EVERSENDAI

EVERSENDAI CORPORATION BERHAD
(614060-A)

Towering – Powering – Energising – Innovating

Annual Report 2013

VISION STATEMENT

TO BE A GLOBAL LEADER BY INNOVATING, EXCELLING AND SUSTAINING WITH CORE VALUES IN NEW FRONTIERS

MISSION STATEMENT

We aim to deliver sustainable value to our stakeholders by fulfilling our commitment to our clients while strengthening and forging new ties. We endeavour to maintain and enhance our consistent performance, work culture and standards. We strongly believe in maximising the value of human capital and aligning it with company initiatives as a fundamental element of our business objective

CORE VALUES

- Compliance To SAFETY
- Conformance to QUALITY
- Adherence to SCHEDULE
- Consistent CLIENT SATISFACTION

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CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI NATHAN A/L ELUMALAY
(Executive Chairman & Group Managing Director)

MOHAMMAD NIZAR BIN IDRIS
(Senior Independent Non-Executive Director)

TAN SRI RASTAM BIN 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)

S SUNTHARA MOORTHY A/L S SUBRAMANIAM
(Executive Director)

NARISHNATH A/L 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 BIN MOHD ISA
(Member/Independent Non-Executive Director)

REMUNERATION COMMITTEE

TAN SRI RASTAM BIN 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 BIN MOHD ISA
(Member/Independent Non-Executive Director)

DATUK NG SEING LIONG JP
(Member/Independent Non-Executive Director)

COMPANY SECRETARY

CHEOK KIM CHEE (MACS 00139)

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

INDEPENDENT AUDITORS

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 9076

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)

OUR AREAS OF OPERATION & 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)
- **Shineversendai Engineering (M) Sdn Bhd**
  (Malaysia)
- **Eversendai Offshore Sdn Bhd**
  (formerly known as Eversendai Technics Sdn Bhd)
  (Malaysia)
  - **Eversendai Offshore RMC FZE**
    (formerly known as Eversendai Technics RMC FZE)
    (Ras Al Khaimah, UAE)
- **ECB Properties Sdn Bhd**
  (Malaysia)
- **Perisai Kuasa Sdn Bhd**
  (Malaysia)
  - **Eversendai Oil & Gas (M) Sdn Bhd**
    (formerly known as Sumatec Engineering & Construction Sdn Bhd)
    (Malaysia)
- **Eversendai Constructions (M) Sdn Bhd**
  (formerly known as Vahana Constructions Sdn Bhd)
  (Malaysia)
  - **Eversendai Engineering (Pvt) Ltd**
    (formerly known as Vahana Constructions (Pvt) Ltd)
    (Sri Lanka)
- **Technics Oil & Gas Ltd**
  (Singapore)

Subsidiary company
Associated company

BOARD OF DIRECTORS

Seated (from left to right)

DATUK NG SEING LIONG JP
(Independent Non-Executive Director)

MOHAMMAD NIZAR BIN IDRIS
(Senior Independent Non-Executive Director)

TAN SRI NATHAN A/L ELUMALAY
(Executive Chairman & Group Managing Director)

TAN SRI RASTAM BIN MOHD ISA
(Independent Non-Executive Director)

Standing (from left to right)

NARISHNATH A/L NATHAN
(Executive Director)

NADARAJAN ROHAN RAJ
(Executive Director)

S SUNTHARA MOORTHY A/L S SUBRAMANIAM
(Executive Director)

NARLA SRINIVASA RAO
(Executive Director)

BOARD OF DIRECTORS' PROFILE

TAN SRI NATHAN A/L ELUMALAY

Tan Sri Nathan a/l Elumalay, aged 58, is 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.

Tan Sri Nathan is the founder of Eversendai Corporation Berhad. He developed the company from a modest structural steel erection specialist in Malaysia into one of the world's leading organisations in undertaking turnkey contracts; delivering highly complex projects with innovative construction methodologies for steel structures, power & petrochemical plants as well as composite and reinforced concrete building structures in the Asian and Middle Eastern regions. Today, the Eversendai Group is moving to new frontiers into the manufacturing of liftboats for the offshore Oil & Gas industry.

Under Tan Sri's leadership, the Eversendai Group has successfully completed the structural steel work for many prolific global projects namely, Petronas Tower 2, PKT Logistics, KL Sentral Station and from the year 2000 onwards, all major coal-fired power plant boilers 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 brought Eversendai to where it is today, by delivering projects on a timely basis with a strong emphasis on quality and safety.

Tan Sri has also been instrumental in establishing steel fabrication facilities in Rawang, Dubai, Sharjah, Doha and Trichy with a combined annual capacity of over 150,000 tonnes and Eversendai is now in the process of constructing a fabrication yard in Ras Al Khaimah, UAE on a 200,000 square metres waterfront land with 550 metres of quayside, which will be ready by the end of 2014. Eversendai currently employs over 10,000 staff in 7 countries and operates out of 10 offices.

MOHAMMAD NIZAR BIN IDRIS

Encik Mohammad Nizar bin Idris, aged 71, 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.

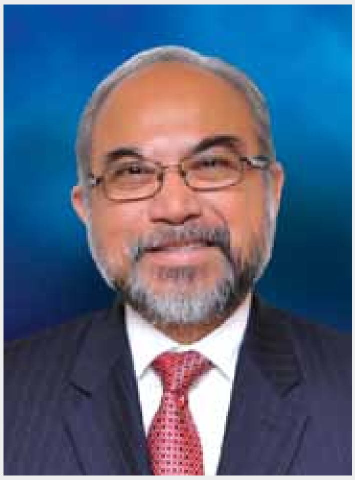
He started his career in the Judicial and Legal Service of the Government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") working in Malaysia, the Netherlands and 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 and is an independent non-executive director of Pacific & Orient Insurance Co Bhd.

BOARD OF DIRECTORS' PROFILE (cont'd)

TAN SRI RASTAM BIN MOHD ISA



Tan Sri Rastam bin Mohd Isa, aged 62, 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 bin 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 bin 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 bin 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 for the Malaysian government. He was Advisor at the Chief Minister's Department, Sarawak from November 2010 to December 2013. He was appointed as Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia on 1 January 2014 and Chairman and Director of Tropicana Corporation Berhad on 25 April 2014. With more than 36 years of working experience at the Ministry of Foreign Affairs, Malaysia, Tan Sri Rastam bin Mohd Isa gained vast experience in administration, management, diplomacy and international relations.

DATUK NG SEING LIONG JP

Datuk Ng Seing Liong, aged 59, 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

Mr Nadarajan Rohan Raj, aged 47, 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 Southeast 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.

NARLA SRINIVASA RAO

Mr Narla Srinivasa Rao, aged 46, 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 recently awarded the Post Graduate Diploma of Business Administration from Manchester Business School, United Kingdom.

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.

BOARD OF DIRECTORS' PROFILE (cont'd)

S SUNTHARA MOORTHY A/L S SUBRAMANIAM

Mr Sunthara Moorthy a/l S Subramaniam, aged 51, is the Executive 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 began his career in the field of accounting, audit practice and offshore trust in various firms in London, UK prior to joining Faber Group Berhad ("FGB") in 1995, where he served for 16 years. He most recently served as the Chief Executive Officer of Faber Facilities Sdn Bhd, which is a wholly-owned subsidiary of FGB, while serving concurrently as the Director of Corporate Services of FGB. Prior to that, he served in a few key positions and the last as the Chief Financial Officer of FGB.

NARISHNATH A/L NATHAN

Mr Narishnath a/l Nathan, aged 31, 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, United Kingdom. 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 Eversendai Corporation Berhad's 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 Chief Executive Officer for the Oil & Gas operations in the Middle East. He is the son of Tan Sri Nathan a/l Elumalay, the Executive Chairman and Group Managing Director.

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.

OUR FOCUS ON QUALITY

Eversendai Group, including our subsidiaries and associates, places emphasis on the quality of our products and services irrespective of the country in which we operate.

Excellence in quality is achieved by our team of committed and qualified personnel who adhere to the organisation's core values. They ensure that quality is maintained as specified in the technical requirements and specifications of clients; beginning from the input of resources, throughout the processes and to the final output or deliverables of products and services. We owe our success to our dedicated, diligent and duty conscious manpower who strive to build some of the most impressive, innovative and iconic structures in the world. Armed with our tagline of **Towering – Powering – Energising – Innovating**, we have consistently maintained our position in the top league of companies of similar industries in the world. In fact Eversendai's greatest asset and pride is our human resources, often referred to as men of steel who are able to complete and deliver projects well ahead of schedule with exceptional quality, steely determination and resilience.

Eversendai's in-house quality control and quality assurance departments, including those from our various subsidiaries and associates, adhere strictly to the schedules and procedures of inspection and testing stipulated in the project quality management plans. Apart from conducting in-house inspection and testing, we also undertake regular inspection by the client and third party testing to ensure the transparency of the quality checks, which is welcomed by the client and the approving authorities. Eversendai does not compromise on quality and our finished products and services are in compliance with all health, safety and environment regulations and in conformance with international codes and standards as required in the countries that we operate.

Eversendai has a long standing tradition of hiring the best people in the market who are specialists in their respective disciplines and have considerable experience, proven expertise and reliable competence. In addition to these, they also hold relevant industry recognised premier qualifications and a passion for quality and excellence in whatever they do. It is for these reasons that Eversendai has become one of the most sought after and preferred employers.

Eversendai has always maintained excellent relationships with major international clients, with a history of successful collaboration on many landmark projects. We have established a reputable brand name with an impressive track record and positioned ourselves as one of the leading and most reliable integrated structural steel turnkey contractors in the world. We are often recognised by various agencies for our outstanding performance and achievements.

Eversendai under the extremely enterprising founder, who is also the Executive Chairman and Group Managing Director of the Eversendai Group, Tan Sri A K Nathan, has seen tremendous growth; from our humble beginnings where we overcame trials and tribulations to where we are today. Our name is synonymous with superior quality, where satisfied clients always come back with repeat orders, and our established reputation in the market has enabled us to realise our aspirations of further growing our business. We shall continually seek opportunities to globally expand our existing scope of operations while upholding our quality standards.

OUR COMMITMENT TO HEALTH, SAFETY & ENVIRONMENT

Eversendai Group is a leading, internationally recognised and established integrated structural steel turnkey, mechanical works, general construction and civil construction contractor. We are committed to maintaining a high standard of health, safety and environment (HSE) practices in all the areas and countries of our operations to minimise risks for all our stakeholders and impacts to the environment.

Eversendai's proven performance and commendable HSE track record is justified by the various awards and recognitions we have received from different agencies, and the repetitive and new projects we have been awarded from existing and previous clients.

Eversendai attributes the success in HSE management to our committed and competent employees, skilled contractors and smart partnership suppliers who understand the business, operating and project risks by continually adopting and undertaking the following precautions:

- Not to commence work until it is clear what, when, where, why and how it needs to be done
- Not to undertake work outside the limits of our competence, expertise or skills
- Not to undertake any projects or tasks without the adequate and appropriate resources including raw materials, manpower, machinery, manuscript, method, equipment and tools
- Not to deviate from what has been planned be it design or procedure without checking and clearance from those in the chain of command be it an immediate superior or client
- Be clear about the HSE arrangements at the factory and project sites and for supervision in terms of the chain of command
- Ensure that the worksite, workplace and workshop is kept safe and secured from all types of hazards
- Watch out for hazardous activities being undertaken by other contractors and operators of the client in the work area or project site
- Ensure that others who are not involved in any task in the factory or project site do not encroach into an exclusion zone or secured area

Eversendai has been able to promote, maintain and sustain a health, safety and environment work culture where employers understand their accountabilities and roles, the employees including contractors and suppliers understand and undertake their duties and responsibilities to ensure and enforce full compliance with all applicable legal requirements pertaining to HSE in the countries we operate.

Eversendai is committed to waste minimisation, prevent environment pollution and optimum use of resources through the 3R concept of Reduce, Reuse and Recycle.

AWARDS & RECOGNITION

2013

BEST BIM PROJECTS AWARD FOR QATAR FACULTY OF ISLAMIC STUDIES
Awarded by TEKLA, ME

BEST STEEL – SPECIAL RECOGNITION AWARD FOR THE GATE DISTRICT TOWER
Awarded by TEKLA, ME

2012

PUBLIC FAVORITE PROJECT FOR THE CAPITAL MARKET AUTHORITY OFFICE TOWER
Awarded by TEKLA, ME

BUSINESS EXCELLENCE SOUTH-EAST ASIA 2012
Awarded by Asian Business Leadership Forum

1MALAYSIA iAWARD 2012 – HONORARY iGO
Awarded by A2Z Strategic Partner

2011

INNOVATIVE LEADERSHIP IN GLOBALISATION
Awarded by Malaysian Institute of Directors

2010

BEST MALAYSIAN STEEL CONTRACTOR & FABRICATOR IN MIDDLE EAST – EVERSENDAI ENGINEERING LLC 2010
Awarded by Matrade-Dubai

EXPORT EXCELLENCE AWARDS (SERVICES) 2009
Awarded by Ministry of International Trade & Industry (MITI)

BRAND PERSONALITY AWARD 2009
Awarded by The BrandLaureate

2009

ASIA PACIFIC ENTREPRENEURSHIP AWARD – OUTSTANDING ENTREPRENEURSHIP
Awarded by Enterprise Asia

MOSHPA OSH EXCELLENCE AWARD 2009 – STEEL ERECTION & FABRICATION SECTOR
Awarded by Malaysian Occupational Safety & Health Professional's Association

BEING THE E&Y COUNTRY WINNER – REPRESENTED MALAYSIA AND WAS INDUCTED INTO THE HALL OF FAME FOR THE WORLD ENTREPRENEUR OF THE YEAR HELD AT MONTE CARLO
Awarded by Ernst & Young

INTERNATIONAL STAR AWARD FOR LEADERSHIP IN QUALITY IN THE GOLD CATEGORY
Awarded by Business Initiative Directions – France

AWARDS & RECOGNITION (cont'd)

2008

CEO OF THE YEAR 2008 AWARD
Awarded by CIDB (MCIEA)

MASTER ENTREPRENEUR OF THE YEAR 2008 AWARD AND MALAYSIAN ENTREPRENEUR OF THE YEAR AWARD
Awarded by Ernst & Young

SMEs BEST BRANDS IN THE ASIA PACIFIC – STRUCTURAL STEEL SPECIALIST
Awarded by The Brandlaureate

SME OVERSEAS PLATINUM AWARD FOR 2008
Awarded by SMI Malaysia

GOLDEN CONSTRUCTION AWARD DURING THE 20TH INTERNATIONAL CONSTRUCTION AWARD (NEW MILLENNIUM AWARD)
Awarded by The Trade Leaders Club, Madrid Spain

GOLD STEEL AWARD
Awarded by Tekla, ME

CERTIFICATION OF RECOGNITION FOR THE CONTRIBUTION IN ACHIEVING 12,000,000 MANHOURS WITHOUT LTI (2 X 700 MW COAL FIRED POWER PLANT JIMAH PROJECT
Awarded by DOSH

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
Awarded by MOSHPA

2007

BEST STEEL MODEL
Awarded by TEKLA, ME

2005

INTERNATIONAL ACHIEVEMENT AWARD
Awarded by CIDB - MCIEA

2004

INTERNATIONAL ACHIEVEMENT AWARD
Awarded by Malindian

2000

ACHIEVEMENT AWARD AT THE MEGA ACHIEVEMENT RALLY
Awarded by INTAMM

AWARDS & RECOGNITION (cont'd)


Hamriyah Free Zone Authority
TOP3
Proudly presents this
CERTIFICATE OF RECOGNITION
To
Eversendai Engineering FZE
For your outstanding performance and commitment to excellence towards continuous improvement in Hamriyah Free Zone.
"TOP 3 - 2011 INVESTORS | STEEL INDUSTRY"


Six Construct
NDIA
New Doha International Airport
midmac
مدماك
SIX CONSTRUCT – MIDMAC JOINT VENTURE
NEW DOHA INTERNATIONAL AIRPORT
PASSENGER TERMINAL COMPLEX NORTH NODE (CP 51)
HSE EXCELLENCE AWARD
is hereby awarded to
EVERSENDAI ENGINEERING QATAR W.L.L
Contract Number: QAT-535-SC-001
for their excellent performance in erecting 35,000 tons of steel with all HSE norms complied and followed as per SMJV HSE requirements.
Hans Jorg Hirschhauser
Project Director
Salah Al Moukhtar
Deputy Project Director
Clemence Wong
Project HSE Manager


TEKLA
A TRIMBLE COMPANY
CERTIFICATE
EVERSENDAI CORPORATION
Special Recognition
Tekla Middle East Model Competition Awards 2012
The Gate District Tower
Dubai, UAE, 21st January 2013
Paul Wallett
Area Business Director


TEKLA
A TRIMBLE COMPANY
AWARD CERTIFICATE
EVERSENDAI
Public favorite project in Tekla Global BIM Awards 2012
The Capital Market Authority office tower


TEKLA
A TRIMBLE COMPANY
CERTIFICATE
Eversendai
Winner of
Best BIM Projects Award 2012
For The QFIS
Qatar Faculty of Islamic Studies
Doha, Qatar
Dubai, UAE, 21st January 2013
Paul Wallett
Area Business Director

GROUP MILESTONES

EVERSENDAI has evolved from 1988 a structural steel erection specialist to a leading global organisation in undertaking turnkey contracts; delivering highly complex projects with innovative construction methodology for high rise buildings, power & petrochemical plants as well as composite and reinforce concrete building structures in the Asian and Middle Eastern regions. We have a strong design and engineering division and modern fabrication facilities in Malaysia, India, the UAE and Qatar.

