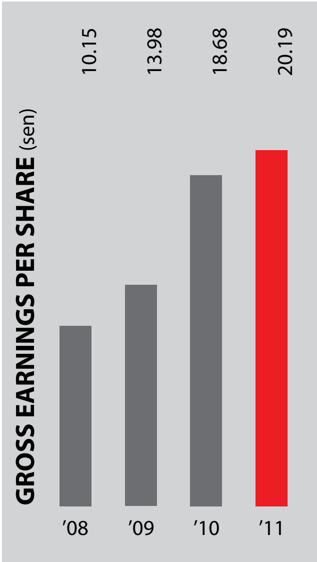
PERFORMANCE REVIEW

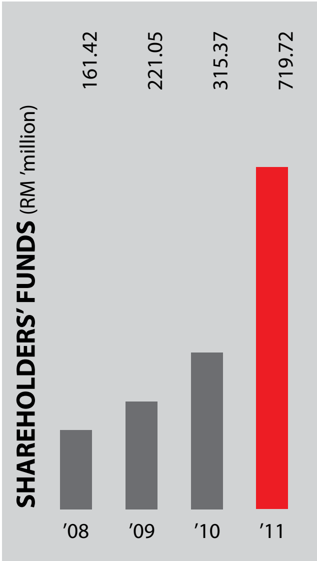
4-YEARS GROUP FINANCIAL HIGHLIGHTS

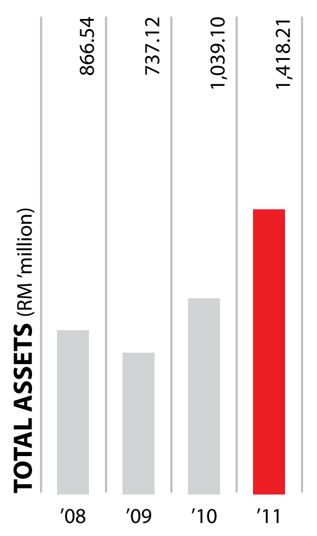


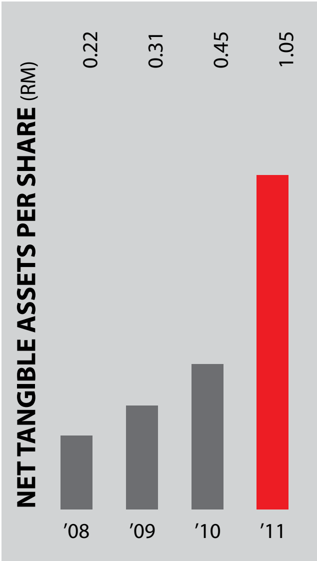


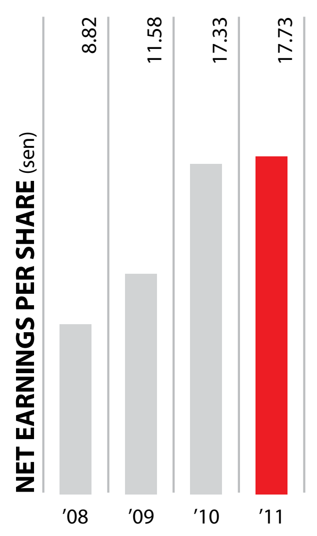












	2008	2009	2010	2011
Revenue (RM 'million)	783.26	817.06	744.93	1,033.70
Profit Before Tax (RM 'million)	68.34	94.15	125.85	136.02
Profit After Tax After MI (RM 'million)	59.41	77.99	116.73	119.46
No of Shares* ('million)	673.58	673.58	673.58	673.58
Gross Earnings per Share (sen)	10.15	13.98	18.68	20.19
Net Earnings per Share (sen)	8.82	11.58	17.33	17.73
Shareholders' Funds (RM 'million)	161.42	221.05	315.37	719.72
Total Assets (RM 'million)	866.54	737.12	1,039.10	1,418.21
Net Tangible Assets Per Share (RM)	0.22	0.31	0.45	1.05

* Based on Weighted Average No of Shares @ 31 December 2011

GROUP FINANCIAL SUMMARY

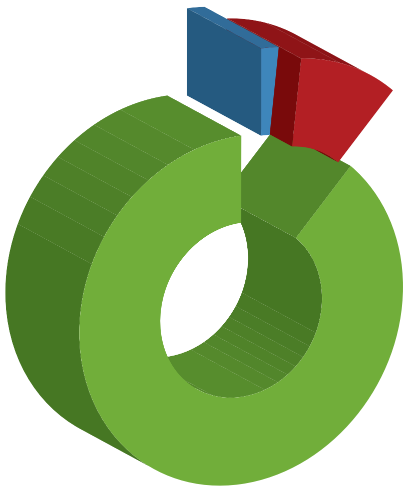
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	2008	2009	2010	2011
ASSETS	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets	234,881	243,226	246,066	221,923
Current assets	631,662	493,897	793,032	1,196,286
TOTAL ASSETS	**866,543**	**737,123**	**1,039,098**	**1,418,209**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	28,000	28,000	28,000	387,000
Foreign currency translation reserve	(4,444)	(6,844)	(29,249)	(18,540)
Revaluation reserve	–	–	–	(275,985)
Capital reserve	307	307	307	307
Share premium	–	–	–	191,515
Fair value adjustment reserve	–	–	–	(346)
Retained earnings	137,560	199,585	316,312	435,767
	161,423	221,048	315,370	719,718
Non-controlling interests	–	5,024	2,568	8,006
Total equity	161,423	226,072	317,938	727,724
Non-current liabilities	39,670	33,772	29,203	30,210
Current liabilities	665,450	477,279	691,957	660,275
Total liabilities	705,120	511,051	721,160	690,485
TOTAL EQUITY AND LIABILITIES	**866,543**	**737,123**	**1,039,098**	**1,418,209**
Net tangible asset per share (RM)	5.35	7.54	10.90	1.05
Current ratio (times)	0.95	1.03	1.15	1.81
Liquidity ratio (times)	0.12	0.17	0.21	0.44
Debt-to-equity ratio (times)	1.77	0.80	1.25	0.43

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER	2008	2009	2010	2011
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	783,262	817,061	744,926	1,033,702
EBITDA	108,813	143,827	163,414	179,326
Profit before taxation	68,343	94,154	125,853	136,018
Income tax expense	(8,930)	(10,879)	(2,332)	(4,469)
Profit for the year	**59,413**	**83,275**	**123,521**	**131,549**
Attributable to:				
Equity holders of the Company	59,413	77,985	116,727	119,455
Non-controlling interests	–	5,290	6,794	12,094
	59,413	**83,275**	**123,521**	**131,549**
Basic earnings per share (sen)	8.82	11.58	17.33	17.73
EBITDA as a percentage of revenue	13.9%	17.6%	21.9%	17.3%
Profit before tax as a percentage of revenue	8.7%	11.5%	16.9%	13.2%
Profit before tax as a percentage of shareholders funds	42.3%	42.6%	39.9%	18.9%

GROUP
MANPOWER SUMMARY
as at 31 December 2011

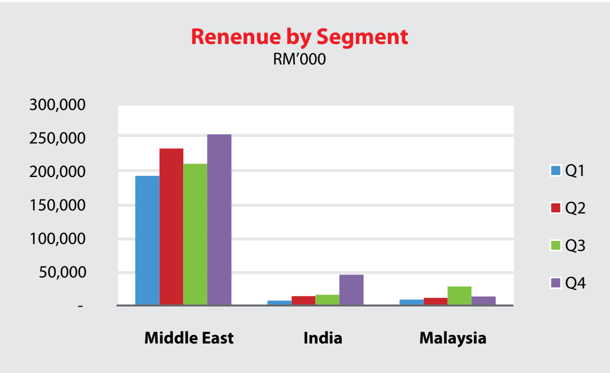
Manpower Strength by Region

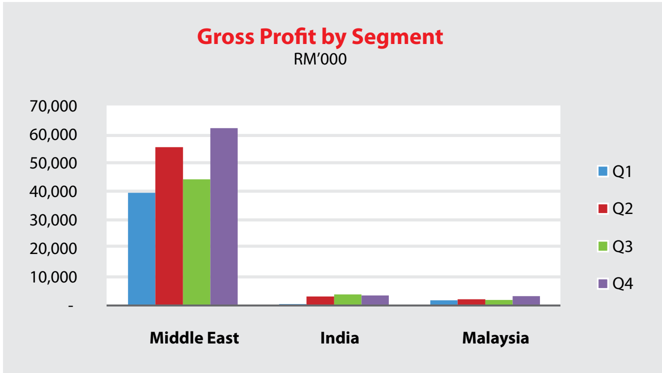
Employee Composition by Level



Manpower Strength by Region		Employee Composition by Level	
Middle East	5,553	**Managerial**	130
India	1,719	**Executive**	767
Malaysia	325	**Non-Executive**	6,700
Total	7,597	**Total**	7,597

GROUP QUARTERLY PERFORMANCE





FOR THE YEAR ENDED 31 DECEMBER 2011

By Segment			**Quarter**		
	1st RM'000	**2nd RM'000**	**3rd RM'000**	**4th RM'000**	**Total RM'000**
Revenue					
Middle East	192,921	233,890	210,944	254,959	892,714
India	6,717	13,498	15,532	45,428	81,175
Malaysia	8,212	10,757	27,937	12,907	59,813
Others	–	–	–	–	–
	207,850	258,145	254,413	313,294	1,033,702
Gross Profit					
Middle East	39,501	55,579	44,270	62,250	201,600
India	393	3,032	3,714	3,422	10,561
Malaysia	1,719	2,046	1,852	3,208	8,825
Others	–	–	–	–	–
	41,613	60,657	49,836	68,880	220,986
Interest Income	174	138	1,630	2,326	4,268
Other Income	2,882	4,229	5,474	(1,216)	11,369
Other Expenses	(12,960)	(17,096)	(21,125)	(29,489)	(80,670)
Finance Costs	(5,381)	(5,446)	(3,936)	(5,172)	(19,935)
Profit Before Tax	26,328	42,482	31,879	35,329	136,018
Taxation	(851)	(1,639)	(1,163)	(816)	(4,469)
Profit for the Financial Period	25,477	40,843	30,716	34,513	131,549

CORPORATE SOCIAL RESPONSIBILITY

At Eversendai, we firmly believe in managing our business in a responsible, balanced and ethical manner. These core principles ensure that our Corporate Social Responsibility (CSR) initiatives will continue to provide the necessary support and assistance within our means to the local community, society and sustaining the environment where we have a presence. In addition, we also have confidence that the programmes implemented would greatly benefit our stakeholders as well as our employees at large. In pursuit of this, we champion various humanitarian, social and educational causes which are in tandem with the country's nation building policy.

► Blood Donation

In 2011, Eversendai Engineering Qatar WLL received a Certificate of Appreciation from the Blood Unit in Hamad Medical Corporation for donating blood. The event was participated by more than 30 employees who generously donated blood for the welfare of others.

An employee donating blood to Hamad Medical Corporation

► Marine Clean-up

Employees from Eversendai Engineering FZE in Sharjah participated as volunteers to clean up the coastal areas near the Hamriyah Inner Harbour in conjunction with the International Coastal Cleanup (ICC) Day. The event which was organised by the Hamriyah Free Zone Authority took place on 19 September 2011 and saw a total of 6,200 kilograms of debris and waste, such as tyres, steel structures and wires collected.

Staff of Eversendai Engineering FZE in Sharjah actively participated in the marine clean-up.

► On 28 July 2010, The Faculty of Engineering and Built Environment, Universiti Kebangsaan Malaysia, cordially invited Dato' AK Nathan to give a talk on Structural Steel for Innovative and Complex Structures. Attended by over 70 practising engineers, aspiring students and academic staff, his insights and visions were an absolute eye opener in stretching ones imagination in creating some of the most challenging structures.

► A Talk on "Do you want to be a Millionaire?"

Aspiring entrepreneurs, between the age of 20 and 40 years old, attended zealously a talk by Dato' AK Nathan, themed "Do you want to be a Millionaire?" Held at Hotel Istana, Kuala Lumpur and Bangunan Peladang, Petaling Jaya on two different occasions, the events had a crowd pull of over 1,500 participants from all walks of life. Dato' AK Nathan spoke unequivocally on the reputable growth of Eversendai, from its humble beginning to what it is today.

Participants are listening attentively to Dato's talk themed "Do you want to be a Millionaire?"

We believe in doing our part to contribute to social and welfare causes focusing on education programmes. We donate where appropriate to charitable organisations such as the Amma Foundation, APEX Club, MBAM Education Fund and so forth.

Dato' AK Nathan has a passion of sharing his knowledge with the young and enterprising people of Malaysia. He gives regular lectures in various universities including Universiti Malaya, Universiti Teknologi Malaysia, Universiti Tunku Abdul Rahman and Universiti Sains Malaysia, on self-development, business culture, employment opportunities and the demands of the construction industry. On a broader scale, he is often called upon to speak at local and international conferences.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Eversendai Corporation Berhad ("the Group") is committed to upholding the practices of corporate governance throughout the Group as expressed in the Principles of and Best Practices in Corporate Governance set out in the Malaysian Code on Corporate Governance ("the Code"). The Code has served as a fundamental guide to the Board in discharging its principal duty to act in the best interests of the Company as well as in managing the businesses and affairs of the Group efficiently. Given the Group's mission to be a leading construction contractor globally, the Board acknowledges the corporate governance tenets of transparency, accountability, integrity and corporate performance as the prerequisites of a responsible corporate citizen. The Board is pleased to share the manner in which the Principles of the Code have been applied within the Group in respect of the financial year ended 31 December 2011 and the extent to which the Company has complied with the Best Practices of the Code during the financial year ended 31 December 2011. The Board believes that the Principles and the Best Practices set out in the Code have, in all material respects, been adhered to and complied with.

Board of Directors

1. Principal Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Group and accordingly have assumed responsibilities in 2011 in the following areas as prescribed by the code.

- Reviewing and adopting strategic business plan for the Group's effective business performance;
- Overseeing the conduct of the Group's business to evaluate whether the business is being effectively managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to effectively manage and monitor identified risks;
- Human capital development process - including appointing, training, fixing the compensation of and where appropriate, replacing key management;
- Reviewing the efficacy of the Group's systems of internal control and of management information, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In quarter 1, 2012 the group's website has been upgraded to incorporate regular updates of the Group's activities, which allows shareholders, investors and other stakeholders to pose queries to management.

The Board is responsible for the development of corporate objectives, the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within the Group including key risk management, treasury, financial and operational policies and delegated authority limits.

2. Board Balance and Independence

There are eight (8) members of the Board, comprising the Executive Chairman (who is also the Group Managing Director), four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition ensures a proper balance in the board, thus fulfilling the Code's requirement of one-third of the membership of the Board to be Independent Board Members.

The Board comprises members with diverse professional backgrounds, skills, extensive experience and knowledge in the areas of engineering, steel fabrication, information technology, finance, business, general management and strategy required for the successful direction of the Group.

2. Board Balance and Independence [cont'd]

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent judgment to the Group's strategy and performance so as to ensure that the highest standards of conduct and integrity are always at the core of the Group. None of the Independent Non-Executive Directors participate in the day-to-day management of the Group.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and independent opinions, advice and judgements to ensure that the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well represented and taken into account.

3. Roles and Responsibilities of the Executive Chairman and Group Managing Director

The Malaysian Code on Corporate Governance recommends that there should be clear division of responsibilities at the head of the company to ensure that there is proper balance of power and authority.

Although the roles of the Executive Chairman of the Board and the Group Managing Director are combined, the Board is of the view that there is a strong independent element on the Board and that there are adequate measures and controls to ensure that there is balance of power and authority, such that no individual has unfettered powers of decision. The more significant measures and controls are summarised below.

