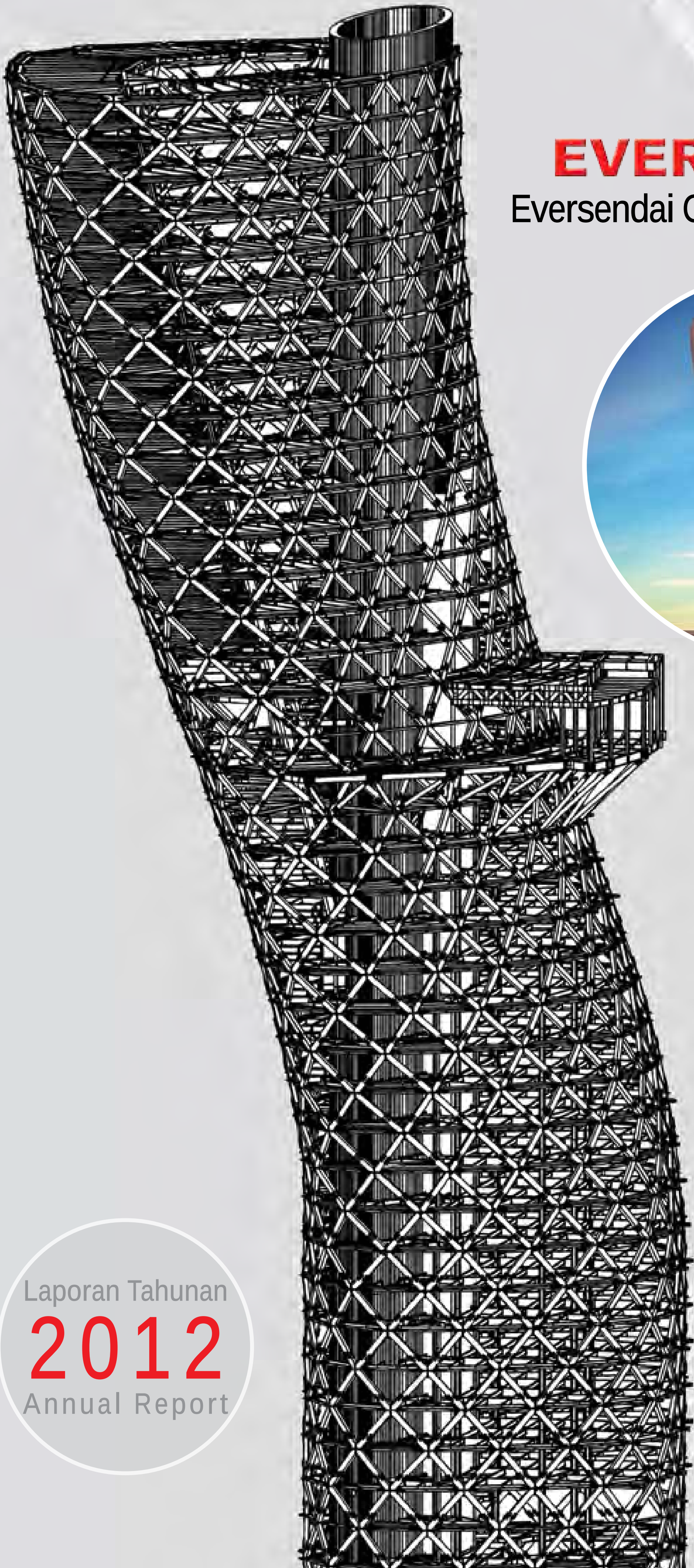


MOVING TO NEW FRONTIERS

EVERSENDAI

Eversendai Corporation Berhad
(614060-A)

Laporan Tahunan
2012
Annual Report

Philosophy

Through the years, Eversendai has garnered an enviable reputation in the industry by executing numerous iconic and highly complicated projects, both locally and internationally.

The company has achieved this by adhering to its Corporate Philosophies of:

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.

Vision

To be the global player in the construction industry including plant construction.

Mission

To enhance and develop our services to new levels in line with our clients' expectations by maintaining the Eversendai standards and work culture.

table of contents

CHAIRMAN'S STATEMENT AND REVIEW

DATO' A K NATHAN
Executive Chairman &
Group Managing Director

Dear Shareholders,

I am proud to announce that we have once again successfully made 2012 a remarkable financial year at Eversendai Corporation Berhad ("Eversendai" or the "Group"). As a world class and leading integrated structural steel turnkey and power plant contractor, we have successfully breached the RM1 billion revenue target over two consecutive years. As our presence in the region has steadily grown over the year, we are determined to break boundaries to achieve further milestones for the Group. Adding on to this success is our growth strategy specifically in the Middle East that has worked tremendously well. We have continuously found new avenues to explore in the region and maintained our strategic focus on our core operations. This has certainly contributed in our achievement for the year 2012.

Chairman's Statement and Review [cont'd]

It is clear we have taken the right approach in mapping out our future plans and the way in which our teams across the regions conduct projects. It goes without saying that our vision and mission play a big part in our success. Our iconic projects all have one characteristic in common: they are built on the solid foundation of our philosophy which is to adhere to safety, high standards of quality, strict time schedules and total customer satisfaction. We believe the only way to maintain our success is to maintain our standards. Hard work and determination are our constant mantra and we have instilled this in our teams across all the countries we are present.

Professionalism towards our clients is also of our utmost priority. It is this professionalism that has given us the opportunity to work with loyal clients who always come back with repeat orders. Needless to say, our reputation for always delivering on-time and even before deadline has given us the commitment we need from clients. We have forged strong relationships with our clients because we understand the importance of customer satisfaction.

With all these in place over the years of experience, we have come to a mature point in our business. This is evident from a record excellent financial growth year on year. Our production capacity at our factories is expected to substantially increase with our latest factory addition in Trichy, India which is in the midst of completion. Excellent performance in our 8 regional offices covering the current 4 fabrication facilities in Dubai and Sharjah - UAE, Qatar and Malaysia, are still in full throttle. Our latest additions to our expansion is our associate equity participation in a newly incorporated company in Malaysia called Vahana Constructions, which will focus on specialised construction around the region and equity stake in Technics Oil & Gas Limited, a Singapore public listed company focusing on engineering, procurement, fabrication and installation services for the oil and gas industry.

Bird's eye view of Burj Khalifa, Dubai

OUR VISION

Our vision is to always maintain our commendable performance and track record. However, it is a norm in Eversendai to always push further. Building icons may have always been our forte but it doesn't stop there. Our goal is to always cross boundaries and to achieve excellence in our delivery. As always, our reputation supersedes any kind of marketing and therefore we still stand strong in making our name globally by creating waves from our impeccable track record in the steel and power plant construction industry.

Our future expansion is also dependent on keeping up to our core values. Therefore, it is only natural that training of staff still aggressively continues till this day, as part of the human capital development plan. We believe that to execute a project successfully, we have to recruit and retain only the best. Each and every staff of ours has the potential to grow within the organisation by increasing their expertise and we invest in good training programmes so they are able to hone their skill sets. Before we embark on a project, we take great measures to put together a team that is dedicated to deliver as per our commitment.

Eversendai's evolution from structural steel erection specialist to one of the leading integrated structural steel turnkey and power plant contractors in the world has now taken another leap. This year, the Group is embarking into engineering, procurement, fabrication and installation services for the Oil & Gas industry which is very much intergral to our core operations. With Eversendai's strong foothold in the Middle East, a strategic tie-up with an established company with the required track record is essential. For this move, Eversendai has acquired a 20.1% stake in Technics Oil & Gas to assist in establishing a footing in this sector and is in the process of procuring a long term waterfront fabrication facility lease spanning 196,000 sq. metres in the UAE.

FINANCIAL PERFORMANCE

Basing on the current order book in hand of RM1.6 billion, the Group is confident of achieving far more in the coming year. We also recently secured several major projects in the Middle East and Malaysia. It is without a doubt that the diverse and strong order book is leading to a sustainable future. Again, our diverse client base, wide geographical spread and number of project in our current order book substantially minimises the risk profile of the Group.

It is a confidence booster for the Group as it pushes for more this year with its healthy financial position. The shareholders' fund stood at RM783.3 million at the close of the financial year compared to RM716.1 last year. In tandem with this, the net asset per share attributable to shareholders was RM1.01 as compared to RM0.93 last year. The revenue and profit after tax of the Group for the twelve months ended 31 December 2012 was RM1,021.3 million and RM121.5 million, respectively.

Our solid performance for FY2012 has resulted in an optimistic outlook that the Group is on the right track for another strong financial year in FY2013. We are confident our strong track record and proven execution capabilities will see us well positioned to capitalise on the increased business opportunities.

DIVIDEND

The Group strives to obtain more projects each year and the profits derived are then targeted to be shared with our respected shareholders. What makes it even better is that we plan to increase this share of the returns gradually as well. This year, the Board of Directors proposes a final tax exempt (single tier) dividend of 2 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2012. As customary, the final dividend is subject to shareholder's approval at the forthcoming Annual General Meeting of the Group. Hence, the total dividend for the year will be 4 sen inclusive of the interim dividend of 2 sen that was paid on 10 October 2012, giving a dividend payout ratio of 26%.

The dividend payout is a clear-cut sign of Eversendai's financial strength and its determination to keep its shareholders satisfied. It is our commitment to our shareholders to continue with a dividend payout that meets shareholders' expectation and we are confident we will achieve this with our strategic growth plans.

OPERATIONS REVIEW

Eversendai is essentially an established structural steel turnkey and power plant contractor mainly involved in:

- Design, engineering, supply, fabrication and erection of structural steel;
- Installation of mechanical equipment, pressure parts, piping, ducting, cladding and control systems for power plants;
- Oil & Gas and petrochemical plants; and
- Innovation in construction using composite structures.

Jimah Coal Fired Power Plant, Malaysia

OUR TECHNICAL SERVICES

Structural steel design and engineering

We provide complete design services ranging from conceptual stage design to connection design for various types of structures using advanced computer programs and techniques. We also provide design services for complex profile structures and geometrical shapes built using a wide variety of sections. Detailing services, involve preparation of detailed fabrication shop drawings using 3D modelling software for various types of structures.

We optimise designed structures received from our clients and consultants to provide value added engineering services, simplified construction methodology and shortening project schedule.

Structural steel supply and fabrication

Based on individual project requirements, we generally source raw steel material from internationally acclaimed rolling mills, in bulk, at the onset of a project. At times however, we also do source raw steel material from our vast network of stockists to suit specific needs.

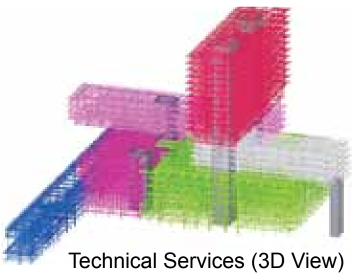
Procured raw steel material are turned into finished structural steel sections in our strategically located fabrication facilities which have a combined fabricated steel output of about 120,000 tonnes per annum. These fully integrated facilities, together with our experience give us an edge in the industry.

Structural steel erection

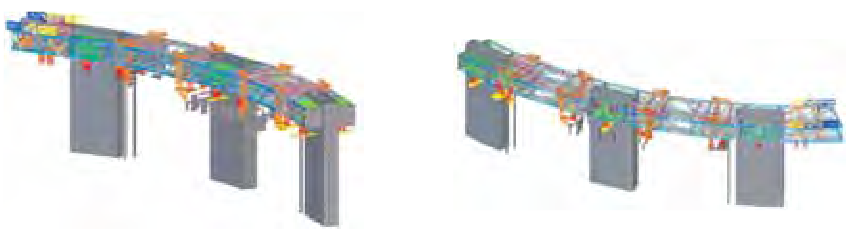
The group offers a diverse range of structural steel erection services which includes high rise buildings, retail centres, stadiums, large span roof structures such as airports and convention centres, industrial plants, power and petrochemical plants, factories and warehouses as well as bridges.

Installation of mechanical equipment, pressure parts, piping, ducting, cladding and control systems for power plants

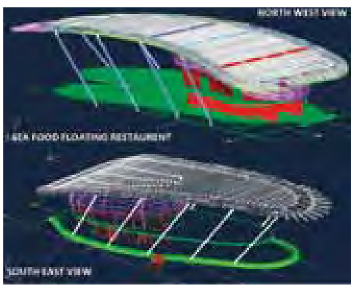
While we have vast experience in the construction of various types of power plants, our current focus is on coal fired power plants, which are typically more complex and require advanced expertise and substantial quantities of steelwork. Apart from steel structure erection, our Group's expertise in power plant construction includes, amongst others, the assembly and installation of control system and instrumentation, boiler pressure parts, ductwork, pipework and supports.



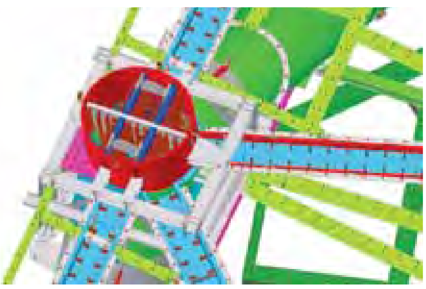
Technical Services (3D View) Cleveland Clinic, Abu Dhabi



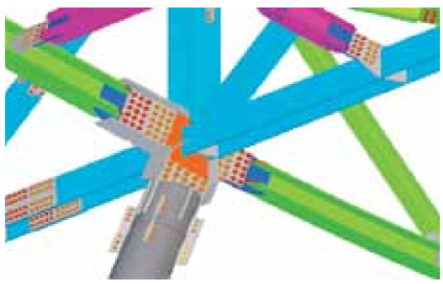
Technical Services (3D View) Gate District Towers, Abu Dhabi



Technical Services (3D View) Seafood Restaurant, Abu Dhabi



Technical Services (Connection Design) CMA, KSA



Technical Services (Connection Design) KAIA, KSA

Oil & Gas and petrochemical plants
Procurement, fabrication and installation of process modules and equipment for platforms including gas compression packages.

Innovation in construction using composite structures
We have delved into and have gained considerable experience using composite structures with innovative construction methodology for high rise buildings and infrastructure projects 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 – 54,000 tonnes
Industrial Area, Doha, Qatar – 24,000 tonnes

OPERATIONS IN THE MIDDLE EAST

Eversendai Engineering LLC (Dubai), Eversendai Engineering Qatar WLL, Eversendai Engineering LLC (Abu Dhabi), Eversendai Engineering Saudi LLC and EVS Construction LLC continue to take on challenging projects in the Middle East. It is evident that the Group prides itself in taking on iconic projects with complex structures as it has over the years. Currently, we have numerous projects in the UAE, Qatar, Saudi Arabia and Oman which are taking shape as scheduled. Our remarkable reputation for safety, quality and on-time delivery see us continuing to strengthen our position in the Middle East market by securing new jobs year after year.

The Middle East operations segment in UAE, Saudi Arabia, Qatar and Oman continued to be the Group's significant revenue contributor amounting to 69.2% of the total revenue. The current major projects of the Group in the Middle East include the King Abdullah Petroleum Studies & Research Centre (KAPSARC), Railway Station at King Abdul Aziz International Airport and CMA Towers in Saudi Arabia, National Museum of Qatar and Qatar Foundation Headquarter in Qatar, Al Jalila Children's Specialty Hospital in Dubai and Yas Mall in Abu Dhabi and Salalah Airport expansion in Oman.

OPERATIONS IN MALAYSIA

We are pleased to note an increase in revenue contribution from Malaysia operations from 14.4% to 16.4% to the Group's revenue, as a result of securing the Manjung 4 and Tanjung Bin 4 coal fired power plants in Malaysia.

The other major projects in Malaysia includes a iron ore distribution centre, a polycrystalline silicon plant project and KLIA2.

OPERATIONS IN INDIA

We also saw an increase in revenue contributions from India from 5.8% to 7.9% in 2012, as a result of securing the Worli Mixed-Use Development Project.

The other current projects include the Marathon Futurex Towers project, EMCO thermal power plant project and the NTPL Tuticorin 2x500MW power plant.

Fabrication Yard, Hamriyah


Fabrication Yard, India

Chairman's Statement and Review [cont'd]

EXPANDING IN EXISTING MARKETS

MALAYSIA

In Malaysia, the Group's operations are undertaken by Shin Eversendai Engineering (M) Sdn Bhd based in Rawang, Selangor.

We are striving towards undertaking prolific projects under the 10th Malaysia Plan such as the Mass Rapid Transit (MRT) and the Refinery and Petrochemical Integrated Development (RAPID) projects. There is also potential for us to secure jobs for the construction of composite structures for high rise buildings in Tun Razak Exchange and Warisan Merdeka.

MIDDLE EAST

The Group has always had a stronghold in the Middle East as it was the first region in which we successfully penetrated and made our mark.

The Group expects Saudi Arabia's economic diversification program to result in strong growth of the construction industry, which now appears to be the most vital industry for that economy. This view is in line with current trends, which show Saudi Arabia accounting for more than half of the total construction activity in the region. Saudi Arabia's General Investment Authority plans to spend over RM1.8 trillion over the next decade through various megaproject developments, which the Group is actively pursuing.

The Group, which already has a strong foothold in the UAE, plans to increase activity in Abu Dhabi to secure new megaprojects that are in the pipeline. Clinching these megaprojects would ensure maximum utilisation of our two fabrication facilities in UAE. The award of the Abu Dhabi Airport job to Eversendai Engineering LLC effectively strengthens our standing in the UAE steel construction market.

In Qatar, there are investment plans of over RM500 billion for infrastructure and oil & gas projects over the next decade. There are also transport infrastructure and iconic projects due to be developed for the country to successfully host the 2022 FIFA World Cup. The group views these planned developments as great opportunities to cement our position in Qatar. At the same time, the Group is also actively pursuing opportunities in neighbouring countries, such as Oman and Kuwait.

MOVING TO NEW FRONTIERS

We are continuously looking at delving into new opportunities. While we work on enhancing our market penetration in existing markets and expand into new markets such as the Commonwealth of Independent States (CIS) - Azerbaijan, Kazakhstan and Turkmenistan, Europe and Australia in particular for structural steel projects, we are also now exploring to bid for projects in the Oil & Gas fabrication industry focusing on the construction and fabrication of offshore and onshore works. The Group has taken a leap and is determined it will soon make waves in this industry. Of course our landmark projects and expanding our services through mechanical and electrical solutions for power plants will continue to be part of our focus as well.

OUR STRENGTHS

Our main strength lies in our people. Our experienced senior management team has not only driven the Group to greater heights but has also been the reason behind our impeccable track record. We also have excellent teams who work on site with passion and dedication to the job. We are proud to say that we have the benefit of diversity on the Board, especially our independent directors, who are able to provide the necessary guidance based on their respective skills, expertise, knowledge and experience to help the Group address current business challenges. Our independent directors' provide the company with valuable views on matters deliberated during board meetings. This, coupled with our diverse business model makes for a great way to be competitive in the global market. Our safety track record is also something we are proud of and this is also strengthened by our quality of work and enhances client relationship.