SELECTED MILESTONES

1988
- First overseas venture when awarded contract for the Singapore Indoor Stadium

1989
- Awarded contract for the fabrication, strutting, blasting, painting, welding, dismantling and structural steel erection works for Pulau Seraya Power Station Stage II, Singapore
- Awarded contract for the structural steel erection works for Senoko Gas Station Turbine Power Plant, Singapore
- Awarded contract for the fabrication and structural steel roof erection works for the restoration of the National Museum, Singapore

1990
- Awarded contract for the painting of erected turbine steel structures for Pulau Seraya Power Station Stage II, Singapore

1991
- Executed Hitachi Tower, Eversendai's first 37-storey high-rise structural steel building, Singapore
- Executed Caltex Tower, a 33-storey office and commercial building, Singapore

1992
- Executed the structural steel erection works for Republic Plaza, Singapore

1993
- SEVM was incorporated
- Awarded contract for the structural steel erection works for KL Tower, Malaysia
- Ventured into Indonesia and Thailand

1994
- Awarded structural steel 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 3 x 700MW 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, 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
- Acquired 1st fabrication plant at Al Qusais Industrial, Dubai, UAE

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
- Awarded structural steel contract for the Cantilever Stadium Roof structure erection works for Salalah Amphitheatre, Oman
- Awarded contract for the structural steel 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 structural steel 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 New Doha 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 Integrated Industrial Park, Malaysia
- Awarded contract for the structural steel erection works for New Doha 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, Abu Dhabi
- Awarded contract for Capital Market Authority Tower, Saudi Arabia
- Awarded contract for the structural steel erection works for New Doha 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 structural steel contract 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 structural steel contract for King Abdullah International Airport, Saudi Arabia
- Awarded structural steel contract for Qatar Foundation Headquarters
- Awarded contract for the supply of structural steel for pipe and cable rack for Vale project, Malaysia
- Incorporated Eversendai Constructions (M) Sdn. Bhd., Malaysia (formerly known as Vahana Constructions Sdn. Bhd.)
- Acquisition of Eversendai Engineering Pte. Ltd., Singapore
- Acquisition of shares in Technics Oil & Gas Ltd., Singapore

2013
- Awarded structural steel contract for Abu Dhabi International Airport
- Awarded structural steel contract for Crescent City, Azerbaijan
- Awarded structural steel contract for MASDAR Headquarters, Abu Dhabi
- Awarded structural steel contract for Qatar Foundation Research & Development Centre, Qatar
- Awarded structural steel contract for Garraf Development Facility Operation, Iraq
- Awarded contract for the shop fabrication of steel structure for Petronas LNG Train 9, Malaysia
- Awarded steel structure contract for Duhail Multipurpose Sports Club, Qatar
- Awarded steel structure contract for TJ Pearl Mansion, Qatar
- Awarded steel structure contract for Hub Zero Family
- Completed construction of 5th fabrication plant in Trichy, India
- Incorporated Eversendai Offshore RMC FZE, Ras Al Khaimah, UAE (formerly known as Eversendai Technics RMC FZE)
- Acquisition of shares in Eversendai Oil & Gas (M) Sdn. Bhd., Malaysia (formerly known as Sumatec Engineering & Construction Sdn. Bhd.)
- Commenced works on first waterfront fabrication yard in Ras Al Khaimah, UAE

IN THE NEWS

Eversendai wins contracts

SHAREN KAUR

KUALA LUMPUR: Eversendai Corp Bhd, which is controlled by Tan Sri A.K. Nathan, has won several contracts for structural steel projects in the Middle East and India worth RM172.2 million.

The group's order book is now close to RM1.3 billion.

Nathan, who owns 70.95 per cent of Eversendai, expects an improvement in the group's performance this year.

He said launch of the group's fifth fabrication facility in Trichy in southern India will help boost productivity in Asia.

In the Middle East, among the contracts Eversendai won were a contract to build a complex on Dana Island in Doha, Qatar, and a substructure contract that is part of a project that will provide vital connection into Doha's Lusail City Development area.

Eversendai undervalued despite recent gains

Eversendai secures maiden O&G contract

KUALA LUMPUR: Eversendai Corp Bhd's wholly-owned subsudiary, Eversendai Technics RMC FZE, marked its maiden foray into the oil and gas sector (O&G) via a RM24.7 million contract secured from Petronas Carigali Iraq Holding BV.

The integrated structural steel turnkey and power plant contractor won the contract for the supply and delivery of Fuel Gas Conditioning Unit (FGCU) and associated equipment at the 15 megawatt power plant for Garraf Development Facility Operation.

In a statement yesterday, Eversendai executive chairman and group managing director Tan Sri AK Nathan said the project was an excellent start for the joint venture as it provides opportunity to further establish itself in the Middle East O&G sector.

"We will execute the FGCU in our Hamriyah Fabrication Yard (Sharjah) as the new Ras Al Khaimah (RAK) waterfront fabrication yard is under development now and will be ready in the first quarter of next year," he said.

The new yard is about 200,000 square metres, with 550 metres of waterfront, and has a water depth of seven metres at low tide.

He said the company would continue to bid for other projects including offshore platforms, structures, topsides and large process modules given the vibrant Middle East O&G sector.

"It is our utmost priority to ensure that we capitalise on this," he added.

Eversendai has a strategic long-term business plan to deliver future growth and enhance shareholders' value.

The setting up of the O&G division was part of Eversendai's strategic plan to double its revenue to RM2 billion by

Eversendai tendering for RM8bil projects

BY CHOONG EN HAN
han@thestar.com.my

PETALING JAYA: Eversendai Corp Bhd is tendering for RM8bil worth of projects and is poised to add more contracts to its growing order book in the next couple of months.

The structural steel turnkey and power plant contractor has an order book of RM1.5bil at present.

Executive chairman and group managing director Tan Sri A.K. Nathan said some of the concluded contracts were slated for announcement soon, while some were now in the process of being finalised.

"Our current order book can last us for another two to three years, and about

options open to further merger and acquisition activities after buying a 20.1% stake in Singapore-listed Technics Oil & Gas Ltd.

Since then, it has set up a joint-venture company, Eversendai Technics Pte Ltd, with the aim of bidding for projects in the oil and gas (O&G) industry.

Its fourth fabrication yard in India, meanwhile, would be operational next month, adding a further 20,000 tonnes to 30,000 tonnes to its current 120,000-tonne capacity.

"Right now, all our yards are fully loaded with work. We have yards in Dubai, Qatar,

Eversendai eyes Rapid plant 'package' job

Company plans to undertake whole plant construction works, says Eversendai MD Nathan

by PREM KUMAR PALLIAMORTHY

Nathan says the company is planning to undertake the whole plant construction job as a package, estimated to constitute about 30% of the total project cost

Eversendai eyeing three more contracts in Azerbaijan

StarBiz, WEDNESDAY 6 MARCH 2013 NEWS 7

Cashflow boost: (from left) Standard Chartered Saadiq CEO Wasim Saifi, Saif, Nathan and Eversendai executive director and chief operating officer Rohan Raj at Eversendai inaugural Islamic securities programme led by Stanchart.

PETALING JAYA: Hot on the heels of its multi-million-ringgit structural steelworks contract secured in Azerbaijan recently, Eversendai Corp Bhd is targeting to secure three more work contracts in the country.

"We are well-positioned to win the other three contracts, which we can see immediately, and this is a stepping stone for us to expand into the regional Commonwealth of Independent States or CIS market," said executive chairman and group managing director Datuk A K Nathan.

On Monday, the construction and structural steel fabricator bagged RM87.3mil worth of works from Gilan Holding LLC, the developer of the Crescent City project in Baku, Azerbaijan's capital city.

At the signing ceremony between Eversendai and Standard Chartered Saadiq Bhd yesterday, the company's first Islamic medium-term note programme worth RM500mil with a tenure of up to seven years from its first issuance was announced. The first tranche of RM250mil with a five-year tenure will be issued on March 11.

Standard Chartered Saadiq is the principal adviser, sole lead arranger and lead manager for the sukuk programme.

Nathan said the funds raised would be utilised for its growth expansion in the Asean and Middle East regions, as well as its recent penetration into the oil and gas (O&G) sector.

Earlier in the year, the company bought a further 21.19 million shares to raise its stake in Singapore-listed Technics Oil & Gas Ltd to 20.1%, in a bid to secure a stronger footing in the regional O&G fabrication sector.

"The biggest portion of the money raised will be used to boost our overall cashflow. We have borrowed a lot of cash from banks at an interest rate that is much higher, and with the fixed lower interest rate now, it would help our bottomline and the improvement would be reflected in our profits," he explained.

He added that apart from this, the company would also be using the money for organic growth as well as specific mergers and acquisitions that it is looking out for.

"To achieve our RM2bil turnover target by 2017, we have to put in money to make money. We will invest wisely, and use the funds for capital expenditure too. I will not be surprised if we can achieve the RM2bil before the 2017 target," he said.

Standard Chartered Bank Malaysia origination and client coverage managing director Saif Malik said the issuance had received strong investor support, with its first tranche being oversubscribed by two times at a coupon rate of 4.7%.

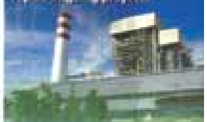
IN THE NEWS (cont'd)

COMPANIES & STRATEGIES

Eversendai to venture into O&G sector

Firm plans to make a name in providing support contracts in the Middle East

Top 10 ongoing projects



Generally, we are tendering RM10bil-RM12bil worth of jobs on a rolling basis, and our success rate is about 20%.

Rapid to secure FID in the 1Q of 2014

FROM P1 Eversendai companies for a possible joint venture (JV) or consortium.

"Sometimes, the client (Petronas) might want to split the job. But we intend to undertake the whole plant construction, most probably through a partnership or JV with a foreign EPC company. Eversendai is very excited through Rapid development, and will definitely bid for the project. With the high recognition of Eversendai's expertise, on-time completion and quality of work, we certainly stand a bright chance," he told *The Malaysian Reserve* in a recent interview.

Nathan explained that Eversendai is the only local player with extensive experience and expertise in petrochemical plant construction, thus placing the company as a front-runner for the job.

If a JV is to be established, Eversendai is also interested in taking up a portion of procurement activities in Rapid, he pointed out.

"Procurement will incur the major cost in Rapid. So, through a JV or consortium, we would also like to explore procurement works too," Nathan added.

Eversendai, who had carved its name in the Middle East through various landmark projects, is currently undertaking certain groundworks on mega project, such as recruiting more plant construction experts on board.

Rapid — a project of Petronas — will secure its final investment decision (FID) in the first-quarter (1Q) of next year.

The mega project was previously slated to start operations in 2016 but was pushed twice to early 2017, and later to the following year, due to some land disputes.

The project is expected to turn Pengerang into a boom town for global petroleum investors, rivalling neighbouring Singapore as Asia's most vibrant petrochemical hub, and creating over 40,000 jobs for locals from construction to downstream activities.

Eversendai's on-time completion track record is said to be the winning point for the latter in Rapid, given that delays have occurred in government related mega projects such as the RM7 billion Ampang and Kelana Jaya light rail transit line extension project and RM4 billion new low-cost airport, Kuala Lumpur International Airport 2.

Eversendai also possess a vast track record in local power plants, being involved in the construction of coal-fired power plants like Jimah 2, Negri Sembilan; Manjung 3 and 4, Perak; Tanjung Bin, Johor and power plants such as the Gelugor, Penang; Teluk Salut, Sabah and Tuanku Jaafar power plant, Negri Sembilan.

The company had last year won job, through a consortium, to undertake the RM5 billion 1,000MW expansion project for Tanjung Bin power plant — the first private coal-fired plant in Malaysia and South-East Asia's largest coal-fired plant.

Malaysian firm makes it big by adapting

DUBAI: Sharing its success story in the Middle East, Eversendai Corporation Bhd executive director Narish Nathan has urged Malaysian companies to understand and adapt to local cultures if they want to penetrate the international market.

Narish said although the government's support might help Malaysian companies expand their business overseas, their reputation and ability to understand how locals and business could ensure their success.

"We had to work very hard when we were invited to help build the seven-star hotel Burj Al Arab in 1996.

"And now, we are involved in the construction of almost all the iconic buildings in the region, including Burj Al-Khalifa and the new Doha International Airport in Qatar," he said here yesterday.

Eversendai Engineering LLC (Dubai) was awarded the contract to erect the steel structure for the sail-silhouetted Burj Al Arab Hotel, one of the world's tallest at 321m high.

Since then, Narish said the group had undertaken many landmark projects in the Middle East, espe-

Eversendai wins RM80m jobs in Middle East and India

Friday, 23 August 2013 10:03 P Prem Kumar

Eversendai bids for iconic jobs

DUBAI: Eversendai Corp Bhd, a multi-disciplinary construction outfit, is aggressive bidding for several iconic projects in the United Arab Emirates (UAE) and few landmark jobs in the Middle East valued between RM5bil and RM6bil.

Eversendai executive director Narish Nathan said the company, which relatively has "a touch" in most iconic buildings here including Burj Khalifa, was invited to bid for several iconic buildings in the UAE including for Expo 2020 in Dubai.

"Anything iconic will be ours. We have made the reputation in this market, anything difficult, complicated, iconic is Eversendai. Any simple building, we will not get invited (to bid)," he said when met by Malaysian journalists accompanying Deputy Prime Minister Tan Sri Muhyiddin Yassin on his working visit to Dubai. – Bernama

Eversendai eyes RM600mil turnover from O&G ops

KUALA LUMPUR: Structural steel turnkey and power plant contractor Eversendai Corp Bhd is optimistic that its oil, gas and petrochemicals business will contribute up to RM600mil to turnover, in the next two years.

The business sectors, ventured into by Eversendai Technics Pte Ltd, are expected to start churning out earnings for the group in the third quarter of this year, said Eversendai executive chairman and group managing director Tan Sri A.K. Nathan.

In an interview with *Bernama*, he said the oil and gas (O&G) module and platform construction segment was expected to contribute between RM300mil and RM400mil in the next two years.

and Eastern African countries, to expand its venture in both structural steel and O&G-related businesses. "The focus in Sri Lanka will be mainly on structural steel as it has big plans for infrastructure development, while Eastern African nations such as Mozambique and Tanzania, with new oil finds, will be explored to expand both our businesses.

"Australia is more for the setting up of a marketing representative office to promote our business there. The manufacturing cost is high in Australia. So, we might use Malaysia as a hub to manufacture and later ship the products there," he added

Nathan said Eversendai's order book was expected to begin with a "bang" next year, as

NEWS

'Eversendai shares undervalued'

INACCURATE REPRESENTATION: Stock price does not reflect business potential and track record, says founder

CALENDAR OF EVENTS

January 01

Staff Annual Get-Together,
Radisson Blue Hotel
Dubai, UAE

January 03

Staff Training by
Executive Chairman and
Group Managing Director
Hamriyah Free Zone,
Sharjah, UAE

February 04-07

Eversendai Group Annual
Meeting
Rawang, Malaysia

February 11

Dato A K Nathan Birthday
Cup Finals
Doha, Qatar

February 14

Inauguration of Eversendai
Premier League Tournament at
Hamriyah Cricket Ground
Hamriyah Free Zone,
Sharjah, UAE

March 05

Signing Ceremony between
Eversendai Corporation Berhad
and Standard Chartered Saadiq
Berhad on Eversendai Corporation
Berhad's Inaugural MYR500million
Islamic Securities Programme
at Westin Hotel
Kuala Lumpur, Malaysia

March 15

Staff Annual Dinner
Doha, Qatar

March 31

Eversendai Qatar employees
collected and donated 1400
pieces of clothing to Qatar Charity
Doha, Qatar

April 11

Eversendai Premier League Finals
Hamriyah Free Zone,
Sharjah, UAE

May 09

Blood Donation Camp co-organised by Eversendai and
Ministry of Health Sharjah, Blood
Transfusion & Research Centre
Hamriyah Free Zone,
Sharjah, UAE

May 24

Eversendai sponsored "Kejohanan
3 Penjuru", a sports event
organised at Zayed Sports City by
Malaysian Community Association
and 3 footballing communities in
Abu Dhabi, Al Ain & Dubai
Abu Dhabi, UAE

June 3

6th Blood Donation Camp among
Eversendai Qatar employees
Doha, Qatar

June 19

10th Annual General Meeting held
at Istana Hotel
Kuala Lumpur, Malaysia

July 19

Pension & Life Insurance Fund
Awareness Campaign organized
at our workers' Labour Camp
in Sonapur by IWRC – Indian
Embassy of UAE
Dubai, UAE

CALENDAR OF EVENTS (cont'd)

August 15

Start of Column Erection in King Abdullah International Airport Railway Station Project
Jeddah, Kingdom of Saudi Arabia

September 15

Inauguration of New Head Office at 29th Floor, Vision Tower at Business Bay
Dubai, UAE

September 29

Free Medical Checkup conducted by Insurance service providers for our employees
Hamriyah Free Zone,
Sharjah, UAE

October 18

Eversendai Appreciation Dinner held at Kuala Lumpur Convention Centre
Kuala Lumpur, Malaysia

October 31

Merdeka Golf Tournament 2013, a sports event sponsored by Eversendai was held at Emirates Golf Club
Dubai, UAE

October 31

Sweets distribution to all employees as part of Deepavali celebrations
UAE

November 07

Strand Jacking of Roof Truss in ADNOC Headquarters Project completed successfully
Abu Dhabi, UAE

November 14

Inauguration of Eversendai's 5th Fabrication Factory
Trichy, India

November 15

Officiating ceremony of our Eversendai's Indian operations corporate office
Chennai, India

November 28

Kickoff of Eversendai Premier League 2013 for Eversendai staff at Hamriyah Cricket Ground
Hamriyah Free Zone,
Sharjah, UAE

December 2

Our staff participated in 'Magenta Pearl Camp', a volleyball tournament conducted as part of UAE National Day celebrations and emerged winners
Abu Dhabi, UAE

December 26

As a token of appreciation for the completion of Qatar Foundation Research & Development Centre, Duhail, Lusail, King Abdullah Petroleum Science & Research Centre, Qatar National Museum and Capital Market Authority Tower project fabrication on time, briyani was distributed to all workers and staff at our workshops.
Sharjah, UAE and Dubai, UAE

CHAIRMAN'S STATEMENT

TOWERING TO GREATER HEIGHTS

TAN SRI NATHAN A/L ELUMALAY
Executive Chairman & Group Managing Director

DEAR SHAREHOLDERS,

On behalf of the Board of Directors' of Eversendai Corporation Berhad ("Eversendai"), I would like to take this opportunity to firstly thank all of you for your unwavering support to Eversendai since our listing in July 2011. With your support, we have been inspired to move to new frontiers and spread our wings further into inter-related core businesses.

We are globally renowned as a leading organisation in undertaking turnkey contracts; delivering highly complex projects with innovative construction methodologies for steel structures, power & petrochemical plants as well as composite and reinforced concrete building structures in the Asian and Middle Eastern regions.