All Executive and Non-Executive Directors have unrestricted and timely access to all relevant information necessary for informed decision-making. The Executive Chairman encourages participation and deliberation by Board members to tap their collective wisdom and to promote consensus building as much as possible.

Matters which are reserved for the Board's approval and delegation of powers to the Board Committees, the Group Managing Director, Group Chief Operating Officer and Management are expressly set out in an approved framework on limits of authority. Business affairs of the Group are governed by the Group's Discretionary Authority Limits and manuals on policies and procedures. Any non-compliance issues are brought to the attention of the Management, Audit Committee and / or the Board, for effective supervisory decision-making and proper governance.

As the Group is expanding and its business growing, the division of authority is constantly reviewed to ensure that Management's efficiency and performance remain at its level best.

The Company was listed on the Main Market of Bursa Securities on 1 July 2011. The Group had continuously enhanced the level of corporate governance over the years. The Board is of the view that the Group has good corporate governance practices, presently.

4. Board Meetings and Supply of Information

The Board intends to meet at least four (4) times a year, with additional meetings convened as and when the Board's approval and guidance is required. Upon consultation with the Executive Chairman and the Group Managing Director, due notice shall be given of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board. Additional meetings are convened on an ad-hoc basis.

Four (4) Board meetings were held during the financial year ended 31 December 2011 and the details of attendance of each Director are as follows:

Director	Designation	Number of meetings attended	Percentage during the Year
Dato' Nathan Elumalay	Executive Chairman & Group Managing Director	4 out of 4	100%
Mohammad Nizar bin Idris	Senior Independent Non-Executive Director	4 out of 4	100%
Tan Sri Rastam Mohd Isa *(Appointed on 31 March 2011)*	Independent Non-Executive Director	3 out of 4	75%
Datuk Ng Seing Liong JP	Independent Non-Executive Director	4 out of 4	100%
Nadarajan Rohan Raj	Executive Director & Group Chief Operating Officer	4 out of 4	100%
Narla Srinivasa Rao	Executive Director & Regional Director for the Middle East operations	2 out of 4	50%
Sunthara Moorthy *(Appointed on 7 October 2011)*	Executive Director for Finance & Corporate Affairs	1 out of 1	100%
Narishnath Nathan	Executive Director & Deputy Regional Director for the Middle East operations	4 out of 4	100%

The Board is supplied with and assured of full and timely access to all relevant information to discharge its duties effectively. A set of Board papers (together with a detailed agenda in the case of a meeting) is furnished to the Board members in advance of each Board meeting or Directors' Circular Resolution for consideration, guidance and where required, for decision.

In addition to board meeting update papers and reports, the Board is also furnished with ad-hoc reports to ensure that they are appraised on key business, financial, operational, corporate, legal, regulatory and industry matters; as and when the need arises.

The Directors also have direct access to the advice and services of the Head of Internal Audit and Risk, and Company Secretaries in addition to other members of Senior Management. The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. The Board may, at the Group's expense, seek external and independent professional advice and assistance from experts in furtherance of their duties.

5. Appointments to the Board

The Nomination Committee comprising of three Independent Directors makes independent recommendations for appointments to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and other qualities, before recommending them to the Board for appointment.

6. Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Articles also provide that one-third (1/3) of the Directors are subject to retirement by rotation at every AGM but are eligible for reelection provided always that all Directors including the Executive Chairman and Group Managing Director and Executive Directors shall retire from office at least once in three (3) years.

Pursuant to Section 129(6) of the Companies Act, 1965, the office of a director of or over the age of seventy (70) years becomes vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given.

7. Training and Development of Directors

The Board is always encouraged to attend seminars, conferences and briefings in order to enhance its skills and knowledge and to keep abreast of the latest developments in the industry and marketplace.

Orientation and familiarisation programmes which include visits to the Group's business operations and meetings with key management are, where appropriate, organised for newly-appointed Directors to facilitate their understanding of the Group's operations and businesses. Regular talks are scheduled on various topics for the Board and these sessions are held together with Senior Management in order to encourage open discussion and comments.

Directors evaluate their training needs on a continuous basis, by determining areas that would best strengthen their contributions to the Board. Regular briefings / updates (some by external advisers) on various subjects including the following are held at Board meetings:

- Market and industry;
- Regulatory and legal developments;
- Information on significant changes in business risks and procedures instituted to mitigate such risks;
- Corporate matters or new acquisitions by the Group; and
- New developments in law, regulations and Directors' duties and obligations.

During the financial year under review, the Directors participated in various programmes to enhance their understanding of specific industry and market issues and trends and to improve their effectiveness in the boardroom. These sessions have also been attended by invited members of the senior leadership team, with the objective to improve board management dynamics.

8. Company Secretaries

The Company Secretaries takes charge of ensuring overall compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities and Companies Act, 1965 and other relevant laws and regulations. In performing this duty, the Company Secretaries shall carry out, among others, the following tasks:

- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Ensuring that obligations arising from the MMLR or other regulatory requirements are met; and
- Facilitating the provision of information as may be requested by the Directors from time to time.

9. Board Committees

The Board delegates certain responsibilities to the respective Committees of the Board which operate within clearly-defined terms of reference. These Committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations. On Board reserved matters, Committees shall deliberate and thereafter state their recommendations to the Board for its approval.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at the respective committee meetings and highlight to the Board any further deliberation that is required at Board level. These Committee reports and deliberations are incorporated into the minutes of the Board meetings.

The Company has three (3) principal Board Committees:

(a) Audit Committee

The composition, terms of reference and a summary of the activities of the Audit Committee are set out separately in the Audit Committee Report.

(b) Nomination Committee

The Nomination Committee of the Board consists of the following Independent Non-Executive Directors:

- Tan Sri Rastam Mohd Isa (Chairman of the Nomination Committee);
- Datuk Ng Seing Liong JP; and
- Mohammad Nizar bin Idris.

The Nomination Committee has been entrusted with the responsibility of proposing and recommending new nominees to the Board and of assessing Directors on an on-going basis.

The functions of the Nomination Committee include:

- Formulating the nomination, selection and succession policies for members of the Board and Board Committees; and

9. Board Committees [cont'd]

(b) Nomination Committee [cont'd]

- Reviewing and recommending to the Board:

  (i) The optimum size of the Board;
  (ii) The required mix of skills, knowledge, expertise, experience and other qualities, including core competencies of Non- Executive Directors; and
  (iii) Appointments to, and membership of, other Board committees.

In addition, the Nomination Committee has the function of assessing:

- The transparency of procedures for proposing new nominees to the Board and Committees of the Board;
- The effectiveness of the Board as a whole and the contribution of each individual Director and Board Committee member; and
- Whether the investments of the minority shareholders are fairly reflected through Board representation.

The Nomination Committee meets as and when necessary and can also make decisions by way of circular resolutions. In October 2011, the Nomination Committee evaluated a candidate and recommended the candidate to the Board for the position of Executive Director – Finance & Corporate Affairs. The Board approved the appointment of the Executive Director – Finance & Corporate Affairs with effect from 7 October 2011.

(c) Remuneration Committee

The Remuneration Committee of the Board consists of the following Directors:

- Mohammad Nizar bin Idris (Senior Independent Non-Executive Director and Chairman of the Remuneration Committee);
- Tan Sri Rastam Mohd Isa (Independent Non- Executive Director);
- Nadarajan Rohan Raj (Executive Director and Group Chief Operating Officer).

The Remuneration Committee is entrusted with the following responsibilities:

- Recommending to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the Executive Directors;
- Evaluating the performance and reward of the Executive Directors, including ensuring performance targets are established to achieve alignment with the interests of shareholders of the Company, with an appropriate balance between long and short-term goals;
- Designing and implementing an evaluation procedure for Executive Directors; and
- Reviewing, on a yearly basis, the individual remuneration packages of Executive Directors and making appropriate recommendations to the Board.

The Remuneration Committee meets as and when necessary and can also make decisions by way of circular resolutions. The Remuneration Committee held one meeting during the financial year ended 31 December 2011.

Directors' Remuneration

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the calibre needed to run the Group successfully. In ECB, the component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Independent Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the Independent Non-Executive Directors.

1. Remuneration Procedures

The Remuneration Committee recommends to the Board the policy and framework of the Directors' remuneration and the remuneration package for the Executive Directors. In recommending the Group's remuneration policy, the Remuneration Committee may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of these Directors.

The determination of the remuneration packages of Independent Non-Executive Directors (whether in addition to, or in lieu of, their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration packages.

2. Directors' Remuneration

Directors' remuneration for the Group is determined at levels which enable the Group to attract and retain Directors with the relevant experience and expertise to manage the Group effectively.

The details of the remuneration of Directors during the financial year are as follows:

The aggregate remuneration of the Directors categorised into appropriate components are as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	–	72	72
Allowances	1,687	–	1,687
Salaries and other emoluments	7,211	30	7,241
Bonus, incentives and others	586	–	586
Employees Provident Fund	188	–	188
Benefit- in-kind (estimated value)	917	–	917
Total	**10,589**	**102**	**10,691**

Details of the Directors' remuneration for the financial year ended 31 December 2011 are disclosed in the financial statements, as set out on page 120 of this Annual Report.

Shareholders and Other stakeholders

1. Shareholders and Investor Relations

The Board believes that the Group should be transparent and accountable to its shareholders and investors.

In ensuring this, the Group has been actively communicating with its shareholders and stakeholders through the following medium:

- Release of financial results on a quarterly basis;
- Press releases and announcements to Bursa Securities and subsequently to the media;
- Meetings with institutional investors; and
- Briefing for analysts on a quarterly basis.

The Group's website *www.eversendai.com* is upgraded and updated from time to time to provide current and comprehensive information about the Group.

The following are the primary contact persons:

For Investor Relations matters:
Subashini Rajandra / Siva Prakash
Group Corporate Communication Assistant Manager / Finance Manager
Tel no.: +603-6091 2575
Email: ir@eversendai.com

For Finance related matters:
William Chan Fook Kwong
Chief Financial Officer
Tel no.: +603-6091 2575
Email: william@eversendai.com

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders who are encouraged and are given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are also encouraged to participate in the Question and Answer session on the resolutions being proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Executive Chairman and the Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting ECB at any time throughout the year and not only at the AGM.

Each notice of a general meeting, which includes any item of special business, will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

Accountability and Audit

The Board is committed to providing a clear, balanced and comprehensive account on the financial performance and position of the Group through quarterly and yearly announcements of its results as well as through its comprehensive annual report. The Board, through the Audit Committee ("AC") maintains a transparent and professional relationship with the Internal and External Auditors. The AC has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board is pleased to share the key aspects of the Group's internal control system in respect of the financial year ended 31 December 2011. The Group in discharging its stewardship responsibilities has established procedures of internal control that are in accordance with the guidance provided to Directors as set out in the "Statement on Internal Control: Guidance for Directors of Public Listed Companies". These procedures, which are subject to regular review by the Board, provide an on-going process for identifying, evaluating and managing significant risks faced by the Group that may affect the achievement of its business objectives.

Board's responsibility

The Board in discharging its responsibilities is fully committed to the maintenance of a sound internal control environment to safeguard stakeholders' interests and the Group's assets. The Board has an overall responsibility for the Group's system of internal control and its effectiveness, as well as reviewing its adequacy and integrity. The system of internal control is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

The Board regards risk management as an integral part of the Group's business operations. There is an established structured process for identifying, analysing, measuring, monitoring and reporting on the significant risks that may affect the achievement of its business objectives.

Management is responsible for creating a "risk-awareness culture" and for ensuring that the necessary knowledge for risk management is present. The Internal Audit & Risk Department, in conjunction with the Group's operational managers, continuously monitors and evaluates the progress of the identified risks and reports the results to the Risk Management Committee ("RMC"). The RMC comprises of members of senior management and is headed by the Group Chief Operating Officer. The RMC is also tasked with providing periodical reports on the enterprise risk map and the status of progress towards mitigating key risk areas to the Board.

Risk awareness sessions are also conducted at the operational level to help sustain a "risk-awareness culture" and to promote understanding of the importance of risk management across the different functions in the Group. In addition, a risk-based approach is embedded into existing key processes as well as new key projects and is reflective of our internal control systems in place.

Control Environment and Structure

The Board and management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These processes include updating the system of internal control to accommodate changes to the business environment or regulatory guidelines. The key elements of the Group's control environment include the following:

1. Organisation Structure

The Board is supported by a number of established Board committees in the execution of its responsibilities, namely the Audit, Nomination and Remuneration Committees. Each Committee has clearly defined terms of reference. Responsibility for implementing the Group's strategies and day-to-day businesses are delegated to management. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship.

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Control Environment and Structure [cont'd]

2. Audit Committee

The Audit Committee comprises of 3 Independent Non-Executive Directors of the Board. The Audit Committee evaluates the adequacy and effectiveness of the Group's internal control systems and reviews internal control issues identified by internal auditors, external auditors and management. Throughout the financial year, the Audit Committee members are briefed on corporate governance practices, updates of Malaysian Financial Reporting Standards, as well as legal and regulatory requirements in addition to key matters affecting the financial statements of the Group.

The Audit Committee also reviews and reports to the Board the engagement and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of the external audit matters. It also reviews the effectiveness of the internal audit function which is further described in the following section on Internal Audit. The current composition of the Audit Committee consists of members who bring with them a wide variety of knowledge, expertise and experience from different industries and backgrounds. They continue to meet regularly and have full and unimpeded access to the internal and external auditors and all employees of the Group. The Audit Committee also reviewed its terms of reference and the Internal Audit Charter. Revisions were made to adopt best corporate governance practices.

3. Internal Audit

The Group Internal Audit and Risk Department continues to independently review key processes, monitor compliance with policies and procedures, evaluate the adequacy and effectiveness of internal control and risk management systems and highlight significant findings, enhancements and corrective measures in respect of any non-compliance on a timely basis. These are also reported to the Audit Committee on a quarterly basis. Its work practices are governed by the Internal Audit Charter, which is subject to revision on an annual basis. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee annually before the commencement of the following financial year and an update is given to the Audit Committee every quarter. The Audit Committee oversees the Internal Audit department's function, its independence, scope of work and resources. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 73 to 77.

4. Legal

The Legal department plays a pivotal role in ensuring that the interests of the Group are preserved and safeguarded from a legal perspective. It also plays a key role in advising the Board and management on legal and strategic matters.

5. Limits of Authority

A Discretionary Authority Limits ("DAL") policy sets the authorisation limits at the various levels of management and staff, and also matters requiring Board approval; to ensure accountability, segregation of duties and control over the Group's financial commitments. The DAL policy is reviewed and updated periodically to reflect business, operational and structural changes.

6. Policies and Procedures

There is extensive documentation of policies and procedures in manuals including those relating to Financial, Contract Management, Procurement, Project Management, Human Resources and Information Systems. These policies and procedures are continuously being enhanced.

Control Environment and Structure [cont'd]

7. Financial and Operational Information

A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared by the operating units and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on a monthly basis. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. These variances in financial as well as operational performance indices are incorporated in detail in the monthly management reports. On a quarterly basis, the results are reviewed by the Board to enable them to gauge the Group's overall performance compared to the approved budgets and prior periods.

Monitoring and Review

The processes adopted to monitor and review the effectiveness of the system of internal control include:

1. Management Representation to the Board by the Group Managing Director on the control environment of the Group, based on representations made to him by management on the control environment in their respective areas. Any exceptions identified are highlighted to the Board.

2. Internal Audit in their quarterly report to the Audit Committee continues to highlight significant issues and exceptions identified during the course of their review on processes and controls compliance. The Chairman of the Audit Committee updates the Board on the significant matters deliberated upon and the decisions made during the Audit Committee meetings.

Conclusion

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established on 21 April 2011. Eversendai Corporation Berhad ("ECB") was listed on the Main Market of Bursa Securities on 1 July 2012.

Terms of Reference

The terms of reference are set out on pages 75 to 77.