OUR SOCIAL RESPONSIBILITY

At Eversendai, we strongly believe in giving back to community and environment in which we operate and live. We inculcate a sense of responsibility to the society in our teams in all the countries we are present in. Corporate Social Responsibility (CSR) is of utmost importance to us and we make a true effort in supporting causes we feel in need of assistance. As we are passionate about the causes we support and as our people mirror who we are as a corporation, it is mandatory that they sincerely be part of all our initiatives. As we grow each year, we take into account those who are not as privileged and work towards making a difference in their lives.

ACKNOWLEDGEMENT

As Eversendai continues to build icons, it owes its success over the years to the people behind the hard work and dedication. To continuously break barriers and reach heights is not an easy feat. The commitment demonstrated by the team at Eversendai is nothing short of exemplary.

On behalf of the Board, I would like to thank the management and all our employees for their resilience and diligence in completing all projects on-time and with excellence. Each project has been undertaken with such devotion and the end product is testimony to the team's commitment to see it through till the end with passion.

On the same note and on behalf of the Group, I would also like to record our sincere appreciation to the Board of Directors for their guidance and wisdom that proved fundamental to the success of Eversendai.

To our shareholders, associates, clients, bankers, business partners and suppliers, thank you for your unwavering support to the Group and this has taken Eversendai to greater heights. All your contribution is much appreciated and here's to another successful year.

DATO' A K NATHAN
EXECUTIVE CHAIRMAN &
GROUP MANAGING DIRECTOR

Yas Mall, Abu Dhabi

Chairman's Statement and Review [cont'd]

Capital Market Authority Tower, Saudi Arabia

Masdar Institute of Science & Technology, Abu Dhabi

Etihad Seafood Floating Restaurant, Abu Dhabi

Manjung Power Plant, Malaysia

Tanjung Bin Coal Fired Power Plant, Malaysia

FINANCIAL CALENDAR

2012	2013
23 May 2012	**25 February 2013**
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2012 first quarter ended 31 March 2012	Announcement of the unaudited condensed consolidated interim financial report for the financial year 2012 fourth quarter ended 31 December 2012
23 July 2012	**21 May 2013**
First and final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2011 paid	Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 first quarter ended 31 March 2013
30 August 2012	**23 May 2013**
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2012 second quarter ended 30 June 2012	Notice of the 10th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2012
10 October 2012	**19 June 2013**
First interim single tier exempt dividend of 2 sen per each ordinary share for the financial year ended 31 December 2012 paid	10th Annual General Meeting
26 November 2012	
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2012 third quarter ended 30 September 2012	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' A K 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

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

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

Nadarajan Rohan Raj
(Member/Executive Director)

NOMINATION COMMITTEE

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

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

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

COMPANY SECRETARY

Cheok Kim Chee (MACS 00139)
Pramila Kaur a/p 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
Qatar
HSBC Bank Middle East Limited
United Bank Limited
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
Selangor Darul Ehsan, Malaysia
Telephone no. : +603 7841 8000
Fax no. : +603 7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
STOCK NAME : SENDAI
STOCK CODE : 5205

SHARIAH CERTIFYING AUTHORITY

Shariah Advisory Council (SAC)

CORPORATE STRUCTURE

EVERSENDAI
Eversendai Corporation Berhad
(614060-A)

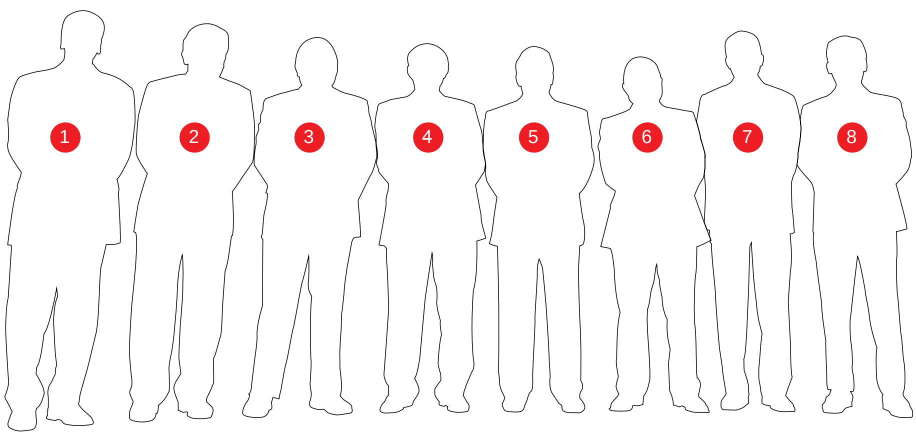
- **Eversendai Engineering LLC**
  (Dubai, UAE)
- **EVS Construction LLC**
  (Dubai, UAE)
- **Eversendai Engineering LLC**
  (Abu Dhabi, UAE)
- **Eversendai Engineering FZE**
  (Sharjah, UAE)
- **Eversendai Engineering Saudi LLC**
  (Saudi Arabia)
- **Eversendai Construction (S) Pte Ltd**
  (Singapore)
  - **Eversendai Engineering Pte Ltd**
    (Singapore)
  - **Eversendai Construction Pvt Ltd**
    (Chennai, India)
  - **Eversendai Engineering Qatar WLL**
    (Doha, Qatar)
- **Eversendai Technics Pte Ltd**
  (Singapore)
- **Shin Eversendai Engineering (M) Sdn Bhd**
  (Malaysia)
- **Eversendai Technics Sdn Bhd**
  (Malaysia)
- **ECB Properties Sdn Bhd**
  (Malaysia)
- **Vahana Constructions Sdn Bhd**
  (Malaysia)
- **Technics Oil & Gas Ltd**
  (Singapore)

Subsidiary company

Associated company

BOARD OF DIRECTORS

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



BOARD OF DIRECTORS' PROFILE

Dato' Nathan a/l Elumalay

Aged 57, Dato' Nathan a/l Elumalay is a Director of Eversendai Corporation Berhad. He is also the Executive Chairman and Group Managing Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad 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, the 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 120,000 tonnes and developed Eversendai Corporation Berhad 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 Leader 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.

Dato' A K Nathan
Executive Chairman &
Group Managing Director

Mohammad Nizar bin Idris

Aged 70, Encik Mohammad Nizar bin Idris is a Senior Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Director of Eversendai Corporation Berhad on 1 June 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 investment, 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 board 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.

Mohammad Nizar bin Idris
Senior Independent
Non-Executive Director

Board of Directors' Profile [cont'd]

Tan Sri Rastam Mohd Isa
Independent
Non-Executive Director

Tan Sri Rastam Mohd Isa

Aged 61, Tan Sri Rastam Mohd Isa is an Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad 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 Mohd Isa began his career in the Malaysian Administrative and Diplomatic Service in 1974. He 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 Mohd Isa 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 Mohd Isa 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 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 Mohd Isa gained vast experience in administration, management, diplomacy and international relations.

Datuk Ng Seing Liong JP
Independent
Non-Executive Director

Datuk Ng Seing Liong JP

Aged 58, Datuk Ng Seing Liong is an Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 18 June 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 Tax Institute of Malaysia. He has more than 30 years of experience in the field of Audit, Receivership, Liquidation and Corporate Advisory Services. 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).

Board of Directors' Profile [cont'd]

Nadarajan Rohan Raj

Aged 46, Mr Nadarajan Rohan Raj is an Executive Director of Eversendai Corporation Berhad. He is also the Chief Operating Officer of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 12 August 2004.

He is a Chartered Civil Engineer and has obtained his Master of Business Administration 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 Eversendai Corporation Berhad, he was with the Sembawang Group, Singapore for about a year where he was in charge of the commercial management related to the engineering and construction of an offshore gas processing facility.

Rohan Raj
Executive Director and
Group Chief Operating Officer

Narla Srinivasa Rao

Aged 45, Mr Narla Srinivasa Rao is an Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 26 May 2010. He graduated in 1987 with a Diploma in Mechanical Engineering and he was recently awarded the Post Graduate Diploma of Business Administration 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 the Group in 1993 as a site engineer and held various positions in the Group before being appointed to his current position. He has played a major role in the successful execution of several major landmark projects for the Group.

N S Rao
Executive Director and
Regional Head for the Middle East

Board of Directors' Profile [cont'd]

Sunthara Moorthy
Executive Finance and
Corporate Affairs Director

S Sunthara Moorthy a/l S Subramaniam

Aged 50, Mr Sunthara Moorthy a/l S Subramanium is the Executive Finance and Corporate Affairs Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 7 October 2011.

He is a Fellow Member of the Association of Chartered Certified Accountant, 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).

Narish Nathan
Executive Director and
Deputy Regional Head
for the Middle East

Narishnath a/l Nathan

Aged 30, Mr Narishnath a/l Nathan is an Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 26 May 2010.

He holds a Bachelor in Business Information Technology (Honours) Degree from Coventry University, 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 a 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 the Middle East operations. He is the son of Dato' Nathan A/L Elumalay, the Executive Chairman and Group Managing Director and the nephew of Gopala Krishnan, the 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.

HEALTH, SAFETY & ENVIRONMENT

Our Commitment

Eversendai is committed to providing adequate control of the health and safety risks arising from work activities by maintaining safe plant and equipment practices as well as healthy work conditions. We have successfully continued to obtain the full cooperation and support of all employees through communication and consultation with them so as to ensure their health, safety and welfare. We are also committed to using resources economically to minimise the generation of waste and practicing recycling where possible as part of our contribution to protect the environment, which have always been an integral part of our sustainable business strategy.

Objective and Targets

The company's objective is to achieve zero accident by establishing safe working procedures and practices as below:

Qualified personnel to do work by:

- Training and educating personnel on proper work procedures
- Supervising all work accordingly
- Proper methods of hazard elimination

Safety equipment and work area through:

- Maintaining free from hazard work area
- Ensuring equipment are adequate and of approved type
- Proper monitoring of equipment fitness and location

Higher safety awareness implementation:

- Initiate self-awareness amongst individuals
- Motivate participation in safety programs
- Motivate commitment of each work level on safe practices

Health, Safety and Environment ("HSE") Policy Statement

Eversendai continually strives to improve our HSE practices with the objective of preventing accidents, occupational illnesses and environmental pollution. To achieve our objectives / vision, the Group has in place HSE policies and procedures and a comprehensive HSE framework which encompasses the following:

- Plan, Prepare and Execute all the activities in the safest possible manner.
- Train, Motivate and Supervise the workforce and stakeholders towards a 'safety first' culture.
- Monitor and regularly review the HSE practices to ensure adherence to the safety policies.
- Comply with all applicable local Laws and Regulations.

HSE Management Programmes

In line with the objectives to prevent accidents, occupational illnesses and environmental pollution and as part of the Eversendai's HSE continual improvement, various management programmes have been initiated in addition to continuing with existing programmes. These programmes include: -

1. Interaction and Observation

a. Periodic 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 preventive measure against any adverse eventualities.

c. Safety Induction
This interactive practice is for all new employees to reinforce their awareness on hazards as well as rules and regulations.

Health, Safety & Environment [cont'd]

d. **Management Walkabout Audit**
Twice monthly, top management conducts a walkabout audit at the factory ensuring that all safety regulations and practices are adhered.

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.

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

3. Compliance with Laws, Regulation and Best Practices

a. **Submission of Periodic Reports**
In compliance with regulatory requirements, periodic reports are submitted to the enforcement agencies or client representative, as appropriate.

b. **Compliance with Statutory Requirements**
We strictly comply with all local statutory requirements including requirements from local agencies such as Construction Industry Development Board and similar requirements in the countries we operate in.

4. Support and Motivation

a. **Safety Awards**
Employees are encouraged to participate in safety campaigns such as slogan contests and outstanding employees are acknowledged and awarded certificates for their HSE initiatives.

Environment

Eversendai has adopted and applied the Reduce, Reuse and Recycle (3R) concept as part of our daily operations. We practice energy savings where possible as part of our energy management efforts. All recyclable wastes such as unusable steel and wood off-cuts, plastic and paper is recycled.

Amongst our efforts to safeguard the environment are procedures to monitor all discharges into the environment, be it liquid, solid or gaseous. This ensures that we adhere to the permitted emission threshold.

In addition to these, we have noise monitoring procedures in place to maintain the noise quality within the environment surrounding our factories.

OUR FOCUS ON QUALITY

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

2011

- **Malaysian Institute of Directors**

  Innovative Leadership in Globalisation

2012

- **A2Z Strategic Partner**

  1Malaysia iAward 2012 – Honorary iGo

- **Asian Business Leadership Forum**

  Business Excellence South-East Asia 2012

Awarded By   Title of Awards

GROUP MILESTONES

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

Selected Milestones

1993

- Shin Eversendai Engineering (M) Sdn Bhd was incorporated
- Awarded contract for the structural steel erection works for KL Tower, Malaysia

1994

- Awarded contract for the construction 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

- Awarded contract for the installation of Manjung 3 x 700MW Coal-Fired Power Plant, Malaysia
- Obtained ISO 9001: 1994 certification from Llyod's Register Quality Assurance Ltd
- Awarded contract for the structural steel 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 erection works for Electrified Double Track Project Between Rawang-Ipoh, Malaysia
- Awarded contract for the structural steel 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
- Awarded contract for the structural steel erection works for Dragon Mart, Dubai
- Awarded contract for the structural steel erection works for Khalifa Stadium, Qatar

2004

- Obtained ISO 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

2005

- Awarded contract for the structural steel erection works for Rose Rayhaan Rotana Tower, Dubai
- Awarded contract for the structural steel erection 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 erection works for Dubai Festival City, Dubai

Group Milestones [cont'd]

Selected Milestones

2006

- Awarded contract for the mechanical erection works for Jimah 2 x 700MW Coal-Fired Power Plant, Malaysia
- Awarded Contract for roof steel work for Dubai Mall
- Commenced construction of 3rd fabrication plant in Doha, Qatar
- Awarded contract for the structural steel erection works for The Index Building, Dubai
- Awarded contract for the structural steel erection works for Hamad International Airport (Phase 1) – Main Terminal Building, Qatar
- Awarded contract for the structural steel erection works for Tornado Tower, Qatar

2007

- Awarded contract for the structural steel erection works for Burj Khalifa (Spire), Dubai
- Awarded contract for the structural steel erection works for Al Shams Sky Tower, Abu Dhabi
- Awarded contract for the structural steel erection works for Capital Gate Building, Abu Dhabi

2008

- Commenced construction of 4th fabrication plant in Rawang Industrial Area, Malaysia
- Awarded contract for the structural steel erection works for Hamad International Airport (Phase 2) – Main Terminal Building, Qatar
- Awarded contract for the structural steel erection works for Nakilat Ship Construction Facilities Phase 4, Qatar

2009

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

2010

- Awarded contract for the structural steel erection works for Etihad Tower – Roof, Abu Dhabi
- Awarded contract for the structural steel erection works for Cleveland Clinic Abu Dhabi
- Awarded contract for the erection and fireproofing works for Capital Market Authority Tower, Saudi Arabia
- Awarded contract for the structural steel erection works for Hamad International Airport – North Node, Concourse C&D – Phase 3 CP51, Qatar
- Awarded contract for the structural steel 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 erection and intumescent fireproofing works for Masdar Institute for Science and Technology , Abu Dhabi
- Awarded contract for the erection and fireproofing works for Samba Headquarters in King Abdullah Financial District, Saudi Arabia

2012

- Awarded contract for the mechanical equipment and structure erection works for Tanjung Bin Power Plant, Malaysia
- Awarded contract for the mechanical erection for the boiler and auxiliary equipment for Manjung Power Plant, Malaysia
- Awarded contract for the design, fabrication and erection of structural steel for the National Museum of Qatar
- Awarded contract for the engineering, connection designs, supply, fabrication and delivery to site, painting, fireproofing, metal decking and erection of structural steel works for King Abdullah International Airport Railway Station, Saudi Arabia
- Awarded contract for the design, engineering, fabrication, fireproofing and erection of structural steel works, metal decking and spherical bearings for Qatar Foundation Headquarters
- Awarded contract for the supply of structural steel for pipe and cable rack for an iron ore distribution project
- Incorporated Vahana Constructions Sdn. Bhd.
- Acquisition of Eversendai Engineering Pte. Ltd., Singapore
- Acquisition of shares in Technics Oil & Gas Ltd., Singapore

MEDIA HIGHLIGHTS

Eversendai to raise stake in Technics to at least 20%

By GURMEET KAUR
gurmeet@thestar.com.my

PETALING JAYA: Eversendai Corp Bhd is strengthening its position in Singapore-listed Technics Oil & Gas Ltd by making the latter an associate company and securing a board position.

Eversendai's head honcho and major shareholder, Datuk A.K. Nathan, said the target was to raise its stake to at least 20% in Technics, which in turn would enable the construction and structural steel fabricator to equity account the profits of its Singapore unit. The board seat, he reckoned, should come about by February.

"At present, we hold 13.65% of Technics shares and we are in the process of subscribing to another 10.7 million shares to make it 18% by mid-February. Following that, we plan to increase it to 20% through the open market," he told StarBiz.

Technics is a leading full service integrator of compression systems

TURN TO PAGE 2

Technics is a leading full service integrator of compression systems and process mo...

放眼 20 亿营业额
依华建台拟购油气公司

A.K 纳丹

艾华仙台洽谈并购 2016达20亿营收目标

点股台

Nathan: Eversendai will seek board

FROM PAGE 1

New twist to Eversendai

It's considering foray into a new business to lift performance

Eversendai clinches RM158m Jeddah airport job

Eversendai venturing into oil and gas business

TARGET: Move to help it double the amount to RM2 billion in five years' time

Eversendai secures Taisei steel contract

KUALA LUMPUR: Eversendai Corp Bhd, an integrated structural steel turnkey and power plant contractor, has been appointed as a major sub-subcontractor for the Tokuyama Malaysia Polycrystalline-Silicon Project for steel structure fabrication and erection in Bintulu, Sarawak.

The project was awarded by Taisei Corp and is worth RM37.1mil.

Executive chairman and group managing director Datuk A K Nathan said the company was pleased to announce the awarding of this contract by one of its major global client with whom it had shared a long working relationship.