CHAIRMAN'S STATEMENT (cont'd)

Our brand new venture into the onshore Oil & Gas sector of petrochemical plant construction will see us handling total integrated multi-disciplinary construction packages involving all phases of construction which includes civil and building, structural and steel fabrication and erection, mechanical piping as well as process equipment erection and electrical and instrumentation works.

Another vital sector which we are embarking on is offshore and marine, which includes repairs and refurbishment of jack up drilling rigs, offshore living quarters and building liftboats, offshore process modules, offshore platforms, offshore living quarters and with the possibility of building jack up drilling rigs. We view our foray into these businesses as a positive step forward to expand our business in the Oil & Gas sector, which is very much interlinked to our core business, as we continually seek opportunities to globally expand our operations.

We have indeed come a long way from our humble beginnings. When we first started in 1988, we did not anticipate our journey to be as exciting as it is. It has been a long and uphill journey filled with challenges which has seen us grow and mature as an organisation. We have bettered ourselves and exceeded our own expectations even during difficult times and this is a result of dedication and commitment of our loyal employees, management and board members.

We are not an organisation that rests on its laurels. We aim to be different. Innovation has always been the key driver in the way we go about our daily business and in our expansion plans. In line with our tagline, 'Towering – Powering – Energising – Innovating', we pride ourselves on being an integrated powerhouse that is able to subscribe to the needs of different industries. We are confident that our expansion and diversification plans across the different regions will bear fruit in time to come.

• New Doha International Airport, Qatar

OUR VISION

Our success today validates our vision, mission and core values. We have steadily upheld our core values of compliance to safety, conformance to quality, adherence to schedule and ensuring consistent client satisfaction; this is reflected in every single project of ours. Diversifying our expertise beyond the existing regions and industries is also in tandem with our vision of continuously innovating as we move to new frontiers.

Our mission has been to deliver sustainable value to our stakeholders by fulfilling our commitment to our clients while strengthening and forging new ties. We endeavour to maintain and enhance our consistent performance, work culture and standards. We believe that maintaining our standards and setting new standards will allow us to continue delivering value creation for all our clients.

We place utmost importance in relationships as they play a vital role in developing, marketing, performing and maintaining effective operations. It is the interaction between our clients and us that have created the dynamics of our business.

CHAIRMAN'S STATEMENT (cont'd)

• Qatar Faculty of Islamic Studies

Maximising the value of human capital and aligning it with company initiatives is another fundamental element of our business objective. Eversendai places utmost emphasis in the training of employees as part of our human capital development plan. Every single employee has the potential to grow with and within the organisation and we believe it is our imperative to build organisational capabilities that lead and support the innovation, collaboration and learning which are the bare essentials for success in a complex, fast-changing environment.

We go to great lengths to build and retain a workforce that is disciplined, dedicated and passionate to deliver in line with our rapid growth and expansion whilst conforming to policies and procedures in order to create a uniformed network within the organisation. Periodically, we also conduct realignment of roles and responsibilities involving some of our key personnel to ensure that we are maximising the full potential and expertise of our employees.

Our business expansion plans by venturing into new markets such as East Africa, Canada, Australia as well as other countries in the Middle East, will complement our vision, mission and core values and simultaneously allow us to remain one of the most successful organisations in the Asian and Middle Eastern regions and beyond with corresponding efficiency and reliability.

CHAIRMAN'S STATEMENT (cont'd)

• Lusail Artscape Stubs, Qatar

Eversendai has proven that it is possible to build a successful business and sound track record of exceptional technical ability by not compromising on our core values and commitment to our clients. Our strength lies in our resilient workforce whose skills, commitment and dedication serve the needs of our clients. An established management which overlooks the areas of planning, procurement, HSE and execution, combined with experienced managers, engineers alongside our workforce has made Eversendai a force to be reckoned with.

FINANCIAL PERFORMANCE

Our overall financial performance in 2013 did not live up to expectations due to various factors. The key factors include timing difference in revenue recognition arising from significant projects on-hand which are near completion, whilst a few new significant projects commencement were delayed. An impairment loss on our investment in an associate has also contributed to the decline in the financial performance.

Based on the current order book in hand of RM1.1billion, we are pursuing more awards this year and look forward to bigger achievements in the years ahead. The shareholders' fund stood at RM845million at the close of the financial year compared to RM783 million in the previous year. In tandem with this, the net asset per share attributable to shareholders was RM1.09 as compared to RM1.01 last year. The revenue and profit after tax of the Group for the twelve months ended 31 December 2013 was RM965million and RM33million, respectively.

We have a positive outlook that the Group can anticipate a stronger financial year in FY2014. Our Oil & Gas offshore business is expected to take off by the middle of 2014 and should contribute to the revenue. The Oil & Gas onshore business is in the midst of laying the necessary groundwork to develop its business and we anticipate positive progress by the third quarter of 2014 and for it to generate revenue in 2015 onwards. Eversendai Constructions is also expected to contribute profits from its composite building construction business from 2015 onwards.

OUR SOCIAL RESPONSIBILITY

At Eversendai, we aim to address social concerns and work to benefit local communities as well as our environment whilst preserving our brand and reputation as we conduct daily business. We firmly believe that we should be both, internally and externally able to support our communities in their endeavours to be successful. We find it essential to have a sense of responsibility ingrained amongst our team members in all the

CHAIRMAN'S STATEMENT (cont'd)

countries we are present in. To ensure our objectives are met, we will be focusing on the implementation of Corporate Social Responsibility (CSR) principles and programmes throughout our global operations whilst being recognised for our CSR stewardship and providing our employees with the opportunity to participate and make a difference in society.

ACKNOWLEDGEMENT

As we move ahead to conquer new frontiers, I would like to take this opportunity to express my heartfelt gratitude to our Board of Directors for their shared vision and wisdom in wanting to see Eversendai deliver the best value to our shareholders. It has been an honour working with visionaries who inspire us and I look forward to their continued guidance in their capacity as members of Eversendai's Board of Directors.

I would also like to thank the management and employees who have worked relentlessly to ensure the Company's continuous success in reaching greater heights. With your dedication, effort and devotion, we look forward to working together to achieve the Company's aspirations in 2014 and onwards.

To our shareholders, associates, clients, bankers, business partners and suppliers, thank you for supporting the Group. I am enthusiastic about the prospects ahead and I look forward to your continuous support as the Company springs forward to map out our next growth and development chapter.

We are confident our strong track record, existing and future plans which have been charted out within Eversendai will place us in the forefront in having an increased share in business opportunities, locally and globally.

• Liftboat (Jack Up Propelled Platform)

OPERATIONS REVIEW

OPERATIONS REVIEW

Eversendai is recognised globally as a leading organisation in undertaking turnkey contracts for highly complex projects which require innovative construction methodologies. Our portfolio includes structural steel, power & petrochemical plants, oil & gas process modules as well as composite and reinforced concrete building structures in the Asian and Middle Eastern regions.

Our scope of work and services include the following:

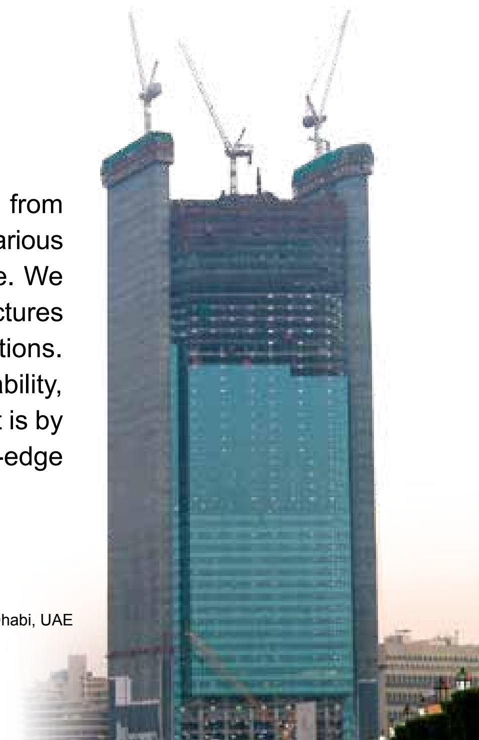
i) Design, engineering, fabrication, supply and erection of structural steel;
ii) Installation of mechanical equipment, pressure parts, pipes, ducts, clads and control systems for power plants;
iii) Engineering, procurement, project management, commissioning and maintenance for Oil & Gas and petrochemical plants;
iv) Building construction using composite structures.

For the current financial year, the Group registered a total revenue and profit of RM**965million** and RM**33million**, respectively.

A. OUR TECHNICAL SERVICES

A.1. Structural Steel Design & Engineering

We provide comprehensive and end-to-end range of design services, from conceptual stage design, connection design to erection engineering for various types of structures using state-of-the-art design and detailing software. We also have design service expertise required for complex, innovative structures and geometrical shapes which are built using a wide variety of sections. We continuously seek out new methodologies to improve constructability, deliverables, work processes, automation and procedures and one of it is by enhancing the engineering and fabrication shop drawings using cutting-edge 3D model technology.



• ADNOC Headquarters, Abu Dhabi, UAE

OPERATIONS REVIEW (cont'd)

A.2. Structural Steel Supply & Fabrication

Our source of raw steel material is very much dependant on individual project requirements. However, we usually obtain raw steel material from globally renowned rolling mills, in bulk, upon being awarded a project. We also source for raw steel material from our vast network of stockists and trade agents to meet specific needs and schedules. Raw steel material is converted into finished structural steel sections in our five strategically located fabrication facilities which have an estimated combined fabrication capacity of 150,000 tonnes per annum. Our ability to deliver complex concepts such as the rose bud on the Rose Rayhaan by Rotana in Dubai, the wave form roof structure of Dubai Mall and the desert flower of the Qatar National Museum reflects our strength to meet complicated requirements.

A.3. Structural Steel Erection

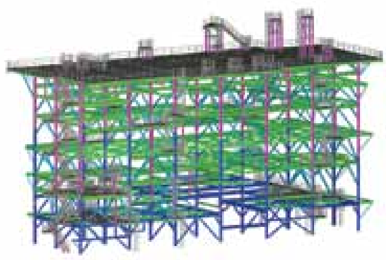
Eversendai's structural steel erection expertise and experience encompasses an extensive and varied portfolio such as high rise buildings, shopping malls/ retail centres, stadiums, airports, long span roof structures, industrial, power and petrochemical plants as well as factories, warehouses and bridges. We ensure that all erection works are carried out strictly in accordance with approved health, safety and environmental requirements, and quality is maintained at the highest level at all times.

A.4. Installation of Mechanical Equipment, Pressure Parts, Pipes Ducts, Clads and Control Systems for Power Plants

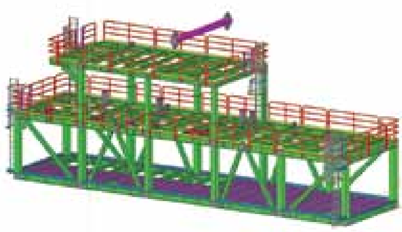
We have extensive experience in the construction of coal-fired power plant projects, which requires advanced engineering expertise and involves substantial quantities of steelwork. Apart from the fabrication and erection of steel structures, our Group's expertise in power plant projects includes assembly and installation of boiler pressure & non pressure parts, ductwork, pipework, installation of auxiliary equipment, control and instrumentation packages.

A.5. Oil & Gas and Petrochemical Plants

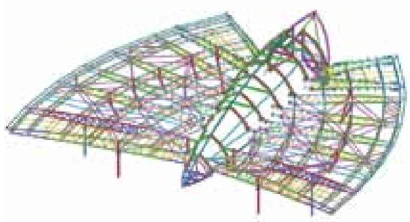
Our expertise and experience in the construction of petrochemical plants for the Oil & Gas industry enable us to provide multi- disciplinary project solutions. We are able to provide holistic services and cater to the project management, engineering, procurement as well as commissioning and maintenance needs of our clients.



- **Technical Services:** Petronas Malaysian Liquefied Natural Gas (MLNG) Train 9, Malaysia



- **Technical Services:** Garraf Development Facility Operation – Fuel Gas Conditioning Unit (FGCU), Iraq



- **Technical Services:** Signature Tower – TCS Siruseri Butterfly Structure, India

OPERATIONS REVIEW (cont'd)

A.6. Innovation in Construction Using Composite Structures

Eversendai's venture into building construction using composite structures and innovative construction methodologies for high rise buildings and infrastructure projects in Malaysia, India and the Middle East has allowed us to diversify our strength and expertise into synergetic industries in line with our growth vision.

A.7. Oil & Gas EPC Fabrication (Offshore & Onshore)

Eversendai is venturing into fabrication and construction of onshore petrochemical plants and offshore fabrication of topsides, process modules, offshore platforms, offshore living quarters, liftboats, conversion and refurbishment of jack up drilling rigs.

B. OUR FABRICATION FACILITIES

B.1. Rawang, Malaysia – annual capacity of 24,000 tonnes
B.2. Al-Qusais Industrial Area, Dubai, UAE – annual capacity of 12,000 tonnes
B.3. Hamriyah Free Zone, Sharjah, UAE – annual capacity of 60,000 tonnes
B.4. Industrial Area, Doha, Qatar – annual capacity of 24,000 tonnes
B.5. Trichy, India – annual capacity of 30,000 tonnes

In addition to the above, a state-of-the-art fabrication yard is currently under construction at a waterfront land measuring approximately 200,000 square metres with 550 metres of quayside in RAK Maritime City in Ras Al Khaimah, UAE. This facility will facilitate the Group's inroad into the market of offshore and marine fabrication including repairs and refurbishment of oil rigs, new build of jack up drilling rigs, process modules, liftboats and offshore platforms.

C. OUR REGIONAL OPERATIONS

Eversendai Group operates through 19 subsidiary and associate companies with 10 regional offices in 7 countries. We are pleased to present a detailed analysis of the Group's regional operational and financial performance in the current financial year.

• Qatar Handball Association Complex

• Salalah International Airport, Sultanate of Oman

OPERATIONS REVIEW (cont'd)

C.1. MIDDLE EAST

Eversendai Engineering LLC (Dubai), Eversendai Engineering Qatar WLL, Eversendai Engineering LLC (Abu Dhabi), Eversendai Engineering LLC (Saudi Arabia), Eversendai Engineering FZE (Sharjah), Eversendai Offshore RMC FZE (formerly known as Eversendai Technics RMC FZE) (Ras Al Khaimah) and EVS Construction LLC (Dubai) continue to secure new prominent and iconic projects in the Middle East and take great pride in being part of the development of these regions and being able to accomplish the execution of all these landmark projects whilst placing great importance in the aspects of quality, safety and on-time delivery.

a) DUBAI

i) Al Jalila Children's Specialty Hospital

The Al Jalila Children's Specialty Hospital is the first in the UAE that specialises in the medical treatment for children, defining a new standard for healthcare excellence on a local, regional and international level. Eversendai's scope of work includes detail engineering, connection design, supply, fabrication, delivery to site and installation of structural steel works. The main contractor for this project is Al Futtaim Carillion.

b) ABU DHABI

i) Yas Mall

Yas Mall will be Abu Dhabi's largest shopping mall with 2.5million sq. ft. when it opens in November of 2014. The super-regional mall will transform the retail landscape in Abu Dhabi with over 400 stores and outlets. Eversendai's involvement in this project is in the areas of detail engineering, connection design, supply, fabrication, delivery to site and installation of structural steel works. The main contractor for this project is Six Construct Co. Ltd.

ii) Abu Dhabi National Oil Company (ADNOC) Headquarters

Abu Dhabi National Oil Company's new headquarters will become a landmark building in the United Arab Emirates and a symbol of ADNOC's status as one of the most prominent oil and gas companies in the world. The total built up area is expected to be about 190,000 square metres. Eversendai's work scope for this project is in the areas of detail engineering, connection design, temporary works design, supply, fabrication, delivery to site, fireproofing and installation of structural steel works by using innovative strand jacking techniques. The main contractor for this project is Six Construct Co. Ltd.

• Yas Mall, Abu Dhabi, UAE

• Al Jalila Children's Specialty Hospital, Dubai, UAE

• Masdar Headquarters, Abu Dhabi, UAE

OPERATIONS REVIEW (cont'd)

iii) Masdar Headquarters

Masdar Headquarters is to be the world's first large scale positive energy building, using sustainable design strategies and systems to produce more energy than it consumes. Eversendai is carrying out the detail engineering, connection design, supply, fabrication, delivery to site, fireproofing and installation of structural steel works for this project. The main contractor for this project is Brookfield Multiplex Constructions LLC.

iv) Abu Dhabi International Airport

The construction of the Midfield Terminal Complex (MTC) and overall expansion of Abu Dhabi International Airport are vital to enable the diversification of the Emirates' economy by fostering growth in other industries through increased connectivity. Eversendai's scope of work for this project are in the areas of detail engineering, connection design, supply, fabrication, delivery to site, fireproofing and installation of structural steel works. The main contractor for this project is TCA Joint Venture.

c) KINGDOM OF SAUDI ARABIA

i) Capital Market Authority Tower

King Abdullah Financial District (KAFD) is an unprecedented development that seeks to transform the Saudi capital, Riyadh, into a major hub for Middle Eastern business. The CMA Tower, at its ultimate height of 385m, is arguably the stand-out structure of the near-50 skyscrapers rising from the ground at the site. Eversendai is involved in the detail engineering, connection design, manufacturing, supply, delivery to site, fireproofing and installation of structural steel works for this project. The main contractor for this project is Saudi Binladin Group.

ii) King Abdullah Petroleum Studies and Research Centre

The King Abdullah Petroleum Studies and Research Centre (KAPSARC) is an independent, non-profit research institution dedicated to researching energy economics, policy, technology, and the environment across all types of energy. The Group's involvement in this project is for the scope of detail engineering, connection design, manufacturing, supply, delivery, fireproofing and installation of structural steel works. The main contractor for this project is Drake & Skull International SA and the project owner is Saudi Arabian Oil Company (Saudi ARAMCO).