Membership and Meetings

The AC comprises of three Independent Non–Executive Directors. The Chairman of the AC, Datuk Ng Seing Liong JP is a qualified Chartered Accountant and a member of the Malaysia Institute of Accountants.

During the year the AC held five (5) meetings without the presence of the Executive Directors, except when their attendance was required at the invitation of the AC. The Head of Internal Audit and Chief Financial Officer attended all the AC meetings upon invitation by the AC. The representatives of the external auditors (Ernst & Young) also attended certain AC meetings upon invitation by the AC. In addition, the AC also held separate private sessions with the Head of Internal Audit and external auditors without the presence of management.

The members of the AC and details of their attendance at meetings during the year are as follows:

Name	Status of Directorship	No. of meetings attended
Datuk Ng Seing Liong JP (Chairman) (Appointed as Chairman on 21.04.2011)	Independent Non-Executive Director	5 out of 5
En. Mohammad Nizar bin Idris (Appointed as Member on 21.04.2011)	Senior Independent Non-Executive Director	5 out of 5
Tan Sri Rastam Mohd Isa (Appointed as Member on 21.04.2011)	Independent Non-Executive Director	4 out of 5

All the members of the Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC. The AC members' profiles are contained in the "Board of Directors' Profile" section set out on pages 44 to 47.

Summary of Activities of the AC

The activities of the AC during the year encompassed the following:

1. Financial Results and Announcements

- Reviewed the quarterly financial results of the Group and the related announcements, prior to recommending to the Board for their approval and the release of the results to Bursa Securities, focusing on the following matters:

  - Changes in or implementation of major accounting policy changes
  - Significant and unusual events
  - Compliance with accounting standards and other legal requirements
  - The going concern assumption

  (Note: The AC was established on 21 April 2011. Hence, the AC did not review the annual audited financial statements for the financial year ended 31 December 2010, which were issued on 21 April 2011. These financial statements were reviewed and approved by the Board.)

2. External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year ended 31 December 2011 to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed the results and issues arising from the external auditors' audit of the year-end financial statements and the resolution of issues highlighted in their report to the AC;
- Reviewed the independence, objectivity and cost effectiveness of the external auditors before recommending to the Board their reappointment and remuneration; and
- Reviewed compliance of the external auditors with the Group's external audit independence policy.

3. Internal Audit

- Reviewed the proposed 2011 annual plan to ensure the adequacy of the scope and coverage of work; including the consideration of the risk areas and key processes;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the Internal Audit function, including adequacy of the terms of reference; and
- Reviewed the internal audit reports and updates, presented by the Group Internal Audit and Risk Department, on their findings and recommendations for improvements be implemented.

4. Related Party Transactions

- Reviewed related party transactions for compliance with the Main Market Listing Requirements of Bursa Securities and the Group's policies and procedures as well as the appropriateness of such transactions before recommending them to the Board for its approval; and
- Reviewed the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions.

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Summary of Activities of the AC [cont'd]

5. Others

- Reviewed with management, the reports on material litigation;
- Reviewed the Report of the AC, the Statement of Internal Control and the Statement of Corporate Governance prior to their inclusion in the Company's Annual Report; and
- Reviewed the adequacy of the terms of reference of the AC.

Group Internal Audit Function

During the year, the Group has established an Internal Audit and Risk Department which reports to the AC on its internal audit function. The primary responsibility of this independent internal audit function is to undertake regular and systematic reviews of the system of internal control, and to provide reasonable assurance that the system operates satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a rotational basis.

The activities carried out by the Group Internal Audit and Risk Department include amongst others, the review of the adequacy and effectiveness of risk management and the system of internal control, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and the means of safeguarding assets.

Terms of Reference of the AC

The AC is governed by the following terms of reference which have been applied by the Group during the period from 21 April 2011 (i.e. the date the AC was established) to 31 December 2011.

1. Composition

The AC shall consist of not less than three members, all of whom are Independent and Non-Executive Directors and at least one member of the AC:

(a) Must be a member of the Malaysian Institute of Accountants; or
(b) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  (i) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  (ii) He must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
(c) Fulfils such other requirements as prescribed or approved by Bursa Securities.

The Chairman shall be an independent Director elected by the members of the AC.

In the event of any vacancy in the AC resulting in the non-compliance of above paragraph, the Board must fill the vacancy within 3 months.

The term of office and performance of the AC and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the AC and its members have carried out their duties in accordance with the terms of reference.

Terms of Reference of the AC [cont'd]

2. Meetings

(a) The AC is to meet at least four times a year and as many times as the AC deems necessary.
(b) The quorum for any meeting of the AC shall be majority of members present.
(c) The meetings and proceedings of the AC are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.
(d) The Head of Finance and the Head of Internal Audit shall normally attend meetings of the AC. The presence of a representative of the External Auditors will be requested, if required.
(e) Upon request by the External Auditors, the Chairman of the AC shall convene a meeting of the AC to consider any matters the external auditors believe should be brought to the attention of the Directors or Shareholders of the Company.
(f) At least twice a year, the AC shall meet with the External Auditors without the presence of any Executive Director and the Management.
(g) Whenever deemed necessary, meetings can be convened with the External Auditors, Internal auditors or both, excluding the attendance of other directors and employees.

3. Authority

The AC is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the AC. The AC is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the AC in fulfilling its responsibility.

4. Responsibility

The AC is to serve as a focal point for communication between non-AC Directors, the External Auditors, Internal Auditors and the Management on matters in connection with financial accounting, reporting and controls. The AC is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's External Auditors, the integrity of the Management and the adequacy of disclosures to shareholders.

If the AC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements, the AC shall promptly report such matter to Bursa Securities.

Terms of Reference of the AC [cont'd]

5. Functions

The functions of the AC are to:

(a) review with the External Auditors, their audit plan;
(b) review with the External Auditors, their evaluation of the system of internal accounting controls;
(c) review with the External Auditors, their audit report and management letter, if any;
(d) review the assistance given by the Company's officers to the External Auditors;
(e) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
(f) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions;
(g) approve any appointment or termination of senior members of internal audit function and take cognizance of resignations of internal audit staff members and provide the resigning staff an opportunity to submit his reasons for resigning.
(h) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    (i) changes in or implementation of major accounting policy changes;
    (ii) significant and unusual events;
    (iii) compliance with accounting standards and other legal requirements; and
    (iv) the going concern assumption.
(i) review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity; and
(j) consider the nomination, appointment and re-appointment of External Auditors; their audit fees; and any questions on resignation, suitability and dismissal.

6. Secretary

The Secretary of the AC shall be the Company Secretaries.

ADDITIONAL CORPORATE DISCLOSURE

1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

- **Initial Public Offering ("IPO")**

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

In conjunction with, and as an integral part of the listing, the Company undertook a public issue of 160,700,000 new shares to institutional and selected investors at the institutional price of RM1.70 which was determined by way of bookbuilding under the institutional offering.

Relevant details on the IPO exercise are set out in the Prospectus issued by the Company on 15 June 2011.

- **Utilisation of Proceeds from Public Issue**

The gross proceeds that had been raised from the public issue of RM273.19 million and its status of utilisation as at 31 December 2011 are as follows:

Purpose	Proposed utilisation RM' mil	Actual utilisation RM' mil	Intended Timeframe for utilisation Within	Deviation RM' mil	Explanations
Capital Expenditure	126.00	47.64	24 months	–	–
Business Expansion	80.00	–	24 months	–	–
Working Capital	58.39	13.60	12 months	–	–
Listing Expenses	8.80	6.49	1 month	2.31	Excess to be used for working capital purposes
	273.19	67.73			

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Securities.

2. SHARE BUY-BACK

The Company did not carry out any share buy-back during the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 14 & Paragraph 12.23 of the Listing Requirements of Bursa Securities.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued to any parties during the financial year ended 31 December 2011 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 15 of the Listing Requirements of Bursa Securities.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Securities.

5. SANCTIONS AND / OR PENALTIES

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 17 of the Listing Requirements of Bursa Securities.

6. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Company for the financial year ended 31 December 2011 amounted to RM16,750.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

7. VARIATION IN RESULTS

There were no material variances between the results for the financial year and the unaudited results previously announced.

No profit estimate, forecast or projection was announced or published by the Group and hence, no comparison is made between actual and forecast results.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Securities.

8. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 20 of the Listing Requirements of Bursa Securities.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving the directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 December 2011 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Securities.

10. MATERIAL CONTRACT RELATING TO LOAN BY THE COMPANY

There were no material contracts relating to loan by the Company.

Disclosed in accordance with Appendix 9C, Part A, item 22 of the Listing Requirements of Bursa Securities.

11. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Prior to the listing of the Company on the Main Market of Bursa Securities on 1 July 2011, the shareholders of the Company had approved the entering into RRPT via an Extraordinary General Meeting held on 3 June 2011.

In addition, the Company had on 27 June 2011 applied to Bursa Securities for an extension of time to procure shareholders' mandate for recurrent related party transactions ("RRPT Application") from the date of the listing of the Company until :-

i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
ii) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act,1965); or
iii) revoked or varied by resolution passed by the shareholders in general meeting

whichever is the earlier.

Bursa Securities vide its letter dated 1 July 2011 approved the RRPT Application.

The RRPT conducted during the financial year ended 31 December 2011 are as follows:-

No.	Related Parties	Nature of RRPTs with ECB Group	Interested Directors / Major Shareholders and / or Persons connected to them	Aggregate Value of Transactions
1.	Dato' AK Nathan	Personal Guarantee provided by DAKN for credit facilities given to the Group	Dato' AK Nathan	RM 1,441,065,358
2.	Narishnath Nathan and Kaliyappan Saravanan (directors of EV India)	Personal Guarantee provided by Narishnath Nathan and Kaliyappan Saravanan for credit facilities given to EV India	Narishnath Nathan and Kaliyappan Saravanan	RM 5,817,539
3.	QIG	Lease of labour quarters located at Industrial Area Zone 57 by EV Qatar from QIG	QIG (Substantial shareholder of EV Qatar)	RM 1,740,979
4.	Govindan Subramanian and Deivanai Subramanian	Rental of office at #620, 14th Cross , 8th 'A' Main, ISRO Layout, Bangalore India by EV India	Kaliyappan Saravanan (director of EV India)	RM 19,091
5	Dato' AK Nathan	Rental of properties by DAKN to EV Dubai	Dato' AK Nathan	RM 225,656

STATEMENT OF DIRECTORS' RESPONSIBILITY

in Respect of Audited Financial Statements

The Directors are required by the Companies Act, 1965 and Bursa Securities' Listing Requirements to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Considered the provision of the Companies Act, 1965;
- Considered the requirements of Financial Reporting Standards in Malaysia;
- Adopted and consistently applied appropriate accounting policies;
- Made judgments and estimates that are prudent and reasonable; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquires, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibilities to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, which enables them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them in order to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting herewith their report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries include steel fabrication, structural design, shop drawing services and steel erection. Details of the subsidiaries are set out in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the incorporation of Eversendai Engineering Saudi LLC as disclosed in Note 11 to the financial statements.

Financial results

	Group RM'000	Company RM'000
Profit before taxation	136,018	10,649
Taxation	(4,469)	(242)
Profit after taxation	131,549	10,407
Attributable to:		
Equity holders of the Company	119,455	10,407
Non-controlling interests	12,094	–
	131,549	10,407

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011, of 1 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM7,740,000 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 2012.

Directors

The names of directors of the Company in office since the date of the last report and at the date of this report are :

Dato' Nathan a/l Elumalay
Nadarajan Rohan Raj
Narishnath a/l Nathan
Narla Srinivasa Rao
* Mohammad Nizar bin Idris
** Datuk Ng Seing Liong JP
** Tan Sri Rastam Mohd Isa
S Sunthara Moorthy a/l S Subramaniam *(appointed on 7 October 2011)*

* Senior Independent Non-Executive Director
** Independent Non-Executive Director

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Notes 7 and 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Notes 18 and 24 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each				Number of ordinary shares of RM0.50 each			
	1.1.2011	Acquired	Disposed	Bonus issue	Share split	Acquired	Disposed	31.12.2011
The Company								
Direct interest								
Dato' Nathan a/l Elumalay	27,999,996	2,665,000	–	306,649,960	613,299,920	–	(71,490,000)	541,809,920
Narishnath a/l Nathan	1	–	–	10	20	1,640,000	–	1,640,020
Dato' Subramaniam a/l Ratnavelu	1	–	(1)	–	–	–	–	–
Nadarajan Rohan Raj	–	–	–	–	–	1,630,000	–	1,630,000
Narla Srinivasa Rao	–	–	–	–	–	1,630,000	–	1,630,000
Datuk Ng Seing Liong JP	–	–	–	–	–	10,000	–	10,000

	Number of ordinary shares of RM1 each			
	1.1.2011	Acquired	Disposed	31.12.2011
Subsidiary Company - Shineversendai Engineering (M) Sdn. Bhd.				
Direct interest				
Dato' Nathan a/l Elumalay	1	–	–	1

By virtue of his interest in shares in the Company, Dato' Nathan a/l Elumalay is also deemed interested in the subsidiaries of the Company to the extent that the Company has interests.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM28,000,000 to RM306,650,000 by way of an issuance of 2,665,000 ordinary shares of RM1 each at par as part settlement of an amount due to a director and subsequently by way of a bonus issue of 275,985,000 ordinary shares of RM1 each in the Company on the basis of 9 ordinary shares of RM1 each for every 1 existing ordinary share of RM1 each in the Company.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

Share split

Subsequent to the capitalisation and bonus issue, the Company implemented a share split of the par value of the Company shares whereby each existing ordinary share of RM1 each in the Company is subdivided into 2 ordinary shares of RM0.50 each. Upon the completion of the share split, the issued and paid up share capital of the Company stood at RM306,650,000 comprising 613,300,000 ordinary shares of RM0.50 each.

Initial Public Offering ("IPO")

Subsequent to the share split, the Company underwent an Initial Public Offering ("IPO") of 232,190,000 ordinary shares of RM0.50 each comprising:

(i) Public issue of 160,700,000 new shares to institutional and selected investors at the institutional price which was determined by way of bookbuilding under the institutional offering; and

(ii) Offer for sale of 71,490,000 existing shares in the following manner:

- 41,340,000 existing shares to institutional and selected investors at the institutional price; and

- 30,150,000 existing shares to the Malaysian public, eligible directors and employees of the Group and Company.

After the IPO exercise, the issued and paid up share capital of the Company stood at RM387,000,000 comprising 774,000,000 ordinary shares of RM0.50 each.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

Other statutory information [cont'd]

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 March 2012.

Dato' Nathan a/l Elumalay **Nadarajan Rohan Raj**

Kuala Lumpur, Malaysia
22 March 2012

STATEMENT BY DIRECTORS

pursuant to Section 169 (15) of the Companies Act, 1965

We, **Dato' Nathan a/l Elumalay** and **Nadarajan Rohan Raj**, being two of the directors of **Eversendai Corporation Berhad** do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 91 to 161 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 34 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 March 2012.

Dato' Nathan a/l Elumalay **Nadarajan Rohan Raj**

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

pursuant to Section 169 (16) of the Companies Act, 1965

I, **Nadarajan Rohan Raj**, being the Director primarily responsible for the financial management of **Eversendai Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 91 to 161 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed,
Nadarajan Rohan Raj at Kuala Lumpur in the Federal
Territory on 22 March 2012

Nadarajan Rohan Raj

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Eversendai Corporation Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Eversendai Corporation Berhad**, which comprise statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 91 to 161.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financials statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 34 on page 162 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 March 2012

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	3	1,033,702	744,926	18,728	6,436
Cost of sales		(812,716)	(537,599)	–	–
Gross profit		220,986	207,327	18,728	6,436
Other income / (expenses)	4	15,637	15,288	(53)	(1,155)
Operating and administrative expenses		(80,670)	(79,299)	(7,451)	(4,189)
Operating profit		155,953	143,316	11,224	1,092
Finance costs	6	(19,935)	(17,463)	(575)	(376)
Profit before taxation	5	136,018	125,853	10,649	716
Income tax expense	9	(4,469)	(2,332)	(242)	(141)
Profit for the year		131,549	123,521	10,407	575
Other comprehensive income:					
Foreign currency translation		11,076	(23,443)	–	–
Revaluation of subsidiaries		–	–	363,601	–
Fair value adjustment of investment securities		(346)	–	(346)	–
Other comprehensive income for the year		10,730	(23,443)	363,255	–
Total comprehensive income for the year		142,279	100,078	373,662	575

The accompanying notes form an integral part of the financial statements.