Media Highlights [cont'd]

Eversendai plans to acquire firms

MEETING REVENUE TARGET: Group expects to announce two or three deals in next few months

பல நிறுவனங்களை வாங்க எவர்செண்டாய் திட்டம்

Eversendai to intensify local presence in the steel sector

Eversendai in talks to buy O&G companies

> Also eyes manufacturing firms in bid to diversify income base

Eversendai buys into Technics

Ambil alih syarikat perkukuh kedudukan

Eversendai mahu teroka sektor minyak dan gas, perkilangan untuk capai sasaran RM2b pada 2016

Eversendai to gradually increase stake in Technics

依华建台获 4590 万合约

Eversendai clinches Qatar museum job

KUALA LUMPUR: Eversendai Engineering Qatar WLL, has been appointed a major sub-contractor by Hyundai Engineering and Construction Co Ltd for the National Museum of Qatar (Package 2) project worth approximately RM134 million. Hyundai Engineering is the main contractor for the project. Group managing director Datuk AK Nathan said the work scope included design, fabrication and construction of structural steel. **Bernama**

CALENDAR OF EVENTS 2012

January 19
Start of Erection – ADNOC Headquarters
Abu Dhabi, UAE

January 28
Eversendai Group Annual Meeting
Hamriyah Free Zone
Sharjah, UAE

February 28
Eversendai Group Board Meeting
Hamriyah Free Zone
Sharjah, UAE

February 29
Award of Contract - Al Jalila Children's Speciality Hospital
Dubai, UAE

March 1
Eversendai Engineering LLC's 15th Anniversary Celebrations Atlantis Hotel
Dubai, UAE

April 14
Eversendai Premier League 2011 Finals – Eversendai Achievers won the Trophy
Sharjah, UAE

April 15
Start of Steel Erection – Salalah Airport
Salalah, Oman

April 23
Fire Drill Training at Worli Mixed-Use Project by Eversendai Construction Pvt Ltd
Mumbai, India

May 3
Worli Mixed Use Project was awarded the Safety Award for April 2012
Mumbai, India

May 20
Start of Erection – Al Jalila Children's Speciality Hospital
Dubai, UAE

May 24
Awarded for excellent performance in erecting 35,000 tonnes of steel with safety norms in Hamad International Airport (CP-51)
Doha, Qatar

June 26
10 Million Man Hours without LTA in Doha Convention Centre project
Doha, Qatar

June 29
Eversendai Futsal Tournament 2012, an annual event sponsored by Eversendai for the Malaysian community
Dubai, UAE

July 15
Eversendai staff received Hyundai Safety Award
Doha, Qatar

Calendar of Events 2012 [cont'd]

August 28

Start of Erection – Yas Mall
Abu Dhabi, UAE

July 19

Blood donation drive at Doha fabrication shop
Doha, Qatar

September 17

Eversendai volunteers participated actively in cleaning the sea port during the 3rd Hamriyah Marine Day
Hamriyah Free Zone, Sharjah, UAE

December 6

Lifting of Top Girder weighing almost 200 tonnes at Manjung power plant
Manjung, Malaysia

December 21

Eversendai sponsored the ASEAN Golf 2012 tournament jointly with the Malaysian consulate
Dubai, UAE

December 28

Awareness campaign conducted by the Indian Workers Resource Centre (IWRC) on PLIF for Eversendai staff at Muhaisnah
Dubai, UAE

CORPORATE SOCIAL RESPONSIBILITY

Eversendai being a global company recognises that its business operations have a direct and indirect impact on the environment and societies in which it operates. Good business practices require that we give due consideration to the interests not only of our stakeholders but also to the environment through social contributions and not just financially. The Group believes its responsibility includes enhancing its corporate values by engaging the community within where it has operations. Our company encourages employee engagement in our corporate social responsibility initiatives and a program is designed to enhance relations with the communities within which we operate, where over 500 employees volunteer to participate in various activities. As part of our corporate social responsibility towards our environment, we promote energy and resource saving measures, which includes to reduce, reuse and recycle wherever and whenever possible.

Newly-Refurbished Computer Lab, SJK (T) Rawang

Staff Participation SJK (T) Rawang

At Eversendai, we firmly believe that an unyielding commitment of all employees is required to ensure the success of the company's CSR activities. Our commitment includes giving employees time-off from work to volunteer their time to community services where we have a presence. Our notion of CSR is a cumulative result of efforts by each and every employee's initiative to be socially responsible and not just a series of activities that are implemented and overseen by a special unit.

Upgrading works at SJK (T) Rawang

Recognising that education is crucial to the nation's future growth success, Eversendai has engaged in various education related social contribution activities. There was a shortage of IT facilities at SJK (T) Rawang school computer lab. To improve the facilities, we donated 40 computers, computer tables and chairs and a printer for the school's computer lab as well as a printer and a photocopier machine for the administrative office. Our staff also repaired various fixtures and fittings around the school, built a covered walkway from gate to school building, and installed cladding with structural steel to shield the students from the sun during assembly. The school project was completed by our staff undertaking various landscaping works to beautify the school compound.

Blood Donation at Doha, Qatar

Blood Donation

Eversendai Engineering Qatar W.L.L organised a blood donation campaign held at the fabrication shop where over 25 employees donated blood at the Hamad Medical Corporation's mobile blood donation bank. In conjunction with the National Blood Bank's blood donation drive, over 40 employees at the Rawang office and factory generously donated blood. The event was jointly organised by Eversendai and the National Blood Bank of Malaysia.

Corporate Social Responsibility [cont'd]


Blood Donation at Rawang HQ, Malaysia


Marine Clean-up at Hamriyah Port, UAE

Marine Clean-Up

Eversendai's commitment to CSR extended beyond our shores, as we have our role to play in regions where we have operations. Eversendai Engineering FZE's employees have again volunteered to clean up the coastal areas at the Hamriyah Port in conjunction with the International Coastal Clean Up (ICC) Day. The event, which was organised by the Hamriyah Free Zone Authority, took place on 17 September 2012. Several hundred kilograms of debris which included used tires, ropes, jute bags, cardboards, paper food wrappers, beverage bottles, beverage metal cans, clothing, shoes, bait containers, fishing nets, light sticks, lighting bulbs etc., were collected and then segregated into recyclable and non-recyclable bags.


Marine Clean-up at Hamriyah Port, UAE

STATEMENT ON CORPORATE SUSTAINABILITY

In keeping with the best practices of corporate responsibility and consistent with the principles set out in the Malaysian Code on Corporate Governance 2012, Eversendai conducts its business in a socially responsible and ethical manner – looking after the health and safety of our employees, caring for the environment and giving back to society to benefit the global communities where we operate. Adopting such approaches are essential in delivering continued benefits to our stakeholders.

Responsible corporate conduct including commitment to disclosure and transparency of Economic, Social and Governance (ESG) issues is also part of our business practices.

CORE VALUES

Safety

We care about the health and safety of our employees, customers and the communities in which we operate. We adhere to a high standard to ensure our people work safely everyday!

Excellence

We believe in what we do and we see excellence as a process of continuous improvement to achieve the best possible outcome consistently for our stakeholders.

Nurturing in talents

We commit to attract, develop and retain the best talents for our business. We reward competitively, establish an open and conducive workplace and promote personal development to continuously improve our people's talents globally to fuel our company's growth.

Discipline

We conduct our business to high standards of ethics, integrity and discipline as a responsible corporate entity. We adhere absolutely to quality, safety and on-time delivery in every of our projects.

Accountability

We meet our commitments and hold ourselves accountable to delivering excellent services to our customers. We also continuously embed Corporate Social Responsibility activities that will contribute positively towards the local communities.

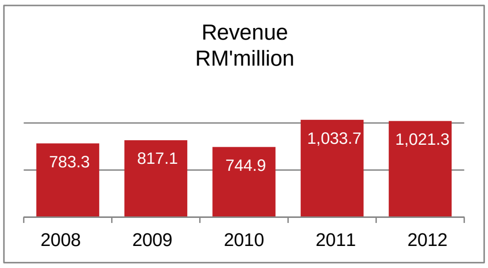
Innovation

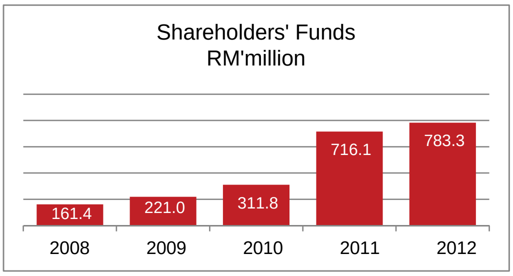
We encourage our people to develop creative solutions in delivering value to our customers, communities and other stakeholders. We strive to achieve continuous improvement and give new ideas and solutions to every challenge.

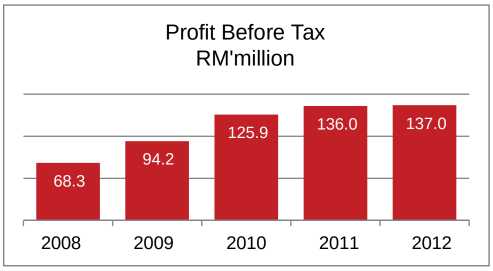
5-YEARS GROUP FINANCIAL HIGHLIGHTS

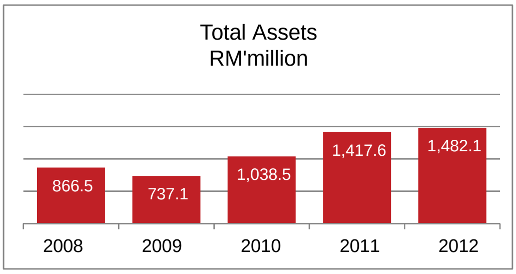
	2008	2009	2010	2011	2012
Revenue (RM 'million)	783.3	817.1	744.9	1,033.7	1,021.3
Profit Before Tax (RM 'million)	68.3	94.2	125.9	136.0	137.0
Profit After Tax After MI (RM 'million)	59.4	78.0	116.7	119.5	115.4
No. of Shares* ('million)	774.0	774.0	774.0	774.0	774.0
Gross Earnings per Share (sen)	8.83	12.16	16.26	17.57	17.69
Net Earnings per Share (sen)	7.68	10.08	15.08	15.43	14.90
Shareholders' Funds (RM 'million)	161.4	221.0	311.8	716.1	783.3
Total Assets (RM 'million)	866.5	737.1	1,038.5	1,417.6	1,482.1
Net Tangible Assets Per Share (RM)	0.19	0.27	0.39	0.91	1.00

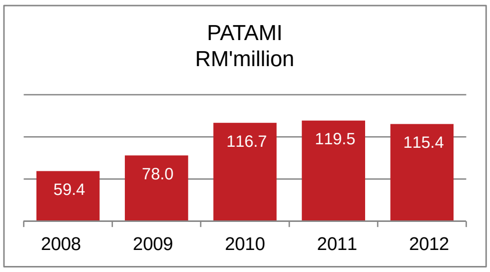
* Based on number of Ordinary Shares as at 31 December 2012

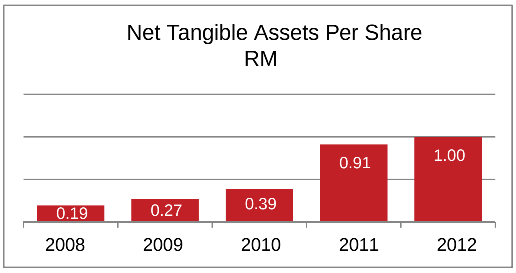


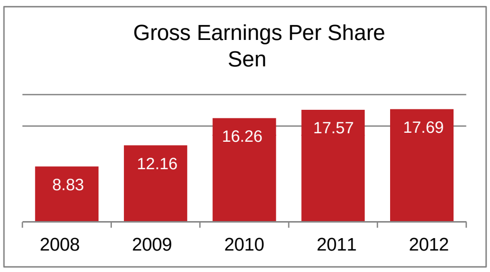


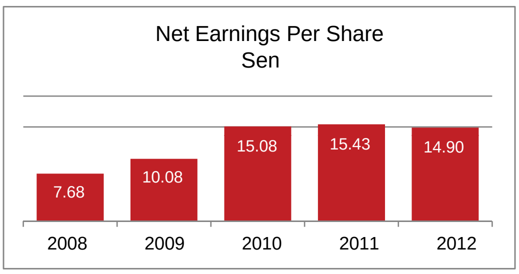








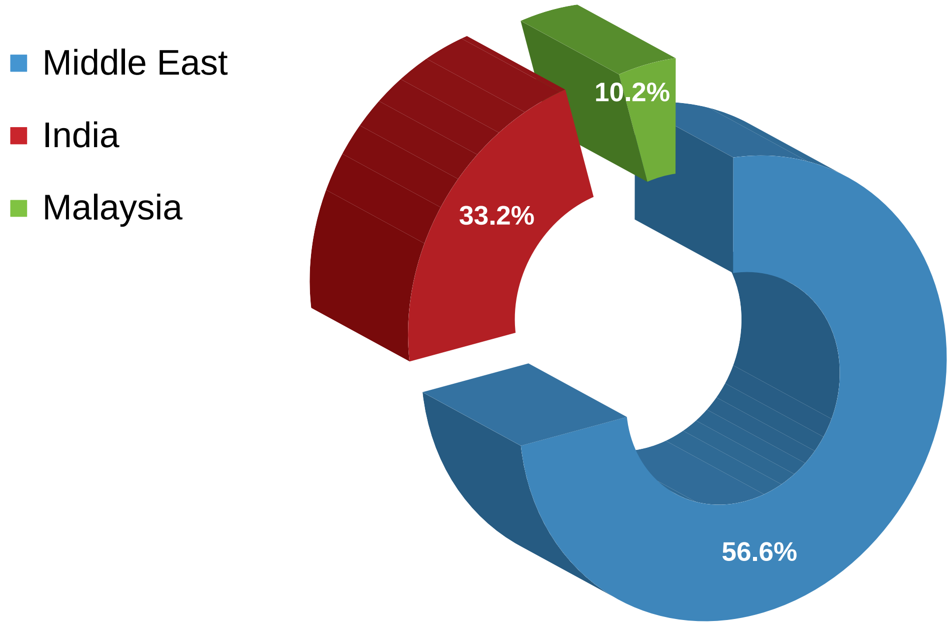




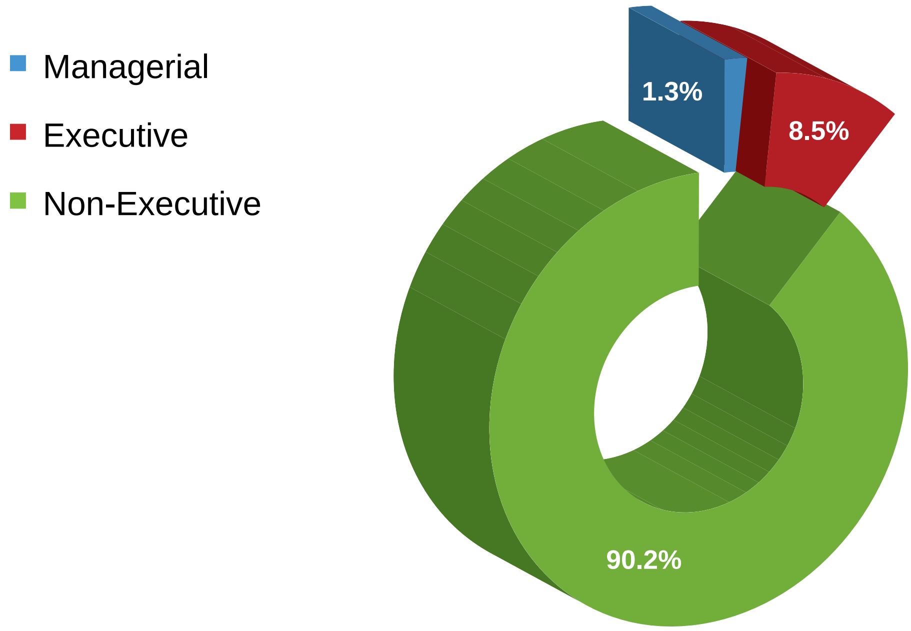
GROUP MANPOWER SUMMARY

as at 31 December 2012

Manpower Strength by Region



Employee Composition by Level



Manpower Strength by Region		Employee Composition by Level	
Middle East	5,672	**Managerial**	132
India	3,325	**Executive**	856
Malaysia	1,029	**Non-Executive**	9,038
Total	10,026	**Total**	10,026

CORPORATE GOVERNANCE STATEMENT

The Board of Eversendai Corporation Berhad (the "Board") is committed to upholding the practices of corporate governance throughout the Group as expressed in the Malaysian Code on Corporate Governance 2012 (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. 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 2012 and the extent to which the Company has complied with the Code during the financial year ended 31 December 2012 except where otherwise stated.

Board of Directors

1. Roles and Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Group. The Board's roles and responsibilities include without limitation the following:

- 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;
- Ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes in place to enable orderly succession of senior management;
- Ensuring effective communication with the shareholders and other stakeholders;
- 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;
- Developing corporate objectives, policies and strategies;
- Reviewing and approving acquisitions and disposals of undertakings and properties of substantial value and major investments.

The Board has adopted a Charter, which sets out, amongst others, the Board's strategic intent and outlines the Board's roles and responsibilities. The Charter is a source reference and primary induction literature for existing and prospective members of the Board.

The Board Charter also sets out the Code of Ethics and Conduct that the members of the Board must observe in the performance of their duties.

The Board Charter is subject to review periodically.

The Board Charter is available for reference at the Group's website at www.eversendai.com.

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. The profiles of the members of the Board are provided in the Annual Report.

The tenure of all three (3) Independent Non-Executive Directors is less than nine (9) years, which is in accordance with Recommendation 3.2 of the Code. 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.

Encik Mohammad Nizar bin Idris is the Senior Independent Non-Executive Director, to whom concerns relating to the affairs of the Group may be conveyed.

The Board is mindful of Recommendation 3.5 of the Code which states that if the Chairman of the Board is not an Independent Director, then the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board. In this regard, the Nomination Committee will be tasked to identify, assess and recommend to the Board for approval suitable candidate(s) to fill in the position of Independent Director.

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

The Code 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 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.

4. Whistle Blower Policy and Procedures

As part of the Company's commitment to achieving and maintaining high standards with regards to the behaviour at work, the Company has adopted a whistle blower policy and procedures that are applicable throughout the Group.

Under the whistle blower policy, all employees and stakeholders are encouraged to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal.

All protected disclosures should be addressed to the Chairman of the Board or the Chairman of the Audit Committee of the Company.

5. Board Meetings and Supply of Information

The Board meets quarterly with additional meetings convened as and when the Board's approval and guidance is required. Upon consultation with the Chairman and Group Managing Director, due notice shall be given of proposed dates of meetings during the financial year and agenda and matters to be tabled to the Board.

Four (4) Board meetings were held during the financial year ended 31 December 2012 and the details of attendance of each Director are as follows:

Director	Designation	Number of meetings attended	Percentage during the Year
Dato' Nathan a/l 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	Independent Non-Executive Director	4 out of 4	100%
Datuk Ng Seing Liong	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	4 out of 4	100%
S Sunthara Moorthy a/l S Subramaniam	Executive Director for Finance & Corporate Affairs	4 out of 4	100%
Narishnath a/l Nathan	Executive Director & Deputy Regional Director for the Middle East operations	4 out of 4	100%

5. Board Meetings and Supply of Information [cont'd]

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 & 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.

6. 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, gender diversity, competencies and other qualities, before recommending them to the Board for appointment. The Nomination Committee will take steps to ensure that women candidates are sought for appointment to the Board.

7. Re-election of Directors

The Company's Articles provide that one-third (1/3) of the Directors are subject to retirement by rotation at every Annual general Meeting but are eligible for re-election provided always that all Directors including the 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 Annual General Meeting unless he is re-appointed by a resolution passed at such an Annual General Meeting of which no shorter notice than that required for the Annual General Meeting has been given.

8. 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.

8. Training and Development of Directors [cont'd]

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.