- Abu Dhabi International Airport, Abu Dhabi, UAE
- King Abdullah Petroleum and Research Centre, Saudi Arabia
- CMA Tower, Saudi Arabia

OPERATIONS REVIEW (cont'd)

• King Abdulaziz International Airport – Railway Station, Saudi Arabia

• Qatar Foundation Research & Development Complex

iii) King Abdulaziz International Airport – Railway Station

This is the central railway station within the Airport premises being connected to various parts of the country in the Kingdom of Saudi Arabia. Eversendai is executing the detail engineering, connection design, supply, fabrication, delivery to site, fireproofing and installation of structural steel works for this project. The main contractor for this project is Saudi Binladin Group.

d) SULTANATE OF OMAN

i) Salalah International Airport

Salalah International Airport is the second largest airport in the Sultanate of Oman. It will be built in four stages, with the first stage envisaged for completion in 2014. Stage one will expand the airport's passenger capacity to one million passengers a year. Stage two, three and four will respectively expand the capacity to two, four and six million passengers a year. The new terminal building will have a gross floor area of 65,638 square metres. Eversendai's scope of work includes design verification, design development in line with the design intent, detail engineering, connection design, supply, fabrication, delivery to site, fireproofing and installation of structural steel works. The main contractor for this project is Larsen & Toubro Ltd.

e) QATAR

i) Qatar Foundation Research and Development Centre

The Qatar Foundation Research and Development Centre (QFRDC) is one of the key pillars of the Qatar Foundation for Education Science & Community Development. The project consists primarily of two elongated buildings, one for the QF offices and the other for state of the art laboratories. Eversendai is carrying out the design and build of the structural steelworks of approximately 4,000MT, composite floor decking and fireproofing for this project. The main contractor for this project is REDCO Construction – Al-Mana.

ii) Qatar Handball Association Complex

The Handball Stadium located at North Duhail, is a sustainable "Green" building with a total built up area of 40,000 m². Eversendai is executing the design and building of the structural steel works for the main arena, façade, training courts and swimming pool comprising approximately 2,300MT, including floor and roof decking as well as curtain walls. The main contractor for this project is REDCO Construction – Al-Mana.

OPERATIONS REVIEW (cont'd)

• Pearl Mansion, Qatar

• Mall of Qatar

iii) Mall of Qatar

The Mall of Qatar is planned to be the largest mall in Doha. Situated adjacent to a FIFA 2022 World Cup Stadium, with a dedicated station on Doha's new metro line, Mall of Qatar will have over 1,750,000 square feet of retail leasable space on three levels. Eversendai's work scope for this project is in the areas of design, value engineering, supply, fabrication and erection of steel structure for two packages which include 3 skylights. The main contractor for this project is Al Khayat Trading & Contracting.

iv) Pearl Mansion

The Pearl Mansion is a complex of villas surrounded by the sea and planned as a residence for members of the Royal family. There are 9 domes in steel which are a central feature of the residential complex. The Group's scope of work encompasses the areas of engineering, supply, fabrication and erection of structural steel works, including composite floor decking and application of special thermal and acoustic protective system from Italy. The main contractor for this project is MIDMAC Contracting Company WLL.

v) Lusail Artscape Stubs

This project is the first package of the steelwork for the Lusail Expressway which includes a Gateway Arch, Tunnel Eyes, Pedestrian Bridges and the landmark Al Wadha Arch and Visitor Centre. Eversendai's scope of work is detailed engineering, supply, fabrication and erection of the four stubs of which the Gateway Arch will spring from. The main contractor for this project is Hyundai Engineering and Construction.

f) IRAQ

i) Garraf Development Facility Operation – Fuel Gas Conditioning Unit (FGCU)

This is the first EPC Oil & Gas project secured by Eversendai from Petronas Carigali Iraq BV. Our scope of work in this project includes the following:

- EPC and Supply of Fuel Gas Conditioning Unit (FGCU)
- EPC and Supply of Compressor Package
- EPC and Supply of Fully Equipped & Commissioned Mini-Substation with Transformer.

OPERATIONS REVIEW (cont'd)

The FGCU and its associated equipment, which are installed in three packages, are required to re-condition the treated gas from the Final Circulating Pressure (FCP) fuel gas skid prior to distribution to the power plant gas and diesel dual fuel generator for consumption. The FGCU system shall be interfaced with the existing Garraf First Commercial Production facilities' control and shutdown system and a 15MW power generator for power requirement.

During the current financial year, our operations in the Middle East region contributed a total revenue and gross profit of RM647.4 million and RM115.5 million respectively.

C.2. INDIA

The Group's operations in India are undertaken by Eversendai Construction Private Limited. We shall continue pursuing and winning new projects and ensure that we successfully execute them whilst placing utmost importance in our core philosophies of compliance to safety, conformance to quality, adherence to schedule and consistent client satisfaction.

i) Worli Mixed-Use Development Project
The 536,000 square metres Worli Mixed-Used Development Project is located in Mumbai, and consists of a hotel, residential and office space. It boasts twin towers of 52 and 83 stories tall linked by a common podium. Eversendai's scope of work includes the reinforced concrete works related to the raft and substructure as well as structure steel and reinforced concrete works for the superstructure. The main contractor for this project is Samsung C&T Pvt. Ltd.

ii) Marathon Futurex Tower
The Marathon Futurex Tower, a 38-storey office tower with world class engineering features and futuristic green building design, is set to showcase a revolution in which offices are built and operated in India. Eversendai is executing the supply, fabrication and erection of floor beams from the 4th to the 26th floor as well as the plate section for composite slab. The client for this project is Marathon Realty Pvt. Ltd.

iii) World One King Tower
At 117 storeys and standing at 442m, World One King Tower will be the tallest building in India, and the second-tallest residential building in the world upon completion in 2015. Eversendai is involved in the structural steel works area which includes connection design, shop drawings, material supply, fabrication, mill scaling removal, delivery and erection. The main contractor for this project is ACC-Simplex and the client is LODHA Group.

• Worli Mixed-Use Development, India

• Bio Wonder, India

• Atmosphere Skybridge, India

OPERATIONS REVIEW (cont'd)

iv) Signature Tower – TCS Siruseri

Signature Tower can be said to be one of the most creative, innovative, yet challenging projects in India. It is one-of-its-kind in the entire country as it has sloping walls which decrease in width with height. This commercial project will consist of 28 storeys and will be an estimated 130 metres in height. Eversendai's work scope is fabrication, supply, short blasting, painting, transportation, erection and handing over of structural steel works. The Group is also involved in the material supply, fabrication and erection of temporary structural steel works for the supporting structure at TCS Siruseri and has been entrusted with the supply and fixing of deck sheet with shear stud. The main contractor for this project is Larsen & Toubro Ltd.

v) Bio-Wonder

Bio-Wonder ushers in a new genre of architecture in India and is among India's first biophilic structure. The Gold Rated biophilic structure harmonizes nature with architecture. The first environment-positive office building in the city, the architecture has green spacing on every floor. Eversendai is executing the design, procurement, fabrication, delivery and erection of mild steel structural beams and columns for the Cantilever structure. The client for this project is Pasari Multiprojects Pvt. Ltd.

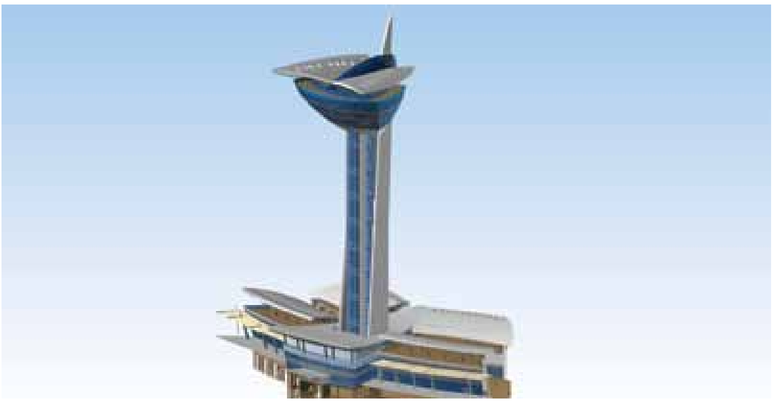
vi) Atmosphere Sky Bridge

Sitting 500 feet in the air, the Atmosphere Sky Bridge will connect two luxury towers that will be the highest in Kolkata. Eversendai's scope of work for this project includes erection engineering, connection design, shop drawings, structural steel fabrication, assembly at site and erection of structural steel works. The main contractor for this project is Larsen & Toubro Ltd.

During the current financial year, our operations in India contributed a total revenue of RM107.2million and recorded a loss of RM0.4million respectively.

C.3. MALAYSIA

Eversendai Group operates in Malaysia through its subsidiary companies, Shin Eversendai Engineering (M) Sdn Bhd and the newly established Eversendai Oil & Gas (M) Sdn Bhd (formerly known as Sumatec Engineering & Construction Sdn Bhd) and Eversendai Constructions (M) Sdn Bhd (formerly known as Vahana Constructions Sdn Bhd). The Group expects to see growth in its operations in Malaysia with its diversification into new industries through the various projects which are actively being pursued.



- Signature Tower – TCS Siruseri, India

- 1 X 1,000MW Manjung Power Plant - Unit 4, Malaysia

OPERATIONS REVIEW (cont'd)

i) 1 X 1,000MW Manjung Power Plant - Unit 4

The first three Manjung power plants under Stesen Janakuasa Sultan Azlan Shah which are currently operational at their full capacity of 2,100MW will be complemented by the Manjung 4's 1x1,000MW Supercritical Coal-Fired Power Plant. When this 1,000MW coal fired power plant becomes operational, it will be the first of its kind in Asia and one of Tenaga Nasional Berhad's (TNB) largest power plant in the country. Eversendai's work scope is mechanical erection of the boiler and associated steel structure, piping, ducting, auxiliary equipment, control and instrumentation as well as the construction of structural steel for the steam turbine hall including shop drawing, procurement, fabrication, and delivery. The main contractors for this project are Alstom and China Machinery Import & Export Corporation (CMC).

ii) 1 X 1,000MW Tanjung Bin Power Plant, Unit 4

The Tanjung Bin Unit 4's 1 X 1,000MW Supercritical Coal-Fired Power Plant consists of supercritical boilers with tandem compound type turbines. It incorporates several clean technologies such as Fabric Filter and Flue Gas Desulphurization (FGD). Eversendai is the EPC partner for the mechanical erection of the boiler, turbine, fabric filter, FGD, balance of plant and tanks. The main contractor for this project is a consortium made up of Alstom, Mudajaya & Eversendai.

iii) Vale Malaysia Mineral Plant

Vale Malaysia Mineral Plant in Manjung, Perak is an integrated iron ore distribution hub being developed by Vale International SA, one of the world's largest diversified metals and mining company. Consisting of a 1.8km deep water jetty and an onshore stockyard, Phase I is expected to be operational in 2014. Eversendai is entrusted with the supply of structural steel for the pipes, cable racks and miscellaneous for this project. The main contractor for this project is Vale Malaysia Minerals Sdn. Bhd.

iv) Petronas Malaysian Liquefied Natural Gas (MLNG) Train 9

The MLNG Train 9 would add another 3.6million tonnes per annum (mtpa) to the existing 24 mtpa production capacity of the Petronas LNG Complex and would utilise the same liquefaction process technology as the complex's existing eight trains. The Group's scope of work is for the supply, fabrication, assembly, inspection, testing, packing, loading and transportation of steel structures. The main contractor for this project is JGC (Malaysia) Sdn. Bhd.

During the current financial year, our operations in Malaysia contributed a total revenue and profit of RM210.5million and RM36.6million respectively

- 1 X 1,000MW Tanjung Bin Power Plant - Unit 4, Malaysia

- Vale Malaysia Mineral Plant, Malaysia

OPERATIONS REVIEW (cont'd)

MOVING FORWARD

The Group will continue to expand its existing markets and penetrate into new markets to grow further. We acknowledge our strength and presence in the Middle East region which has contributed 67% of our total revenue in 2013. Our accomplishments in the Middle East have given us the confidence to explore and expand into new markets in surrounding countries such as Azerbaijan and Kazakhstan. We will also be focused on exploring new opportunities in the Oil & Gas industry as we are determined to build a solid reputation for ourselves in this industry. The Group is actively pursuing new business ventures through Eversendai Offshore in the Oil & Gas offshore, fabrication and plant construction sectors and we are confident that the strength that our brand has gained in this part of the region will aid in bringing in more projects.

The Malaysian market also played a vital role by contributing a total of 22% to our revenue in 2013. In addition to our current forte in coal-fired power plant project, we look forward to seeing our business grow in Malaysia via Eversendai Oil & Gas' venture in the petrochemical plant sector including those under the RAPID (Refinery and Petrochemical Integrated Development) project, and Eversendai Constructions in the composite steel construction segment. We are confident that our current and future plans will be successfully realised in line with our expansion strategies.

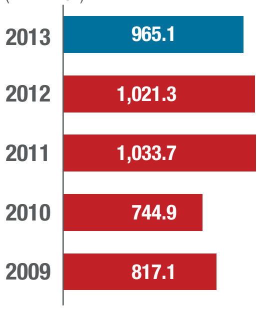
We saw an increase in revenue contribution from India from 7.9% in 2012 to 11% in 2013. Our newly commissioned fabrication plant in Trichy, with an annual fabrication capacity of 30,000 tonnes will see us gradually becoming a prominent player in India as we vie for new projects to strengthen our presence.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

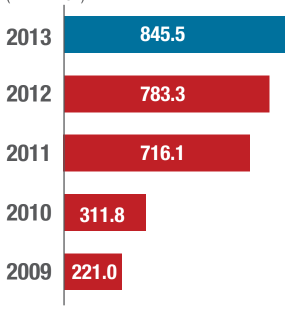
	2009	2010	2011	2012	2013
Revenue (RM 'million)	817.1	744.9	1,033.7	1,021.3	965.1
Profit Before Tax (RM 'million)	94.2	125.9	136.0	137.0	39.5
Profit After Tax After MI (RM 'million)	78.0	116.7	119.5	115.4	32.6
No. of Shares* ('million)	774.0	774.0	774.0	774.0	774.0
Gross Earnings per Share (sen)	12.16	16.26	17.57	17.69	5.10
Net Earnings per Share (sen)	10.08	15.08	15.43	14.90	4.22
Shareholders' Funds (RM 'million)	221.0	311.8	716.1	783.3	845.5
Total Assets (RM 'million)	737.1	1,038.5	1,417.6	1,482.1	1,763.4
Net Tangible Assets Per Share (RM)	0.27	0.39	0.91	1.00	1.08

* Based on weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year

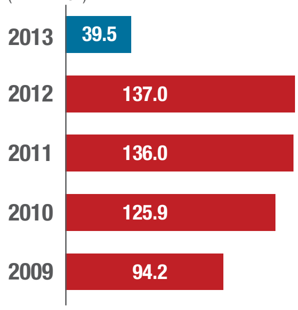
Revenue
(RM'million)



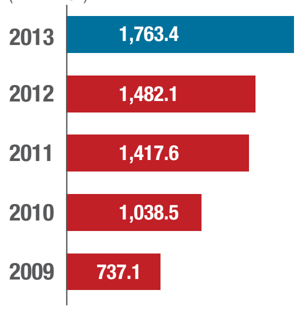
Shareholders' Funds
(RM'million)



Profit Before Tax
(RM'million)



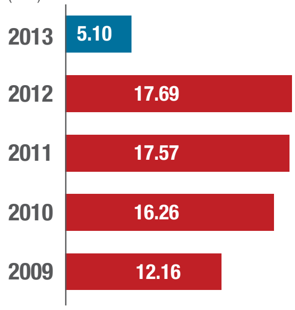
Total Assets
(RM'million)



Patami
(RM'million)

Net Tangible Assets Per Share
(RM)

Gross Earnings Per Share
(Sen)



Net Earning Per Share
(Sen)

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2009 Restated RM'000	2010 Restated RM'000	2011 Restated RM'000	2012 Audited RM'000	2013 Audited RM'000
ASSETS					
Non-current assets	243,226	194,104	222,788	253,299	497,148
Current assets	493,897	844,401	1,194,838	1,228,788	1,266,233
TOTAL ASSETS	**737,123**	**1,038,505**	**1,417,626**	**1,482,087**	**1,763,381**
EQUITY AND LABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28,000	28,000	387,000	387,000	387,000
Share premium	–	–	191,515	191,515	191,515
Treasury shares	–	–	–	–	(2)
Capital reserve	307	307	307	307	307
Foreign currency translation reserve	(6,844)	(29,476)	(18,767)	(44,243)	1,418
Fair value adjustment reserve	–	–	(346)	127	(454)
Retained earnings	197,172	312,942	156,412	248,554	265,710
	218,635	311,773	716,121	783,260	845,494
Non-controlling interests	7,437	7,036	12,474	5,824	1,374
Total equity	226,072	318,809	728,595	789,084	846,868
Non-current liabilities	33,772	29,203	30,210	59,780	332,420
Current liabilities	477,279	690,493	658,821	633,223	584,093
Total liabilities	511,051	719,696	689,031	693,003	916,513
TOTAL EQUITY AND LIABILITIES	**737,123**	**1,038,505**	**1,417,626**	**1,482,087**	**1,763,381**
Net tangible asset per share (RM)	0.27	0.39	0.91	1.00	1.08
Current ratio (times)	1.03	1.22	1.81	1.94	2.17
Liquidity ratio (times)	0.17	0.21	0.44	0.24	0.47
Debt-to-equity ratio (times)	0.81	1.27	0.43	0.32	0.61

GROUP FINANCIAL SUMMARY (cont'd)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	817,061	744,926	1,033,702	1,021,253	965,050
EBITDA	143,827	163,414	179,326	182,254	112,090
Profit before taxation	94,154	125,853	136,018	136,952	39,465
Income tax expense	(10,879)	(2,332)	(4,469)	(15,456)	(6,795)
Profit for the year	**83,275**	**123,521**	**131,549**	**121,496**	**32,670**
Attributable to:					
Equity holders of the Company	77,985	116,727	119,455	115,362	32,636
Non-controlling interests	5,290	6,794	12,094	6,134	34
	83,275	**123,521**	**131,549**	**121,496**	**32,670**
Basic earnings per share (sen)	10.08	15.08	15.43	14.90	4.22
EBITDA as a percentage of revenue	17.6%	21.9%	17.3%	17.8%	11.6%
Profit before tax as a percentage of revenue	11.5%	16.9%	13.2%	13.4%	4.1%
Profit before tax as a percentage of shareholders funds	43.1%	40.4%	19.0%	17.5%	4.7%

STATEMENT ON CORPORATE SUSTAINABILITY

Eversendai Corporation Berhad is committed to developing its business in a socially responsible, ethical and balanced manner, consistent with our stakeholders' best interest. The Group has been increasing the holistic sustainability governance of its operations by protecting the health, safety and well-being of people, supporting human rights and welfare, engaging and supporting the communities as well as learning and respecting the cultures with which we work. Our employees are encouraged to participate in all our initiatives to foster stronger ties within the organisation as well as with external communities.