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit Attributable to:					
Equity holders of the Company		119,455	116,727	10,407	575
Non-controlling interests		12,094	6,794	–	–
		131,549	123,521	10,407	575
Total comprehensive income attributable to:					
Equity holders of the Company		129,818	94,322	373,662	575
Non-controlling interests		12,461	5,756	–	–
		142,279	100,078	373,662	575
Earnings per share attributable to equity holders of the Company					
- Basic and Diluted (sen)	10	18	417		

The accompanying notes form an integral part of the financial statements.

EVERSENDAI

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Investment in subsidiaries	11	–	–	734,593	370,178
Goodwill	12	9,920	9,920	–	–
Property, plant and equipment	13	211,757	184,051	12,109	11,582
Deferred tax asset	26	246	133	–	–
		221,923	194,104	746,702	381,760
Current assets					
Inventories	14	158,590	251,685	–	–
Amount due from customers on construction contracts	15	290,944	93,146	–	–
Trade contract receivables	16	360,234	280,882	–	–
Other receivables and deposits	17	36,385	24,973	1,631	372
Amount due from subsidiaries	18	–	–	59,698	15,936
Investment securities	19	151,483	–	151,483	–
Deposits and bank balances	20	198,650	194,308	73,457	2,949
		1,196,286	844,994	286,269	19,257
Total assets		1,418,209	1,039,098	1,032,971	401,017
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	21	387,000	28,000	387,000	28,000
Foreign currency translation reserve	21	(18,540)	(29,249)	–	–
Revaluation reserve	21	(275,985)	–	421,116	333,500
Capital reserve	21	307	307	120	120
Share premium	21	191,515	–	191,515	–
Fair value adjustment reserve	21	(346)	–	(346)	–
Retained earnings	21	435,767	316,312	12,530	2,123
		719,718	315,370	1,011,935	363,743
Non-controlling interests		8,006	2,568	–	–
Total equity		727,724	317,938	1,011,935	363,743

The accompanying notes form an integral part of the financial statements.

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current liabilities					
Hire purchase payables	22	2,902	3,560	299	–
Bank borrowings	23	10,170	10,253	7,986	9,239
Other payables		–	782	–	–
Employees' service benefits	25	15,786	12,622	–	–
Deferred tax liabilities	26	1,352	1,986	42	–
		30,210	29,203	8,327	9,239
Current liabilities					
Trade payables	27	84,044	44,680	38	199
Other payables	27	166,553	137,897	277	142
Amount due to directors	24	11,472	14,690	10,722	13,716
Hire purchase payables	22	2,188	3,167	43	–
Bank borrowings	23	291,224	377,592	1,253	1,252
Amount due to subsidiaries	18	–	–	259	12,585
Amount due to customers on construction contracts	15	96,181	109,479	–	–
Provision for taxation		8,613	4,452	117	141
		660,275	691,957	12,709	28,035
Total liabilities		690,485	721,160	21,036	37,274
Total equity and liabilities		1,418,209	1,039,098	1,032,971	401,017

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Note	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company									
		Non-distributable						Distributable			
Group											
As at 1 January 2010		28,000	307	–	(6,844)	–	–	199,585	221,048	5,024	226,072
Total comprehensive income for the year		–	–	–	(22,405)	–	–	116,727	94,322	5,756	100,078
Dividends	28	–	–	–	–	–	–	–	–	(8,212)	(8,212)
As at 31 December 2010		28,000	307	–	(29,249)	–	–	316,312	315,370	2,568	317,938
Group											
As at 1 January 2011		28,000	307	–	(29,249)	–	–	316,312	315,370	2,568	317,938
Shares issued as capitalisation of amount due to director	21	2,665	–	–	–	–	–	–	2,665	–	2,665
Bonus issue	21	275,985	–	–	–	(275,985)	–	–	–	–	–
Public issue of new shares	21	80,350	–	191,515	–	–	–	–	271,865	–	271,865
Total comprehensive income for the year		–	–	–	10,709	–	(346)	119,455	129,818	12,461	142,279
Dividends	28	–	–	–	–	–	–	–	–	(7,023)	(7,023)
As at 31 December 2011		387,000	307	191,515	(18,540)	(275,985)	(346)	435,767	719,718	8,006	727,724

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2011

		Attributable to equity holders of the Company						
		Non-distributable					Distributable	
	Note	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total Equity RM'000
Company								
As at 1 January 2010		28,000	120	–	333,500	–	1,548	363,168
Total comprehensive income for the year		–	–	–	–	–	575	575
As at 31 December 2010		28,000	120	–	333,500	–	2,123	363,743
Company								
As at 1 January 2011		28,000	120	–	333,500	–	2,123	363,743
Shares issued as capitalisation of amount due to director	21	2,665	–	–	–	–	–	2,665
Bonus issue	21	275,985	–	–	(275,985)	–	–	–
Public issue of new shares	21	80,350	–	191,515	–	–	–	271,865
Total comprehensive income for the year		–	–	–	363,601	(346)	10,407	373,662
As at 31 December 2011		387,000	120	191,515	421,116	(346)	12,530	1,011,935

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit before taxation	136,018	125,853	10,649	716
Adjustments for:				
Depreciation	23,373	20,098	25	–
Provision for employees' service benefits	3,603	4,532	–	–
Gain on disposal of property, plant and equipment	(162)	(262)	–	–
Property, plant and equipment written off	2	2,225	–	–
Allowance for impairment of receivables	8,479	20,057	–	–
Other receivables written off	390	–	–	–
Interest income	(1,775)	(757)	–	–
Dividend income from investment securities	(2,493)	–	–	–
Write back of over provision for trade payables	(389)	(1,027)	–	–
Unrealised loss on foreign exchange	700	4,470	–	–
Interest expense	19,935	17,463	575	376
Operating profit before working capital changes	187,681	192,652	11,249	1,092
Working capital changes:-				
Inventories	93,095	(210,337)	–	–
Receivables	(92,466)	(45,389)	(1,259)	3,010
Payables, customers' accounts and amounts due (to) / from customers on construction contracts	(144,846)	(6,218)	(26)	(1,704)
Subsidiaries	–	–	(56,088)	(1,921)
Cash generated from / (used in) operations	43,464	(69,292)	(46,124)	477
Employees' service benefits paid	(1,726)	(2,481)	–	–
Taxes paid	(1,055)	(10,409)	(224)	–
Interest expense paid	(19,521)	(17,463)	(575)	(376)
Net cash generated from / (used in) operating activities	21,162	(99,645)	(46,923)	101

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(47,480)	(44,200)	(552)	–
Proceeds from disposal of property, plant and equipment	200	262	–	–
Purchase of investment securities	(151,829)	–	(151,829)	–
(Increase) / decrease in fixed deposits pledged	(136)	3,258	–	–
Interest received	1,775	757	–	–
Dividends received	2,493	–	–	–
Investment in subsidiary	–	–	(814)	(1,816)
Net cash used in investing activities	(194,977)	(39,923)	(153,195)	(1,816)
Cash flows from financing activities				
Issuance of share capital	271,865	–	271,865	–
(Repayment) / Drawdown of bank borrowings	(93,103)	216,607	(1,252)	4,249
Dividends paid	(7,023)	(8,212)	–	–
(Repayment) / drawdown of hire purchase payables	(2,051)	1,822	342	–
Amount due to directors	(553)	182	(329)	–
Net cash generated from financing activities	169,135	210,399	270,626	4,249
Net increase in cash and cash equivalents	(4,680)	70,831	70,508	2,534
Effect of foreign exchange rate changes	2,234	(12,156)	–	–
Cash and cash equivalents at beginning of the year	141,852	83,177	2,949	415
Cash and cash equivalents at end of the year (Note 20)	139,406	141,852	73,457	2,949

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia. The Company changed its name from Eversendai-Corporation Bhd. to its present name on 10 May 2010. The Company is listed on the Bursa Malaysia Securities Berhad as of 1 July 2011.

The registered office of the Company is located at Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Selangor.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 11.

There have been no significant changes in the nature of these activities during the financial year except for the incorporation of Eversendai Engineering Saudi LLC as disclosed in Note 11.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 March 2012.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2 (b).

The financial statements of the Group and the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to nearest thousand (RM'000) except where otherwise indicated.

2. Significant accounting policies [cont'd]

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations which were mandatory at the following effective dates:

Description	Effective for annual periods beginning or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 31. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 30.

2. Significant accounting policies [cont'd]

(b) Changes in accounting policies [cont'd]

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 Deferred Tax Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

2. Significant accounting policies [cont'd]

(b) Changes in accounting policies [cont'd]

Standards issued but not yet effective [cont'd]

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and will not have any impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and will not have any impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

2. Significant accounting policies [cont'd]

(b) Changes in accounting policies [cont'd]

Standards issued but not yet effective [cont'd]

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2. Significant accounting policies [cont'd]

(c) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's financial statements, investments in subsidiaries are stated at fair value as disclosed in Note 2.1(f). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the minorities' share of changes in the subsidiaries' equity since then. Where there are legal arrangement in place for the beneficial entitlement to the shareholding, the Group has used these entitlements to compute the minorities share.

2. Significant accounting policies [cont'd]

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment and other fixed assets are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Furniture and fittings	10%
Motor vehicles and office equipment	20%
Plant and machinery	10%
Buildings	2%
Computer systems	20%
Fabrication factory	5%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statement of comprehensive income.

The carrying value of property, plant and equipment are reviewed at each reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the assets are written down to their recoverable amounts.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies [cont'd]

(e) Impairment of non-financial assets [cont'd]

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises.

Impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

(f) Construction contracts

Revenue from long-term fixed price construction contracts is recognised on the percentage of completion method where the outcome of the construction contract can be reliably estimated. The stage of completion is calculated by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of the construction contract cannot be estimated reliably, the construction contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable, and no profit is recognised. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contract plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

Variations are only recognised when the outcome can be determined with reasonable certainty, and are capable of being reliably measured. Claims are only recognised when the stage of negotiations with the customer has reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be reliably measured.

Provision is made for all anticipated losses on construction contracts.

2. Significant accounting policies [cont'd]

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2(n)(ii).

(i) Income tax

(i) Current tax

Income tax recognised in the statement of comprehensive income comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

2. Significant accounting policies [cont'd]

(i) Income tax [cont'd]

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(k) Provisions and contingencies

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not only wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2. Significant accounting policies [cont'd]

(l) Foreign currencies

(i) Functional currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are prepared in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in statement of comprehensive income for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. Significant accounting policies [cont'd]

(m) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries statutory pension schemes.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:-

(i) Revenue from construction contracts

Revenue from construction contracts are recognised by the stage of completion method as described in Note 2 (f).

(ii) Revenue from rental of equipment

Revenue from rental of equipment is recognised when services are rendered.

(iii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(v) Management fees

Management fees are recognised when services are rendered.

2. Significant accounting policies [cont'd]

(o) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

As at the reporting date, the Group and the Company did not have any financial assets categorised as financial assets at fair value through profit or loss or held-to-maturity investments.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

2. Significant accounting policies [cont'd]

(o) Financial assets [cont'd]

(ii) Available-for-sale financial assets [cont'd]

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iii) Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(p) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group has not designated any financial liabilities as at fair value through profit or loss.

2. Significant accounting policies [cont'd]

(p) Financial liabilities [cont'd]

(ii) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(q) Impairment of financial assets

(i) Trade contract receivables, other receivables and deposits

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indications that the contract receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. When a contract receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

The Group assesses at each reporting date whether a financial asset or Group of financial assets is impaired.

(ii) Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

2. Significant accounting policies [cont'd]

(q) Impairment of financial assets [cont'd]

(ii) Assets carried at amortised cost [cont'd]

If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade contract receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in income statement, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in income statement. Reversals of impairment losses on debts instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(iii) Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in income statement, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debts instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(r) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(s) Amounts due from / (to) customers on construction contracts

Amounts due from / (to) customers on construction contracts represent costs incurred plus attributable profits, less foreseeable losses and progress billings received and receivable. Costs comprise direct labour, materials, direct overheads and a proportion of indirect overheads applicable to the stage of completion.

(t) Segment reporting

For management purposes, the Group is organised into operating segments based on their demographic which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33.

2.1 Significant accounting estimates and judgments

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be 4 to 50 years. These are common life expectancies applied in this industry. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at reporting date amounted to RM9,920,000 (2010: RM9,920,000). Further details are disclosed in Note 12.

(c) Deferred tax assets / liabilities

Deferred tax assets / liabilities are recognised for taxable allowances and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the taxable deductible temporary differences can be utilised.

Significant management judgment is required to determine the amount of deferred tax assets / liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of deferred tax assets / liabilities recognised is as disclosed in Note 26.

(d) Allowance for impairment of receivables

The Group makes allowance for impairment of receivables based on management's assessment of the recoverability of receivables. Allowance are made where events and changes in circumstances indicate that the carrying amounts may not be recoverable.

In assessing the extent of irrecoverable receivables, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 16.

2.1 Significant accounting estimates and judgments [cont'd]

Key sources of estimation uncertainty [cont'd]

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the condition prevailing in the respective country in which the Group operates. The income tax expense of the Group for the year is disclosed in Note 9.

(f) Fair value of unquoted investment in subsidiaries

The fair value of unquoted investments in subsidiaries is based on selected price earnings ratio and the discounted cash flows of the various subsidiaries. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence are subject to uncertainty as disclosed in Note 11(b).

(g) Estimated revenue and future losses on contracts

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate, the management recognises the minimum which the Group will be successful in obtaining when the negotiations over the value of variations are resolved. The Group is required to estimate costs to complete on fixed price, modified fixed price contracts and re-measurable contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates include the cost of potential claim by contractors and the cost of meeting other contractual obligations to the customers. Revenue of the Group is as disclosed in Note 3 and no provision for future losses had been recognised as at the reporting date.

Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Liabilities for contract claims

Under United Arab Emirates ("UAE") laws, certain subsidiaries are jointly liable, without fault, for the cost of rectifying structural defects that appear in a building or structure within ten years of handover. For such liability, referred to as Decennial Liability, to be applicable, it is not necessary to prove any negligence or breach of contract and the liability attached, not withstanding that the collapse or defect is caused by sub-surface conditions or that the customer had approved the defective work. In the past the Group has not been affected by any claims in relation to the Decennial Liability through mitigating measures taken by the management and accordingly, no provision has been made in the financial statements. However there can be no assurance that the Group's exposure to Decennial Liability will not have any material adverse effect on the Group's results.

2.1 Significant accounting estimates and judgments [cont'd]

Judgement made in applying accounting policies [cont'd]

(b) Subsidiaries

The Group has entered into various legal shareholder agreements with its foreign partners in respect of certain subsidiaries in the Gulf Cooperation Council ("GCC"). As a result of these agreements, the Group has consolidated these GCC subsidiaries on a basis which differs from the proportion of legal ownership interest and the original profit-sharing agreements. Uncertainties may exist as a result of potential changes in legislations in the GCC countries that may effect the enforceability of these agreements.

The directors are of the opinion, in consultation with the Group's legal advisors, that the existing shareholders' agreements are enforceable as at the date of these financial statements.