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Director	Topic
Dato' Nathan a/l Elumalay	• Malaysian Code on Corporate Governance 2012
Mohammad Nizar bin Idris	• Bursa Malaysia's Half Day Governance Programme - "Role of the Audit Committee in Assuring Audit Quality" • Bursa Malaysia's Half Day Governance Programme - "The key components of establishing and maintaining world- class audit committee reporting capabilities" & "What keeps an audit committee up at night?" • Malaysian Code on Corporate Governance 2012
Tan Sri Rastam Mohd Isa	• Malaysian Code on Corporate Governance 2012 • 8th World Islamic Economic Forum
Datuk Ng Seing Liong	• Bursa Malaysia's Half Day Governance Programme - "Role of the Audit Committee in Assuring Audit Quality" • Bursa Malaysia's Advocacy Sessions on Disclosure for CEOs & CFOs • Bursa Malaysia's Half Day Governance Programme - "The key components of establishing and maintaining world- class audit committee reporting capabilities" & "What keeps an audit committee up at night?" • Malaysian Code on Corporate Governance 2012

8. Training and Development of Directors [cont'd]

Director	Topic
Nadarajan Rohan Raj	• Malaysian Code on Corporate Governance 2012
Narla Srinivasa Rao	• Malaysian Code on Corporate Governance 2012
S Sunthara Moorthy a/l S Subramaniam	• Global Research Briefing • Investment Outlook • Impact of Amendments to Listing Requirements & Optimising IFRS Convergence • Asean Corporate Governance Scorecard • Malaysian Code on Corporate Governance 2012 • Malaysian Personal Data Protection Act
Narishnath a/l Nathan	• Malaysian Code on Corporate Governance 2012

9. Company Secretary

The Company Secretaries takes charge of ensuring overall compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") 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.

10. 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 Committees and 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.

10. Board Committees [cont'd]

(b) Nomination Committee

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

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

The Nomination Committee has been entrusted with the responsibility of proposing and recommending new nominees to the Board and the Board Committees as well as 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

- 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. The Nomination Committee had, for the financial year, reviewed and deliberated on the proposed re-nomination of the directors who are retiring at the Tenth Annual General Meeting of the Company. The Nomination Committee had also, in accordance with Recommendation 2.1 of the Code, deliberated on the proposed appointment of the Senior Independent Non-Executive Director as the Chairman of the Nomination Committee.

10. Board Committees [cont'd]

(c) Remuneration Committee

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

- Tan Sri Rastam Mohd Isa (Independent Non-Executive Director and Chairman of the Remuneration Committee);
- Mohammad Nizar bin Idris (Senior 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 had, for the financial year, reviewed the remuneration packages of the Executive Directors of the Company.

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 Eversendai Corporation Berhad, 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.

Directors' Remuneration [cont'd]

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 set out below.

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	–	144	144
Allowances	1,583	–	1,583
Salaries and other emoluments	8,473	62	8,535
Bonus, incentives and others	7,946	–	7,946
Employees Provident Fund	197	–	197
Benefit- in-kind (estimated value)	478	–	478
Total	18,677	206	18,883

Details of the Directors' remuneration for the financial year ended 31 December 2012 are disclosed in the financial statements, as set out on page 96 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 Company 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.

Shareholders and Other stakeholders [cont'd]

1. Shareholders and Investor Relations [cont'd]

The primary contact person for Investor Relations and Finance related matters is:

William Chan Fook Kwong
Chief Financial Officer
Contact details:
Tel no.: +603-6091 2575
Email: william@eversendai.com

The Group also has in place a Corporate Disclosure Policy, which emphasises on comprehensive, accurate, balanced, clear and timely disclosure of material information to enable informed and orderly decisions by the shareholders and investors.

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 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 the Company 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

1. Financial Reporting

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.

2. Statement of Directors' Responsibility in respect of the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and the Group for that period.

In preparing the financial statements, the Directors have applied suitable accounting policies and applied them consistently. The Directors have also ensured that all applicable accounting standards have been followed in the preparation of the financial statements.

3. Internal Control

The Board has overall responsibility for the system of internal control which includes financial controls, operational and compliance controls and risk management.

The Statement on Internal Control is set out on pages 44 to 46 of this Annual Report.

4. Relationship with the Auditors

The Board, through the Audit Committee, maintains a transparent and professional relationship with the internal and external auditors. The Audit Committee has been explicitly accorded the authority to communicate directly with both the internal and external auditors. From time to time, the auditors would highlight to the Audit Committee and the Board on matters that require the Board's attention.

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 2012. 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 ongoing 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 of Eversendai Corporation Berhad (the "Board") in discharging its responsibilities is fully committed to the maintenance of a sound internal control environment to safeguard shareholders' investments 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 Group's Risk Management Framework is in place. The management 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 Board is also provided with a quarterly report on the Group's risk map and analysis of the Group's risk register as well as the status of the progress in mitigating key risk areas.

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 when there are 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.

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 are made as and when required to adopt best corporate governance practices.

3. Internal Audit

The Group Internal Audit 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 47 to 51.

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 within the Group. Additional policies and procedures are being implemented for areas deemed to be pertinent to the business of the Group. The Group Internal Audit Department is in the process of evaluating the efficacy of the existing policies and procedures.

7. Financial and Operational Information

Performance reviews are done on a monthly basis for management reviews and appropriate actions. The annual financial and operating plans and strategic plans are presented to the board for deliberation and approval. Further at the quarterly Audit Committee and Board meetings performances updates are deliberated. 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.

To further strengthen the budgeting and reporting process, in 2013 we have undertaken to enhance the process by evaluating the efficacy of the budgeting and review processes.

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

Terms of Reference

The terms of reference are set out on pages 49 to 51.

Membership and Meetings

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

During the year the Committee held five (5) meetings without the presence of the Executive Directors, except when their attendance was at the invitation of the Committee. The Head of Internal Audit & Risk 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 Committee. In addition, the Committee also held separate private sessions with the Head of Internal Audit & Risk and external auditors without the presence of management.

The members of the Committee 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 (Chairman)	Independent Non-Executive Director	5 out of 5
Tan Sri Rastam Mohd Isa	Independent Non-Executive Director	5 out of 5
En. Mohammad Nizar bin Idris	Senior Independent Non-Executive Director	5 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 Audit Committee. The Committee members' profiles are available in the "Board of Directors" section set out on pages 14 to 17.

Summary of Activities

The activities of the Audit Committee 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 Malaysia Securities Berhad, 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

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 2012 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 Audit Committee;
   • Reviewed the independence, objectivity and cost effectiveness of the external auditors before recommending to the Board their re-appointment and remuneration; and
   • Reviewed compliance of the external auditors with ECB's external audit independence policy.

3. **Internal Audit**

   • Reviewed the proposed 2012 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;
   • Reviewed the internal audit reports and updates, presented by the Group Internal Audit & Risk Department, on their findings and recommendations for improvements to 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.

5. **Others**

   • Reviewed with management, the reports on material litigation;
   • Reviewed the Report of the Audit Committee, 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 Audit Committee.

Group Internal Audit Function

The Group Internal Audit & Risk Department reports to the Audit Committee of the Board. The primary responsibility of this independent internal audit and risk 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 and risk 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 & 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 Audit Committee

The Audit Committee is governed by the following terms of reference since its inception on 21 April 2011, which has been applied by the Group.

1. **Composition**

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

(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 Malaysia Securities Berhad ("Bursa Securities").

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

In the event of any vacancy in the Audit Committee 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 Audit Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.

Terms of Reference of the Audit Committee [cont'd]

2. Meetings

(a) The Audit Committee is to meet at least four times a year and as many times as the Audit Committee deems necessary.
(b) The quorum for any meeting of the Audit Committee shall be majority of members present.
(c) The meetings and proceedings of the Audit Committee 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 Chief Financial Officer and the Head of Internal Audit & Risk shall normally attend meetings of the Audit Committee. 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 Committee shall convene a meeting of the Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee. The Audit Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Audit Committee in fulfilling its responsibility.

4. Responsibility

The Audit Committee is to serve as a focal point for communication between non-Audit Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Audit Committee 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 Audit Committee 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 Audit Committee shall promptly report such matter to Bursa Securities.

Terms of Reference of the Audit Committee [cont'd]

5. Functions

The functions of the Audit Committee 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 programmes, processes, the findings reflected in the internal audit reports, or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(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 transaction 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 remuneration; and any questions on resignation, suitability and dismissal.

6. Secretary

The Secretary of the Audit Committee shall be the Company Secretary(ies).

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 RM273.2 million and its status of utilisation as at 31 December 2012 are as follows:

Purpose	Proposed utilisation RM' mil	Actual utilisation RM' mil	Intended Timeframe for utilisation Within	Deviation RM' mil	Explanations
Capital Expenditure	126.0	82.8	24 months	–	–
Business Expansion	80.0	80.0	24 months	–	–
Working Capital	58.4	60.7	12 months	(2.3)	Excess from unutilised portion of listing expenses
Listing Expenses	8.8	6.5	1 month	2.3	Excess used for working capital purposes
	273.2	230.0			

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 2012.

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 2012 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2012.

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

Additional Corporate Disclosure [cont'd]

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2012.

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 2012.

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

6. NON-AUDIT FEES

There were no non-audit fees paid to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2012.

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 2012.

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

Save for the recurrent related party transactions disclosed in item 11, 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 2012 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 was no material contract 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")

The shareholders of the Company had at the Ninth Annual General Meeting held on 19 June 2012 granted their approval for the Company and its subsidiary companies ("the Group") to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business, on terms not more favourable to the related parties than those generally available to the public and with those related parties as set out in the Circular to Shareholders dated 25 May 2012 ("the Shareholders' Mandate").

In accordance with Section 3.1.5 of Practice Note No. 12 of the Main Market Listing Requirements of Bursa Securities, the details of RRPT conducted by the Group pursuant to the Shareholders' Mandate during the financial year ended 31 December 2012 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 (RM'000)
1.	Dato' Nathan a/l Elumalay	Personal Guarantee provided by Dato' Nathan a/l Elumalay for credit facilities given to the Group	Dato' Nathan a/l Elumalay	1,198,759
2.	Narishnath Nathan (director of EV India) and Kaliyappan Saravanan (General Manager for the Infrastructure Division of EV India)	Personal Guarantee provided by Narishnath Nathan and Kaliyappan Saravanan for credit facilities given to EV India	Narishnath Nathan and Kaliyappan Saravanan	5,439
3.	QIG	Lease of labour quarters located at Industrial Area Zone 57 by EV Qatar from QIG	QIG (Substantial shareholder of EV Qatar)	1,213
4.	Govindan Subramanian and Deivanai Subramanian (parents-in-law of Kaliyappan Saravanan)	Rental of office at #620, 14th Cross , 8th 'A' Main, ISRO Layout, Bangalore India by EV India	Kaliyappan Saravanan (General Manager for the Infrastructure Division of EV India)	17
5.	Dato' Nathan a/l Elumalay	Rental of properties by Dato' Nathan a/l Elumalay to EV Dubai	Dato' Nathan a/l Elumalay	109

STATEMENT OF DIRECTORS' RESPONSIBILITY

in respect of audited financial statements

The Directors are required by the Companies Act, 1965 in Malaysia and the Bursa Malaysia's Listing Requirements to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

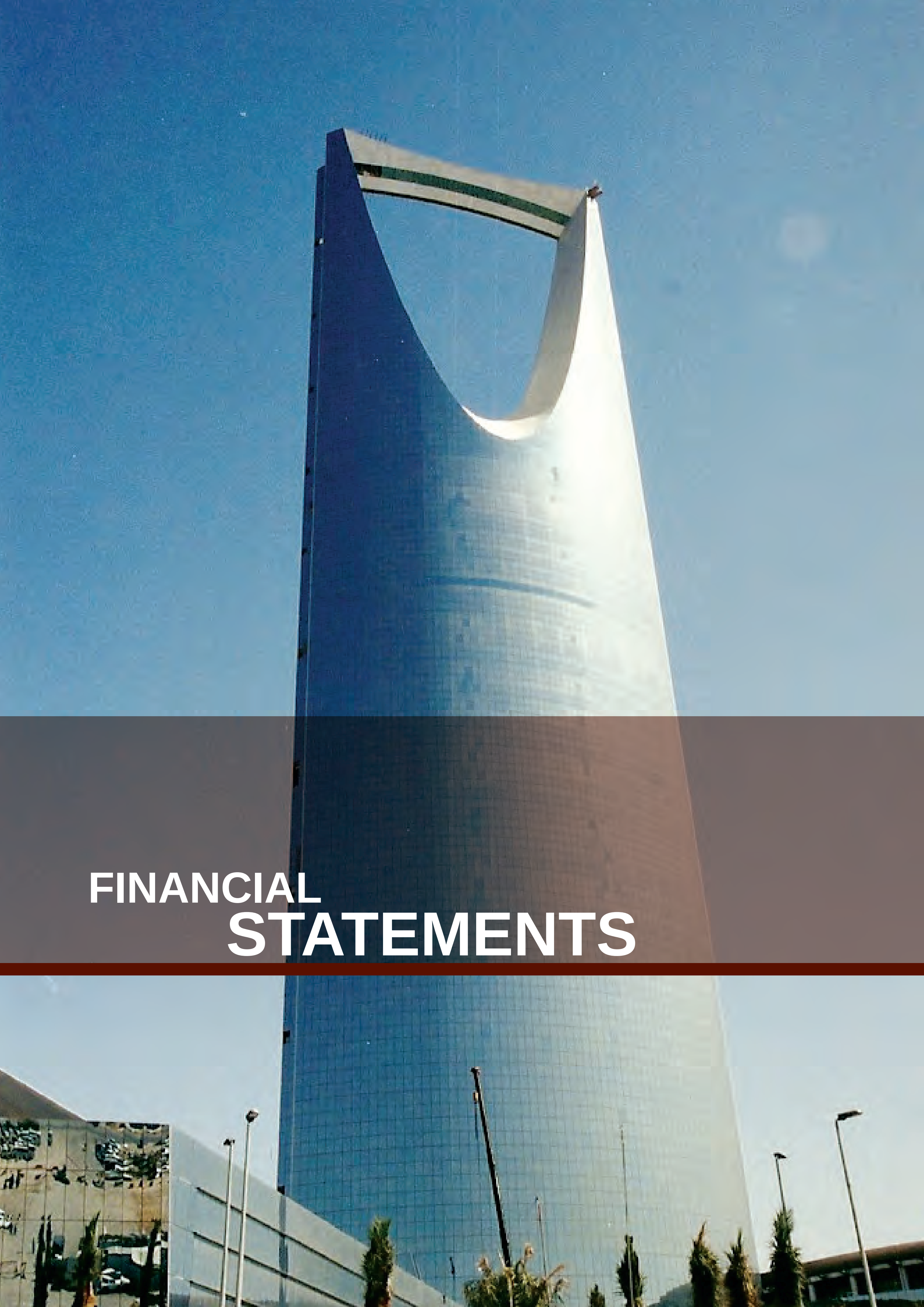
In preparing the financial statements the Directors have:

- Considered the requirements of the Companies Act, 1965 in Malaysia;
- Considered the requirements in accordance to Malaysian Financial Reporting Standards and International Financial Reporting Standards;
- Adopted and consistently applied appropriate accounting policies;
- Made prudent and reasonable judgments and estimates; and
- Ensured that the financial statements are prepared 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 retain the accounting and other records and the registers of the Group and the Company and in accordance with the requirement of the Companies Act, 1965 in Malaysia.

The Directors have general responsibility for undertaking reasonable steps to safeguard the assets of the Group and the Company and are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors have pleasure in presenting their report with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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 Vahana Constructions Sdn. Bhd. and acquisition of Eversendai Engineering Pte. Ltd. as disclosed in Note 11 to the financial statements.

Financial results

	Group RM'000	**Company RM'000**
Profit for the year	121,496	16,238
Attributable to:		
Equity holders of the Company	115,362	16,238
Non-controlling interests	6,134	–
	121,496	16,238

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

The amounts of dividends paid by the Company since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final tax exempt (single-tier) dividend of 1 sen per share on 774,000,000 ordinary shares, declared on 24 May 2012 and paid on 23 July 2012	7,740
In respect of the financial year ended 31 December 2012:	
Interim tax exempt (single-tier) dividend of 2 sen per share on 774,000,000 ordinary shares, declared on 5 September 2012 and paid on 10 October 2012	15,480
	23,220

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of RM0.02 per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM15,480,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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
* Mohammad Nizar bin Idris
** Tan Sri Rastam Mohd Isa
** Datuk Ng Seing Liong
Nadarajan Rohan Raj
Narla Srinivasa Rao
S Sunthara Moorthy a/l S Subramaniam
Narishnath a/l Nathan

* 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 20 and 25 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 RM0.50 each			
	1.1.2012	**Acquired**	**Disposed**	**31.12.2012**
The Company				
Direct interest				
Dato' Nathan a/l Elumalay	541,809,920	4,000,000	–	545,809,920
Narishnath a/l Nathan	1,640,020	–	–	1,640,020
Nadarajan Rohan Raj	1,630,000	–	–	1,630,000
Narla Srinivasa Rao	1,630,000	–	–	1,630,000
Datuk Ng Seing Liong	10,000	10,000	–	20,000

Dato' Nathan a/l Elumalay, by virtue of his interest in shares in the Company, is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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.

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.

Other statutory information [cont'd]

(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.

(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 7 March 2013.

Dato' Nathan a/l Elumalay

Nadarajan Rohan Raj

Kuala Lumpur, Malaysia

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 64 to 148 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 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 7 March 2013.

Dato' Nathan a/l Elumalay

Nadarajan Rohan Raj

Kuala Lumpur, Malaysia

statutory declaration

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

I, **S Sunthara Moorthy a/l S Subramaniam**, 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 64 to 148 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,
S Sunthara Moorthy a/l S Subramaniam at Kuala Lumpur
in the Federal Territory on 7 March 2013.

S Sunthara Moorthy a/l S Subramaniam

Before me,

PESURUHJAYA SUMPAH
07 MAR 2013
W 537
THINAHARAKUMAR
MALAYSIA

22A, JALAN TELAWI LIMA
BANGSAR BARU
59100 KUALA LUMPUR

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 2012 of the Group and of the Company, and 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 information, as set out on pages 64 to 148.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

Independent Auditors' Report [cont'd]
to the members of Eversendai Corporation Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements [cont'd]

(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 financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 37 on page 149 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.