OUR COMMITMENT TO BEST PRACTICES AT WORKPLACE

TRAINING & DEVELOPMENT

At Eversendai, our people are our primary assets. In order to bring out the best in our employees, we strongly believe in investing in them in order to retain the best talent. Our Management Development Programme which has been deployed across the Eversendai Group ensures our employees are equipped with necessary leadership skills to help them grow in their career path. We recognise the need to elevate our employees and enhance their value as vital contributing members of our team.

EMPLOYEE ENGAGEMENT INITIATIVES

Employee engagement plays a key role in contributing to our business performance. We believe that reaching out to our employees will allow them to feel a sense of purpose towards their role within the organisation and bring enthusiasm, passion and energy to the work they do, hence, encouraging them to be high performers. Many activities were organised in 2013 which include our Annual Dinner, Deepavali and Christmas celebrations. Our employees also participate in futsal on a weekly basis as part of our Sports Club initiative.

CORPORATE SOCIAL RESPONSIBILITY

REACH OUT TO COMMUNITIES INITIATIVES

Ephratha Home

At Eversendai, local orphans are considered part of the family. We are happy to be sponsoring, Ephratha Home, a home for under privileged children in Taman Pelangi, Rawang. Ephratha Home which was established almost ten years ago provides shelter and care for abandoned children and currently caters to 30 children between the ages of 2 and 18. Eversendai contributes to the welfare of this home by assisting them with their monthly rental, utility bills and groceries. We are delighted to be able to make a difference in the lives of these children.

BLOOD DONATION CAMPAIGN

Eversendai Engineering FZE organised a Blood Donation Campaign together with the Ministry of Health and Sharjah Blood Transfusion & Research Centre, UAE at the Hamriyah Free Zone fabrication yard. Over 90 employees generously donated blood in the hope of saving lives. Eversendai Engineering Qatar WLL also organised their 6th Blood Donation Camp at the Qatar workshop with participation from over 30 employees.

CHARITY CLOTHES COLLECTION DRIVE

Eversendai Engineering Qatar WLL organised a Charity Clothes Collection Drive amongst its employees for Qatar Charity, a non-governmental organisation that focuses on the development of the Qatari community and communities in need. The employees were able to collect over 1400 pieces of clothing items which would be of great help to the less fortunate.

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 2013 and the extent to which the Company has complied with the Code during the financial year ended 31 December 2013 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 2013 and the details of attendance of each Director are as follows:

Director	Designation	Number of meetings attended	Percentage during the Year
Tan Sri 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 bin 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 Corporate Affairs Director	4 out of 4	100%
Narishnath a/l Nathan	Executive Director & Chief Executive Officer for Oil & Gas operations in the Middle East	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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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
Tan Sri Nathan a/l Elumalay	o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill o Forbes Global CEO Conference 2013 o EY World Entrepreneur of the Year 2013
Mohammad Nizar bin Idris	o Advocacy Session on Corporate Disclosure for Directors o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill o Risk Management & Internal Control: Workshops for Audit Committee
Tan Sri Rastam bin Mohd Isa	o Advocacy Session on Corporate Disclosure for Directors o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill o Risk Management & Internal Control: Workshops for Audit Committee
Datuk Ng Seing Liong	o The Practice of Liquidation: Latest Developments and Trends o National Tax Conference 2013 o Advocacy Session on Corporate Disclosure for Directors o 2014 Budget Seminar o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill o Risk Management & Internal Control: Workshops for Audit Committee o GST Seminar for Construction & Property Industry

8. Training and Development of Directors (cont'd)

Director	Topic
Nadarajan Rohan Raj	o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill
Narla Srinivasa Rao	o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill
S Sunthara Moorthy a/l S Subramaniam	o Private Retirement Scheme Conference o CFO Talk – 100 Drivers of Change for Global: Accountancy Profession o Advocacy Session on Corporate Disclosure for Directors o Enforcement Issues in Arbitration o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill
Narishnath a/l Nathan	o Corporate Governance Guide & Key Provisions under the Proposed Companies Bill

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.

10. Board Committees (cont'd)

The Company has three (3) principal Board Committees:

(a) Audit Committee

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

(b) Nomination Committee

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

10. Board Committees (cont'd)

(c) Remuneration Committee

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

- Tan Sri Rastam bin Mohd Isa (Independent Non-Executive Director and Chairman of the Remuneration Committee);
- Mohammad Nizar bin Idris (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	–	254	254
Allowances	1,865	–	1,865
Salaries and other emoluments	9,066	–	9,066
Bonus, incentives and others	756	–	756
Employees Provident Fund	237	–	237
Benefit- in-kind (estimated value)	487	–	487
Total	12,411	254	12,665

Details of the Directors' remuneration for the financial year ended 31 December 2013 are disclosed in the financial statements, as set out on pages 118 and 119 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 following are the primary contact persons:

For Investor Relations matters:
Meera Selvaratnam
Corporate Communications Manager
Eversendai Corporation Berhad
Contact details:
Tel no.: +603-6091 2575
Email: ir@eversendai.com

For Finance related matters:
Siew Fatt Chyn
Group Chief Financial Officer
Contact details:
Tel no.: +603-6091 2575
Email: siew@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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 Risk Management and Internal Control is set out on pages 52 to 54 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 RISK MANAGEMENT AND 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 2013. The Board has established procedures of internal control that are in accordance with the guidance as set out in the "Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers". 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 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, mitigate or eliminate, if practical, risks that may impede the achievement of the Group's business objectives. An internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

In addition, this Statement on Risk Management and Internal Control does not deal with associated company as the Group does not have management control over its operations.

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, analyzing, 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 Enterprise-wide Risk Management (ERM) framework is in place and in conjunction with the Group's operational managers, continuously monitors and evaluates the progress of the identified risks and reports the results to the Risk Management Committee ("RMC"). The RMC comprises of members of senior management and is headed by the Group Chief Operating Officer. The Board is also provided with a quarterly report on the enterprise risk map and analysis of the ERM register, and the status of progress towards 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 to identify, evaluate and manage 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:

Control Environment and Structure (cont'd)

1. Organisation Structure

The Board is supported by a number of established Board committees, namely the Audit, Nomination and Remuneration Committees, in discharging its' responsibilities toward risk management and internal control. Each Committee has a set of clearly defined terms of reference. Responsibility on the implementation of 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.

2. Audit Committee

The Audit Committee comprises of 3 Independent Non-Executive Directors. 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.

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 57 to 61.

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 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 Discretionary Authority Limits policy is reviewed and updated periodically to reflect business, operational and structural changes.

Control Environment and Structure (cont'd)

6. Policies and Procedures

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

7. Financial and Operational Information

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

Monitoring and Review

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

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

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

Review of Statement

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

Conclusion

For the financial year under review and up to the date of issuance of the financial statements, the Board has received Management representation by the Group Managing Director and Group Chief Financial Officer that the risk management and internal control processes are adequate to safeguard shareholders' investments and the Group's assets. There were 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 2011.

Terms of Reference

The terms of reference are set out on pages 57 to 59.

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 four (4) meetings without the presence of the Executive Directors, except when their attendance was at the invitation of the Committee. The Head of Group 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 two AC meetings upon invitation by the Committee. In addition, the Committee also held separate private sessions with the Head of Group 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	4 out of 4
Tan Sri Rastam bin Mohd Isa	Independent Non-Executive Director	4 out of 4
En. Mohammad Nizar bin Idris	Senior Independent Non-Executive Director	4 out of 4

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 5 to 8.

AUDIT COMMITTEE REPORT (cont'd)

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 2013 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 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 2013 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.

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.

AUDIT COMMITTEE REPORT (cont'd)

Group Internal Audit Function

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

The activities carried out by the Group Internal Audit & Risk Department include amongst others, the review of the adequacy and effectiveness of risk management and the system of internal controls, 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 Committee is governed by the following terms of reference since its inception in 21 April 2011 have 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 Committee.

In the event of any vacancy in the 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 Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the 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 Committee is to meet at least four times a year and as many times as the Committee deems necessary.
(b) The quorum for any meeting of the Committee shall be majority of members present.
(c) The meetings and proceedings of the 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 Group CFO and the Head of Group Internal Audit & Risk shall normally attend meetings of the 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 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 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 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 Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

4 Responsibility

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

AUDIT COMMITTEE REPORT (cont'd)

Terms of Reference of the Audit Committee (cont'd)

5. Functions

The functions of the 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 fees; and any questions on resignation, suitability and dismissal.

6. Secretary

The Secretary of the Committee shall be the Company Secretary.

ADDITIONAL CORPORATE DISCLOSURE

1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

- **Initial Public Offering**

On 1 July 2011, the Company completed its initial public offering 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 Malaysia Securities Berhad ("Bursa Securities").

In conjunction with, and as an integral part of the initial public offering exercise, 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 book-building under the institutional offering.

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

- **Utilisation of Proceeds from Public Issue**

The gross proceeds raised from the public issue of RM273.2 million and its status of utilisation as at 31 December 2013 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	126.0	24 months	–	–
Business Expansion	80.0	80.0	24 months	–	–
Working Capital	58.4	60.7	12 months	(2.3)	Excess from unutilised portion of listing expenses
Listing Expenses	8.8	6.5	1 month	2.3	Excess used for working capital purposes
	273.2	273.2			

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

ADDITIONAL CORPORATE DISCLOSURE (cont'd)

2. SHARE BUY-BACK

During the financial year ended 31 December 2013, the Company has repurchased 1,000 ordinary shares of RM0.50 each at a total consideration of RM1,502 (including transaction costs). All shares repurchased are held as treasury shares as at the end of the financial year in accordance with Section 67A of the Companies Act, 1965.

Details of the movement of treasury shares account during the financial year were as follows:

Purchase during the financial year	No. of shares purchased	Total consideration paid RM	Purchase price per share Highest price paid RM	Lowest price paid RM	Average price paid RM
September 2013	1,000	1,502	1.46	1.46	1.46
Balance at end of financial year	**1,000**	**1,502**			

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 2013 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2013.

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

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2013.

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 ("the Group"), directors or management by the relevant regulatory bodies during the financial year ended 31 December 2013.

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

ADDITIONAL CORPORATE DISCLOSURE (cont'd)

6. NON-AUDIT FEES

There were no non-audit fees incurred by the Group for services rendered by the Company's external auditors for the financial year ended 31 December 2013 except for a total sum of RM136,465 being fees for consultation services and professional tax advisory services by the external auditors and its affiliated firm.

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 2013.

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 10, there were no material contracts including those of a borrowing nature entered into by the Group involving the directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 December 2013 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 and 22 of the Listing Requirements of Bursa Securities.

ADDITIONAL CORPORATE DISCLOSURE (cont'd)

10. RECURRENT RELATED PARTY TRANSACTIONS

All recurrent related party transactions entered into by the Group were made in the ordinary course of business at arm's length and are based on normal commercial terms that are not more favourable to the transacting related party than those generally available to non-related party and will not be detrimental to the interests of minority shareholders of the Company.

Details of the recurrent related party transactions entered into by the Group during the financial year ended 31 December 2013 are disclosed in Note 22 to the Financial Statements on pages 147 and 148 of this Annual Report.

At the tenth Annual General Meeting of the Company held on 19 June 2013, the Company had obtained approval from shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with certain related parties. The said shareholders' mandate took effect from 19 June 2013 until the conclusion of the forthcoming eleventh Annual General Meeting of the Company, in which the Company intends to seek for a renewal of shareholders' mandate for existing recurrent party transactions, and new shareholders' mandate for additional recurrent party transactions proposed by the Board of Directors. Details of the mandates to be sought are furnished in the Circular to Shareholders dated 28 May 2014 which was despatched together with this Annual Report.

Disclosed in accordance with Practice Note 12, item 3.1.5 of the Listing Requirements of Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RESPECT OF AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 in Malaysia and the Bursa Securities' 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 2013 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 judgements 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

FINANCIAL CALENDAR

2013	2014
25 February 2013	***27 February 2014***
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2012 fourth quarter ended 31 December 2012	Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 fourth quarter ended 31 December 2013
21 May 2013	***26 May 2014***
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 first quarter ended 31 March 2013	Announcement of the unaudited condensed consolidated interim financial report for the financial year 2014 first quarter ended 31 March 2014
23 May 2013	***28 May 2014***
Notice of the 10th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2012	Notice of the 11th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2013
19 June 2013	***19 June 2014***
10th Annual General Meeting	11th Annual General Meeting
23 July 2013	
Payment of final single tier exempt dividend of 2 sen per each ordinary share for the financial year ended 31 December 2012	
27 August 2013	
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 second quarter ended 30 June 2013	
28 November 2013	
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 third quarter ended 30 September 2013	

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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, other than as disclosed in the Note 11 to the financial statements relating to acquisition and disposal of subsidiaries. With the acquisition and incorporation of new subsidiaries, the Group has extended its principal activities to include fabrication, construction, and commissioning services for the oil and gas industry.

Financial results

	Group RM'000	**Company RM'000**
Profit/(loss) for the year	32,670	(25,068)
Attributable to:		
Equity holders of the Company	32,636	(25,068)
Non-controlling interests	34	–
	32,670	(25,068)

There were no material transfers to or from reserves or provisions during the financial year other than as 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 except for the Group's share of associate's losses of RM6,025,000 and the impairment loss on investment in associate of RM26,156,000 and RM30,514,000 recognised by the Group and Company respectively as disclosed in Note 6 to the financial statements.

Dividends

The amount of dividend paid by the Company since 31 December 2012 was as follows:

	RM'000
In respect of the financial year ended 31 December 2013:	
Interim tax exempt (single-tier) dividend of RM0.02 per share on 774,000,000 ordinary shares, declared on 22 May 2013 and paid on 23 July 2013	15,480

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of RM0.01 per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), amounting to a dividend payable of RM7,738,990 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 2014.

Treasury shares

During the financial year, the Company repurchased a total of 1,000 of its ordinary shares from the open market at an average price of RM1.46 per share. The total consideration paid for the repurchase including transaction cost was RM1,502. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As of 31 December 2013, the Company held 1,000 treasury shares at a carrying amount of RM1,502. Further relevant details are disclosed in Note 31 to the financial statements.

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:

Tan Sri 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

DIRECTORS' REPORT (cont'd)

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 Note 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 Note 22 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			
	1.1.2013	**Acquired**	**Disposed**	**31.12.2013**
The Company				
Direct interest				
Tan Sri Nathan a/l Elumalay	545,809,920	–	–	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	20,000	10,000	–	30,000
Indirect interest				
Tan Sri Nathan a/l Elumalay*	1,052,420	–	–	1,052,420

* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965

Tan Sri 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.

Other than the above, 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.

DIRECTORS' REPORT (cont'd)

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 there were no known bad debts and that adequate provision had been made for doubtful debts; and

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

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

  (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and

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

DIRECTORS' REPORT (cont'd)

Subsequent events

Details of subsequent events are disclosed in Note 38 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2014.

Tan Sri Nathan a/l Elumalay **Nadarajan Rohan Raj**

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, **Tan Sri 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 75 to 182 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 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 29 April 2014.

Tan Sri 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 75 to 183 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 29 April 2014.

S Sunthara Moorthy a/l S Subramaniam

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVERSENDAI CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of **Eversendai Corporation Berhad**, which comprise statements of financial position as at 31 December 2013 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 75 to 182.

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 2013 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.

INDEPENDENT AUDITORS' REPORT (cont'd)
TO THE MEMBERS OF EVERSENDAI CORPORATION BERHAD (INCORPORATED 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.

(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 39 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

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

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
29 April 2014

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		**Company**	
	Note	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Revenue	3	965,050	1,021,253	19,030	26,258
Cost of sales		(826,530)	(815,565)	–	–
Gross profit		138,520	205,688	19,030	26,258
Other income/(expense)	4	34,779	25,652	2,182	(1,077)
Operating and administrative expenses		(86,323)	(76,546)	(10,792)	(9,680)
Operating profit		86,976	154,794	10,420	15,501
Finance costs	5	(20,373)	(19,126)	(9,882)	(342)
Share of associates' results	12	(6,025)	–	–	–
Impairment loss on investment in associate	12	(26,156)	–	(30,514)	–
Net gain on financial assets at fair value through profit or loss		5,043	1,284	5,043	1,284
Profit/(loss) before taxation	6	39,465	136,952	(24,933)	16,443
Income tax expense	9	(6,795)	(15,456)	(135)	(205)
Profit/(loss) for the year		32,670	121,496	(25,068)	16,238
Other comprehensive income:					
Foreign currency translation		46,427	(26,078)	–	–
Fair value adjustment of investment securities		(581)	473	(527)	473
Other comprehensive income/(expense) for the year		45,846	(25,605)	(527)	473
Total comprehensive income/(expense) for the year		78,516	95,891	(25,595)	16,711

STATEMENTS OF COMPREHENSIVE INCOME (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit/(loss) attributable to:					
Equity holders of the Company		32,636	115,362	(25,068)	16,238
Non-controlling interests		34	6,134	–	–
		32,670	121,496	(25,068)	16,238
Total comprehensive income/ (expense) attributable to:					
Equity holders of the Company		77,716	90,359	(25,595)	16,711
Non-controlling interests		800	5,532	–	–
		78,516	95,891	(25,595)	16,711
Earnings per share attributable to equity holders of the Company					
- Basic (sen)	10	4.2	14.9		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	362,352	217,791	17,753	17,810
Goodwill	13	10,757	9,920	–	–
Investment in subsidiaries	11	–	–	373,620	371,992
Investment in associates	12	87,399	–	89,066	–
Derivative financial assets	17	12,181	–	12,181	–
Investment in structured deposit	14	24,000	25,284	24,000	25,284
Deferred tax assets	16	459	304	–	–
		497,148	253,299	516,620	415,086
Current assets					
Inventories	18	133,262	185,839	–	–
Amounts due from customers on construction contracts	19	364,531	307,062	–	–
Trade contract receivables	20	402,251	419,785	–	–
Other receivables and deposits	21	53,447	48,964	1,615	913
Tax recoverable		136	96	136	96
Amounts due from subsidiaries	22	–	–	257,564	109,689
Investment securities	23	130,583	122,041	87,287	122,041
Deposits and bank balances	24	182,023	145,001	592	5,054
		1,266,233	1,228,788	347,194	237,793
Total assets		1,763,381	1,482,087	863,814	652,879
Equity and liabilities					
Current liabilities					
Trade payables	25	84,101	110,492	545	1,591
Other payables	26	213,568	200,677	3,823	179
Amounts due to customers on construction contracts	19	46,283	83,683	–	–
Amounts due to directors	27	1,167	172	23	139
Hire purchase payables	28	2,743	2,142	47	45
Borrowings	29	214,447	216,439	1,049	1,265
Amounts due to subsidiaries	22	–	–	2,250	873
Provision for taxation		18,491	13,684	–	–
Dividend payable		3,293	5,934	–	–
		584,093	633,223	7,737	4,092