3. Revenue

Revenue of the Group and the Company consist of the following:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Contract revenue	1,033,702	744,926	–	–
Gross dividend income from subsidiaries	–	–	14,576	5,867
Dividend income from investment securities	–	–	2,493	–
Interest income	–	–	1,095	5
Rental income	–	–	564	564
	1,033,702	744,926	18,728	6,436

4. Other income

Other income include the following:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income	1,775	757	–	–
Dividend income from investment securities	2,493	–	–	–
Sales of scrap	9,077	6,320	–	–
Bad debts recovered	–	1,758	–	–
Gain on disposal of property, plant and equipment	162	262	–	–
Write back of impairment loss on receivables (Note 16)	1,115	32	–	–
Write back of over provision for trade payables	389	1,027	–	–
Unrealised loss on foreign exchange	(700)	(4,470)	(53)	(1,155)

5. Profit before taxation

Included in the profit before taxation are the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration				
- Current year	443	371	65	17
- Under provision in prior years	159	–	48	–
- Others	14	–	4	–
Depreciation (Note 13)	23,373	20,098	25	–
Director's remuneration (Note 8)	10,691	9,904	2,476	1,299
Employee benefits expenses (Note 7)	134,410	86,980	2,847	982
Property, plant and equipment written off	2	2,225	–	–
Operating lease rentals	10,040	5,403	–	–
Allowance for impairment loss on receivables (Note 16)	8,362	20,057	–	–
Other receivables written off	390	1	–	–
Rental of premises	5,048	995	–	–
Management fees	2,077	2,183	–	–

6. Finance costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Bank borrowings	19,521	16,666	574	376
Hire purchase liabilities	414	797	1	–
	19,935	17,463	575	376

7. Employee benefits expense

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive directors (Note 8)				
Executive directors of the Group	10,589	9,904	2,374	1,299
Other staff				
Wages and salaries				
- Included in cost of sales	111,826	65,226	–	–
- Included in operating and administrative expenses	22,584	21,754	2,847	982
	134,410	86,980	2,847	982
	144,999	96,884	5,221	2,281

The number of employees of the Group and of the Company including executive directors at the end of the financial year was 7,597 (2010: 5,494) and 14 (2010: 6), respectively.

Included in employee benefits expenses is contribution to defined contribution plan amounting to RM585,000 (2010: RM431,000) and RM289,000 (2010: RM285,000) for the Group and the Company respectively.

8. Directors' remuneration

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Group				
Executive:				
- Salaries and other emoluments	10,401	9,720	2,196	1,168
- Defined contribution plan	188	180	178	131
- Fees	–	4	–	–
Total employee benefits expense of the executive directors (Note 7)	10,589	9,904	2,374	1,299
Total executive directors' remuneration	10,589	9,904	2,374	1,299
Non-Executive:				
- Fees	72	–	72	–
- Other emolumens	30	–	30	–
Total non-executive directors' remuneration	102	–	102	–
Total directors' remuneration	10,691	9,904	2,476	1,299

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	2010
Executive directors:		
RM100,001 to RM150,000	1	–
RM550,001 to RM600,000	1	–
RM650,001 to RM700,000	1	–
RM800,001 to RM850,000	1	2
RM1,100,001 to RM1,150,000	–	1
RM7,100,001 to RM7,150,000	–	1
RM8,400,001 to RM8,450,000	1	–
Non-Executive directors:		
RM1 to RM50,000	3	–

9. Income tax expense

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current income tax:				
Malaysian income tax	654	469	221	141
Foreign income tax	4,583	1,710	–	–
Overprovision in prior years	(21)	–	(21)	–
	5,216	2,179	200	141
Deferred tax (Note 26):				
- Relating to origination and reversal of temporary difference	–	153	42	–
- Overprovision of deferred tax liabilities in prior years	(747)	–	–	–
	(747)	153	42	–
	4,469	2,332	242	141

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit before tax	136,018	125,853	10,649	716
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	34,005	31,463	2,662	179
Difference in foreign tax rates	(14,689)	(4,345)	–	–
Expenses not deductible for tax purposes	2,153	(358)	(4,406)	(38)
Income not subject to tax	(16,232)	(24,428)	2,007	–
Overprovision of income tax expense in prior years	(21)	–	(21)	–
Overprovision of deferred tax liabilities in prior years	(747)	–	–	–
Income tax expense for the year	4,469	2,332	242	141

10. Earnings per share

Basic / diluted

Basic and diluted earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2011	Group 2010
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	119,455	116,727
Weighted average number of ordinary shares in issue ('000 units)	673,575	28,000
Basic earnings per share for profit for the year (sen)	18	417

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

11. Subsidiaries

(a) Investment in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at valuation, at 1 January	370,178	364,996
Additions during the year:		
- Acquisition of subsidiary	–	2,666
- Increase in share capital of subsidiaries	–	2,516
- Revaluation of subsidiaries	363,601	–
- Incorporation of a new subsidiary	814	–
Unquoted shares, at valuation, at 31 December	734,593	370,178

11. Subsidiaries [cont'd]

(a) Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows :

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2011	Proportion of ownership interest (%) 2010	Effective interest in profit based on shareholders' agreement (%) 2011	Effective interest in profit based on shareholders' agreement (%) 2010
1.	Shineversendai Engineering (M) Sdn. Bhd. ("Shineversendai")	Malaysia	Fabrication and erection of steel works	99.99	99.99	N/A	N/A
2.	Eversendai Engineering FZE ("Eversendai FZE") *[Note (ii)]*	Hamriyah Free Zone Sharjah, United Arab Emirates	Steel, fabrication and painting	100.00	100.00	N/A	N/A
3.	Eversendai Construction Private Limited ("Eversendai India") *[Note (ii)]*	India	Engineering, fabrication and erection of steel works	100.00	100.00	N/A	N/A
4.	Eversendai Construction (S) Pte Ltd ("Eversendai Singapore") *[Note (i)]*	Singapore	Engineering, fabrication and erection of steel works	100.00	100.00	N/A	N/A
5.	Eversendai Engineering LLC ("Eversendai LLC") *[Note (ii), (iii)]*	United Arab Emirates	Fabrication and erection of steel works	49.00	49.00	100.00	100.00
6.	Eversendai Engineering Qatar WLL ("Eversendai Qatar") *[Note (ii), (iii)]*	State of Qatar	Engineering, fabrication and erection of steel works	49.00	49.00	70.00	70.00
7.	Eversendai Engineering LLC - Abu Dhabi ("Eversendai Abu Dhabi") *[Note (ii), (iii)]*	United Arab Emirates	Engineering, fabrication and erection of steel works	49.00	49.00	100.00	100.00
8.	EVS Construction LLC ("EVSC") *[Note (ii), (iii)]*	United Arab Emirates	Engineering and contracting services	49.00	49.00	100.00	100.00
9.	Eversendai Engineering Saudi LLC ("Eversendai Saudi") *[Note (ii), (iv), (v)]*	Kingdom of Saudi Arabia	Engineering, fabrication and erection of steel works	95.00	–	100.00	–

11. Subsidiaries [cont'd]

(a) Investment in subsidiaries [cont'd]

(i) Audited by a firm other than Ernst & Young.

(ii) Audited by member firms of Ernst & Young Global in the respective countries.

(iii) Pursuant to the shareholders' agreements with the respective foreign partners of the subsidiaries and the power of attorney granted by them, the Group controls these subsidiaries by virtue of having the:

a) power over more than half of the voting rights and to govern the financial and operating policies;

b) power to appoint or remove majority of the members of the board of directors or equivalent governing body and control of the entity that is by the board or body; and

c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

(iv) Eversendai Saudi was incorporated on 4 April 2011.

(v) Five percent (5%) equity interest of EV Saudi is held in trust by a Director as bare trustee for EV Singapore.

(b) Revaluation of subsidiaries

In the current financial year, the Directors have undertaken an exercise to revalue the Company's investment in subsidiaries. The fair value of the investments was estimated using a valuation technique based on assumptions that are both supported by observable market data and unobservable market data. The valuation also requires management to make estimates about the expected future profitability and cash flows of the subsidiaries which are discounted at current rates.

12. Goodwill

	Group 2011 RM'000	2010 RM'000
At 1 January / 31 December	9,920	9,920

	RM'000
Eversendai LLC	4,143
Shineversendai	5,777
Total as at 31 December 2011 / 2010	9,920

(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 management carried out its annual review of recoverable amounts of its goodwill during the current financial year. The review in the current financial year did not give rise to any impairment losses (2010: Nil).

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. Property, plant and equipment

Group	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Fabrication factory and buildings RM'000	Construction work-in-progress RM'000	Computer systems RM'000	Total RM'000
Cost								
At 1 January 2011	12,082	3,172	21,716	85,311	120,267	5,772	5,316	253,636
Additions	6,510	787	4,458	17,203	1,866	14,032	2,624	47,480
Disposals / written off	–	–	(787)	–	–	–	–	(787)
Exchange differences	(724)	95	672	1,769	3,234	1,406	18	6,470
At 31 December 2011	17,868	4,054	26,059	104,283	125,367	21,210	7,958	306,799
Accumulated depreciation and provision for impairment losses								
At 1 January 2011	–	1,633	13,142	37,406	14,913	–	2,491	69,585
Depreciation for the year	19	508	4,125	11,750	5,514	–	1,457	23,373
Disposals / written off	–	–	(747)	–	–	–	–	(747)
Exchange differences	(2)	119	370	1,647	651	–	46	2,831
At 31 December 2011	17	2,260	16,890	50,803	21,078	–	3,994	95,042
Net book value								
At 31 December 2011	17,851	1,794	9,169	53,480	104,289	21,210	3,964	211,757

13. Property, plant and equipment [cont'd]

Group	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Fabrication factory and buildings RM'000	Construction work-in-progress RM'000	Computer systems RM'000	Total RM'000
Cost								
At 1 January 2010	11,582	4,109	18,300	76,134	106,062	14,524	4,074	234,785
Reclassification	1,209	(145)	1	25	13,687	(14,777)	–	–
Acquisition of subsidiary	–	135	32	93	–	–	–	260
Additions	–	531	5,770	17,888	12,222	6,129	1,660	44,200
Disposals / written off	(631)	(1,091)	(558)	(971)	–	–	(5)	(3,256)
Exchange differences	(78)	(367)	(1,829)	(7,858)	(11,704)	(104)	(413)	(22,353)
At 31 December 2010	12,082	3,172	21,716	85,311	120,267	5,772	5,316	253,636
Accumulated depreciation and provision for impairment losses								
At 1 January 2010	–	1,375	11,550	31,434	10,813	–	1,527	56,699
Reclassification	–	(2)	2	(1)	–	–	1	–
Depreciation for the year	–	566	3,269	9,693	5,446	–	1,124	20,098
Disposals / written off	–	(161)	(520)	(349)	–	–	(1)	(1,031)
Exchange differences	–	(145)	(1,159)	(3,371)	(1,346)	–	(160)	(6,181)
At 31 December 2010	–	1,633	13,142	37,406	14,913	–	2,491	69,585
Net book value								
At 31 December 2010	12,082	1,539	8,574	47,905	105,354	5,772	2,825	184,051

13. Property, plant and equipment [cont'd]

Company	Furniture, fittings and office equipment RM'000	Computer systems RM'000	Freehold land RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2011	–	–	11,582	–	11,582
Additions	5	150	–	397	552
At 31 December 2011	5	150	11,582	397	12,134
Accumulated depreciation and provision for impairment losses					
At 1 January 2011	–	–	–	–	–
Depreciation for the year	–	12	–	13	25
At 31 December 2011	–	12	–	13	25
Net book value					
At 31 December 2011	5	138	11,582	384	12,109
Cost					
At 1 January 2010	–	–	11,582	–	11,582
Additions	–	–	–	–	–
At 31 December 2010	–	–	11,582	–	11,582
Accumulated depreciation and provision for impairment losses					
At 1 January 2010	–	–	–	–	–
Depreciation for the year	–	–	–	–	–
At 31 December 2010	–	–	–	–	–
Net book value					
At 31 December 2010	–	–	11,582	–	11,582

13. Property, plant and equipment [cont'd]

Depreciation has been allocated in the statement of comprehensive income as follows:

	Group	
	2011 RM'000	2010 RM'000
Cost of sales	17,528	17,665
Operating and administrative expenses	5,845	2,433
	23,373	20,098

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net carrying amounts of property, plant and equipment pledged as security for borrowings (Note 23)	39,248	142,116	11,966	11,582

14. Inventories

	Group	
	2011 RM'000	2010 RM'000
Materials on site, at cost	158,590	251,685

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 bank borrowings as disclosed in Note 23.

15. Amounts due from / (to) customers on construction contracts

	Group 2011 RM'000	2010 RM'000
Aggregate costs incurred to date	150,145	2,292,354
Attributable profits less recognised losses	2,719,947	(2,269,578)
	2,870,092	22,776
Less: Progress billings on contracts	(2,675,329)	(39,109)
	194,763	(16,333)
Disclosed in the financial statements as follows:-		
Amounts due from customers on construction contracts	290,944	93,146
Amounts due to customers on construction contracts	(96,181)	(109,479)
	194,763	(16,333)

16. Trade contract receivables

	Group 2011 RM'000	2010 RM'000
Trade contract receivables	233,460	204,425
Retention sum receivables	178,594	119,196
	412,054	323,621
Less : Allowance for impairment loss	(51,820)	(42,739)
	360,234	280,882

The retention sum receivables are subject to satisfactory completion of the respective project defect liability periods.

The Group's trading terms with its customers are mainly on credit. The Group's normal trade credit term ranges from 30 to 90 (2010: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Trade contract receivables are non-interest bearing.

16. Trade contract receivables [cont'd]

As at 31 December, the age analysis of the trade contract receivables of the Group was as follows:-

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	111,365	89,840
Past due but not impaired:		
Past due 1-30 days	62,594	72,294
Past due 31-60 days	74,968	73,319
Past due 61 days and over	111,307	45,429
Impaired	51,820	42,739
Total trade contract receivables	412,054	323,621

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The Group mitigates the risk of default by monitoring the receivables closely and engaging only with reputable customers with good creditworthiness.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The movements in the allowance for impairment during the year consist of :-

	Group	
	2011 RM'000	2010 RM'000
Balance as at 1 January	42,739	28,171
Charge for the year (Note 5)	8,362	20,057
Write back of allowance	(1,115)	(32)
Bad debts recovered	–	(1,758)
Translation differences	1,834	(3,699)
Balance as at 31 December	51,820	42,739

Trade contract receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulty and have defaulted or indicated potential default in payment.

Unimpaired receivables are expected, on the basis of past experience and contractual agreements, to be fully recoverable.

17. Other receivables and deposits

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Prepayments, deposits and others	36,385	24,973	1,631	372
	36,385	24,973	1,631	372

Other receivables include deposits amounting to RM865,000 (2010: Nil) paid for the purchase of computer software. There is also RM Nil (2010: RM336,000) of Initial Public Offering expenses being capitalised.

18. Related party transactions

Related parties include subsidiaries, key management personnel of the Company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

(a) Transactions with related parties

The directors are of the opinion that all of the following transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(i) Transactions with companies in which certain directors have interests:-

	Group	
	2011 RM'000	2010 RM'000
Subcontract work awarded to EVS Construction LLC ("EVSC")	–	3,783

18. Related party transactions [cont'd]

(a) Transactions with related parties [cont'd]

(ii) Transactions with certain directors and key management personnel of the Group:-

	Group	
	2011 RM'000	2010 RM'000
Transactions with a director:		
Sale of motor vehicle to a subsidiary	136	–
Rental expense paid by the Group on properties	226	262
Rental of office premises from related parties of key management personnel	19	19
Personal guarantee provided by a director	1,449,387	1,832,636
Personal guarantee provided by a director and a key management personnel	5,818	9,889
Acquisition of equity interest in EVSC (Note 24)	–	2,666

(iii) Transactions with a foreign partner to the Group:-

	Group	
	2011 RM'000	2010 RM'000
Lease of labour quarters	1,741	2,111

18. Related party transactions [cont'd]

(a) Transactions with related parties [cont'd]

(iv) Transactions with subsidiaries

Amounts due from / (to) related parties are as follows:-

	Company	
	2011 RM'000	2010 RM'000
Amount due from subsidiaries		
Eversendai FZE	19,418	15,924
Eversendai India	9	–
Shineversendai	17,901	–
Eversendai Saudi	43	–
Eversendai Singapore	22,327	12
	59,698	15,936
Amount due to subsidiaries		
Eversendai LLC	–	3,682
Eversendai Abu Dhabi	259	251
Shineversendai	–	8,652
	259	12,585

The amounts due from / (to) subsidiaries are unsecured, interest free and repayable on demand.