Other matters

As stated in Note 2(b) to the financial statements, Eversendai Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
7 March 2013

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

		Group		Company	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Revenue	3	1,021,253	1,033,702	26,258	18,728
Cost of sales		(815,565)	(812,716)	–	–
Gross profit		205,688	220,986	26,258	18,728
Other income/(expense)	4	26,936	15,637	207	(53)
Operating and administrative expenses		(76,546)	(80,670)	(9,680)	(7,451)
Operating profit		156,078	155,953	16,785	11,224
Finance costs	5	(19,126)	(19,935)	(342)	(575)
Profit before taxation	6	136,952	136,018	16,443	10,649
Income tax expense	9	(15,456)	(4,469)	(205)	(242)
Profit for the year		121,496	131,549	16,238	10,407
Other comprehensive income:					
Foreign currency translation		(26,078)	11,076	–	–
Fair value adjustment of investment securities		473	(346)	473	(346)
Other comprehensive income for the year		(25,605)	10,730	473	(346)
Total comprehensive income for the year		95,891	142,279	16,711	10,061

Statements of Comprehensive Income [cont'd]
for the year ended 31 December 2012

		Group		Company	
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**
Profit attributable to:					
Equity holders of the Company		115,362	119,455	16,238	10,407
Non-controlling interests		6,134	12,094	–	–
		121,496	131,549	16,238	10,407
Total comprehensive income attributable to:					
Equity holders of the Company		90,359	129,818	16,711	10,061
Non-controlling interests		5,532	12,461	–	–
		95,891	142,279	16,711	10,061
Earnings per share attributable to equity holders of the Company					
- Basic and Diluted (sen)	10	15	18		

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group As at 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company As at 1.1.2011 RM'000
Assets							
Non-current assets							
Investment in subsidiaries	11	–	–	–	371,992	370,992	370,178
Goodwill	12	9,920	9,920	9,920	–	–	–
Investment in structured deposit	13	25,284	–	–	25,284	–	–
Property, plant and equipment	14	217,791	212,622	184,051	17,810	12,974	11,582
Deferred tax assets	15	304	246	133	–	–	–
		253,299	222,788	194,104	415,086	383,966	381,760
Current assets							
Inventories	16	185,839	158,590	251,685	–	–	–
Amount due from customers on construction contracts	17	307,062	290,361	93,146	–	–	–
Trade contract receivables	18	419,785	360,234	280,882	–	–	–
Other receivables and deposits	19	48,964	35,520	24,380	913	766	372
Tax recoverable		96	–	–	96	–	–
Amount due from subsidiaries	20	–	–	–	109,689	59,698	15,936
Investment securities	21	122,041	151,483	–	122,041	151,483	–
Deposits and bank balances	22	145,001	198,650	194,308	5,054	73,457	2,949
		1,228,788	1,194,838	844,401	237,793	285,404	19,257
Total assets		1,482,087	1,417,626	1,038,505	652,879	669,370	401,017
Equity and liabilities							
Current liabilities							
Trade payables	23	110,492	83,461	44,087	1,591	38	199
Other payables	24	200,677	166,553	137,897	179	277	142
Amount due to customers on construction contracts	17	83,683	96,181	109,479	–	–	–
Amount due to directors	25	172	11,472	14,690	139	10,722	13,716
Hire purchase payables	26	2,142	2,188	3,167	45	43	–
Bank borrowings	27	216,439	291,224	377,592	1,265	1,253	1,252
Amount due to subsidiaries	20	–	–	–	873	259	12,585
Provision for taxation		13,684	7,742	3,581	–	117	141
Dividend payable	30	5,934	–	–	–	–	–
		633,223	658,821	690,493	4,092	12,709	28,035

Statements of Financial Position [cont'd]
as at 31 December 2012

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	As at 1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	As at 1.1.2011 RM'000
Non-current liabilities							
Other payables	24	–	–	782	–	–	–
Hire purchase payables	26	3,592	2,902	3,560	254	299	–
Bank borrowings	27	31,829	10,170	10,253	6,708	7,986	9,239
Employees' service benefits	28	20,742	15,786	12,622	–	–	–
Deferred tax liabilities	15	3,617	1,352	1,986	–	42	–
		59,780	30,210	29,203	6,962	8,327	9,239
Total liabilities		693,003	689,031	719,696	11,054	21,036	37,274
Net assets		789,084	728,595	318,809	641,825	648,334	363,743
Equity attributable to equity holders of the Company							
Share capital	29	387,000	387,000	28,000	387,000	387,000	28,000
Foreign currency translation reserve	29	(44,243)	(18,767)	(29,476)	–	–	–
Capital reserve	29	307	307	307	120	120	120
Share premium	29	191,515	191,515	–	191,515	191,515	–
Fair value adjustment reserve	29	127	(346)	–	127	(346)	–
Retained earnings	29	248,554	156,412	312,942	63,063	70,045	335,623
		783,260	716,121	311,773	641,825	648,334	363,743
Non-controlling interests		5,824	12,474	7,036	–	–	–
Total equity		789,084	728,595	318,809	641,825	648,334	363,743
Total equity and liabilities		1,482,087	1,417,626	1,038,505	652,879	669,370	401,017

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2012

		Attributable to equity holders of the Company									
		Non-distributable						Distributable			
	Note	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Foreign currency 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
Group											
At 1 January 2011, as previously reported under FRS		28,000	307	–	(29,249)	–	–	316,312	315,370	2,568	317,938
Prior year adjustment	2(b)	–	–	–	(227)	–	–	(3,370)	(3,597)	4,468	871
As reported under MFRS		28,000	307	–	(29,476)	–	–	312,942	311,773	7,036	318,809
Profit for the year		–	–	–	–	–	–	119,455	119,455	12,461	131,916
Other comprehensive income		–	–	–	10,709	–	(346)	–	10,363	–	10,363
Total comprehensive income		–	–	–	10,709	–	(346)	119,455	129,818	12,461	142,279
Transactions with equity holders											
Shares issued as capitalisation of amount due to a director		2,665	–	–	–	–	–	–	2,665	–	2,665
Bonus issue		275,985	–	–	–	(275,985)	–	–	–	–	–
Public issuance of new shares		80,350	–	191,515	–	–	–	–	271,865	–	271,865
Effects of transition to MFRS	2(b)	–	–	–	–	275,985	–	(275,985)	–	–	–
Dividends	30	–	–	–	–	–	–	–	–	(7,023)	(7,023)
At 31 December 2011		387,000	307	191,515	(18,767)	–	(346)	156,412	716,121	12,474	728,595

Statements of Changes in Equity [cont'd]
for the year ended 31 December 2012

	Note	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Foreign currency 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											
At 1 January 2012, as reported under FRS		387,000	307	191,515	(18,540)	(275,985)	(346)	435,767	719,718	8,006	727,724
Prior year adjustments	2(b)	–	–	–	(227)	–	–	(3,370)	(3,597)	4,468	871
Effects of transition to MFRS	2(b)	–	–	–	–	275,985	–	(275,985)	–	–	–
As reported under MFRS		387,000	307	191,515	(18,767)	–	(346)	156,412	716,121	12,474	728,595
Profit for the year		–	–	–	–	–	–	115,362	115,362	–	115,362
Other comprehensive income		–	–	–	(25,476)	–	473	–	(25,003)	5,532	(19,471)
Total comprehensive income		–	–	–	(25,476)	–	473	115,362	90,359	5,532	95,891
Transaction with equity holders											
Dividends	30	–	–	–	–	–	–	(23,220)	(23,220)	(12,182)	(35,402)
At 31 December 2012		387,000	307	191,515	(44,243)	–	127	248,554	783,260	5,824	789,084

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

Statements of Changes in Equity [cont'd]
for the year ended 31 December 2012

		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								
At 1 January 2011, as reported under FRS		28,000	120	–	333,500	–	2,123	363,743
Effects of transition to MFRS	2(b)	–	–	–	(333,500)	–	333,500	–
As reported under MFRS		28,000	120	–	–	–	335,623	363,743
Profit for the year		–	–	–	–	–	10,407	10,407
Other comprehensive income		–	–	–	–	(346)	–	(346)
Total comprehensive income		–	–	–	–	(346)	10,407	10,061
Transactions with equity holders								
Shares issued as capitalisation of amount due to a director		2,665	–	–	–	–	–	2,665
Bonus issue		275,985	–	–	(275,985)	–	–	–
Public issuance of new shares		80,350	–	191,515	–	–	–	271,865
Effects of transition to MFRS	2(b)	–	–	–	275,985	–	(275,985)	–
At 31 December 2011		387,000	120	191,515	–	(346)	70,045	648,334

Statements of Changes in Equity [cont'd]
for the year ended 31 December 2012

		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								
At 1 January 2012, as reported under FRS		387,000	120	191,515	421,116	(346)	12,530	1,011,935
Effects of transition to MFRS	2(b)	–	–	–	(421,116)	–	57,515	(363,601)
As reported under MFRS		387,000	120	191,515	–	(346)	70,045	648,334
Profit for the year		–	–	–	–	–	16,238	16,238
Other comprehensive income		–	–	–	–	473	–	473
Total comprehensive income		–	–	–	–	473	16,238	16,711
Transaction with equity holders								
Dividends	30	–	–	–	–	–	(23,220)	(23,220)
At 31 December 2012		387,000	120	191,515	–	127	63,063	641,825

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

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2012

	Group		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Operating activities				
Profit before taxation	136,952	136,018	16,443	10,649
Adjustments for:				
Depreciation of property, plant and equipment	26,179	23,373	120	25
Provision for employees' service benefits	8,191	3,603	–	–
Gain on disposal of property, plant and equipment	(704)	(162)	–	–
Property, plant and equipment written off	28	2	–	–
Dividend income from subsidiaries	–	–	(20,770)	(14,576)
Gain on fair value adjustment of investment in structured deposit	(1,284)	–	(1,284)	–
Writeback of impairment losses on receivables	(9,786)	(1,115)	–	–
Allowance for impairment of losses of receivables	–	8,362	–	–
Other receivables written off	–	390	–	–
Interest income	(3,236)	(1,775)	(1,304)	(1,095)
Dividend income from investment securities	(3,620)	(2,493)	(3,620)	(2,493)
Write back of overprovision for trade payables	(115)	(389)	–	–
Unrealised foreign exchange losses	(5,922)	(700)	(1,076)	(53)
Interest expense	19,126	19,935	342	575
Operating profit/(loss) before working capital changes	165,809	185,049	(11,149)	(6,968)
Working capital changes:				
Inventories	(27,249)	93,095	–	–
Receivables	(67,137)	(89,315)	1,514	(687)
Payables, customers' accounts and amounts due from/(to) customers on construction contracts	46,714	(144,432)	1,464	(26)
Subsidiaries	–	–	(48,301)	(56,088)
Cash generated from/(used in) operations	118,137	44,397	(56,472)	(63,769)
Employees' service benefits paid	(2,174)	(1,726)	–	–
Taxes paid	(5,352)	(1,055)	(373)	(224)
Interest expense paid	(19,126)	(19,935)	(342)	(575)
Net cash generated from/(used in) operating activities	91,485	21,681	(57,187)	(64,568)

Statements of Cash Flows [cont'd]
for the year ended 31 December 2012

	Group		Company	
	31.12.2012 RM'000	**31.12.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**
Investing activities				
Purchase of property, plant and equipment	(42,635)	(48,345)	(4,956)	(1,417)
Proceeds from disposal of property, plant and equipment	865	200	–	–
Net changes in investment securities	29,442	(151,483)	29,442	(151,483)
Investment in structured deposit	(25,284)	–	(25,284)	–
Decrease/(increase) in deposits pledged with financial institutions	15,520	(136)	–	–
Interest received	3,236	1,775	1,304	1,095
Dividends received	3,620	2,493	24,390	17,069
Investment in subsidiaries	–	–	(1,000)	(814)
Net cash flow (used in)/generated from investing activities	(15,236)	(195,496)	23,896	(135,550)
Financing activities				
Issuance of share capital	–	271,865	–	271,865
Repayment of bank borrowings	(47,574)	(93,103)	(1,266)	(1,252)
Dividends paid	(29,466)	(7,023)	(23,220)	–
Drawdown/(repayment) of hire purchase payables	645	(2,051)	(43)	342
Repayment of amount due to directors	(11,300)	(553)	(10,583)	(329)
Net cash flow (used in)/generated from financing activities	(87,695)	169,135	(35,112)	270,626
Net (decrease)/increase in cash and cash equivalents	(11,446)	(4,680)	(68,403)	70,508
Effect of changes in foreign exchange rate	(21,131)	2,234	–	–
Cash and cash equivalents at beginning of year	139,406	141,852	73,457	2,949
Cash and cash equivalents at end of year (Note 22)	106,829	139,406	5,054	73,457

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2012

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia. The Company is listed on the Bursa Malaysia Securities Berhad since 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 Vahana Constructions Sdn. Bhd. and acquisition of Eversendai Engineering Pte. Ltd. as disclosed in Note 11 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 March 2013.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised MFRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2 (b).

The financial statements of the Group and of 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.

(b) First-time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework and changes in accounting policies and prior year adjustments

These financial statements are the Group's and the Company's first MFRS financial statements and MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") have been applied. For the periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia.

2. Significant accounting policies [cont'd]

(b) First-time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework and changes in accounting policies and prior year adjustments [cont'd]

The financial statements of the Group and of the Company for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company's registered office as stated in Note 1.

In preparing its opening MFRS statement of financial position as at 1 January 2011 (which is the date of transition), the Group and the Company have adjusted the amounts previously reported in financial statements prepared in accordance with FRS. The impact of transition from FRS to MFRS on the statements of financial position, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company is disclosed below:

	Debit/(credit)			
	Under FRS RM'000	**Effect of transition to MFRS * RM'000**	**Prior year adjustments ** RM'000**	**Under MFRS RM'000**
Group				
<u>As at 31 December 2011</u>				
Statement of financial position - Equity				
Revaluation reserves	(275,985)	275,985	–	–
Retained earnings	435,767	(275,985)	(3,370)	156,412
Translation reserve	(18,540)	–	(227)	(18,767)
Non-controlling interests	8,006	–	4,468	12,474
<u>As at 1 January 2011</u>				
Statement of financial position - Equity				
Retained earnings	316,312	–	(3,370)	312,942
Translation reserve	(29,249)	–	(227)	(29,476)
Non-controlling interests	2,568	–	4,468	7,036

2. Significant accounting policies [cont'd]

(b) First-time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework and changes in accounting policies and prior year adjustments [cont'd]

	Under FRS RM'000	Effect of transition to MFRS * RM'000	Prior year adjustments ** RM'000	Under MFRS RM'000
Company				
<u>As at 31 December 2011</u>				
Statement of financial position				
Asset				
Investment in subsidiaries	734,593	(363,601)	–	370,992
Equity				
Revaluation reserves	421,116	(421,116)	–	–
Retained earnings	12,530	57,515	–	70,045
Statement of comprehensive income				
Other comprehensive income	363,255	(363,601)	–	(346)
Total comprehensive income	373,662	(363,601)	–	10,061
<u>As at 1 January 2011</u>				
Statement of financial position				
Equity				
Revaluation reserves	333,500	(333,500)	–	–
Retained earnings	2,123	333,500	–	335,623

The transition to MFRS does not have a material impact on the statements of cash flows.

*** Effects of transition to MFRS - Investments in subsidiaries**

MFRS 1 permits a first-time adopter (a parent entity or investor) to choose the measurement basis for its investment in subsidiaries in its separate financial statements. A first-time adopter that measures such investments at cost is permitted to measure the investments either at cost determined in accordance with MFRS 127 or at "deemed cost". Deemed cost for this purpose is either the (a) fair value at date of transition or (b) carrying amount under previous GAAP at date of transition. The Company has elected to measure its investments in subsidiaries at deemed cost.

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

**** Prior year adjustments**

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

Notes to the Financial Statements [cont'd]
- 31 December 2012

2. Significant accounting policies [cont'd]

(c) Changes in accounting policies

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

Effective for financial periods beginning on or after 1 January 2013

MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 119 *Employee Benefits (revised)*
MFRS 127 *Consolidated and Separate Financial Statements (revised)*
MFRS 128 *Investments in Associates and Joint Ventures (revised)*
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
Amendments to MFRS 101 *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 116 *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 132 *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 134 *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
IC Interpretation 2 *Amendment to IC Interpretation 2 (Annual Improvements 2009-2011 Cycle)*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Effective for financial periods beginning on or after 1 January 2015

MFRS 9 *Financial Instruments (2009)*
MFRS 9 *Financial Instruments (2010)*
Amendments to MFRS 7 *Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures*

2. Significant accounting policies [cont'd]

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

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application except as described below:

(i) MFRS 9 Financial Instruments

MFRS 9, as issued, reflects the first phase of the MASB's work on the replacement of MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") and replaces the guidance in MFRS 139.

In subsequent phases, the MASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets but will not have an impact on the classification and measurement of financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases when the final standard including all phases is issued.

(ii) MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosures that were previously in MFRS 127 related to consolidated financial statements as well as all of the disclosures that were previously included in MFRS 11 *Joint Arrangements* and MFRS 128 *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required but have no impact on the Group's and the Company's financial position or performance.

(iii) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. The Group and the Company is currently assessing the impact that this Standard will have on the financial position and performance of the Group and the Company but based on preliminary analyses, no material impact is expected.

2. Significant accounting policies [cont'd]

(d) 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 cost less impairment. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in 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. When the reporting dates of the parent and a subsidiary are different, the subsidiary prepares additional financial statements as of the same date as that of the parent for consolidation purposes.

Where it is impracticable to do so, the parent may use the financial statements of a subsidiary prepared as of a reporting date different from that of the parent, provided adjustments are made for the effect of significant transactions or events that occur between that date and the date of parent's financial statements, and the difference between the reporting dates of the subsidiary and parent is no more than three months. In addition, the length of the reporting periods and any difference in the reporting dates should be the same from period to period.

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]

(e) 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 recognised in profit or loss 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:

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

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 profit or loss.

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.

2. Significant accounting policies [cont'd]

(f) 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.

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.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Significant accounting policies [cont'd]

(h) 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 measured 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.

(i) 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.

2. Significant accounting policies [cont'd]

(j) 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(o)(ii).

(k) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognised in profit or loss.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Significant accounting policies [cont'd]

(k) Income tax [cont'd]

(ii) Deferred tax [cont'd]

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) 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 profit or loss in the period in which they are incurred.

(m) 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 statements of financial position of the Group.

2. Significant accounting policies [cont'd]

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(o) Foreign currencies

(i) Functional and presentation 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 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. 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss 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.

2. Significant accounting policies [cont'd]

(o) Foreign currencies [cont'd]

(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.

(p) 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 profit or loss 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.

(q) 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(h).

2. Significant accounting policies [cont'd]

(q) Revenue recognition [cont'd]

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease term.

(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.

(r) 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 held-to-maturity investments.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. Significant accounting policies [cont'd]

(r) Financial assets [cont'd]

(ii) 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.

(iii) 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's and the Company's right to receive payment is established.

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.

(iv) 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.

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. 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 or sell the asset.

2. Significant accounting policies [cont'd]

(s) 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 and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company'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.

2. **Significant accounting policies [cont'd]**

(t) **Impairment of financial assets**

The Group and the Company assesses at each reporting date whether a financial asset or group of financial assets is or are impaired.

(i) **Trade contract receivables, other receivables and deposits, and other financial assets carried at amortised cost**

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 a receivable is impaired.

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.

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 amount 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.

(ii) **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 profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(u) **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.

2. Significant accounting policies [cont'd]

(v) 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.

(w) 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 35.

2.1 Significant accounting estimates and judgements

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 amounts of the Group's and Company's property, plant and equipment at the reporting date are disclosed in Note 14.

(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 at the reporting date is disclosed in Note 12.

(c) Deferred tax assets

Deferred tax assets is 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 judgement is required to determine the amount of deferred tax assets 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 recognised is disclosed in Note 15.

2.1 Significant accounting estimates and judgments [cont'd]

Key sources of estimation uncertainty [cont'd]

(d) Allowance for impairment of receivables

The Group makes allowance for impairment of receivables based on management's assessment of the recoverability of receivables. Allowances 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 18.