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current liabilities					
Hire purchase payables	28	6,389	3,592	207	254
Borrowings	29	294,236	31,829	255,605	6,708
Employees' service benefits	30	28,891	20,742	–	–
Deferred tax liabilities	16	2,904	3,617	–	–
		332,420	59,780	255,812	6,962
Total liabilities		916,513	693,003	263,549	11,054
Net assets		846,868	789,084	600,265	641,825
Equity attributable to equity holders of the Company					
Share capital	31	387,000	387,000	387,000	387,000
Share premium	31	191,515	191,515	191,515	191,515
Treasury shares	31	(2)	–	(2)	–
Capital reserve	31	307	307	120	120
Foreign currency translation reserve	31	1,418	(44,243)	–	–
Fair value adjustment reserve	31	(454)	127	(400)	127
Retained earnings	31	265,710	248,554	22,032	63,063
		845,494	783,260	600,265	641,825
Non-controlling interests		1,374	5,824	–	–
Total equity		846,868	789,084	600,265	641,825
Total equity and liabilities		1,763,381	1,482,087	863,814	652,879

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to equity holders of the Company									
		Non-distributable						Distributable			
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Foreign currency translation 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 2012		387,000	191,515	–	307	(18,767)	(346)	156,412	716,121	12,474	728,595
Profit for the year		–	–	–	–	–	–	115,362	115,362	6,134	121,496
Other comprehensive (expense)/income		–	–	–	–	(25,476)	473	–	(25,003)	(602)	(25,605)
Total comprehensive (expense)/income		–	–	–	–	(25,476)	473	115,362	90,359	5,532	95,891
Transaction with equity holders											
Dividends	32	–	–	–	–	–	–	(23,220)	(23,220)	(12,182)	(35,402)
At 31 December 2012		387,000	191,515	–	307	(44,243)	127	248,554	783,260	5,824	789,084

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to equity holders of the Company									
		Non-distributable					Distributable				
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Foreign currency translation 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 2013		387,000	191,515	–	307	(44,243)	127	248,554	783,260	5,824	789,084
Purchase of treasury shares		–	–	(2)	–	–	–	–	(2)	–	(2)
Non-controlling interests on incorporation of subsidiaries		–	–	–	–	–	–	–	–	1,102	1,102
Profit for the year		–	–	–	–	–	–	32,636	32,636	34	32,670
Other comprehensive income/(expense)		–	–	–	–	45,661	(581)	–	45,080	766	45,846
Total comprehensive income/(expense)		–	–	–	–	45,661	(581)	32,636	77,716	800	78,516
<u>Transaction with equity holders</u>											
Dividends	32	–	–	–	–	–	–	(15,480)	(15,480)	(6,352)	(21,832)
At 31 December 2013		387,000	191,515	(2)	307	1,418	(454)	265,710	845,494	1,374	846,868

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to equity holders of the Company						
		Non-distributable					Distributable	
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company								
At 1 January 2012		387,000	191,515	–	120	(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								
Dividend	32	–	–	–	–	–	(23,220)	(23,220)
At 31 December 2012		387,000	191,515	–	120	127	63,063	641,825

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Attributable to equity holders of the Company						
		Non-distributable					Distributable	
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company								
At 1 January 2013		387,000	191,515	–	120	127	63,063	641,825
Purchase of treasury shares		–	–	(2)	–	–	–	(2)
Disposal of controlling interest in a subsidiary		–	–	–	–	–	(483)	(483)
Loss for the year		–	–	–	–	–	(25,068)	(25,068)
Other comprehensive expense		–	–	–	–	(527)	–	(527)
Total comprehensive expense		–	–	–	–	(527)	(25,068)	(25,595)
Transaction with equity holders								
Dividend	32	–	–	–	–	–	(15,480)	(15,480)
At 31 December 2013		387,000	191,515	(2)	120	(400)	22,032	600,265

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating activities				
Profit/(loss) before taxation	39,465	136,952	(24,933)	16,443
Adjustments for:				
Depreciation of property, plant and equipment	27,675	26,179	339	120
Provision for employees' service benefits	7,831	8,191	–	–
Gain on disposal of property, plant and equipment	(52)	(704)	–	–
Property, plant and equipment written off	100	28	100	–
Dividend income from subsidiaries	–	–	(13,145)	(20,770)
Gain on dilution of controlling interest in a subsidiary	(483)	–	–	–
Impairment loss prior to loss of control of a subsidiary	–	–	464	–
Impairment loss on investment in an associate	26,156	–	30,514	–
Net gain on financial assets at fair value through profit or loss	(5,043)	(1,284)	(5,043)	(1,284)
Share of associates' results	6,025	–	–	–
Write-back of impairment losses on receivables	(15,400)	(9,786)	–	–
Interest income	(2,524)	(3,236)	(307)	(1,304)
Dividend income from investment securities	(5,324)	(3,620)	(4,969)	(3,620)
Write-back of overprovision for trade payables	–	(115)	–	–
Unrealised foreign exchange (losses)/gains	(6,601)	5,922	(1,717)	1,077
Interest expense	20,373	19,126	9,882	342
Operating profit/(loss) before working capital changes	92,198	177,653	(8,815)	(8,996)

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Working capital changes:				
Inventories	52,577	(27,249)	–	–
Receivables	(22,821)	(78,981)	(1,182)	(639)
Payables, customers' accounts and amounts due from/(to) customers on construction contracts	(49,544)	46,714	4,008	1,464
Net change in intercompany balances	–	–	(147,962)	(48,301)
Cash generated from/(used in) operations	72,410	118,137	(153,951)	(56,472)
Employees' service benefits paid	(2,034)	(2,174)	–	–
Taxes paid	(4,183)	(5,352)	(315)	(373)
Interest expense paid	(20,373)	(19,126)	(9,882)	(342)
Net cash flows generated from/(used in) operating activities	45,820	91,485	(164,148)	(57,187)
Investing activities				
Purchase of property, plant and equipment	(154,971)	(39,520)	(3,887)	(4,956)
Proceeds from disposal of property, plant and equipment	97	865	–	–
Effect of cash flow arising from loss of control of subsidiary (Note 11)	(144)	–	510	–
Acquisition of a subsidiary, net of cash received (Note 11)	(32)	–	(84)	–
Net changes in investment securities	(85,404)	29,442	(37,139)	29,442
Investment in structured deposit	–	(25,284)	–	(25,284)
Subscription of derivative financial assets	(5,854)	–	(5,854)	–
(Pledged)/uplift of deposits with financial institutions	(1,110)	15,520	–	–
Interest received	2,524	3,236	307	1,304
Dividends received	5,324	3,620	18,114	24,390
Investment in associates	(42,692)	–	(42,692)	–
Investment in subsidiaries	–	–	(2,628)	(1,000)
Net cash flows (used in)/generated from investing activities	(282,262)	(12,121)	(73,353)	23,896

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financing activities				
Contribution of non controlling interests	1,102	–	–	–
Subscription of treasury shares	(2)	–	(2)	–
Drawdown/(repayment) of bank borrowings	260,415	(47,574)	248,681	(1,266)
Dividends paid to:				
- shareholders of the Company	(15,480)	(23,220)	(15,480)	(23,220)
- non controlling interest	(8,993)	(6,246)	–	–
Repayment of hire purchase payables	(3,083)	(2,470)	(44)	(43)
Advance/(repayment) of amounts due to directors	995	(11,300)	(116)	(10,583)
Net cash flows generated from/(used in) financing activities	234,954	(90,810)	233,039	(35,112)
Net decrease in cash and cash equivalents	(1,488)	(11,446)	(4,462)	(68,403)
Effect of changes in foreign exchange rate	36,500	(21,131)	–	–
Cash and cash equivalents at beginning of year	106,829	139,406	5,054	73,457
Cash and cash equivalents at end of year (Note 24)	141,841	106,829	592	5,054

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2013

1. Corporate information

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

The registered office and principal place of business 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 disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year, other than as disclosed in the Note 11 to the financial statements relating to acquisition and disposal of subsidiaries. With the acquisition and incorporation of new subsidiaries, the Group has extended its principal activities to include fabrication, construction, and commissioning services for the oil and gas industry.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2014.

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 the financial periods beginning on or after 1 July 2012 and 1 January 2013 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(b) Adoption of new and revised MFRS

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

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 July 2012 and 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in May 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendment to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11, MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

2. Significant accounting policies (cont'd)

(b) Adoption of new and revised MFRS (cont'd)

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

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The change in accounting of the Group's investments have been applied in accordance with the relevant transitional provisions as set out in MFRS 10 as if the acquisitions had been accounted for in accordance with MFRS 3 at the date of acquisition.

The above change in accounting policy has not affected the amount reported in the Group's consolidated financial statements.

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interest in Joint Ventures and IC Interpretation 113 Jointly- Controlled Entities - Non monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the right and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligation for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard has not affected the amounts reported in the Group's consolidated financial statements.

2. Significant accounting policies (cont'd)

(b) Adoption of new and revised MFRS (cont'd)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

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

MFRS 128 Investments in Associates and Joint Ventures

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

MFRS 13 Fair Value Management

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. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also required additional disclosures.

Application of MFRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g. Net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

MFRS 119 Employee Benefits

The adoption of MFRS 119 (revised) did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(c) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

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

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. Significant accounting policies (cont'd)

(d) 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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full unless there are indication of impairment, in which case, unrealised losses may not be eliminated.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. Significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2(w).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(e) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(f) Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(f) Investment in associates (cont'd)

The financial statements of the associates is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in associates is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(g) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realised within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Significant accounting policies (cont'd)

(h) Fair value measurement

The Group measures financial instruments, such as, derivatives financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement if directly or indirectly observable
(iii) Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(i) 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.

Capital work-in-progress comprises the construction of factory building, offices and plant and machineries which have not been commissioned.

Capital work-in-progress is capitalised in accordance with MFRS 116 Property, Plant and Equipment and is recognised as an assets when:

(i) it is probable that future economic benefit associated with the assets will flow to the enterprise; and
(ii) the cost of the asset to the enterprise can be measured reliably.

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%-20%
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)

(j) 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.

(k) 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, with a maturity of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(l) 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.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work. 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(n) 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(u).

(o) Income tax

(i) Current tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affect neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When 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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income ("OCI") or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(iii) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

(a) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(p) 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 capitalised as part of the cost of those assets. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowings of funds.

2. Significant accounting policies (cont'd)

(q) 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 and the Company.

(r) 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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(s) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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.

(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.

(t) 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.

2. Significant accounting policies (cont'd)

(t) Employee benefits (cont'd)

(ii) Defined contribution plans

(a) Malaysia and Singapore

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 and Singapore make such contributions to the Employees Provident Fund ("EPF") and Central Provident Fund ("CPF") respectively.

(b) India

Retirement benefits in the form of provident fund are defined contribution scheme and the contributions are charged to the profit or loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(iii) Defined benefit plans

(a) Middle East

The Group's foreign subsidiaries in the Middle East provide end of service benefits to its employees determined in accordance with the United Arab Emirates ("UAE") and Qatar labour law. The entitlement to these benefits is based upon the employees' salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

(b) India

Gratuity liability is defined benefit obligation and is provided for on the basis of estimated projected unit credit method made at the end of each financial year.

(u) 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 is recognised by the stage of completion method as described in Note 2(l).

2. Significant accounting policies (cont'd)

(u) 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) Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value, plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loan and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 20 to the financial statements.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(ii) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(ii) Impairment of financial assets (cont'd)

AFS financial investments (cont'd)

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payable, other payables, loans and borrowings including financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2. Significant accounting policies (cont'd)

(v) Financial instruments - initial recognition and subsequent measurement (cont'd)

(iii) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Other financial liabilities

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2. Significant accounting policies (cont'd)

(w) 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.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(x) 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.

(y) 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 37 to the financial statements.

2.1 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2.1 Significant accounting judgements and estimates (cont'd)

2.1.1 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) Useful lives 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 5 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 15 to the financial statements. A 5% difference is the expected useful lives of these assets from management's estimates would result in approximately 1.7% (2012: 0.5%) variance in the Group's profit for the year.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated.

When value in use calculation are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumption are given in Note 13 to the financial statements.

(c) Deferred tax assets

Deferred tax asset 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 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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividend and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary difference.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

2.1 Significant accounting judgements and estimates (cont'd)

2.1.1 Key sources of estimation uncertainty (cont'd)

(d) 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 20 to the financial statements.

(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 to the financial statements.

(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 to the financial statements and no provision for future losses had been recognised as at the reporting date.

(g) Impairment of investment in associates

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In respect of unquoted investment in associate, the value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Impairment of investment in associates recognised during the year is disclosed in Note 12 to the financial statements, and the related judgement made by management in applying accounting policies is explained in Note 2.1.2 (c) to the financial statements.

2.1 Significant accounting judgements and estimates (cont'd)

2.1.2 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 effect the enforceability of these agreements.

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

(c) Impairment loss on quoted investment in a foreign associate

During the year, the Company has cumulatively acquired 45,329,000 shares representing 20.51% equity interest in Technics Oil & Gas Limited ("TOGL"), which is on the Singapore Exchange for a total cash consideration of RM117.59 million or approximately SGD1.04 per share. As at 31 December 2013, the closing price of TOGL's quoted shares was SGD0.74 per share in which, after considering all information available and conducted the necessary impairment assessments required by MFRS 136, the directors of the Company are of the opinion that the investment has been impaired up to a value benchmarked to the market value of the shares quoted at reporting date. Accordingly, the impairment loss of RM26.16 million and RM30.51 million of the Group and of the Company respectively have been provided for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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3. Revenue

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Construction contract revenue	965,050	1,021,253	–	–
Dividend income from subsidiaries	–	–	13,145	20,770
Dividend income from investment securities	–	–	4,969	3,620
Interest income	–	–	307	1,304
Rental income	–	–	609	564
	965,050	1,021,253	19,030	26,258

4. Other income/(expense)

Other income/(expense) include the following:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Interest income	2,524	3,236	–	–
Dividend income from investment securities	5,324	3,620	–	–
Rental income	45	–	–	–
Sales of scrap	6,982	13,286	–	–
Gain on disposal of property, plant and equipment	52	704	–	–
Gain on dilution of controlling interest in a subsidiary	483	–	–	–
Writeback of impairment losses on receivables (Note 20)	15,400	9,786	–	–
Write back of overprovision for trade payables	–	115	–	–
Unrealised foreign exchange gains/(losses)	6,601	(5,922)	1,717	(1,077)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

5. Finance costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense:				
- Bank borrowings	10,403	18,838	251	327
- Hire purchase payables	352	288	13	15
- Islamic medium-term notes	9,618	–	9,618	–
	20,373	19,126	9,882	342

6. Profit/(loss) before taxation

Included in the profit/(loss) before taxation are the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Auditors' remuneration:				
- Current year	545	545	63	63
- (Over)/under provision in previous year	(9)	34	(3)	(5)
Depreciation of property, plant and equipment (Note 15)	27,675	26,179	339	120
Non-executive directors' remuneration (Note 8)	254	206	254	206
Employee benefits expense (Note 7)	244,353	184,149	6,560	7,230
Property, plant and equipment written off (Note 15)	100	28	100	–
Rental of:				
- Premises	13,386	8,930	118	–
- Operating lease	8,611	9,608	9	–
Impairment loss prior to loss of control of a subsidiary	–	–	464	–
Impairment loss on investment in associate	26,156	–	30,514	–
Management fees	2,142	2,094	–	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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7. Employee benefits expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors' remuneration				
Executive directors of the Group (Note 8)	11,923	18,199	2,583	4,785
Other employees:				
Wages and salaries				
- Cost of sales	206,886	154,535	–	–
- Operating and administrative expenses	25,544	11,415	3,977	2,445
	232,430	165,950	3,977	2,445
Total employee benefits expense	244,353	184,149	6,560	7,230

Included in employee benefits expense is defined contribution plan amounting to RM5,821,000 (2012: RM3,357,000) and RM457,000 (2012: RM425,000) for the Group and the Company respectively.

8. Directors' remuneration

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Group				
Executive:				
- Salaries	11,686	18,002	2,412	4,588
- Defined contribution plan	237	197	171	197
Executive directors' remuneration (Note 7)	11,923	18,199	2,583	4,785
Other emoluments	488	478	161	187
Total executive directors' remuneration	12,411	18,677	2,744	4,972
Non-Executive:				
- Fees	216	144	216	144
- Other emoluments	38	62	38	62
Total non-executive directors' remuneration (Note 6)	254	206	254	206
Total directors' remuneration	12,665	18,883	2,998	5,178

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

8. Directors' remuneration (cont'd)

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	
	2013	2012
Executive directors:		
RM750,001 to RM800,000	–	1
RM800,001 to RM850,000	1	–
RM950,001 to RM1,000,000	1	1
RM1,000,001 to RM1,050,000	–	1
RM1,050,001 to RM1,100,000	1	–
RM1,150,001 to RM1,200,000	1	–
RM1,400,001 to RM1,450,000	–	1
RM8,300,001 to RM8,350,000	1	–
RM14,450,001 to RM14,500,000	–	1
Non-Executive directors:		
RM50,001 to RM100,000	3	3

9. Income tax expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current income tax:				
Malaysian income tax	2,665	716	156	243
Foreign income tax	4,814	13,178	–	–
Under/(over) provision in previous years	80	(628)	(21)	4
	7,559	13,266	135	247
Deferred tax (Note 16)				
- Relating to origination and reversal of temporary difference	574	1,105	–	–
- (Over)/under provision in previous years	(1,338)	1,085	–	(42)
	(764)	2,190	–	(42)
Total income tax expense	6,795	15,456	135	205

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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9. Income tax expense (cont'd)

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		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Profit/(loss) before taxation	39,465	136,952	(24,933)	16,443
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	9,866	34,238	(6,233)	4,111
Difference in foreign tax rates	(7,370)	(20,504)	–	–
Expenses not deductible for tax purposes	8,129	8,371	7,631	2,229
Income not subject to tax	(1,348)	(6,742)	(1,242)	(6,097)
Under/(over)provision of income tax expense in previous years	80	(628)	(21)	4
(Over)/underprovision of deferred tax in previous years	(1,338)	1,085	–	(42)
Utilisation of reinvestment allowance	(1,224)	(364)	–	–
Income tax expense for the year	6,795	15,456	135	205

A subsidiary qualified for reinvestment allowance tax incentive under Para 9 of Sch 7A of the Income Tax Act 1967 in view that its activities are for the fabrication of steel structures which fall under manufacturing process. Reinvestment allowance is recognised to the extent that it is probable and can be utilised in future.