	Company	
	2011 RM'000	2010 RM'000
Dividend income from subsidiaries are as follows:		
Eversendai FZE	6,935	5,867
Eversendai Singapore	7,641	–

The remuneration of key management personnel comprising solely of executive directors are as disclosed in Note 8.

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19. Investment securities

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current				
Available-for-sale financial assets				
- Unit trust fund	151,483	–	151,483	–

20. Deposits and bank balances

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current assets				
Deposits with financial institutions	143,138	65,413	70,876	2,505
Cash and bank balances	55,512	128,895	2,581	444
Total cash and bank balances	198,650	194,308	73,457	2,949

The weighted average effective interest rates as at the reporting date for the Group and the Company were 1.70% (2010: 1.20%) and 2.98% (2010: 4.49%), respectively.

Fixed deposits of the Group amounting to RM52,098,000 (2010 : RM51,962,000) placed with financial institutions are pledged to secure bank borrowing facilities granted to the subsidiaries as disclosed in Note 23.

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash and bank balances	198,650	194,308	73,457	2,949
Less: Bank overdrafts (Note 23)	(7,146)	(494)	–	–
	191,504	193,814	73,457	2,949
Less: Deposits pledged to banks	(52,098)	(51,962)	–	–
Cash and cash equivalents	139,406	141,852	73,457	2,949

21. Share capital and reserves

	Group / Company			
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised share capital:-				
At 1 January				
Ordinary shares of RM1 each	50,000	50,000	50,000	50,000
Created during the year				
Ordinary shares of RM1 each	450,000	–	450,000	–
Share split during the year				
Ordinary shares of RM1 each	(500,000)	–	(500,000)	–
Ordinary shares of RM0.50 each	1,000,000	–	500,000	–
At 31 December				
Ordinary shares of RM1 each	–	50,000	–	50,000
Ordinary shares of RM0.50 each	1,000,000	–	500,000	–
Issued and fully paid up:-				
At 1 January				
Ordinary shares of RM1 each	28,000	28,000	28,000	28,000
Capitalisation of amount due to director during the year				
Ordinary shares of RM1 each	2,665	–	2,665	–
Bonus issue during the year				
Ordinary shares of RM1 each	275,985	–	275,985	–
Share split during the year				
Ordinary shares of RM1 each	(306,650)	–	(306,650)	–
Ordinary shares of RM0.50 each	613,300	–	306,650	–
Created during the year				
Ordinary shares of RM0.50 each	160,700	–	80,350	–
At 31 December				
Ordinary shares of RM1 each	–	28,000	–	28,000
Ordinary shares of RM0.50 each	774,000	–	387,000	–

21. Share capital and reserves [cont'd]

Issue of shares and bonus issue

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM28,000,000 to RM306,650,000 by way of an issuance of 2,665,000 ordinary shares of RM1 each at par as part settlement of an amount due to a director and subsequently by way of a bonus issue of 275,985,000 ordinary shares of RM1 each in the Company on the basis of 9 ordinary shares of RM1 each for every 1 existing ordinary share of RM1 each in the Company.

Share split

Subsequent to the capitalisation and bonus issue, the Company implemented a share split of the par value of the Company shares whereby each existing ordinary share of RM1 each in the Company is subdivided into 2 ordinary shares of RM0.50 each. Upon the completion of the share split, the issued and paid up share capital of the Company stood at RM306,650,000 comprising 613,300,000 ordinary shares of RM0.50 each.

Initial Public Offering ("IPO")

Subsequent to the share split, the Company underwent an IPO of 232,190,000 ordinary shares of RM0.50 each comprising:

(i) Public issue of 160,700,000 new shares to institutional and selected investors at the institutional price which was determined by way of bookbuilding under the institutional offering; and

(ii) Offer for sale of 71,490,000 existing shares in the following manner:

- 41,340,000 existing shares to institutional and selected investors at the institutional price; and
- 30,150,000 existing shares to the Malaysian public, eligible directors and employees of the Group and Company.

After the IPO exercise, the issued and paid up share capital of the Company stood at RM387,000,000 comprising 774,000,000 ordinary shares of RM0.50 each.

All of the new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

21. Share capital and reserves [cont'd]

Capital reserve

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Legal reserve	187	187	–	–
Preference shares redemption reserve	120	120	120	120
	307	307	120	120

Legal reserve

In accordance with Qatar Companies' Law No.5 of 2002, ("the Qatari Law") and the Articles of Association of Eversendai Qatar, 10% of the Eversendai Qatar's profit for the year is required to be transferred to a Legal Reserve. Eversendai Qatar may resolve to discontinue such annual transfers when the reserve reaches 50% of its capital. The reserve is not normally available for distribution, except in circumstances stipulated under the Qatari Law. Management of Eversendai Qatar has resolved to cease all transfers as the Legal Reserve is higher than the minimum requirements as at the reporting date.

Preference shares redemption reserve

This relates to the Company's redemption of 12,000,000 Redeemable Convertible Cumulative Preference Shares ("RCCPS") of RM0.01 each on 30 June 2008.

Revaluation reserve

Revaluation reserve relates to the gains or losses arising from the revaluation of the Company's investments in subsidiaries.

Share premium

Share premium relates to premium arising from new shares issued by the Company.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Retained earnings

The Company has elected for the irrevocable option under the Finance Act, 2007 to disregard its Section 108 balance. Following this, the Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

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22. Hire purchase payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Payable not later than one year	2,188	3,167	43	–
Payable later than one year but not later than five years	2,850	3,556	247	–
Payable later than five years	52	4	52	–
	5,090	6,727	342	–
Future minimum lease payments:-				
- Not later than one year	5,662	3,475	58	–
- Later than one year but not later than five years	3,148	4,147	174	–
- Later than five years	1,587	5	169	–
Total future minimum lease payments	10,397	7,627	401	–
Less: Future finance charges	(5,307)	(900)	(59)	–
Present value of hire purchase payables	5,090	6,727	342	–

23. Bank borrowings

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current liabilities				
Payable not later than one year				
- Bank overdrafts	7,146	494	–	–
- Bills payable	274,765	366,502	–	–
- Term loans	9,313	10,596	1,253	1,252
	291,224	377,592	1,253	1,252
Non-current liabilities				
Payable later than one year but not later than five years				
- Term loans	7,154	6,024	4,970	5,040
Payable later than five years				
- Term loans	3,016	4,229	3,016	4,199
	10,170	10,253	7,986	9,239
Total bank borrowings	301,394	387,845	9,239	10,491

23. Bank borrowings [cont'd]

Total bank borrowings of the Group in their respective foreign currencies are as follows:-

	2011		2010	
	Foreign currency in '000	RM'000 equivalent	Foreign currency in '000	RM'000 equivalent
United Arab Emirates (AED)	122,557	105,817	359,912	301,635
Malaysia Ringgit (RM)	21,725	21,725	10,491	10,491
Qatari Riyal (QR)	175,841	153,118	89,590	75,719
India Rupees (INR)	356,431	20,734	–	–
		301,394		387,845

All of the Company's bank borrowings are denominated in RM.

Bills payable are obtained to discount project payment certificates for short-term financing. These carry interest in the range of 5.50% - 7.35% (2010: 7.05% - 8.50%) and are repayable up to 180 days from the date of disbursement.

The term loan of the Company bears interest at rates ranging from 4.50% to 7.30% (2010: 6.30% to 7.30%) above the bank's base lending rate and is subject to monthly repayment of up to RM152,000 for 108 months (2010: RM 152,000 for up to 120 months).

The term loans of the subsidiary companies bear interest at variable rates from 6.5% to 8% (2010: 6.30% to 8.50%) and are repayable in equal monthly instalments over a period of 12 months to 26 months (2010: 12 months to 45 months).

The bank borrowings are secured by :-

(i) Joint and several guarantees by certain Directors of the Company.

(ii) Third party legal charges over certain properties belonging to certain Directors of the Company.

(iii) Deed of Legal Agreement cum Assignment of all the contract proceeds relating to projects undertaken by the subsidiary companies.

(iv) Pledge on inventories as disclosed in Note 14.

(v) Cash collateral and counter-guarantee on all performance bond guarantees and advance payment guarantees.

(vi) Pledge on certain fixed assets and fixed deposits of the Group as disclosed in Note 13 and Note 20 respectively.

24. Amount due to directors

The amount due to directors is unsecured, interest free and repayable on demand. Included in the amount is RM2,666,000 due to a director in respect of the Company's acquisition of EVSC as part of the Group's restructuring exercise pursuant to its listing on Bursa Malaysia Securities Berhad.

25. Employees' service benefits

	Group	
	2011 RM'000	**2010 RM'000**
As at beginning of the year	12,622	10,571
Acquisition of a new subsidiary	–	213
Provision during the year	4,460	4,319
Employees' service benefits paid	(1,726)	(1,236)
Translation difference	430	(1,245)
As at end of the year	15,786	12,622

26. Deferred tax assets / liabilities

The components of deferred tax assets and liabilities as at the reporting date are as follows:-

	Group	
	2011 RM'000	**2010 RM'000**
Non-current assets		
Deferred tax asset	246	133
Non-current liabilities		
Deferred tax liabilities	1,352	1,986

	Company	
	2011 RM'000	**2010 RM'000**
Non-current liabilities		
Deferred tax liabilities	42	–

26. Deferred tax assets / liabilities [cont'd]

The components and movements of deferred tax assets and liabilities during the financial year are as follows:-

	Group	
	Property, plant and equipment RM'000	Total RM'000
Deferred tax assets		
As at 1 January 2010	–	–
Recognised in profit or loss (Note 9)	133	133
As at 31 December 2010	133	133
As at 1 January 2011	133	133
Recognised in profit or loss (Note 9)	113	113
As at 31 December 2011	246	246
Deferred tax liabilities		
As at 1 January 2010	1,700	1,700
Recognised in profit or loss (Note 9)	286	286
As at 31 December 2010	1,986	1,986
As at 1 January 2011	1,986	1,986
Recognised in profit or loss (Note 9)	(634)	(634)
As at 31 December 2011	1,352	1,352

	Company	
	Property, plant and equipment	Total
Deferred tax liabilities		
As at 1 January 2011	–	–
Recognised in profit or loss (Note 9)	42	42
As at 31 December 2011	42	42

27. Trade and other payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables	84,044	44,680	38	199
Other payables				
Other payables and accruals	89,268	46,931	277	142
Advances from customers	70,494	86,685	–	–
Retention sums payable	6,791	4,281	–	–
	166,553	137,897	277	142

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2010: 30 to 90) days.

Advances from customers are non-interest bearing.

28. Dividend

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Recognised during the financial year:-				
Dividends on ordinary shares:				
Final dividend of 12,881% on 200,000 ordinary shares in Eversendai Qatar declared and paid on 15 December 2011	7,023	–	–	–
Interim dividend of 9,119% on 200,000 ordinary shares in Eversendai Qatar declared and paid on 8 March 2010	–	8,212	–	–

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011, of 1 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM7,740,000 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 2012.

29. Commitment and contingencies

	Group 2011 RM'000	Group 2010 RM'000
Capital expenditure commitments		
Contracted but not provided for :-		
Factory building	38,591	10,208
Computer systems	693	–
Others	62	–
	39,346	10,208
Operating lease commitments		
Within one year	6,340	3,369
After one year but not more than five years	6,281	7,373
More than five years	419	2,025
	13,040	12,767

	Company 2011 RM'000	Company 2010 RM'000
Capital expenditure commitments		
Contracted but not provided for :-		
Computer systems	693	–
	693	–

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29. Commitment and contingencies [cont'd]

Corporate guarantees

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

	Eversendai L.L.C. RM'000	Eversendai India RM'000	Eversendai W.L.L RM'000	Shin-eversendai RM'000	Total RM'000
2011	1,320,155	105,879	419,087	34,362	1,879,483
2010	1,440,725	60,464	331,447	33,347	1,865,983

The above includes performance guarantees amounting to RM597,887,000 (2010: RM505,503,000), which are pledged against certain deposits maintained with financial institutions as disclosed in Note 23. The rest of the guarantees are unsecured.

Litigation

A subsidiary, Shineversendai had issued a writ of summons against a sub-contractor ("the defendant") in 2006 for a total amount of RM3,222,803 in respect of a breach in a subcontract. The defendant had countered claimed against the Company for an amount RM2,838,746 being disputed progress claim and other costs.

Shineversendai is aggressively pursuing the claims and the Company's solicitors have opined that prospects are good. The High Court has fixed a date for trial on 27 March 2012.

30. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

30. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

Floating interest rates refer to interest rates which are subject to change prior to maturity or repayment of the financial instruments.

Fixed interest rates refer to interest rates which are fixed up to the maturity of the financial instruments.

An increase of 0.10% in the interest rates with all other variables held constant would decrease the profits of the Group and increase the profits of the Company by RM158,000 (2010: RM322,000) and RM62,000 (2010: decrease in profits of RM8,000) respectively.

The information on effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Group 2011	**Floating Interest Rate RM'000**	**Fixed Interest Rate RM'000**	**Non Interest Bearing RM'000**	**Total RM'000**
Financial assets				
Amount due from customers on construction contracts	–	–	290,944	290,944
Trade contract receivables	–	–	360,234	360,234
Other receivables and deposits	–	–	36,385	36,385
Investment securities	–	–	151,483	151,483
Deposits and bank balances	–	143,138	55,512	198,650
Total financial assets	–	143,138	894,558	1,037,696
Financial liabilities				
Trade payables	–	–	84,044	84,044
Other payables	–	–	166,553	166,553
Bank borrowings and hire purchase payables	301,394	5,090	–	306,484
Amount due to directors	–	–	11,472	11,472
Amount due to customers on construction contracts	–	–	96,181	96,181
Employees' service benefits	–	–	15,786	15,786
Total financial liabilities	301,394	5,090	374,036	680,520
Net financial assets / (liabilities)	(301,394)	138,048	520,522	357,176

30. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

Group 2010	Floating Interest Rate RM'000	Fixed Interest Rate RM'000	Non Interest Bearing RM'000	Total RM'000
Financial assets				
Amount due to customers on construction contracts	–	–	93,146	93,146
Trade contract receivables	–	–	280,882	280,882
Other receivables and deposits	–	–	24,973	24,973
Deposits and bank balances	–	65,413	128,895	194,308
Total financial assets	–	65,413	527,896	593,309
Financial liabilities				
Trade payables	–	–	44,680	44,680
Other payables	–	–	138,679	138,679
Bank borrowings and hire purchase payables	387,845	6,727	–	394,572
Amount due to directors	–	–	14,690	14,690
Amount due to customers on construction contracts	–	–	109,479	109,479
Employees' service benefits	–	–	12,622	12,622
Total financial liabilities	387,845	6,727	320,150	714,722
Net financial assets / (liabilities)	(387,845)	58,686	207,746	(121,413)

30. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

Company 2011	Floating Interest Rate RM'000	Fixed Interest Rate RM'000	Non Interest Bearing RM'000	Total RM'000
Financial assets				
Amount due from subsidiaries	–	–	59,698	59,698
Other receivables and deposits	–	–	1,631	1,631
Investment securities	–	–	151,483	151,483
Deposits and bank balances	–	70,876	2,581	73,457
Total financial assets	–	70,876	215,393	286,269
Financial liabilities				
Trade and other payables	–	–	315	315
Bank borrowings and hire purchase payables	9,239	342	–	9,581
Amount due to directors	–	–	10,722	10,722
Amount due to subsidiaries	–	–	259	259
Total financial liabilities	9,239	342	11,296	20,877
Net financial assets / (liabilities)	(9,239)	70,534	204,097	265,392

30. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

Company 2010	Floating Interest Rate RM'000	Fixed Interest Rate RM'000	Non Interest Bearing RM'000	Total RM'000
Financial assets				
Amount due from subsidiaries	–	–	15,936	15,936
Other receivables and deposits	–	–	372	372
Deposits and bank balances	–	2,505	444	2,949
Total financial assets	–	2,505	16,752	19,257
Financial liabilities				
Trade and other payables	–	–	341	341
Bank borrowings and hire purchase payables	10,491	–	–	10,491
Amount due to directors	–	–	13,716	13,716
Amount due to subsidiaries	–	–	12,585	12,585
Total financial liabilities	10,491	–	26,642	37,133
Net financial assets / (liabilities)	(10,491)	2,505	(9,890)	(17,876)

30. Financial instruments [cont'd]

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United Arab Emirates Dirham (AED), Qatari Riyal (QR), Indian Rupees (INR) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The table below indicates the Group's foreign currency exposure as at 31 December. The analysis calculates the effect of a reasonably possible movement of the foreign currency rate against the exchange rate with all other variables held constant, on the income statement (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decrease in the currency rates is expected to be equal and opposite to the effect of the increases shown below.