(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 financial year is disclosed in Note 9.

(f) 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 disclosed in Note 3 and no provision for future losses had been recognised as at the reporting date.

2.1 Significant accounting estimates and judgments [cont'd]

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.

(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 affect 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 of the Company consist of the following:-

	Group		**Company**	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Construction contract revenue	1,021,253	1,033,702	–	–
Dividend income from subsidiaries	–	–	20,770	14,576
Dividend income from investment securities	–	–	3,620	2,493
Interest income	–	–	1,304	1,095
Rental income	–	–	564	564
	1,021,253	1,033,702	26,258	18,728

4. Other income/(expense)

Other income/(expense) include the following:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income	3,236	1,775	–	–
Dividend income from investment securities	3,620	2,493	–	–
Gain from fair value adjustment of investment in structured deposit	1,284	–	1,284	–
Sales of scrap	13,286	9,077	–	–
Gain on disposal of property, plant and equipment	704	162	–	–
Write back of impairment losses on receivables (Note 18)	9,786	1,115	–	–
Write back of overprovision for trade payables	115	389	–	–
Unrealised foreign exchange losses	(5,922)	(700)	(1,076)	(53)

5. Finance costs

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense:				
- Bank borrowings	18,838	19,521	327	574
- Hire purchase payables	288	414	15	1
	19,126	19,935	342	575

Notes to the Financial Statements [cont'd]
- 31 December 2012

6. Profit before taxation

Included in the profit before taxation are the following:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration:				
- Current year	545	443	63	65
- Under/(over)provision in previous year	34	159	(5)	48
- Others	–	14	–	4
Depreciation of property, plant and equipment (Note 14)	26,179	23,373	120	25
Non-executive directors' remuneration (Note 8)	206	102	206	102
Employee benefits expense (Note 7)	184,149	134,410	7,230	2,847
Property, plant and equipment written off	28	2	–	–
Rental of:				
- Premises	8,930	5,048	–	–
- Operating lease	7,905	10,040	–	–
Allowance for impairment losses on receivables (Note 18)	–	8,362	–	–
Other receivables written off	–	390	–	–
Management fees	2,094	2,077	–	–

7. Employee benefits expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors' remuneration				
Executive directors of the Group (Note 8)	18,677	10,589	4,972	2,374
Other staff				
Wages and salaries				
- Cost of sales	154,535	111,826	–	–
- Operating and administrative expenses	10,937	11,995	2,258	473
	165,472	123,821	2,258	473
Total employee benefits expense	184,149	134,410	7,230	2,847

Included in employee benefits expense is defined contribution plan amounting to RM3,357,000 (2011: RM1,412,000) and RM425,000 (2011: RM289,000) for the Group and the Company respectively.

8. Directors' remuneration

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Group				
Executive:				
- Salaries and other emoluments	18,480	10,401	4,775	2,196
- Defined contribution plan	197	188	197	178
Total executive directors' remuneration (Note 7)	18,677	10,589	4,972	2,374
Non-Executive:				
- Fees	144	72	144	72
- Other emoluments	62	30	62	30
Total non-executive directors' remuneration (Note 6)	206	102	206	102
Total directors' remuneration	18,883	10,691	5,178	2,476

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	
	2012	**2011**
	RM'000	**RM'000**
Executive directors:		
RM100,001 to RM150,000	–	1
RM550,001 to RM600,000	–	1
RM650,001 to RM700,000	–	1
RM750,001 to RM800,000	1	–
RM800,001 to RM850,000	–	1
RM950,001 to RM1,000,000	1	–
RM1,000,001 to RM1,050,000	1	–
RM1,400,001 to RM1,450,000	1	–
RM8,400,001 to RM8,450,000	–	1
RM14,450,001 to RM14,500,000	1	–
Non-Executive directors:		
RM50,001 to RM100,000	3	3

Notes to the Financial Statements [cont'd]
- 31 December 2012

9. Income tax expense

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current income tax:				
Malaysian income tax	716	629	243	221
Foreign income tax	13,178	4,583	–	–
(Over)/underprovision in previous years	(628)	(21)	4	(21)
	13,266	5,191	247	200
Deferred tax (Note 15):				
- Relating to origination and reversal of temporary difference	1,105	72	–	42
- Under/(over)provision in previous years	1,085	(794)	(42)	–
	2,190	(722)	(42)	42
Total income tax expense	15,456	4,469	205	242

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 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 taxation 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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit before taxation	136,952	136,018	16,443	10,649
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	34,238	34,005	4,111	2,662
Difference in foreign tax rates	(20,504)	(14,689)	–	–
Expenses not deductible for tax purposes	8,898	2,200	2,229	2,007
Income not subject to tax	(6,742)	(16,232)	(6,097)	(4,406)
(Under)/overprovision of income tax expense in previous years	(628)	(21)	4	(21)
Over/(under)provision of deferred tax in previous years	1,085	(794)	(42)	–
Utilisation of current year's reinvestment allowance	(891)	–	–	–
Income tax expense for the year	15,456	4,469	205	242

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 2012 RM'000	Group 2011 RM'000
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	115,362	119,455
Weighted average number of ordinary shares in issue ('000 units)	774,000	673,575
Basic earnings per share for profit for the year (sen)	15	18

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

11. Investment in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at valuation, at 1 January as reported under FRS	734,593	370,178
Effect of transition to MFRS (Note 2(b))	(363,601)	–
Unquoted shares, at 1 January as reported under MFRS	370,992	370,178
Additions during the year:		
- Revaluation of subsidiaries	–	363,601
- Incorporation of new subsidiaries	1,000	814
Unquoted shares, at valuation, at 31 December as previously stated under FRS	371,992	734,593
MFRS Day 1 adjustment (Note 2(b))	–	(363,601)
Unquoted shares, at cost at 31 December as reported under MFRS	371,992	370,992

11. Investment in subsidiaries [cont'd]

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011	Effective interest in profit based on shareholders' agreement (%) 2012	Effective interest in profit based on shareholders' agreement (%) 2011
Held by the Company						
1. Shineversendai Engineering (M) Sdn. Bhd. ("Shineversendai")	Malaysia	Fabrication and erection of steel works	99.99	99.99	N/A	N/A
2. Vahana Constructions Sdn. Bhd. ("Vahana") *[Note (v)]*	Malaysia	Civil engineering and general contracting services	100.00	N/A	N/A	N/A
3. 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
4. Eversendai Engineering L.L.C. ("Eversendai LLC") *[Note (ii), (iii)]*	United Arab Emirates	Fabrication and erection of steel works	49.00	49.00	100.00	100.00
5. Eversendai Engineering L.L.C. - 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
6. EVS Construction L.L.C. ("EVSC") *[Note (ii), (iii)]*	United Arab Emirates	Engineering and contracting services	49.00	49.00	100.00	100.00

11. Investment in subsidiaries [cont'd]

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011	Effective interest in profit based on shareholders' agreement (%) 2012	Effective interest in profit based on shareholders' agreement (%) 2011
Held by the Company						
7. Eversendai Engineering Saudi L.L.C. ("Eversendai Saudi") *[Note (ii), (iv)]*	Kingdom of Saudi Arabia	Engineering, fabrication and erection of steel works	95.00	95.00	100.00	100.00
8. 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
9. Eversendai Engineering Pte. Ltd. ("EEPL Singapore") *[Note (i), (vi)]*	Singapore	Dormant	100.00	N/A	N/A	N/A
10. Eversendai Construction Private Limited ("Eversendai India") *[Note (ii)]*	India	Engineering, fabrication and erection of steel works	100.00	100.00	N/A	N/A
11. Eversendai Engineering Qatar W.L.L. ("Eversendai Qatar") *[Note (ii), (iii)]*	State of Qatar	Engineering, fabrication and erection of steel works	49.00	49.00	70.00	70.00

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

(v) On 28 August 2012, the Company incorporated a wholly owned subsidiary, Vahana, comprising of 2 ordinary shares of RM1 each for a total cash consideration of RM2. Subsequently, on 29 October 2012, the Company subscribed for an additional 999,998 ordinary shares of RM1 each for a total cash consideration of RM999,998.

(vi) On 19 October 2012, Eversendai Singapore acquired the entire equity interest in EEPL Singapore from a related party, comprising of 2,000,000 ordinary shares of SGD1 each for a total cash consideration of RM2.

12. Goodwill

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
At 1 January/31 December	9,920	9,920	9,920

	RM'000
Eversendai LLC	4,143
Shineversendai	5,777
Total as at 1 January/31 December	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 and previous financial year did not give rise to any impairment losses.

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. Investment in structured deposit

Investment in structured deposit relates to an investment with returns linked to market index. The investment is with a maturity of 5 years with the repayment of the principal and interest upon maturity.

14. Property, plant and equipment

Group	Freehold land RM'000	Fabrication factory and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture, fittings and office equipment RM'000	Construction work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2012	17,868	125,367	104,283	26,059	7,958	4,054	22,174	307,763
Additions	236	405	22,466	4,523	1,358	700	12,947	42,635
Adjustments	–	–	–	–	–	–	(1,616)	(1,616)
Written off/disposals	–	16,857	(902)	(1,148)	(9)	(60)	(16,857)	(2,119)
Exchange differences	(421)	(6,527)	(5,444)	(1,252)	(437)	(229)	(768)	(15,078)
At 31 December 2012	17,683	136,102	120,403	28,182	8,870	4,465	15,880	331,585
Accumulated depreciation								
At 1 January 2012	–	21,193	50,805	16,890	3,994	2,259	–	95,141
Charge for the year (Note 6)	–	5,756	13,919	4,001	1,893	610	–	26,179
Written off/disposals	–	–	(834)	(1,077)	(1)	(18)	–	(1,930)
Exchange differences	–	(1,320)	(2,986)	(907)	(251)	(132)	–	(5,596)
At 31 December 2012	–	25,629	60,904	18,907	5,635	2,719	–	113,794
Net carrying amount								
At 31 December 2012	17,683	110,473	59,499	9,275	3,235	1,746	15,880	217,791

14. **Property, plant and equipment [cont'd]**

Group	Freehold land RM'000	Fabrication factory and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture, fittings and office equipment RM'000	Construction work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2011	12,082	120,267	85,311	21,716	5,316	3,172	5,772	253,636
Additions	6,510	1,866	17,203	4,458	2,624	787	14,897	48,345
Written off/disposals	–	–	–	(787)	–	–	–	(787)
Exchange differences	(724)	3,234	1,769	672	18	95	1,505	6,569
At 31 December 2011	17,868	125,367	104,283	26,059	7,958	4,054	22,174	307,763
Accumulated depreciation								
At 1 January 2011	–	14,913	37,406	13,142	2,491	1,633	–	69,585
Charge for the year (Note 6)	–	5,605	11,678	4,125	1,457	508	–	23,373
Written off/disposals	–	–	–	(747)	–	–	–	(747)
Exchange differences	–	675	1,721	370	46	118	–	2,930
At 31 December 2011	–	21,193	50,805	16,890	3,994	2,259	–	95,141
Net carrying amount								
At 31 December 2011	17,868	104,174	53,478	9,169	3,964	1,795	22,174	212,622

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

Company	Freehold land RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture, fittings and office equipment RM'000	Construction work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2012	11,582	397	150	5	865	12,999
Additions	–	–	63	5	4,888	4,956
At 31 December 2012	11,582	397	213	10	5,753	17,955
Accumulated depreciation						
At 1 January 2012	–	13	12	–	–	25
Charge for the year (Note 6)	–	80	38	2	–	120
At 31 December 2012	–	93	50	2	–	145
Net carrying amount						
At 31 December 2012	11,582	304	163	8	5,753	17,810
Cost						
At 1 January 2011	11,582	–	–	–	–	11,582
Additions	–	397	150	5	865	1,417
At 31 December 2011	11,582	397	150	5	865	12,999
Accumulated depreciation						
At 1 January 2011	–	–	–	–	–	–
Charge for the year (Note 6)	–	13	12	–	–	25
At 31 December 2011	–	13	12	–	–	25
Net carrying amount						
At 31 December 2011	11,582	384	138	5	865	12,974

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

Depreciation has been allocated in profit or loss as follows:

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
Cost of sales	19,934	17,528
Operating and administrative expenses	6,245	5,845
	26,179	23,373

Assets pledged as securities

The Group's and the Company's property, plant and equipment are pledged as securities for borrowings (Note 27) as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Net carrying amounts	29,929	34,248	142,116
Company			
Net carrying amounts	11,887	11,966	11,582

15. Deferred taxation

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the year	1,106	1,853	42	–
Recognised in profit or loss (Note 9)	2,190	(722)	(42)	42
Exchange difference	17	(25)	–	–
At end of the year	3,313	1,106	–	42

15. Deferred taxation [cont'd]

Deferred tax as at reporting date relates to the following:

	Property, plant and equipment RM'000	Provision RM'000	Others RM'000	Total RM'000
Group				
Deferred tax assets				
At 1 January 2011	(80)	(129)	–	(209)
Recognised in profit or loss	(26)	(4)	–	(30)
Exchange difference	(6)	(4)	–	(10)
At 31 December 2011	(112)	(137)	–	(249)
Recognised in profit or loss	(84)	11	(35)	(108)
Exchange difference	8	8	–	16
At 31 December 2012	(188)	(118)	(35)	(341)
Deferred tax liability				
At 1 January 2011	2,062	–	–	2,062
Recognised in profit or loss	(692)	–	–	(692)
Exchange difference	(15)	–	–	(15)
At 31 December 2011	1,355	–	–	1,355
Recognised in profit or loss	2,298	–	–	2,298
Exchange difference	1	–	–	1
At 31 December 2012	3,654	–	–	3,654

15. Deferred taxation [cont'd]

Deferred tax as at reporting date relates to the following [cont'd]:

	Property, plant and equipment RM'000
Company	
Deferred tax liability	
At 1 January 2011	–
Recognised in profit or loss	42
At 31 December 2011	42
Recognised in profit or loss	(42)
At 31 December 2012	–

Presented in the statements of financial position are as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Non-current			
Deferred tax assets	(304)	(246)	(133)
Deferred tax liability	3,617	1,352	1,986
	3,313	1,106	1,853
Company			
Non-current			
Deferred tax liability	–	42	–

16. Inventories

	Group		
	31.12.2012 **RM'000**	**31.12.2011** **RM'000**	**1.1.2011** **RM'000**
Materials on site, at cost	185,839	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 27.

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

	Group		
	31.12.2012 **RM'000**	**31.12.2011** **RM'000**	**1.1.2011** **RM'000**
Aggregate costs incurred to date	3,394,611	2,452,116	2,292,354
Attributable profits less recognised losses	574,737	466,080	(2,269,578)
	3,969,348	2,918,196	22,776
Less: Progress billings on contracts	(3,745,969)	(2,724,016)	(39,109)
	223,379	194,180	(16,333)
Presented as:			
Amounts due from customers on construction contracts	307,062	290,361	93,146
Amounts due to customers on construction contracts	(83,683)	(96,181)	(109,479)
	223,379	194,180	(16,333)

Retention sums on construction contracts included in trade receivables as disclosed in Note 18.

18. Trade contract receivables

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Trade contract receivables	254,854	233,460	204,425
Retention sum receivables	203,956	178,594	119,196
	458,810	412,054	323,621
Less : Allowance for impairment losses	(39,025)	(51,820)	(42,739)
	419,785	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 (31.12.2011: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Trade contract receivables are non-interest bearing.

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

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Neither past due nor impaired	180,401	111,365	89,840
Past due but not impaired:			
Past due 1-30 days	40,592	62,594	72,294
Past due 31-60 days	35,355	74,968	73,319
Past due 61 days and more	163,437	111,307	45,429
Impaired	39,025	51,820	42,739
Total trade contract receivables	458,810	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.

18. Trade contract receivables [cont'd]

Receivables that are past due but not impaired

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

Receivables that are impaired

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

	Group	
	31.12.2012 RM'000	**31.12.2011 RM'000**
At 1 January	51,820	42,739
Charge for the year (Note 6)	–	8,362
Write back of allowances (Note 4)	(9,786)	(1,115)
Exchange differences	(3,009)	1,834
At 31 December	39,025	51,820

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.

19. Other receivables and deposits

Other receivables and deposits includes the following:

		Group	
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Security deposits intended for purchase of land for corporate office	862	–	–
Dividend receivable from available for sale investment	–	699	–
Capitalised Initial Public Offering expenses	–	–	336

20. Related party disclosures

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 and balances with related parties

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

(i) Transactions with certain directors and key management personnel of the Group

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
Sale of motor vehicle to a subsidiary	–	136
Rental expense paid by the Group on properties	109	226
Rental of office premises from related parties of key management personnel	17	19
Personal guarantee provided by a director	1,198,759	1,449,387
Personal guarantee provided by a director and a key management personnel	5,439	5,818
Acquisition of equity interest in EEPL Singapore from a related party	*	–

* EEPL Singapore was acquired for a total cash consideration of RM2 from the spouse of a director.

(ii) Transactions with a foreign partner to the Group

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
Lease of labour quarters	1,213	1,741

20. Related party disclosures [cont'd]

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

(iii) Balances with subsidiaries

	Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Amount due from subsidiaries			
Eversendai FZE	28,313	19,418	15,924
Eversendai India	73	9	–
Shineversendai	25,587	17,901	–
Eversendai Saudi	43	43	–
Eversendai Singapore	55,212	22,327	12
Vahana	461	–	–
	109,689	59,698	15,936
Amount due to subsidiaries			
Eversendai LLC	(629)	–	(3,682)
Eversendai Abu Dhabi	(244)	(259)	(251)
Shineversendai	–	–	(8,652)
	(873)	(259)	(12,585)

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

(iv) Transactions with subsidiaries

	Company	
	2012 RM'000	**2011 RM'000**
Dividend income from subsidiaries:		
Eversendai FZE	–	6,935
Eversendai Singapore	20,770	7,641

(b) Compensation of key management personnel

The remunerations of key management personnel who are the executive directors of the Group and of the Company are as disclosed in Note 8.

21. Investment securities

	Group/Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Available-for-sale financial assets:			
- Unit trust fund	45,179	151,483	–
- Foreign equity investment (quoted)	76,862	–	–
	122,041	151,483	–

22. Deposits and bank balances

	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Group			
Deposits with financial institutions	64,981	143,138	65,413
Cash and bank balances	80,020	55,512	128,895
Total cash and bank balances	145,001	198,650	194,308
Company			
Deposits with financial institutions	–	70,876	2,505
Cash and bank balances	5,054	2,581	444
Total cash and bank balances	5,054	73,457	2,949

The weighted average effective interest rates as at the reporting date for the Group and the Company were 3.11% (31.12.2011: 1.70%; 1.1.2011: 1.20%) and 3.68% (31.12.2011: 2.98%; 1.1.2011: 4.49%), respectively.

Deposits of the Group amounting to RM36,578,000 (31.12.2011: RM52,098,000; 1.1.2011: RM51,962,000) placed with financial institutions are pledged as securities for bank borrowing facilities granted to the subsidiaries as disclosed in Note 27.