Reinvestment allowance tax incentive is analysed as follows:

	Group	
	2013 RM'000	**2012 RM'000**
At 1 January 2013	4,897	6,351
Utilisation of current year's reinvestment allowance	(4,897)	(1,454)
At 31 December 2013	–	4,897

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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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 (excluding treasury shares) during the financial year.

	Group	
	2013	**2012**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	32,636	115,362
Weighted average number of ordinary shares in issue, excluding treasury shares ('000 units)	773,999	774,000
Basic earnings per share for profit for the year (sen)	4.2	14.9

Diluted earnings per share is not presented as the Company does not have any potentially dilutive shares. Other than share buyback as disclosed in Note 38 to the financial statements, there have been no other transaction involving ordinary share or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11. Investment in subsidiaries

	Company	
	2013 RM'000	**2012 RM'000**
At cost		
Unquoted shares, at 1 January	371,992	370,992
Additions during the year:		
- Acquisition of subsidiary	84	–
- Incorporation of new subsidiaries	2,544	1,000
Disposal of 51% ownership in a subsidiary	(510)	–
Impairment loss prior loss of control of a subsidiary (Note 6)	(464)	–
Carrying amount of a former subsidiary, reclassified as associate	(26)	–
Unquoted shares, at cost at 31 December	373,620	371,992

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 (%) 2013	Proportion of ownership interest (%) 2012	Effective interest in profit based on shareholders' agreement (%) 2013	Effective interest in profit based on shareholders' agreement (%) 2012
Held by the Company						
1. Shineversendai Engineering (M) Sdn. Bhd. ("Shineversendai") *[Note (ii)]*	Malaysia	Fabrication and erection of steel works	99.99	99.99	*	*
2. Eversendai Technics Pte. Ltd. ("ETPL") *[Note (i), (iv)]*	Singapore	Engineering, procurement, construction and fabrication services for the oil and gas industry	70.00	–	*	–
3. Eversendai Engineering FZE ("Eversendai FZE") *[Note (ii)]*	United Arab Emirates	Steel, fabrication and painting	100.00	100.00	*	*
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 (%) 2013	Proportion of ownership interest (%) 2012	Effective interest in profit based on shareholders' agreement (%) 2013	Effective interest in profit based on shareholders' agreement (%) 2012
Held by the Company						
7. Eversendai Engineering Saudi L.L.C. ("Eversendai Saudi") *[Note (ii),(iii),(ix)]*	Kingdom of Saudi Arabia	Engineering, fabrication and erection of steel works	80.00	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	*	*
9. Eversendai Technics Sdn. Bhd. ("ETSB") *[Note (ii), (vi)]*	Malaysia	Engineering, procurement, construction and fabrication services for the oil and gas industry	70.00	–	*	–
10. ECB Properties Sdn. Bhd. ("EPSB") *[Note (ii), (vii)]*	Malaysia	Real property and development	100.00	–	*	–
11. Perisai Kuasa Sdn. Bhd. ("PKSB") *[Note (ii), (x)]*	Malaysia	Engineering services and technology provider in the oil and gas industry	60.00	–	*	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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11. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2013	Proportion of ownership interest (%) 2012	Effective interest in profit based on shareholders' agreement (%) 2013	Effective interest in profit based on shareholders' agreement (%) 2012
Held by Eversendai Construction (S) Pte. Ltd.						
12. Eversendai Engineering Pte. Ltd. ("EEPL Singapore") *[Note (i)]*	Singapore	Dormant	100.00	100.00	*	*
13. Eversendai Construction Private Limited ("Eversendai India") *[Note (ii)]*	India	Engineering, fabrication and erection of steel works	100.00	100.00	*	*
14. 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
Held by ETSB						
15. Eversendai Technics RMC FZE ("ETRMC") *[Note (ii), (viii)]*	United Arab Emirates	Engineering, procurement, construction, fabrication and commissioning services for the oil and gas industry	70.00	–	*	–
Held by PKSB						
16. Eversendai Oil & Gas (M) Sdn. Bhd. ("Eversendai O&G") *[Note (ii), (x)]*	Malaysia	Engineering and construction services for oil and gas industry	48.00	–	*	–

** Not applicable*

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 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) On 5 March 2013, the Company incorporated ETPL with authorised share capital of 1,000,000 ordinary shares and an initial paid up share capital of SGD1,000,000 in which 699,999 was subscribed by the Company; 300,000 by Technic Oil & Gas Limited ("TOGL") and the remaining 1 share by Eversendai Singapore at subscription price of SGD 1 per share.

(v) On 15 March 2013, the Company divested 510,000 ordinary shares of RM1 each representing 51% equity interest in the previously wholly owned Vahana Construction Sdn. Bhd. ("Vahana") for a total cash consideration of RM510,000. Subsequent to the divestment, Vahana is regarded as an associate and accordingly, the share of results has been equity accounted for in the Group's results. The principal business activities of Vahana are that of civil engineering and contracting services.

11. Investment in subsidiaries (cont'd)

(v) The investment in Vahana as an associate was remeasured at fair value on the date of loss of control as disclosed below.

Analysis of the dilution of interest in the subsidiary as at the date of disposal:

	Group Carrying amount on disposal date RM'000
Plant and equipment	456
Trade contract receivable and other receivables	922
Amount due from customer on construction contract	144
Cash and bank balances	654
Trade payables and other payables	(297)
Amount due to holding company	(1,393)
Amount due to a related company	(433)
Net assets prior to loss of control	53
Share of net assets retained	(26)
Net assets disposed	27
Fair value of consideration received	(510)
Gain on dilution of interest (Note 4)	(483)
Cash outflow arising on dilution of interest :	
Fair value of consideration received	510
Cash and cash equivalents of dilution of interest	(654)
Net cash outflow on dilution of interest	(144)

Pursuant to the dilution of interest in the investment in Vahana, the cost of investment of 49% in Vahana is reclassified to investment in associate and the carrying amount was remeasured to its fair value at the date the Company loses control over Vahana.

The directors of the Company are of the opinion that the remeasured fair value of the investment in Vahana on the date of loss of control is not materially different compared to the carrying amount of share of net assets retained in Vahana.

(vi) On 10 April 2013, the Company incorporated ETSB. ETSB has authorised share capital of 5,000,000 ordinary shares of RM1 each, and an initial paid up share capital of 10 ordinary shares in which 6 shares were subscribed by the Company ; 3 shares by TOGL and the remaining 1 share by Eversendai Singapore. On 5 June 2013, the Company and TOGL have subscribed for additional new shares of 699,993 and 299,997 respectively in ETSB.

(vii) On 19 April 2013, the Company incorporated a wholly owned subsidiary, ECB Properties Sdn. Bhd. ("EPSB") with authorised capital of 5,000,000 ordinary shares of RM1 each and issued and paid up capital of RM100,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

11. Investment in subsidiaries (cont'd)

(viii) On 21 May 2013, the Company incorporated a wholly owned subsidiary, namely Eversendai Technics RMC FZE ("ETRMC") with authorised and issued share capital of AED1,000,000 (RM865,000). The principal business activities of ETRMC are the engineering, procurement, construction and commissioning of equipment, structural building and platform for the oil and gas industry.

(ix) On 9 September 2013, the Company has divested 200 shares of SAR1,000 each representing 20% equity in Eversendai Engineering Saudi LLC ("EV Saudi"), to Hi-Tech & Contracting Company, a company organised under the laws and regulations of the Kingdom of Saudi Arabia, for a total cash consideration of SAR200,000. However, notwithstanding the investment in 20% equity in EV Saudi, Hi-Tech & Contracting Company has assigned all the rights and entitlements attached to the 20% shareholdings to the Company. As such, upon the divestment, the Company's shareholdings in EV Saudi will be reduced from 100% to 80%, but the effective interest in profit and financials consolidation remained at 100%.

(x) On 18 October 2013, the Company acquired 84,000 new ordinary shares of RM1 each representing 60% equity interest in Perisai Kuasa Sdn. Bhd. ("PKSB") for a cash consideration of RM84,000. PKSB in turn owns 80% equity interest in Eversendai O&G (previously known as Sumatec Engineering & Construction Sdn. Bhd.).

The carrying amount and fair values of the identifiable assets and liabilities of PKSB as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Other assets	1,000	1,000
Cash and cash equivalents	52	52
Trade and other payable	(2,203)	(2,203)
Total identifiable liabilities	(1,151)	(1,151)
Non-controlling interest	230	230
Goodwill arising on acquisition (Note 13)	837	837
Purchase consideration	(84)	(84)

	Cash flow on acquisition RM'000
Cash paid	(84)
Add: Cash and cash equivalents of subsidiary acquired	52
Net cash outflow on acquisition	(32)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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11. Investment in subsidiaries (cont'd)

Summarised information of companies with non-controlling interest that are significant to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interest of the other companies are not material to the Group.

(i) Summarised statements of financial position

At 31 December 2013

	Eversendai Qatar RM'000	Eversendai Oil & Gas RM'000	ETPL RM'000	Total RM'000
Current assets	263,647	1,092	2,596	267,335
Non-current assets	28,708	341	–	29,049
Total assets	292,355	1,433	2,596	296,384
Current liabilities	243,941	860	–	244,801
Non-current liabilities	33,601	–	–	33,601
Total liabilities	277,542	860	–	278,402
Net assets	14,813	573	2,596	17,982
Equity attributable to owner of the Parent	14,028	275	1,817	16,120
Non-controlling interests	785	298	779	1,862
	14,813	573	2,596	17,982

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

11. Investment in subsidiaries (cont'd)

(i) Summarised statements of financial position (cont'd)

At 31 December 2012

	Eversendai Qatar RM'000
Current assets	274,846
Non-current assets	31,584
Total assets	306,430
Current liabilities	259,693
Non-current liabilities	16,327
Total liabilities	276,020
Net assets	30,410
Equity attributable to owner of the Parent	24,872
Non-controlling interests	5,538
	30,410

The effective portion of non-controlling interest is derived at after taking into consideration the arrangement of retained earnings distribution to the non-controlling interest and their share of foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

11. Investment in subsidiaries (cont'd)

(ii) Summarised statements of comprehensive income

At 31 December 2013

	Eversendai Qatar RM'000	Eversendai Oil & Gas RM'000	ETPL RM'000	Total RM'000
Revenue	250,827	–	–	250,827
Profit/(loss) for the year	1,663	(389)	–	1,274
Total comprehensive income/(expense)	1,663	(389)	–	1,274
Profit/(loss) attributable to:				
- owners of the Parent	1,023	(187)	–	836
- non-controlling interests	640	(202)	–	438
	1,663	(389)	–	1,274
Total comprehensive income/(expense) attributable to:				
- owners of the Parent	1,023	(187)	–	836
- non-controlling interests	640	(202)	–	438
	1,663	(389)	–	1,274

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

11. Investment in subsidiaries (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

At 31 December 2012

	Eversendai Qatar RM'000
Revenue	298,477
Profit for the year	19,015
Other comprehensive income	–
Total comprehensive income	19,015
Profit attributable to:	
- owners of the Parent	12,881
- non-controlling interests	6,134
Total comprehensive income attributable to:	
- owners of the Parent	12,881
- non-controlling interests	6,134
	19,015

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

11. Investment in subsidiaries (cont'd)

(iii) Summarised cash flow information for year ending 31 December 2013:

At 31 December 2013

	Eversendai Qatar RM'000	Eversendai Oil & Gas RM'000	ETPL RM'000	Total RM'000
Operating	12,401	368	12	12,781
Investing	(331)	(367)	–	(698)
Financing	(11,909)	1,000	–	(10,909)
Net increase in cash and equivalents	161	1,001	12	1,174

At 31 December 2012

	Eversendai Qatar RM'000
Operating	91,371
Investing	(1,116)
Financing	(88,556)
Net increase in cash and cash equivalents	1,699

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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12. Investment in associates

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Shares, at cost				
- Quoted	117,594	–	117,594	–
- Unquoted	1,986	–	1,986	–
	119,580	–	119,580	–
Share of post acquisition results	(6,025)	–	–	–
Impairment on investment	(26,156)	–	(30,514)	–
	87,399	–	89,066	–

Analysed as:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Shares, at cost				
Quoted				
At 1 January	–	–	–	–
Reclassified from investment securities (Note 23)	76,862	–	76,862	–
Additional investment	40,732	–	40,732	–
At 31 December	117,594	–	117,594	–
Fair value of investment in an associate for which there is published price quotation	117,594	–	117,594	–
Unquoted				
At 1 January	–	–	–	–
Carrying amount of a former subsidiary, reclassified as associate (Note 11)	26	–	26	–
Additional investment	1,960	–	1,960	–
At 31 December	1,986	–	1,986	–
	119,580	–	119,580	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

12. Investment in associates (cont'd)

Investment in TOGL

During the year, the investment in the quoted shares of TOGL amounted to RM76,862,000 was reclassified from investment securities to investment in associates in conjunction with the purchase of additional shares by the Company up to 20.51% equity interest in Technics Oil & Gas Limited.

Partial divestment in Vahana

During the year, the Company divested 510,000 ordinary shares of RM1 each in the previously wholly-owned Vahana. Subsequent to the sale of shares, the Company's equity interest in Vahana has reduced to 49% and coupled with the Company's non-controlling significant influence in the financial and operating policy decisions through representations on the board of directors, Vahana has been classified as an associate of the Company.

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest 2013	Proportion of ownership interest 2012
TOGL (Quoted)	Singapore	Engineering, procurement, construction and commissioning of process modules and equipment for oil and gas production	20.51%	–
Vahana (Unquoted)	Malaysia	Civil engineering and general contracting services	49.00%	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

12. Investment in associates (cont'd)

The following table illustrates the summarised financial information of the Group's investment in associates:

At 31 December 2013

	TOGL RM'000	Vahana RM'000	Total RM'000
Current assets	158,175	4,321	162,496
Non-current assets	206,900	802	207,702
Total assets	365,075	5,123	370,198
Current liabilities	189,431	4,434	193,865
Non-current liabilities	7,770	–	7,770
Total liabilities	197,201	4,434	201,635
Equity	167,874	689	168,563
Proportion of the Group's ownership	20.51%	49.00%	
Group's proportion/share of net assets of the associates	34,431	338	34,769

		2013	
	TOGL RM'000	Vahana RM'000	Total RM'000
Revenue	108,649	1,332	109,981
Cost of sales	(83,812)	(1,246)	(85,058)
Other income	5,655	15	5,670
Administrative expenses	(2,227)	(3,464)	(5,691)
Finance costs	(49,144)	–	(49,144)
Loss before tax	(20,879)	(3,363)	(24,242)
Income tax expense	(462)	–	(462)
Loss for the year (continuing operations)	(21,341)	(3,363)	(24,704)
Group's share of loss for the year	(4,377)	(1,648)	(6,025)

12. Investment in associates (cont'd)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates:

		2013	
	TOGL RM'000	Vahana RM'000	Total RM'000
Net assets at 31 December	167,874	690	168,564
Share of net assets	20.51%	49.00%	
Carrying amount of investment	34,431	338	34,769
Effects of premium on investment acquired at market price	78,786	–	78,786
Impairment loss during the year	(26,156)	–	(26,156)
Carrying value of Group's interest in associates	87,061	338	87,399

13. Goodwill

	Group	
	2013 RM'000	2012 RM'000
At 1 January	9,920	9,920
Addition during the year	837	–
At 31 December	10,757	9,920

Goodwill arose from the following investments:

	Group	
	2013 RM'000	2012 RM'000
Eversendai LLC	4,143	4,143
Shineversendai	5,777	5,777
Eversendai O&G	837	–
	10,757	9,920

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

13. Goodwill (cont'd)

(i) Budgeted gross margins

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 rate of 8.69% (2012: 11.48%) after-tax is used and reflect the weighted average cost of capital of the Group.

(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.

Management 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.

14. Investment in structured deposit

Investment in structured deposit is an investment with returns linked to market index. The investment has a maturity of 5 years with the repayment of the principal and interest upon maturity in financial year ending 2017.