	Balance RM'000	Increase in currency rate	Effect on profit RM'000	Effect on equity RM'000
2011				
AED	332,191	5.00%	4.586	16,610
QR	51,608	5.00%	1,875	2,580
INR	12,369	5.00%	174	618
SGD	16,695	5.00%	747	835
SAR	777	5.00%	(3)	39
2010				
AED	236,612	5.00%	4,911	11,831
QR	33,979	5.00%	328	1,699
INR	(4,067)	5.00%	(256)	(203)
SGD	12,075	5.00%	350	604

The exchange rates used for conversion are as follows:-

Malaysian Ringgit to:		**2011**	**2010**
United Arab Emirates Dirhams	(AED)	1.1582	1.1932
Qatari Riyal	(QR)	1.1484	1.1832
Indian Rupees	(INR)	17.1894	14.7942
Singapore Dollars	(SGD)	0.4096	0.4194
Saudi Riyal	(SAR)	1.1826	–

All the net unhedged financial assets and financial liabilities of the Group are denominated in their respective functional currencies.

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30. Financial instruments [cont'd]

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The table below details the expected contractual cash flow by maturity of financial liabilities held at 31 December:

Group 2011	**On Demand RM'000**	**0 to 6 months RM'000**	**6 to 12 months RM'000**	**More than 12 months RM'000**	**Total RM'000**
Financial liabilities					
Trade payables	–	84,044	–	–	84,044
Other payables	–	83,277	83,276	–	166,553
Bank borrowings and hire purchase payables	–	146,706	146,706	13,072	306,484
Amount due to directors	11,472	–	–	–	11,472
Amount due to customers on construction contracts	–	48,091	48,090	–	96,181
Employees' service benefits	–	–	–	15,786	15,786
	11,472	362,118	278,072	28,858	680,520

Group 2010					
Financial liabilities					
Trade payables	–	44,680	–	–	44,680
Other payables	–	68,949	68,948	782	138,679
Bank borrowings and hire purchase payables	–	190,380	190,379	13,813	394,572
Amount due to directors	14,690	–	–	–	14,690
Amount due to customers on construction contracts	–	54,740	54,739	–	109,479
Employees' service benefits	–	–	–	12,622	12,622
	14,690	358,749	314,066	27,217	714,722

30. Financial instruments [cont'd]

(d) Liquidity risk [cont'd]

Company 2011	On Demand RM'000	0 to 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Financial liabilities					
Trade and other payables	–	315	–	–	315
Bank borrowings and hire purchase payables	–	648	648	8,285	9,581
Amount due to subsidiaries	259	–	–	–	259
Amount due to directors	10,722	–	–	–	10,722
	10,981	963	648	8,285	20,877

Company 2010	On Demand RM'000	0 to 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Financial liabilities					
Trade and other payables	–	341	–	–	341
Bank borrowings and hire purchase payables	–	626	626	9,239	10,491
Amount due to subsidiaries	12,585	–	–	–	12,585
Amount due to directors	13,716	–	–	–	13,716
	26,301	967	626	9,239	37,133

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Group's exposure to bad debts is kept to a minimum. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

As a significant portion of the Group's operations is in the Middle Eastern markets such as UAE and Qatar, the performance of the Group is invariably linked to the economic environment of these countries. The dependence on the Middle Eastern market could potentially limit the Group's sources of revenue and any negative systemic impact on the domestic country or general economic condition of the region could have adverse effects on the Group's results and financial performance.

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30. Financial instruments [cont'd]

(e) Credit risk [cont'd]

The Group seeks to maintain strict control over its outstanding trade contract receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade contract receivables relate to a large number of diversified customers, there is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The credit risk of the Group's and the Company's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from potential default of the counterparty. The Group and the Company minimise this by dealing with counterparties with good credit ratings.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for the Company's exposure to the amounts due from subsidiaries and investment securities as disclosed in Notes 18 and 19, respectively.

The profile of the Group's receivables, deposit and bank balances, investment securities and revenue at the reporting date are as follows:

	Receivables RM'000	Deposit and bank balances RM'000	Investment securities RM'000	Revenue RM'000
2011				
Qatar	297,942	20,269	–	468,361
UAE	281,879	92,488	–	424,353
Malaysia	50,964	81,540	151,483	59,813
India	56,761	3,353	–	81,175
Saudi Arabia	17	846	–	–
Singapore	–	154	–	–
	687,563	198,650	151,483	1,033,702
2010				
Qatar	85,053	18,333	–	266,350
UAE	279,612	165,181	–	371,608
Malaysia	17,631	8,575	–	71,488
India	16,703	2,219	–	35,480
Singapore	2	–	–	–
	399,001	194,308	–	744,926

30. Financial instruments [cont'd]

(e) Credit risk [cont'd]

The profile of the Company's credit risk at the reporting date is as follows:

	Receivables RM'000	Deposit and bank balances RM'000	Investment securities RM'000	Amount due from subsidiaries RM'000
2011				
Qatar	–	–	–	–
UAE	–	–	–	19,418
Malaysia	1,631	73,457	151,483	17,901
India	–	–	–	9
Saudi Arabia	–	–	–	43
Singapore	–	–	–	22,327
	1,631	73,457	151,483	59,698
2010				
Qatar	–	–	–	–
UAE	–	–	–	15,924
Malaysia	372	2,949	–	–
India	–	–	–	–
Singapore	–	–	–	12
	372	2,949	–	15,936

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30. Financial instruments [cont'd]

(f) Category of financial instrument

Financial instruments of the Group and Company are categorised as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financial assets				
Loans and receivables				
Amount due from customers on construction contracts	290,944	93,146	–	–
Trade contract receivables	360,234	280,882	–	–
Other receivables	36,385	24,973	1,631	372
Amount due from subsidiaries	–	–	59,698	15,936
Cash and bank balances	198,650	194,308	73,457	2,949
	886,213	593,309	134,786	19,257
Available for sale				
Investment securities	151,483	–	151,483	–
Investment in subsidiaries	–	–	734,593	370,178
	151,483	–	886,076	370,178
Financial liabilities				
At amortised cost				
Hire purchase payables	5,090	6,727	342	–
Bank borrowings	301,394	387,845	9,239	10,491
Other payables	166,553	138,679	277	142
Trade payables	84,044	44,680	38	199
Amount due to directors	11,472	14,690	10,722	13,716
Amount due to subsidiaries	–	–	259	12,585
Amount due to customers on construction contract	96,181	109,479	–	–
Employees service benefits	15,786	12,622	–	–
	680,520	714,722	20,877	37,133

31. Fair values of financial assets and financial liabilities

(a) Financial instruments measured at fair values

Financial instruments comprise financial assets, financial liabilities and also derivatives. The Group has an established framework and policies which provides guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The valuations of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making valuation adjustment, the Group follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices / inputs in the market and uncertainties in the assumptions / parameters.

In addition, the Group continuously enhances its design and validation methodologies and processes used to produce valuations. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

Determination of fair value

Amendments to FRS 7 Financial Instruments: Disclosures issued in March 2010 requires an entity to classify its financial instruments measured at fair value according to the following hierarchy:

(i) Level 1: Quoted Prices

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices which represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(ii) Level 2: Valuation techniques using observable inputs

Refers to inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over–the–counter (OTC) derivatives, corporate and other government bonds and less liquid equities.

31. Fair values of financial assets and financial liabilities [cont'd]

(a) Financial instruments measured at fair values [cont'd]

Determination of fair value [cont'd]

(iii) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where the fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Company's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Company's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy.

Fair value disclosures based on 3-Level hierarchy

Classification of financial instruments measured at fair values using the following fair value hierarchies:

	Valuation technique using			
	Quoted market price Level 1 RM'000	Market observable inputs Level 2 RM'000	Non market observable inputs Level 3 RM'000	Total RM'000
Group				
As at 31 December 2011				
Financial assets measured at fair value:				
Investment securities	151,483	–	–	151,483
	151,483	–	–	151,483
Company				
As at 31 December 2011				
Financial assets measured at fair value:				
Investment in subsidiaries	–	–	734,593	734,593
Investment securities	151,583	–	–	151,583
	151,583	–	734,593	886,176

31. Fair values of financial assets and financial liabilities [cont'd]

(a) Financial instruments measured at fair values [cont'd]

Level 3: Valuation techniques using significant unobservable inputs

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1), are described below.

Investment in subsidiaries

The fair value of the Company's investment in subsidiaries has been determined using a valuation technique based on price earnings multiples not supported by observable market prices or data. The valuation requires management to make assumptions on companies operating with similar industry or size. If the discount rate used in the valuation technique increased or decreased by 1% and 0.5% respectively from management's estimates, the total assets will be increased by RM1,470,000 (2010: RM740,000) using more favourable assumptions, and will be decreased by RM735,000 (2010: RM370,000) using less favourable assumptions.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	2011 RM'000
At 1 January	370,178
Gains / (losses) recognised in other comprehensive income statement	363,601
Additional investment during the year	814
At 31 December	734,593
Total gains / (losses) recognised in other comprehensive income statement for financial instruments measured at fair value at the end of the reporting period	363,601

(b) Financial instruments not measured at fair values

Financial instruments of the Group and the Company which are not measured at fair values are Loans and Receivables and Financial Liabilities at amortised cost, as disclosed in Note 30(f).

The carrying amounts of the Group's and the Company's financial assets and financial liabilities which are not carried at fair values are reasonable approximation of their respective fair values, due to either their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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32. Capital management

The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximise shareholder value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group and the Company monitors capital through the amount of shareholders' funds. The Group and the Company believes that the level of shareholders' funds as at the reporting date is sufficient to support the Group's and the Company's existing and expected level of business operations.

33. Segment information

For management purposes, the Group is organised into business units based on each respective company and has reportable operating segments based on demographic of the subsidiaries.

Included are the subsidiaries in the following segments:

a) Middle East - Eversendai LLC, Eversendai Qatar, Eversendai FZE, Eversendai Abu Dhabi, EVSC and Eversendai Saudi

b) Malaysia - Shineversendai and Eversendai Corporation Berhad

c) India - Eversendai India

d) Others - Eversendai Singapore

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a company basis as well.

33. Segment information [cont'd]

2011	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and Elimination RM'000	Group RM'000
Revenue							
External	892,714	81,175	59,813	–	1,033,702	–	1,033,702
Internal	267,701	14,858	27,667	14,060	324,286	(324,286)	–
Total revenue	1,160,415	96,033	87,480	14,060	1,357,988	–	1,033,702
Interest income	453	70	1,252	–	1,775	–	1,775
Dividend income	–	–	2,493	–	2,493	–	2,493
Gain on disposal of property, plant and equipment	132	–	30	–	162	–	162
Gain / (loss) on foreign currency translation	1,411	(2,378)	(611)	878	(700)	–	(700)
Write back of overprovision for trade payables	389	–	–	–	389	–	389
Depreciation	(19,907)	(1,428)	(2,038)	–	(23,373)	–	(23,373)
Management fees	(2,077)	–	–	–	(2,077)	–	(2,077)
Taxation	(4,484)	(99)	114	–	(4,469)	–	(4,469)
Segment profit or loss	129,159	3,482	12,612	14,933	160,186	(28,637)	131,549
Property, plant & equipment	144,928	19,152	47,677	–	211,757	–	211,757
Other assets	998,586	75,600	723,688	39,028	1,837,902	(631,450)	1,206,452
Segment liabilities	(759,939)	(82,383)	(81,423)	(22,334)	(946,079)	255,594	(690,485)

33. Segment information [cont'd]

2010	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and Elimination RM'000	Group RM'000
Revenue							
External	673,513	25,549	81,418	–	780,480	(35,554)	744,926
Internal	195,544	5,268	5,867	–	206,679	(206,679)	–
Total revenue	869,057	30,817	87,285	–	987,159	–	744,926
Interest income	527	32	198	–	757	–	757
Dividend income	–	–	–	9,832	9,832	(9,832)	–
Gain / (loss) on disposal of property, plant and equipment	31	191	40	–	262	–	262
Gain / (loss) on foreign currency translation	(1,811)	(148)	(1,963)	(548)	(4,470)	–	(4,470)
Write back of impairment loss on receivables and bad debts recovered	1,758	–	32	–	1,790	–	1,790
Write back of overprovision for trade payables	–	–	1,027	–	1,027	–	1,027
Depreciation	(17,998)	(569)	(1,531)	–	(20,098)	–	(20,098)
Management fees	(2,183)	–	–	–	(2,183)	–	(2,183)
Taxation	(1,571)	(5)	(756)	–	(2,332)	–	(2,332)
Segment profit or loss	128,685	(4,250)	1,636	7,004	133,075	(9,554)	123,521
Property, plant & equipment	143,254	3,783	37,014	-	184,051	–	184,051
Other assets	908,835	17,183	427,911	9,611	1,363,540	(508,493)	855,047
Segment liabilities	(781,500)	(23,991)	(62,822)	(17)	(868,330)	147,170	(721,160)

34. Supplementary information

Realised and unrealised profit / (losses)

Bursa Securities had on 25 March 2010 and 20 December 2010, issued directives requiring corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised in quarterly reports and annual audited financial statements.