22. Deposits and bank balances [cont'd]

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

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Cash and bank balances	145,001	198,650	194,308
Less: Bank overdrafts (Note 27)	(1,594)	(7,146)	(494)
	143,407	191,504	193,814
Less: Deposits with financial institutions	(36,578)	(52,098)	(51,962)
Cash and cash equivalents	106,829	139,406	141,852
Company			
Cash and bank balances, representing cash and cash equivalents	5,054	73,457	2,949

23. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2011: 30 to 90) days.

24. Other payables

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Current			
Other payables and accruals	72,265	89,268	46,931
Advances from customers	121,415	70,494	86,685
Retention sums payable	6,997	6,791	4,281
	200,677	166,553	137,897
Non-current			
Other payables and accruals	–	–	782
Total other payables (current and non-current)	200,677	166,553	138,679

24. Other payables [cont'd]

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Company			
Current			
Other payables and accruals	179	277	142

The Group's and the Company's other payables are non-interest bearing.

25. Amounts due to directors

The amounts due to directors are unsecured, interest-free and repayable on demand.

26. Hire purchase payables

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Minimum lease payments:			
- Not later than one year	2,471	5,662	3,475
- Later than one year but not later than five years	3,972	3,148	4,147
- Later than five years	53	1,587	5
Total minimum lease payments	6,496	10,397	7,627
Less: Amount representing finance charges	(762)	(5,307)	(900)
Present value of minimum lease payments	5,734	5,090	6,727
Present value of payments:			
Payable not later than one year	2,142	2,188	3,167
Payable later than one year but not later than five years	3,539	2,791	3,556
Payable later than five years	53	111	4
Present value of minimum lease payments	5,734	5,090	6,727
Less: Amount due within 12 months	(2,142)	(2,188)	(3,167)
Amount due after 12 months	3,592	2,902	3,560

Notes to the Financial Statements [cont'd]
- 31 December 2012

26. Hire purchase payables [cont'd]

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Company			
Minimum lease payments:			
- Not later than one year	58	58	–
- Later than one year but not later than five years	231	174	–
- Later than five years	53	169	–
Total minimum lease payments	342	401	–
Less: Amount representing finance charges	(43)	(59)	–
Present value of minimum lease payments	299	342	–
Present value of payments:			
Payable not later than one year	45	43	–
Payable later than one year but not later than five years	201	188	–
Payable later than five years	53	111	–
Present value of minimum lease payments	299	342	–
Less: Amount due within 12 months	(45)	(43)	–
Amount due after 12 months	254	299	–

27. Bank borrowings

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Current			
Secured:			
Payable not later than one year:			
- Bank overdrafts	1,594	7,146	494
- Local bill discounted	49,694	125,806	101,919
- Bills payable	130,789	148,959	264,583
- Term loans	34,362	9,313	10,596
	216,439	291,224	377,592
Non-current			
Secured:			
Payable later than one year but not later than five years			
- Term loans	29,198	7,154	6,024
Payable later than five years			
- Term loans	2,631	3,016	4,229
	31,829	10,170	10,253
Total bank borrowings	248,268	301,394	387,845

27. Bank borrowings [cont'd]

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Company			
Current			
Secured:			
Payable not later than one year			
- Term loans	1,265	1,253	1,252
Non-current			
Secured:			
Payable later than one year but not later than five years			
- Term loans	4,077	4,970	5,040
Payable later than five years			
- Term loans	2,631	3,016	4,199
	6,708	7,986	9,239
Total bank borrowings	7,973	9,239	10,491

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

	Foreign currency in '000	RM'000 equivalent
At 31 December 2012		
United Arab Emirates Dirham	144,878	117,969
Malaysia Ringgit	18,788	18,788
Qatari Riyal	75,681	62,155
India Rupees	907,468	49,356
		248,268
At 31 December 2011		
United Arab Emirates Dirham	122,557	105,817
Malaysia Ringgit	21,725	21,725
Qatari Riyal	175,841	153,118
India Rupees	356,431	20,734
		301,394

27. Bank borrowings [cont'd]

	Foreign currency in '000	RM'000 equivalent
At 1 January 2011		
United Arab Emirates Dirham	359,912	301,635
Malaysia Ringgit	10,491	10,491
Qatari Riyal	89,590	75,719
		387,845

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

Local bills discounted represents discounting of bills for short term financing to meet its cash flow requirements of which customers' invoices are pledged as security against the facilities while bills payable are obtained for purchase of steel materials for short term financing. These carry interest in the range of 5.50% to 7.50% (31.12.2011: 5.50% to 7.35%; 1.1.2011: 7.05% to 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 5.99% to 7.48% (2011: 4.50% to 7.30%) above the bank's base lending rate and is subject to monthly repayment of up to RM152,000 for 96 months (2011: RM152,000 for 108 months).

The term loans of the subsidiary companies bear interest at variable rates from 4.9% to 8.5% (2011: 6.5% to 8%) and are repayable in equal monthly instalments over a period of 12 months to 60 months (2011: 12 months to 26 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 16;

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

(vi) Pledged as securities on certain property, plant and equipment and deposits with financial institutions of the Group as disclosed in Note 14 and Note 22, respectively.

28. Employees' service benefits

	Group	
	31.12.2012	**31.12.2011**
	RM'000	**RM'000**
At beginning of year	15,786	12,622
Provision during the year	8,191	4,460
Employees' service benefits paid	(2,174)	(1,726)
Translation difference	(1,061)	430
At end of year	20,742	15,786

29. Share capital and reserves

Share capital

	Group/Company			
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	'000	**'000**	**RM'000**	**RM'000**
Authorised share capital:				
At 1 January:				
Ordinary shares of RM1 each	–	50,000	–	50,000
Ordinary shares of RM0.50 each	1,000,000	–	500,000	–
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 RM0.50 each	1,000,000	1,000,000	500,000	500,000

29. Share capital and reserves [cont'd]

Share capital [cont'd]

	Group/Company			
	31.12.2012 '000	**31.12.2011 '000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**
Issued and fully paid up:				
At 1 January:				
Ordinary shares of RM1 each	–	28,000	–	28,000
Ordinary shares of RM0.50 each	774,000	–	387,000	–
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 RM0.50 each	774,000	774,000	387,000	387,000

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.

29. Share capital and reserves [cont'd]

Capital reserve

	Group		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Legal reserve				
As at 1 January/31 December	187	187	–	–
Preference shares redemption reserve				
As at 1 January/31 December	120	120	120	120
	307	307	120	120

(i) 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.

(ii) Preference shares redemption reserve

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

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.

Notes to the Financial Statements [cont'd]
- 31 December 2012

30. Dividend

	Group		Company	
	31.12.2012 RM'000	**31.12.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**
Recognised during the financial year:				
Dividend on ordinary shares:				
Final dividend of 1 sen on 774,000,000 ordinary shares declared on 24 May 2012 and paid on 23 July 2012	7,740	–	7,740	–
Interim dividend of 2 sen on 774,000,000 ordinary shares declared on 5 September 2012 and paid on 10 October 2012	15,480	–	15,480	–
	23,220	–	23,220	–
Final dividend of 22,406% on 200,000 ordinary shares in Eversendai Qatar				
- declared on 17 March 2012	12,182	–	–	–
- paid on 17 March 2012	(6,248)	–	–	–
	5,934	–	–	–
Final dividend of 12,881% on 200,000 ordinary shares in Eversendai Qatar declared and paid on 15 December 2011	–	7,023	–	–

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of RM0.02 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM15,480,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

31. Commitment and contingencies

(a) Capital expenditure commitments

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Contracted but not provided for:			
Land	26,090	–	–
Factory building	5,855	2,961	10,208
Plant and machineries	7,453	62	–
Computer systems and others	2,736	693	–
	16,044	3,716	10,208
Approved but not contracted for:-			
Factory building	2,390	35,630	–
Company			
Contracted but not provided for:			
Computer systems	1,062	693	–

(b) Operating lease commitments

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Within one year	4,473	6,340	3,369
After one year but not more than five years	6,678	6,281	7,373
More than five years	394	419	2,025
	11,545	13,040	12,767

(c) Finance lease commitments

The Group and the Company have finance leases for certain items on property, plant and equipment as disclosed in Note 26.

31. Commitment and contingencies [cont'd]

(d) Corporate guarantees

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

	Eversendai LLC RM'000	Eversendai India RM'000	Eversendai Qatar RM'000	Shin-eversendai RM'000	Total RM'000
At 31.12.2012	1,805,897	114,213	419,929	109,937	2,449,976
At 31.12.2011	1,320,155	105,879	419,087	34,362	1,879,483
At 1.1.2011	1,440,725	60,464	331,447	33,347	1,865,983

The above includes performance guarantees amounting to RM507,862,000 (31.12.2011: RM597,887,000; 1.1.2011: RM505,503,000), which are pledged on certain deposits with financial institutions as disclosed in Note 27. The rest of the guarantees are unsecured.

32. 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.

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 the Company by RM183,000 (31.12.2011: RM158,000; 1.1.2011: RM322,000) and RM8,000 (31.12.2011: increase in profits of RM62,000; 1.1.2011: decrease in profits of RM8,000) respectively.

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

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

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Group				
At 31.12.2012				
Financial assets				
Amounts due from customers on construction contracts	–	–	307,062	307,062
Trade contract receivables	–	–	419,785	419,785
Other receivables and deposits	–	–	40,005	40,005
Investment in structured deposit	25,284	–	–	25,284
Investment securities	–	–	122,041	122,041
Deposits and bank balances	–	64,981	80,020	145,001
Total financial assets	25,284	64,981	968,913	1,059,178
Financial liabilities				
Trade payables	–	–	110,492	110,492
Other payables	–	–	187,362	187,362
Bank borrowings and hire purchase payables	248,268	5,734	–	254,002
Amounts due to directors	–	–	172	172
Amounts due to customers on construction contracts	–	–	83,683	83,683
Dividend payable	–	–	5,934	5,934
Employees' service benefits	–	–	20,742	20,742
Total financial liabilities	248,268	5,734	408,385	662,387
Net financial (liabilities)/ assets	(222,984)	59,247	560,528	396,791

Notes to the Financial Statements [cont'd]
- 31 December 2012

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Group				
At 31.12.2011				
Financial assets				
Amounts due from customers on construction contracts	–	–	290,361	290,361
Trade contract receivables	–	–	360,234	360,234
Other receivables and deposits	–	–	31,071	31,071
Investment securities	–	–	151,483	151,483
Deposits and bank balances	–	143,138	55,512	198,650
Total financial assets	–	143,138	888,661	1,031,799
Financial liabilities				
Trade payables	–	–	83,461	83,461
Other payables	–	–	159,832	159,832
Bank borrowings and hire purchase payables	301,394	5,090	–	306,484
Amounts due to directors	–	–	11,472	11,472
Amounts due to customers on construction contracts	–	–	96,181	96,181
Employees' service benefits	–	–	15,786	15,786
Total financial liabilities	301,394	5,090	366,732	673,216
Net financial (liabilities)/ assets	(301,394)	138,048	521,929	358,583

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Group				
At 1.1.2011				
Financial assets				
Amounts due from customers on construction contracts	–	–	93,416	93,416
Trade contract receivables	–	–	280,882	280,882
Other receivables and deposits	–	–	19,848	19,848
Deposits and bank balances	–	65,413	128,895	194,308
Total financial assets	–	65,413	523,041	588,454
Financial liabilities				
Trade payables	–	–	44,087	44,087
Other payables	–	–	134,698	134,698
Bank borrowings and hire purchase payables	387,845	6,727	–	394,572
Amounts due to directors	–	–	14,690	14,690
Amounts due to customers on construction contracts	–	–	109,479	109,479
Employees' service benefits	–	–	12,622	12,622
Total financial liabilities	387,845	6,727	315,576	710,148
Net financial (liabilities)/ assets	(387,845)	58,686	207,466	(121,693)

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Company				
At 31.12.2012				
Financial assets				
Amounts due from subsidiaries	–	–	109,689	109,689
Other receivables and deposits	–	–	913	913
Investment in structured deposit	25,284	–	–	25,284
Investment securities	–	–	122,041	122,041
Deposits and bank balances	–	–	5,054	5,054
Total financial assets	25,284	–	237,697	262,981
Financial liabilities				
Trade and other payables	–	–	1,770	1,770
Bank borrowings and hire purchase payables	7,973	299	–	8,272
Amounts due to directors	–	–	139	139
Amounts due to subsidiaries	–	–	873	873
Total financial liabilities	7,973	299	2,782	11,054
Net financial assets/ (liabilities)	17,311	(299)	234,915	251,927

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Company				
At 31.12.2011				
Financial assets				
Amounts due from subsidiaries	–	–	59,698	59,698
Other receivables and deposits	–	–	766	766
Investment securities	–	–	151,483	151,483
Deposits and bank balances	–	70,876	2,581	73,457
Total financial assets	–	70,876	214,528	285,404
Financial liabilities				
Trade and other payables	–	–	205	205
Bank borrowings and hire purchase payables	9,239	342	–	9,581
Amounts due to directors	–	–	10,722	10,722
Amounts due to subsidiaries	–	–	259	259
Total financial liabilities	9,239	342	11,186	20,767
Net financial (liabilities)/ assets	(9,239)	70,534	203,342	264,637

32. Financial instruments [cont'd]

(b) Interest rate risk [cont'd]

	Floating interest rate RM'000	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
Company				
At 1.1.2011				
Financial assets				
Amounts 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
Amounts due to directors	–	–	13,716	13,716
Amounts due to subsidiaries	–	–	12,585	12,585
Total financial liabilities	10,491	–	26,642	37,133
Net financial (liabilities)/ assets	(10,491)	2,505	(9,890)	(17,876)

Notes to the Financial Statements [cont'd]
- 31 December 2012

32. 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"), Singapore Dollars ("SGD") and Saudi Arabian Riyal ("SAR"). 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 profit or loss (due to the fair value of currency sensitive monetary assets and liabilities). The effect of increase in the currency rates is expected to be equal and opposite to the effect of the decreases shown below.

	Balance at year end RM'000	Increase in currency rate	Effect on profit net of tax RM'000	Effect on equity RM'000
At 31.12.12				
AED	414,682	5.00%	5,214	20,734
QR	30,410	5.00%	951	1,521
INR	24,805	5.00%	137	1,240
SGD	13,290	5.00%	1,166	665
SAR	610	5.00%	6	31
At 31.12.11				
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

The exchange rates used for conversion are as follows:-

	31.12.2012	31.12.2011	1.1.2011
Malaysian Ringgit to:			
AED	1.2281	1.1582	1.1932
QR	1.2176	1.1484	1.1832
INR	18.3867	17.1894	14.7942
SGD	0.4093	0.4096	0.4194
SAR	1.2556	1.1826	–

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

32. 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:

	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					
Group					
At 31.12.2012					
Trade payables	–	110,492	–	–	110,492
Other payables	–	93,681	93,681	–	187,362
Bank borrowings and hire purchase payables	–	109,291	109,290	35,421	254,002
Amounts due to directors	172	–	–	–	172
Amounts due to customers on construction contracts	–	41,842	41,841	–	83,683
Employees' service benefits	–	–	–	20,742	20,742
	172	355,306	244,812	56,163	656,453
At 31.12.2011					
Trade payables	–	83,416	–	–	83,416
Other payables	–	79,916	79,916	–	159,832
Bank borrowings and hire purchase payables	–	146,706	146,706	13,072	306,484
Amounts due to directors	11,472	–	–	–	11,472
Amounts due to customers on construction contracts	–	48,091	48,090	–	96,181
Employees' service benefits	–	–	–	15,786	15,786
	11,472	358,129	274,712	28,858	673,171

Notes to the Financial Statements [cont'd]
- 31 December 2012

32. Financial instruments [cont'd]

(d) Liquidity risk [cont'd]

	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					
Group					
At 1.1.2011					
Trade payables	–	44,087	–	–	44,087
Other payables	–	66,958	66,958	782	134,698
Bank borrowings and hire purchase payables	–	190,380	190,379	13,813	394,572
Amounts due to directors	14,690	–	–	–	14,690
Amounts due to customers on construction contracts	–	54,740	54,739	–	109,479
Employees' service benefits	–	–	–	12,622	12,622
	14,690	356,165	312,076	27,217	710,148
Company					
At 31.12.2012					
Trade and other payables	–	1,770	–	–	1,770
Bank borrowings and hire purchase payables	–	655	655	6,962	8,272
Amounts due to subsidiaries	873	–	–	–	873
Amounts due to directors	139	–	–	–	139
	1,012	2,425	655	6,962	11,054
At 31.12.2011					
Trade and other payables	–	205	–	–	205
Bank borrowings and hire purchase payables	–	648	648	8,285	9,581
Amounts due to subsidiaries	259	–	–	–	259
Amounts due to directors	10,722	–	–	–	10,722
	10,981	853	648	8,285	20,767
At 1.1.2011					
Trade and other payables	–	341	–	–	341
Bank borrowings and hire purchase payables	–	626	626	9,239	10,491
Amounts due to subsidiaries	12,585	–	–	–	12,585
Amounts due to directors	13,716	–	–	–	13,716
	26,301	967	626	9,239	37,133

32. Financial instruments [cont'd]

(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.

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 20 and 21, respectively.

The Group determines concentrations of credit risk by monitoring the country profile of its receivables, deposits and bank balances, investment in securities and investment in structured deposits on an on-going basis.

32. Financial instruments [cont'd]

(e) Credit risk [cont'd]

The credit risk concentration profile at the reporting date are as follows:

	Receivables* RM'000	Deposit and bank balances RM'000	Investment securities and investment in structured deposit RM'000
By country:			
Group			
At 31.12.2012			
Qatar	175,794	20,942	–
UAE	401,233	87,546	–
Malaysia	96,939	20,705	70,463
India	92,886	14,791	–
Saudi	–	796	–
Singapore	–	221	76,862
	766,852	145,001	147,325
At 31.12.2011			
Qatar	297,773	20,269	–
UAE	278,256	92,488	–
Malaysia	50,002	81,540	151,483
India	56,635	3,353	–
Saudi	–	846	–
Singapore	–	154	–
	681,666	198,650	151,483
At 1.1.2011			
Qatar	84,320	18,333	–
UAE	275,710	165,181	–
Malaysia	17,543	8,575	–
India	16,571	2,219	–
Singapore	2	–	–
	394,146	194,308	–

* Comprising amounts due from customers on construction contracts, trade contract receivables and other receivables and deposits.