The breakdown of retained profits of the Group as at the reporting date into realised and unrealised profits are as follows:

	31.12.2011 **RM'000**
Total profits / (losses) of the Company and its subsidiaries:-	
- Realised	496,068
- Unrealised	3,077
Less:	
- Consolidation adjustments	(63,378)
Total Group profits as per consolidated accounts	435,767

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirement as stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

Eversendai Corporation Berhad Headquarters in Rawang, Malaysia

Fabrication factory in Hamriyah Free Zone, Sharjah

LIST OF TOP 10 MATERIAL PROPERTIES OWNED BY EVERSENDAI GROUP

as at 31 December 2011

Location & address	Description of property / existing use	Built-up / land area (sq. ft.)	Tenure / date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM)
Eversendai Corporation Berhad						
Lot 19191, 19956 and 19957, Seksyen 20, Bandar Rawang, District of Gombak, Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan, Malaysia	2-storey office building and 1-storey factory / head office and fabrication factory	94,722 / 471,771	Freehold / –	< 2 year	2007	^19,800,706
Lot 19072, 19073 and 19074, Seksyen 20, Bandar Rawang, District of Gombak, Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan, Malaysia	3 pieces of land under the category of land use for industrial purpose / fabrication factory	– / 204,719	Freehold / –	–	2010	4,610,000

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List of Top 10 Material Properties
Owned by Eversendai Group [cont'd]

Location & address	Description of property / existing use	Built-up / land area (sq. ft.)	Tenure / date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM)
Eversendai Engineering LLC, Dubai						
Plot no. 242-337, Al Qusais Industrial Area 1, Dubai, UAE	2 blocks of 2-storey office buildings and a 3-bays shop / head office and fabrication factory	85,315 / 80,000	Leasehold 30 years / 10 May 2029	< 12 years	1999	2,253,857
Plot no. 264-972, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	3 blocks of 2-storey steel buildings with 96 rooms / labour camp	29,572 / 36,400	Leasehold 30 years / 13 July 2038	< 6 years	2006	20,916,077
Plot no. 264-573, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	1 block of 3-storey concrete building with 263 rooms / labour camp	93,570 / 39,811	Leasehold 99 years / 4 August 2109	< 5 years	2007	10,395,441
Plot no. 264-488, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot for labour camp	60,000	Leasehold 99 years / 29 January 2107	< 5 years	2007	1,578,959
Eversendai Engineering Qatar WLL						
Plot no. 6089/6090, Qatar Medium and Small Industrial Area, Street No. 41, New Industrial Area, P.O. Box 35283, Doha, Qatar	2-storey office building with a 3-bays factory / head office and fabrication factory	285,665 / 296,427	Leasehold 25 years / 15 August 2031	< 5 years	2007	22,544,352

Location & address	Description of property / existing use	Built-up / land area	Tenure / date of expiry of lease	Approx. age of building	Year of acquisition	Net book value
		(sq. ft.)				(RM)
Eversendai Construction Private Limited, India						
Plot no. 2/12, Poonthottam 1st Street, Nanganallur, Chennai 600 114, No. 134, Nanganallur Village, Tambaram Taluk, Kancheepuram District, Chennai South Registration District, Alandur Sub Registration District, Alandur Municipality Limits, Tamil Nadu, India	3-storey office building / engineering office	5,500 / 3,750	Freehold / –	< 37 years	2010	757,638
No. 199/4/8, 472/1A/1B, 2, 3, 4, 5, 6 & 7A, Siruganur Village, Manachanallur Talu, Trichy District, Tamil Nadu & No. 266/3A/3B/3C & 3D, 267/2A/2B/2C, 3 & 4, 268/1/2, 269/6, 7A/7B, 8, 9 & 10, Reddimangudi Village, Lalgudi Taluk, Trichy District, Tamil Nadu	Land	402,494 & 662,112	Freehold	–	2011	5,856,068

Location & address	Description of property / existing use	Built-up / land area (sq. ft.)	Tenure / date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM)
Eversendai Engineering FZE, Sharjah						
Plot no. 2D-03, 04, 14, 15 and 18, 2E-01, 02, 04, 05, 06, 07, 09 and 10, and 3E-03, P.O. Box: 42531, Hamriyah Free Zone, Sharjah, UAE	Work shop (U-shaped industrial sheds) with office building, paint shop, canteen buildings, open yard storage / steel fabrication, painting, storage of temporary support steel structure and scaffolding, lifting tools and tackles	1,776,045 / 1,734,809	Leasehold 5 years / 4 July 2016 (Plot no. 2D-03, 04, 14, 15, and 18 and 2E-02 and 07); Leasehold 10 years / 4 July 2015 (Plot no. 2E-04, 05, 09 and 10); Leasehold 5 years / 12 January 2013 (Plot no. 3E-03; and Leasehold 10 years / 4 July 2018 (Plot no. 2E-01 and 06)	< 7 years	2005	34,587,915

Note:

^ *Being the total of net book value as at 31 December 2011 of the 3 pieces of industrial land and the 2-storey office building and 1-storey factory amounting to RM6,971,976 and RM12,828,730 respectively. The 3 pieces of industrial land are owned by ECB while the 2-storey office building and 1-storey factory are owned by Shineversendai*

ANALYSIS OF SHAREHOLDINGS
as at 23 April 2012

Authorised Share Capital	:	1,000,000,000 ordinary shares of RM0.50 each
Issued and Fully Paid-Up Share Capital	:	774,000,000 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	1 vote per Ordinary Share

Distribution of Shareholdings as per the Record of Depositors

Size of shareholdings	Number of shareholders	%	Number of shares held	%
Less than 100	14	0.82	366	0.00
100 to 1,000	403	23.75	376,500	0.05
1,001 to 10,000	980	57.75	4,835,299	0.62
10,001 to 100,000	210	12.37	6,637,100	0.86
100,001 to less than 5% of issued shares	88	5.19	149,344,515	19.30
5% and above of issued shares	2	0.12	612,806,220	79.17
Total	1,697	100.00	774,000,000	100.00

Substantial Shareholders as per the Register of Substantial Shareholders

No	Name of Shareholders	Number of shares held	%
1	Dato' Nathan Elumalay	541,809,920	70.00
2	Employees Provident Fund Board	70,996,300	9.17

Directors' Direct and Indirect Interests in Shares in the Company and in the Subsidiary as per the Register of Directors' Shareholdings

Shares Held in the Company

	Direct Interests		Indirect Interests	
Name of Shareholders	Number of shares held	%	Number of shares held	%
Dato' Nathan Elumalay	541,809,920	70.00	–	–
Nadarajan Rohan Raj	1,630,000	0.21	–	–
Narla Srinivasa Rao	1,630,000	0.21	–	–
Narishnath Nathan	1,640,020	0.21	–	–
Datuk Ng Seing Liong JP	20,000	0.00	–	–

Shares Held in the Subsidiary
Shineversendai Engineering (M) Sdn Bhd

	Direct Interests	
	Number of shares held	%
Dato' Nathan Elumalay	1	0.00

By virtue of his interest in shares in the Company, Dato' Nathan Elumalay is deemed interested in the subsidiaries of the Company to the extent that the Company has interests.

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Thirty Largest Securities Account Holders as per the Record of Depositors

(Without aggregating the securities from different securities accounts to the same Depositor)

	Name	Number of shares held	%
1	NATHAN ELUMALAY	541,809,920	70.00
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	57,917,300	7.48
3	LEMBAGA TABUNG HAJI	28,950,300	3.74
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	28,539,700	3.69
5	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	10,522,600	1.36
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (HDBS)	10,506,700	1.36
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	8,645,200	1.12
8	LEMBAGA TABUNG ANGKATAN TENTERA	5,666,000	0.73
9	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	5,261,300	0.68
10	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	3,923,900	0.51
11	CARTABAN NOMINEES (ASING) SDN BHD DAIWA CAPITAL MKTS SG FOR HANWA CO LTD.	3,900,000	0.50
12	ROARING ACHIEVEMENT SDN.BHD.	2,966,800	0.38
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG SELECT OPPORTUNITY FUND (3969)	2,891,000	0.37
14	PERMODALAN NASIONAL BERHAD	2,630,700	0.34
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	2,572,300	0.33
16	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	2,439,400	0.32

Thirty Largest Securities Account Holders as per the Record of Depositors [cont'd]

(Without aggregating the securities from different securities accounts to the same Depositor)

	Name	Number of shares held	%
17	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	2,380,700	0.31
18	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	2,380,700	0.31
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (HWANG 6939-403)	2,256,700	0.29
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR KENANGA PREMIER FUND (4959)	1,954,500	0.25
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)	1,866,000	0.24
22	NARISHNATH NATHAN	1,640,020	0.21
23	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NADARAJAN ROHAN RAJ	1,630,000	0.21
24	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SRINIVASA RAO NARLA	1,630,000	0.21
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG AIIMAN GROWTH FUND (4207)	1,582,000	0.20
26	AMANAHRAYA TRUSTEES BERHAD SEKIM AMANAH SAHAM NASIONAL	1,315,300	0.17
27	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC DEXIA INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	1,203,700	0.16
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD CORSTON-SMITH ASSET MANAGEMENT SDN BHD FOR CORSTON-SMITH ASEAN CORPORATE GOVERNANCE FUND	1,131,700	0.15
29	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD PACIFIC PREMIER FUND	1,103,100	0.14
30	PUSPAWATHY SUBRAMANIAM	1,052,420	0.14
		742,269,960	95.90

NOTICE OF NINTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **Eversendai Corporation Berhad** ("the Company") will be held at Mahkota III Ballroom, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Tuesday, 19 June 2012 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1 To table and receive the Audited Financial Statements of the Company for the year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. ***Note 6***

2 To declare a first and final single tier dividend of 1 sen per share in respect of the year ended 31 December 2011 as recommended by the Directors. ***Resolution 1***

3 To approve payment of Directors' fees. ***Resolution 2***

4 To re-elect the following Directors who retire by rotation in accordance with Article 128 of the Company's Articles of Association and being eligible, offer themselves for re-election:

Mr Nadarajan Rohan Raj ***Resolution 3***
Mr Narishnath a/l Nathan ***Resolution 4***

5 To re-elect the following Director who retires in accordance with Article 133 of the Company's Articles of Association:

Mr S Sunthara Moorthy a/l S Subramaniam ***Resolution 5***

6 To re-appoint Ernst & Young as the Company's auditors for the ensuing year and to authorise the Directors to fix their remuneration. ***Resolution 6***

AS SPECIAL BUSINESS

7 **Authority to Directors to Issue Shares** ***Resolution 7***

To consider and, if thought fit, to pass the following Ordinary Resolution:

"**THAT**, subject always to the Articles of Association of the Company and the approvals of the relevant Regulatory Authorities, pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes and to such person or persons as the Directors of the Company, may in their absolute discretion deem fit, **PROVIDED THAT** the aggregate number of shares to be issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being **AND THAT** the Directors of the Company are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

8 **Proposed Shareholders' Ratification and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** ***Resolution 8***

To consider and, if thought fit, to pass the following Ordinary Resolution:

"**THAT** all the recurrent related party transactions of a revenue or trading nature entered into by the Company and its subsidiaries ("the Group") with the related parties, as detailed in Section 1.2 of the Circular to Shareholders dated 25 May 2012 which is necessary for its day-to-day operations and / or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company, from 1 July 2011 (the date of listing of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad) to the date of the Company's Annual General Meeting ("AGM") be and is hereby approved and ratified;

AND FURTHER THAT, subject to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Group, to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Proposed RRPT Mandate") as specified in Section 1.2 of the Circular to Shareholders dated 25 May 2012 which is necessary for its day-to-day operations and / or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company and that such mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following the AGM at which the ordinary resolution for the Proposed RRPT Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by the Ordinary Resolution."

9 **Proposed Amendments to the Articles of Association of the Company** ***Resolution 9***

To consider and, if thought fit, to pass the following Special Resolution:

"**THAT** the amendments to the Articles of Association of the Company as set out in Section 2.1 of the Circular to Shareholders dated 25 May 2012 be and are hereby approved and adopted;

AND THAT the directors of the Company be and are hereby authorised to do such acts, deeds and things as are necessary and / or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, and / or amendments as may be required by the relevant authorities."

10 To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

CHEOK KIM CHEE MACS 00139
PRAMILA KAUR A/P AMRICK SINGH MAICSA 7064352
Company Secretaries

Kuala Lumpur
25 May 2012

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of Members at the Ninth Annual General Meeting to be held on Tuesday, 19 June 2012 at 10.00 a.m., a first and final single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2011, will be paid on 23 July 2012 to Depositors whose names appear in the record of Depositors on 9 July 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. Shares transferred into the Depositor's securities account before 5.00 p.m. on 9 July 2012 in respect of transfers;

b. Shares bought on Bursa Malaysia Securities Berhad ("the Exchange") on a cum entitlement basis according to the Rules of the Exchange.

BY ORDER OF THE BOARD

CHEOK KIM CHEE MACS 00139
PRAMILA KAUR A/P AMRICK SINGH MAICSA 7064352
Company Secretaries

Kuala Lumpur
25 May 2012

Notes:

1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. If the proxy is not a Member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission.

2 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

3 The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5 For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 12 June 2012. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his/her behalf.

6 Agenda 1 is to table and receive the Audited Financial Statements pursuant to the provision of Section 169(1) of the Companeis Act, 1965 and is meant for discussion only. It does not require a formal approval and / or adoption by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

Explanatory notes on Special Business:-

1 **Authority to Directors to Issue Shares**

The Proposed Ordinary Resolution 7, if passed, is to give the Directors of the Company flexibility to issue and allot shares from unissued capital of the Company up to an amount not exceeding 10% of the Company's total issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is approved by the shareholders at the forthcoming Ninth Annual General Meeting, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

In case of any strategic opportunities involving equity deals, which may require the Company to allot and issue new shares speedily, the Company may capitalise on its advantageous position if the Board considers it to be in the best interest of the Company. Any delay arising from and the cost involved in convening a general meeting to approve such issuance of shares would be eliminated.

2 **Proposed Shareholders' Ratification and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 25 May 2012.

3 **Proposed Amendments to the Articles of Association of the Company**

The proposed amendmens to the Articles of Association are to comply with the amendments made to Chapter 7 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 25 May 2012.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1 **Directors who are standing for re-election are as follows:**

Pursuant to Article 128 of the Company's Articles of Association

(a) Mr Nadarajan Rohan Raj

(b) Mr Narishnath a/l Nathan

Pursuant to Article 133 of the Company's Articles of Association

Mr S Sunthara Moorthy a/l S Subramaniam

Details of the above Directors are set out in the Board of Directors' Profile section of the Company's 2011 Annual Report.

2 **Details of Attendance of Directors at the Board Meeting**

A total of four (4) Board of Directors' Meetings were held during the financial year and the date, time and place of meetings are as follows:

Date	Time	Place
Thursday, 21 April 2011	10.00 a.m.	Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan
Wednesday, 29 June 2011	3.00 p.m.	No.7, Persiaran Bruas, Damansara Heights, 50490 Kuala Lumpur
Friday, 19 August 2011	11.00 a.m.	Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan
Thursday, 10 November 2011	11.00 a.m.	Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan

PROXY FORM

EVERSENDAI

EVERSENDAI CORPORATION BERHAD
(614060-A)

CDS Account No.	

* I/We ____ NRIC/Company No. ____________________
(FULL NAME IN BLOCK LETTER)

of ____
(FULL ADDRESS)

being a member/members of **EVERSENDAI CORPORATION BERHAD**, hereby appoint

____ NRIC/Passport No. ____________________
(FULL NAME IN BLOCK LETTER)

or failing him/her ____________________________________ NRIC/Passport No. ____________________
(FULL NAME IN BLOCK LETTER)

of ____
(FULL ADDRESS)

or failing him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company, to be held on Tuesday, 19 June 2012 at 10.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below (unless otherwise instructed, the proxy may vote as he thinks fit):
(Please indicate with an "X" in either box if you wish to direct your proxy how to vote)

No.		Resolution	For	Against
1	To declare a first and final single tier dividend	1		
2	To approve payment of Directors' fees	2		
3	To re-elect Mr Nadarajan Rohan Raj as Director	3		
4	To re-elect Mr Narishnath a/l Nathan as Director	4		
5	To re-elect Mr S Sunthara Moorthy a/l S Subramaniam as Director	5		
6	To re-appoint Ernst & Young as the Company's auditors	6		
7	Authority to Directors to Issue Shares	7		
8	Proposed Shareholders' Ratification and Shareholders' Mandate	8		
9	Proposed Amendments to the Articles of Association of the Company	9		

Signed this ____________day of __________________2012.

No. of Shares Held

____
Signature of Member

Notes:

1 *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.*

2 *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

3 *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

4 *Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

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Stamp

Eversendai Corporation Berhad
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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(614060-A)

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