32. Financial instruments [cont'd]

(e) Credit risk [cont'd]

The credit risk concentration profile at the reporting date are as follows [cont'd]:

	Other receivables RM'000	Deposit and bank balances RM'000	Investment securities and investment in structured deposit RM'000	Amount due from subsidiaries RM'000
By country:				
Company				
At 31.12.2012				
UAE	–	–	–	28,313
Malaysia	913	5,054	70,463	26,048
India	–	–	–	73
Saudi	–	–	–	43
Singapore	–	–	76,862	55,212
	913	5,054	147,325	109,689
At 31.12.2011				
UAE	–	–	–	19,418
Malaysia	766	73,457	151,483	17,901
India	–	–	–	9
Saudi	–	–	–	43
Singapore	–	–	–	22,327
	766	73,457	151,483	59,698
At 1.1.2011				
UAE	–	–	–	15,924
Malaysia	372	2,949	–	–
Singapore	–	–	–	12
	372	2,949	–	15,936

32. Financial instruments [cont'd]

(f) Categories of financial instruments

Financial instruments of the Group and of the Company are categorised as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Financial assets			
Loans and receivables			
Amounts due from customers on construction contracts	307,062	290,361	93,146
Trade contract receivables	419,785	360,234	280,882
Other receivables (excluding prepayments)	40,005	31,071	19,848
Deposits and bank balances	145,001	198,650	194,308
	911,853	880,316	588,184
Available-for-sale			
Investment securities	122,041	151,483	–
Fair value through profit or loss			
Investment in structured deposit	25,284	–	–
Financial liabilities			
At amortised cost			
Hire purchase payables	5,734	5,090	6,727
Bank borrowings	248,268	301,394	387,845
Trade payables	110,492	83,461	44,087
Other payables (excluding accruals)	187,362	159,832	134,698
Amounts dues to directors	172	11,472	14,690
Amounts dues to customers on construction contract	83,683	96,181	109,479
Dividend payable	5,934	–	–
Employees' service benefits	20,742	15,786	12,622
	662,387	673,216	710,148

32. Financial instruments [cont'd]

(f) Categories of financial instruments [cont'd]

Financial instruments of the Group and of the Company are categorised as follows [cont'd]:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Company			
Financial assets			
Loans and receivables			
Other receivables	913	766	372
Amounts due from subsidiaries	109,689	59,698	15,936
Deposits and bank balances	5,054	73,457	2,949
	115,656	133,921	19,257
Available-for-sale			
Investment securities	122,041	151,483	–
Fair value through profit or loss			
Investment in structured deposit	25,284	–	–
Financial liabilities			
At amortised cost			
Hire purchase payables	299	342	–
Bank borrowings	7,973	9,239	10,491
Trade payables	1,591	38	199
Other payables (excluding accruals)	179	167	142
Amounts due to directors	139	10,722	13,716
Amounts due to subsidiaries	873	259	12,585
	11,054	20,767	37,133

33. Fair values of financial instruments

(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 judgement 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

MFRS 7 Financial Instruments: Disclosures issued in November 2011 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.

(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.

33. Fair values of financial instruments [cont'd]

(a) Financial instruments measured at fair values [cont'd]

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	Total RM'000
Group			
Financial assets measured at fair value:			
At 31 December 2012			
Investment in structured deposit	–	25,284	25,284
Investment securities	122,041	–	122,041
	122,041	25,284	147,325
At 31 December 2011			
Investment securities	151,483	–	151,483
Company			
Financial assets measured at fair value:			
At 31 December 2012			
Investment in structured deposit	–	25,284	25,284
Investment securities	122,041	–	122,041
	122,041	25,284	147,325
At 31 December 2011			
Investment securities	151,583	–	151,583

At reporting date, the Group and the Company did not have any financial instruments measured at fair value using significant unobservable inputs.

33. Fair values of financial instruments [cont'd]

(b) Financial instruments not measured at fair values

Financial instruments of the Group and of the Company which are not measured at fair values are loans and receivables and financial liabilities at amortised cost, as disclosed in Note 32(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.

34. Capital management

The primary objective of the Group's 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 2012 and 31 December 2011.

The Group and the Company monitors capital through the amounts 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.

35. 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, Vahana and Eversendai Corporation Berhad

c) India - Eversendai India

d) Others - Eversendai Singapore and EEPL Singapore

Management monitors the operating results of its business units separately for the purpose of making decisions on 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.

35. Segment information [cont'd]

	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
At 31.12.2012							
Revenue:							
External	707,063	146,860	167,330	–	1,021,253	–	1,021,253
Internal	208,273	11,443	20,770	26,024	266,510	(266,510)	–
Total revenue	915,336	158,303	188,100	26,024	1,287,763	–	1,021,253
Results:							
Interest income	1,471	94	1,671	–	3,236	–	3,236
Dividend income from investment in securities	–	–	3,620	–	3,620	–	3,620
Gain on disposal of property, plant and equipment	302	–	402	–	704	–	704
Unrealised foreign exchange losses	(1,240)	(1,338)	(686)	(2,658)	(5,922)	–	(5,922)
Gain on fair value adjustment of investment in structured deposit	–	–	1,284	–	1,284	–	1,284
Write back of overprovision for trade payables	115	–	–	–	115	–	115
Depreciation of property, plant and equipment	(20,107)	(2,178)	(3,894)	–	(26,179)	–	(26,179)
Management fees	(2,094)	–	–	–	(2,094)	–	(2,094)
Income tax expense	(9,806)	(3,202)	(1,673)	–	(14,681)	(775)	(15,456)
Segment profit	123,179	2,749	19,794	23,326	169,048	(47,552)	121,496

35. Segment information [cont'd]

	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
At 31.12.2012							
Assets:							
Property, plant & equipment	123,058	24,810	69,923	–	217,791	–	217,791
Other assets*	1,000,158	122,518	768,877	68,536	1,960,089	(695,793)	1,264,296
Segment liabilities^	(677,515)	(122,522)	(151,585)	(55,247)	(1,006,869)	313,866	(693,003)

* Comprising goodwill, investment in structured deposit, deferred tax assets, inventories, amounts due from customers on construction contracts, trade contract receivables, other receivables and deposits, tax recoverable, investment securities and deposits and bank balances.

^ Comprising all classes of liabilities in the statements of financial position.

35. Segment information [cont'd]

	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
At 31.12.2011							
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
Results:							
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
Unrealised foreign exchange losses	1,411	(2,378)	(611)	878	(700)	–	(700)
Write back of overprovision for trade payables	389	–	–	–	389	–	389
Depreciation of property, plant and equipment	(19,907)	(1,428)	(2,038)	–	(23,373)	–	(23,373)
Management fees	(2,077)	–	–	–	(2,077)	–	(2,077)
Income tax expense	(4,484)	(99)	114	–	(4,469)	–	(4,469)
Segment profit	129,159	3,482	12,612	14,933	160,186	(28,637)	131,549

35. Segment information [cont'd]

	Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
At 31.12.2011							
Assets:							
Property, plant & equipment	144,928	19,152	48,542	–	212,622	–	212,622
Other assets*	999,586	75,600	722,823	39,028	1,837,037	(631,450)	1,205,587
Segment liabilities^	(759,939)	(82,383)	(80,840)	(22,334)	(945,496)	255,465	(689,031)

* Comprising goodwill, investment in structured deposit, deferred tax assets, inventories, amounts due from customers on construction contracts, trade contract receivables, other receivables and deposits, tax recoverable, investment securities and deposits and bank balances.

^ Comprising all classes of liabilities in the statements of financial position.

36. Subsequent events

(a) Investment in an associate

On 30 January 2013, the Group announced that it now owns 20.1% of the entire issued and paid up share capital or 45,116,000 shares in Technics Oil & Gas Limited ("Technics"), a public-listed entity on the Mainboard of the Singapore Exchange for a total purchase consideration of RM117,300.000. Technics specialises in the design and fabrication of complex and highly customised process modules for application in both onshore and offshore oil and gas exploration and production activities.

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

(b) Joint incorporation of Eversendai Technics Pte. Ltd. ("ETPL")

On 5 March 2013, the Company and Eversendai Singapore, as well as Technics had jointly incorporated ETPL in Singapore with an initial issued and paid up capital of SGD1,000,000 (RM2,490,000) divided into 1,000,000 ordinary shares. ETPL will be principally engaged in the provision of business relating to engineering, procurement, construction and fabrication services for the oil and gas industry.

The Company and Eversendai Singapore will hold 699,999 and one share(s) respectively with the remainder being held by Technics. The Company's cost of equity participation in ETPL amounting to SGD699,999 (RM1,743,000) is financed through internally generated funds. The incorporation of ETPL is not expected to have any material impact on the earnings for financial year ending 31 December 2013.

(c) Issuance of Sukuk

The Company has obtained an approval from the Securities Commission Malaysia on 7 January 2013 on the establishment of Sukuk Programme ("Sukuk") with a tenure of 7 years from the date of first issuance. The proceeds from the issuance will be utilised by the Group and the Company for general corporate exercises and/or working capital requirements.

SUPPLEMENTARY INFORMATION

37. Supplementary information

Realised and unrealised profit/(losses)

The breakdown of retained profits of the Group as at the reporting date into realised and unrealised profits are as follows:

	31.12.2012 RM'000	31.12.2011 RM'000
Total profits/(losses) of the Company and its subsidiaries, as reported under FRS:		
- Realised	650,862	496,068
- Unrealised	10,229	3,077
	661,091	499,145
Less: Prior year adjustments	–	(3,370)
Less: MFRS Day-1 adjustment	–	(275,985)
Total retained profits of the Company and its subsidiaries, as reported under MFRS	661,091	219,790
Less: Consolidation adjustments	(412,537)	(63,378)
Total Group profits as per consolidated accounts	248,554	156,412

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.

LIST OF TOP 10 MATERIAL PROPERTIES OWNED BY EVERSENDAI GROUP

as at 31 December 2012

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 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 / –	< 3 years	2007	^31,156,867
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

List of Top 10 Material Properties Owned by Eversendai Group [cont'd]

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 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	< 13 years	1999	1,940,330
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	< 7 years	2006	18,565,263
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	< 6 years	2007	9,278,560
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	< 6 years	2007	1,547,105
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	< 6 years	2007	18,822,585

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 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 / –	< 38 years	2010	609,574
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	5,698,640

List of Top 10 Material Properties Owned by Eversendai Group [cont'd]

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 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	1,957,578 / 1,734,809	Leasehold 5 years / 4 July 2016 (Plot no. 2D-03, 04, 14 and 15, and 2E-02 and 07); Leasehold 10 years / 4 July 2015 (Plot no. 2E-04, 05, 09 and 10); Leasehold 5 years / 4 July 2016 (Plot no. 3E-03 and 2D-18); and Leasehold 10 years / 4 July 2018 (Plot no. 2E-01 and 06)	< 8 years	2005	35,842,150

Note:

^ *Being the total of net book value as at 31 December 2012 of the 3 pieces of industrial land and the 2-storey office building and 1-storey factory amounting to RM6,971,976 and RM RM24,184,891 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 2013

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	13	0.51	416	0.00
100 to 1,000	448	17.45	397,000	0.05
1,001 to 10,000	1,547	60.26	8,229,499	1.06
10,001 to 100,000	477	18.58	15,235,200	1.97
100,001 to less than 5% of issued shares	79	3.08	98,799,965	12.76
5% and above of issued shares	3	0.12	651,337,920	84.15
Total	2,567	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	Nathan a/l Elumalay	545,809,920	70.52
2	Employees Provident Fund Board Shares Held in the name of:- Citigroup Nominees (Tempatan) Sdn Bhd	65,957,500	8.52
3	Lembaga Tabung Haji	39,570,500	5.11

Analysis of Shareholdings [cont'd]

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 a/l Elumalay	545,809,920	70.52	–	–
Nadarajan Rohan Raj	1,630,000	0.21	–	–
Narla Srinivasa Rao	1,630,000	0.21	–	–
Narishnath a/l Nathan	1,640,020	0.21	–	–
Datuk Ng Seing Liong	30,000	0.00	–	–

Shares Held in the Subsidiary
Shineversendai Engineering (M) Sdn Bhd

	Direct Interests	
	Number of Shares Held	**%**
Dato' Nathan a/l Elumalay	1	0.00

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

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 A/L ELUMALAY	545,809,920	70.52
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	59,955,100	7.75
3	LEMBAGA TABUNG HAJI	39,570,500	5.11
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	25,900,900	3.35
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	11,996,000	1.55
6	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	7,392,000	0.96
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (HDBS)	6,002,400	0.78
8	LEMBAGA TABUNG ANGKATAN TENTERA	5,666,000	0.73
9	ROARING ACHIEVEMENT SDN.BHD.	5,337,600	0.69
10	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	4,020,500	0.52
11	CARTABAN NOMINEES (ASING) SDN BHD DAIWA CAPITAL MKTS SG FOR HANWA CO LTD.	3,900,000	0.50

Analysis of Shareholdings [cont'd]

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	%
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	2,439,400	0.32
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUTHUKUMAR A/L AYARPADDE	2,076,100	0.27
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)	1,820,000	0.24
15	NARISHNATH A/L NATHAN	1,640,020	0.21
16	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NADARAJAN ROHAN RAJ	1,630,000	0.21
17	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SRINIVASA RAO NARLA	1,630,000	0.21
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR VERNON VICTOR VIJIYASINGAM LEE (MM1247)	1,455,000	0.19
19	AMANAHRAYA TRUSTEES BERHAD SEKIM AMANAH SAHAM NASIONAL	1,315,300	0.17
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG AIIMAN GROWTH FUND (4207)	1,082,000	0.14
21	PUSPAWATHY A/P SUBRAMANIAM	1,052,420	0.14
22	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	1,000,000	0.13
23	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD ALLIANCE DANA ADIB	900,000	0.12
24	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR MAAKL VALUE FUND (950290)	825,000	0.11
25	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A)	823,400	0.11
26	ROARING ACHIEVEMENT SDN.BHD.	760,700	0.10
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (MALAYSIA) TRUSTEE BERHAD FOR AMANAH SAHAM SARAWAK	700,000	0.09
28	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	624,000	0.08
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR MAAKL AL-UMRAN (260123)	617,000	0.08
30	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	594,100	0.08
		738,535,360	95.42

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of **Eversendai Corporation Berhad** (the "Company") will be held at Safir I & II, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 19 June 2013 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1 To receive the Audited Financial Statements of the Company for the year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. ***Note 8***

2 To declare a final single tier dividend of 2 sen per share in respect of the year ended 31 December 2012 as recommended by the Directors. ***Resolution 1***

3 To approve the increase in Directors' fees and the payment thereof to the Directors for the financial year ending 31 December 2013, to be payable on a quarterly basis. ***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:

Datuk Ng Seing Liong ***Resolution 3***
Narla Srinivasa Rao ***Resolution 4***

5 To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965: ***Resolution 5***

"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Mohammad Nizar Bin Idris, who is over the age of seventy years, be and is hereby re-appointed Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

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 Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** ***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 percent (10%) 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 Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional 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** subject to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries (the "Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.2 of the Circular to Shareholders dated 23 May 2013, which transactions are necessary for the day-to-day operations and/or in the ordinary course of business of the Group 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 approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company 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 in 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 all such documents as may be required) as they may consider expedient or necessary to give full effect to the transactions contemplated and/or authorised by this resolution."

9 **Proposed Authority for the Purchase of Own Shares by the Company** ***Resolution 9***

To consider and, if thought fit, to pass the following Ordinary Resolution:

"**THAT** subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company **PROVIDED THAT**:

(a) the aggregate number of ordinary shares of RM0.50 each in the Company (the "Company's Shares") which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point of time, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the Company's Shares shall not exceed the Company's audited retained profits and/or share premium accounts at any point of time;

(c) the authority conferred by this resolution of the Company shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company 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

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier; and

(d) upon completion of the purchase(s) of the Company's Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Company's Shares so purchased or to retain the Company's Shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on the Bursa Malaysia Securities Berhad and/or subsequently cancelled), or to retain part of the Company's Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Companies Act, 1965, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised and empowered to do all acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to implement, finalise or to effect the purchase(s) of the Company's Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed 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
23 May 2013

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of Members at the Tenth Annual General Meeting to be held on Wednesday, 19 June 2013 at 10.00 a.m., a final single tier dividend of 2 sen per share in respect of the financial year ended 31 December 2012, will be paid on 23 July 2013 to Depositors whose names appear in the record of Depositors on 9 July 2013.

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 2013 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
23 May 2013

Notes:

1 All resolutions at the meeting will be decided on a show of hands, unless otherwise instructed.

2 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. 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.

3 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.

4 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. Any alteration to the instrument appointing a proxy must be initialised.

5 Where a member appoints more than one proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholding to be represented by each proxy.

6 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7 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 2013. 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 behalf.

8 Agenda 1 is to table and receive the Audited Financial Statements pursuant to the provision of Section 169(1) of the Companies 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 **Ordinary Resolution 7 - Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

The existing general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965, was approved by the shareholders of the Company at the Ninth Annual General Meeting held on 19 June 2012. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. The proposed Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares from unissued capital of the Company up to an amount not exceeding ten percent (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 the 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 Tenth 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 **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 23 May 2013.

3 **Ordinary Resolution 9 - Proposed Authority for the Purchase of Own Shares by the Company**

Please refer to the Circular to Shareholders dated 23 May 2013.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to paragraph 8.27(2) and information as set out in Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no individual seeking for election as a Director at the forthcoming Tenth Annual General Meeting of the Company.

PROXY FORM

CDS Account No.	

EVERSENDAI

EVERSENDAI CORPORATION BERHAD
(614060-A)

* I/We____ *NRIC/Passport/Company No. ______________________
(FULL NAME IN BLOCK LETTER)

of ____
(FULL ADDRESS)

being a *member/members of **EVERSENDAI CORPORATION BERHAD** (the “Company”), hereby appoint

____ *NRIC/Passport No. ______________________
(FULL NAME IN BLOCK LETTER)

of ____
(FULL ADDRESS)

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 Tenth Annual General Meeting of the Company, to be held on Wednesday, 19 June 2013 at 10.00 a.m. and at any adjournment thereof.

Please indicate your vote with an “X” in the respective box of each resolution. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolutions at his/her discretion.

No.		Resolution	For	Against
1	To declare a final single tier dividend of 2 sen per share in respect of the year ended 31 December 2012	1		
2	To approve the increase in Directors’ fees and the payment thereof to the Directors for the financial year ending 31 December 2013, to be payable on a quarterly basis	2		
3	To re-elect Datuk Ng Seing Liong as Director	3		
4	To re-elect Narla Srinivasa Rao as Director	4		
5	To re-appoint Mohammad Nizar Bin Idris as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965	5		
6	To re-appoint Ernst & Young as the Company’s auditors	6		
7	Authority to Directors to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965	7		
8	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	8		
9	Proposed Authority for the Purchase of Own Shares by the Company	9		

** Strike out whichever not applicable*

Signed this_____________day of ___________________2013.

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 in his stead. 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. Any alteration to the instrument appointing a proxy must be initialised.*

4 *Where a member appoints more than one proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholding to be represented by each proxy.*

5 *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

Please fold here

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

Please fold here

Corporate Directory

Malaysia

EVERSENDAI CORPORATION BERHAD
SHIN EVERSENDAI ENGINEERING (M) SDN. BHD.
EVERSENDAI TECHNICS SDN. BHD.
ECB PROPERTIES SDN. BHD.
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Rawang Integrated Industrial Park,
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Tel: +603 6091 2575 Fax: +603 6091 2577
email: eversendai@eversendai.com

VAHANA CONSTRUCTIONS SDN. BHD.
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EVERSENDAI

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Fax : +603 6091 2577
Email : eversendai@eversendai.com

For more information, please visit: www.eversendai.com

Multimedia versions of our annual reports:

- You can view or download our annual report via this link: http://ir.chartnexus.com/eversendai/reports.php
- You can also scan the QR Code with your smartphone or tablet to download this annual report onto your device.