Movement in structured deposit are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At FVTPL				
At 1 January	25,284	–	25,284	–
Addition	–	24,000	–	24,000
Fair value adjustment	(1,284)	1,284	(1,284)	1,284
At 31 December	24,000	25,284	24,000	25,284

The investment in structured deposit is pledged with certain borrowings of a subsidiary as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

15. 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	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2013	17,683	136,102	120,403	28,182	8,870	4,465	15,880	331,585
Additions	115,514	4,577	7,753	2,018	966	4,106	26,518	161,452
Written off	–	–	–	–	–	–	(100)	(100)
Disposals	–	–	(30)	(89)	–	(463)	–	(582)
Transfer	3,505	–	–	–	2,150	–	(5,655)	–
Disposal of controlling interest in a subsidiary	–	–	–	–	(56)	–	(403)	(459)
Exchange differences	(212)	11,146	8,397	1,968	572	388	(27)	22,232
At 31 December 2013	136,490	151,825	136,523	32,079	12,502	8,496	36,213	514,128
Accumulated depreciation								
At 1 January 2013	–	25,629	60,904	18,907	5,635	2,719	–	113,794
Charge for the year (Note 6)	–	6,280	14,467	4,308	1,808	812	–	27,675
Disposals	–	–	(20)	(74)	(1)	(442)	–	(537)
Disposal of controlling interest in a subsidiary	–	–	–	–	(3)	–	–	(3)
Exchange differences	–	2,754	5,798	1,645	437	213	–	10,847
At 31 December 2013	–	34,663	81,149	24,786	7,876	3,302	–	151,776
Net carrying amount								
At 31 December 2013	136,490	117,162	55,374	7,293	4,626	5,194	36,213	362,352

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

15. 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 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	–	16,857	–	(37)	–	–	(16,857)	(37)
Disposals	–	–	(902)	(1,111)	(9)	(60)	–	(2,082)
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	–	–	–	(9)	–	–	–	(9)
Disposals	–	–	(834)	(1,068)	(1)	(18)	–	(1,921)
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

15. 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	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2013	11,582	397	213	10	5,753	17,955
Additions	–	–	447	–	3,440	3,887
Transfer to a subsidiary	–	–	–	–	(3,505)	(3,505)
Reclassification	–	–	2,150	–	(2,150)	–
Written off	–	–	–	–	(100)	(100)
At 31 December 2013	11,582	397	2,810	10	3,438	18,237
Accumulated depreciation						
At 1 January 2013	–	93	50	2	–	145
Charge for the year (Note 6)	–	79	258	2	–	339
At 31 December 2013	–	172	308	4	–	484
Net carrying amount						
At 31 December 2013	11,582	225	2,502	6	3,438	17,753
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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15. Property, plant and equipment (cont'd)

The additions in property, plant and equipment were acquired by way of:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Hire purchase payables	6,481	3,115	–	–
Cash	154,971	39,520	3,887	4,956
	161,452	42,635	3,887	4,956

Material acquisition during the year

During the financial year, the Group has acquired two parcels of freehold commercial land measuring 87,759 sq. ft. at Daerah Petaling in the State of Selangor, Malaysia for a total cash consideration of RM61,290,000, and a piece of freehold agricultural land measuring 2,080,661 sq. ft. at Daerah Gombak in the State of Selangor, Malaysia for a total cash consideration of RM50,470,000.

Allocation of depreciation expenses

Depreciation has been allocated in profit or loss as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of sales	22,599	19,934	–	–
Operating and administrative expenses	5,076	6,245	339	120
	27,675	26,179	339	120

Assets pledged as securities

The net carrying amount of the property, plant and equipment of the Group and the Company pledged as securities for borrowings (Note 29) are as follows:

	2013 RM'000	2012 RM'000
Group		
Net carrying amounts	63,409	29,929
Company		
Net carrying amounts	11,807	11,886

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

16. Deferred taxation

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of the year	3,313	1,106	–	42
Recognised in profit or loss (Note 9)	(764)	2,190	–	(42)
Exchange difference	(104)	17	–	–
At end of the year	2,445	3,313	–	–

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 2012	(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)
Recognised in profit or loss	76	15	(79)	12
Exchange difference	(20)	(10)	–	(30)
At 31 December 2013	(132)	(113)	(114)	(359)
Deferred tax liability				
At 1 January 2012	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
Recognised in profit or loss	(850)	–	–	(850)
At 31 December 2013	2,804	–	–	2,804

Deferred tax asset not recognised in respect of reinvestment tax allowance amounted to Nil (2012: RM4,987,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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16. 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 2012	42
Recognised in profit or loss	(42)
At 31 December 2012	–
Recognised in profit or loss	–
At 31 December 2013	–

Presented in the statements of financial position are as follows:

	2013 RM'000	2012 RM'000
Group		
Non-current		
Deferred tax assets	(459)	(304)
Deferred tax liability	2,904	3,617
	2,445	3,313

17. Derivative financial assets

	Group and Company	
	2013 RM'000	2012 RM'000
At FVTPL		
Quoted warrants, at fair value	12,181	–

On 9 December 2013, the Group and the Company had subscribed for 18,046,400 quoted warrants in TOGL (Note 12) at price of SGD0.125 per warrant or a total cash consideration of RM5,854,000. The warrants which are listed on the Singapore Exchange ("SGX") are convertible into the ordinary shares of TOGL on the day after the third anniversary of issuance, at a conversion price of SGD0.25 per warrant.

As at 31 December 2013, the closing market price of the warrants was SGD0.26 and the gain on this derivative financial asset at fair value of RM6,327,000 was recognised in the profit and loss during the year. The basis of the application of MFRS 7 Financial Instruments: Disclosure for this derivative financial asset is disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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18. Inventories

	Group	
	2013 RM'000	2012 RM'000
At cost		
Materials at fabrication yard and on site	133,262	185,839

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.

During the year, RM223,537,000 (2012: RM272,960,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

Certain inventories amounting to RM14,540,000 (2012: RM14,220,000) are pledged against bank borrowings as disclosed in Note 29 to financial statements.

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

	Group	
	2013 RM'000	2012 RM'000
Aggregate costs incurred to date	3,916,503	3,394,611
Attributable profits less recognised losses	508,157	574,737
	4,424,660	3,969,348
Less: Progress billings on contracts	(4,106,412)	(3,745,969)
	318,248	223,379
Presented as:		
Amounts due from customers on construction contracts	364,531	307,062
Amounts due to customers on construction contracts	(46,283)	(83,683)
	318,248	223,379

Retention sums on construction contracts are included in trade receivables as disclosed in Note 20 to the financial statements.

The costs incurred to date on construction contracts include interest expense of RM11,063,597 (2012: RM19,082,449).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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20. Trade contract receivables

	Group	
	2013 RM'000	2012 RM'000
Trade contract receivables	226,308	254,854
Retention sum receivables	202,801	203,956
	429,109	458,810
Less : Allowance for impairment losses	(26,858)	(39,025)
	402,251	419,785

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 (2012: 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	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	74,752	180,401
Past due but not impaired:		
Past due 1 to 30 days	21,735	40,592
Past due 31 to 60 days	12,544	35,355
Past due 61 days and more	293,220	163,437
Impaired	26,858	39,025
Total trade contract receivables	429,109	458,810

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.

20. 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	
	2013 RM'000	2012 RM'000
At 1 January	39,025	51,820
Write-back of allowances (Note 4)	(15,400)	(9,786)
Exchange differences	3,233	(3,009)
At 31 December	26,858	39,025

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.

21. Other receivables and deposits

Other receivables and deposits include the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Security deposits	–	862	–	862
Prepaid land lease rental	2,124	–	–	–
Advance to suppliers	5,225	9,118	–	–
Staff advances	1,656	1,422	–	–
Deposits	15,791	13,257	38	51
Prepayments	9,523	8,959	1,513	–
Others receivables	19,128	15,346	64	–
	53,447	48,964	1,615	913

Included in deposits are payment for contract labour cost of RM4,812,000 (2012: RM3,996,000) relating to the working permit which are refundable for the respective countries.

Included in other receivables are payment for tax deductible at source and value added taxes of RM15,573,000 (2012: RM10,494,000) to local statutory bodies which are refundable to the foreign subsidiaries.

22. Related party disclosures

Related parties include subsidiaries, major shareholder and key management personnel of the Group and companies in which the major shareholders and key management personnel are interested. The pricing policies and terms of the related party transactions are approved by the management in accordance to regulatory requirements and/or shareholders' approval.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Transactions 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	
	2013 RM'000	**2012 RM'000**
Rental expense paid by the Group on properties owned by:		
- a director of the Company	641	109
- a director of a subsidiary	–	17
Management fees payable by the Group to a shareholder of a subsidiary	2,142	2,094

(ii) Personal guarantee by directors

	Group 2013 RM'000	Group 2012 RM'000
Personal guarantee provided by a director of the Company	578,994	1,198,759
Personal guarantee provided by directors of a subsidiary	5,325	5,439

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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22. Related party disclosures (cont'd)

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

(iii) Transaction with a subsidiary

	Company	
	2013	**2012**
	RM'000	**RM'000**
Rental charged to a subsidiary	564	564

(iv) Transactions with a shareholder of a foreign subsidiary to the Group

	Group	
	2013	**2012**
	RM'000	**RM'000**
Lease of labour quarters	1,348	1,213

(b) Compensation of key management personnel

The remuneration of key management personnel who are the executive directors of the Group and of the Company is as disclosed in Note 8 to the financial statements.

(c) Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, non interest bearing and not expected to be repaid within next 12 months.

(d) Amount due to subsidiaries

These amount are unsecured, non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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23. Investment securities

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At fair value				
Available-for-sale financial assets:				
- Unit trust fund	130,583	45,179	87,287	45,179
- Foreign equity investment (quoted)*	–	76,862	–	76,862
	130,583	122,041	87,287	122,041

The movement of foreign equity investment can be analysed as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	76,862	–	76,862	–
Addition	–	76,862	–	76,862
Reclassified to investment in associates (Note 12)	(76,862)	–	(76,862)	–
At 31 December	–	76,862	–	76,862

* Foreign equity investment (quoted) was in respect of ordinary shares of TOGL purchased via open market in prior year. During the year, this investment was reclassified to investment in associate as disclosed in Note 12 to financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

24. Deposits and bank balances

	2013 RM'000	2012 RM'000
Group		
Cash and bank balances	52,431	80,020
Deposits with financial institutions	129,592	64,981
Total cash and bank balances	182,023	145,001
Company		
Total cash and bank balances	592	5,054

The weighted average effective interest rates as at the reporting date for the Group and the Company was 2.59% (2012: 3.11%).

Deposits of the Group amounting to RM37,688,000 (2012: RM36,578,000) placed with financial institutions are pledged as securities for bank borrowing facilities granted to the subsidiaries as disclosed in Note 29 to the financial statements. The remaining maturity of the Group's deposits with financial institutions at the reporting date range from 38 to 365 days (2012: 38 to 365 days).

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

	2013 RM'000	2012 RM'000
Group		
Cash and bank balances	182,023	145,001
Less: Bank overdrafts (Note 29)	(2,494)	(1,594)
	179,529	143,407
Less: Deposits with financial institutions	(37,688)	(36,578)
Cash and cash equivalents	141,841	106,829
Company		
Cash and bank balances, representing cash and cash equivalents	592	5,054

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

25. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2012: 30 to 90) days.

26. Other payables

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current				
Other payables and accruals	81,873	72,265	3,823	179
Advances from customers	126,386	121,415	–	–
Retention sums payable	5,309	6,997	–	–
Total other payables	213,568	200,677	3,823	179

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

27. Amounts due to directors

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Due to:-				
- director of the Company	40	172	23	139
- directors of the subsidiaries	1,127	–	–	–
	1,167	172	23	139

The amounts due to directors arose from various payments made by directors on behalf of the Group and the Company. These amounts are unsecured, interest-free and repayable on demand.

28. Hire purchase payables

	2013 RM'000	2012 RM'000
Group		
Minimum lease payments:		
- Not later than one year	3,083	2,471
- Later than one year but not later than five years	6,910	3,972
- Later than five years	–	53
Total minimum lease payments	9,993	6,496
Less: Amount representing finance charges	(861)	(762)
Present value of minimum lease payments	9,132	5,734
Present value of payments:		
Payable not later than one year	2,743	2,142
Payable later than one year but not later than five years	6,389	3,539
Payable later than five years	–	53
Present value of minimum lease payments	9,132	5,734
Less: Amount due within 12 months	(2,743)	(2,142)
Amount due after 12 months	6,389	3,592
Company		
Minimum lease payments:		
- Not later than one year	58	58
- Later than one year but not later than five years	227	231
- Later than five years	–	53
Total minimum lease payments	285	342
Less: Amount representing finance charges	(31)	(43)
Present value of minimum lease payments	254	299
Present value of payments:		
Payable not later than one year	47	45
Payable later than one year but not later than five years	207	201
Payable later than five years	–	53
Present value of minimum lease payments	254	299
Less: Amount due within 12 months	(47)	(45)
Amount due after 12 months	207	254

Interests for hire purchase of the Group and the Company range from 2.29% to 17.13% (2012: 2.34% to 17.13%) and 2.48% (2012: 2.48%) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

29. Borrowings

	2013 RM'000	2012 RM'000
Group		
Current		
Secured:		
Payables not later than one year:		
- Bank overdrafts	2,494	1,594
- Local bills discounted (a)	–	49,694
- Bills payable (a)	163,076	130,789
- Term loans (b)	48,877	34,362
	214,447	216,439
Non-current		
Secured:		
Payable later than one year but not later than five years:		
- Term loans (b)	42,779	29,198
Payable later than five years:		
- Term loans (b)	1,457	2,631
- Islamic medium-term notes ("IMTN") (c)	250,000	–
	294,236	31,829
Total borrowings	**508,683**	**248,268**
Company		
Current		
Secured:		
Payable not later than one year:		
- Term loans	1,049	1,265
Non-current		
Secured:		
Payable later than one year but not later than five years:		
- Term loans	4,148	4,077
Payable later than five years:		
- Term loans	1,457	2,631
- Islamic medium-term notes	250,000	–
	255,605	6,708
Total borrowings	**256,654**	**7,973**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

29. Borrowings (cont'd)

Total borrowings including hire purchase payables of the Group in their respective foreign currencies are as follows:

	Foreign currency in '000	RM'000 equivalent
At 31 December 2013		
United Arab Emirates Dirham ("AED")	129,126	115,777
Malaysian Ringgit ("RM")	272,571	272,571
Qatari Riyal ("QR")	73,375	66,360
Indian Rupees ("INR")	1,185,152	63,107
		517,815
At 31 December 2012		
United Arab Emirates Dirham ("AED")	147,009	119,704
Malaysian Ringgit ("RM")	22,716	22,716
Qatari Riyal ("QR")	75,689	62,161
Indian Rupees ("INR")	908,658	49,421
		254,002

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

(a) Local bills discounted represents discounting of bills for short term financing to meet its cash flow requirements of which customers' invoices and 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 2.50% to 2.63% per annum (2012: 5.50% to 7.50%) per annum and are repayable up to 180 days from the date of disbursement.

(b) The term loans of the Company bear interest at rates ranging from 5.54% to 7.71% (2012: 5.99% to 7.48%) per annum above the bank's base lending rate and are subject to monthly repayment of up to RM113,000 for 80 months (2012: RM152,000 for 92 months).

The term loans of the subsidiary companies bear interest at variable rates from 4.9% to 12.3% (2012: 4.9% to 8.5%) per annum and are repayable in equal monthly instalments over a period of 12 months to 48 months (2012: 12 months to 60 months).

29. Borrowings (cont'd)

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 certain subsidiary companies;

(iv) Pledge on certain inventories as disclosed in Note 18;

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

(vi) Pledge on certain property, plant and equipment and deposits with financial institutions of the Group as disclosed in Note 15 and Note 24, respectively.

(c) IMTN

On 7 January 2013, the Company obtained an approval from the Securities Commission Malaysia for the establishment of a Islamic Commercial Papers ("ICP") and/or Medium Term Notes ("IMTN") Issuance Program under the Shariah principle of Musharakah of up to an aggregate limit of RM500 million in nominal value ("Sukuk Program").

The tenure of the Sukuk Program shall be seven years from the date of the first issuance in which the ICP will have a maturity tenure between one to twelve months whereas the IMTN is for a period of more than one year and up to seven years. The holders of ICP are not entitled to periodic distribution of profit/coupon/rental as the ICP will be issued at a discount to nominal value with redemption at nominal value upon maturity. The IMTN will be subjected to periodic distribution of profit/coupon/rental at rate to be determined at the point of issuance of the relevant IMTNs.

There is no security/collateral attached to the Sukuk Program and the initial credit ratings for the ICP and IMTN are P1 for the ICP and AA3 for the IMTN. The proceeds raised from the Sukuk Program shall be utilised by the Group for general corporate purposes and/or for working capital requirement.

On 11 March 2013, the Company issued a first tranche of IMTN with nominal value of RM250 million under the Sukuk Program ("250IMTN"). The 250IMTN, which was rated AA3 by RAM Rating Agency, has a tenure of 5 years and a periodic distribution rate of 4.7% per annum, payable semi-annually.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

30. Employees' service benefits

	Group	
	2013 RM'000	2012 RM'000
At beginning of year	20,742	15,786
Provision during the year	7,831	8,191
Employees' service benefits paid	(2,034)	(2,174)
Exchange differences	2,352	(1,061)
At end of year	28,891	20,742

31. Share capital and reserves

Share capital

	Group/Company			
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised share capital:				
At 1January/31 December:				
Ordinary shares of RM0.50 each	1,000,000	1,000,000	500,000	500,000
Issued and fully paid up:				
At 1 January/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.

Capital reserve

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

31. Share capital and reserves (cont'd)

Capital reserve (cont'd)

(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 in prior years.

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.

Treasury shares

	Group/Company			
	2013 units '000	**2012 units '000**	**2013 RM'000**	**2012 RM'000**
At Cost:				
As at 1 January	–	–	–	–
Shares bought back during the year	(1)	–	(2)	–
As at 31 December	(1)	–	(2)	–

During the financial year, the Company acquired 1,000 of its issued and paid-up share capital of RM0.50 each from the open market at an average price of RM1.46 per share. The shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act, 1965. The total consideration paid for the shares purchased including the transaction costs was RM1,502.

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 2013

32. Dividends

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Recognised during the financial year:				
Dividend on ordinary shares:				
Final dividend of 2 sen on 774,000,000 ordinary shares declared on 22 May 2013 and paid on 23 July 2013	15,480	–	15,480	–
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

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of RM0.01 per share on 773,899,000 ordinary shares (excluded treasury shares) of RM0.50 each, amounting to a dividend payable of RM7,738,990 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 2014.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

33. Commitment and contingencies

(a) Capital expenditure commitments

	2013 RM'000	2012 RM'000
Group		
Contracted but not provided for:		
Land	456	26,090
Factory building	2,510	5,855
Plant and machineries	–	7,453
Computer systems and others	1,456	2,736
	4,422	42,134
Approved but not contracted for:		
Factory building	31,000	2,390
Plant and machineries	18,700	–
	49,700	2,390
Company		
Contracted but not provided for:		
Computer systems	551	1,062

(b) Operating lease commitments

	2013 RM'000	2012 RM'000
Group		
Within one year	16,857	4,473
After one year but not more than five years	37,272	6,678
More than five years	195,446	394
	249,575	11,545

(c) Finance lease commitments

The Group and the Company have finance leases for certain items on property, plant and equipment as disclosed in Note 28 to financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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33. Commitment and contingencies (cont'd)

(d) Corporate guarantees

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

	2013 RM'000	2012 RM'000
Secured:		
Performance guarantee secured by certain deposits with financial institutions	649,591	507,862
Unsecured:	2,408,289	1,942,114
	3,057,880	2,449,976

34. 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 RM129,000 (2012: RM183,000) and RM7,000 (2012: RM8,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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34. 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				
2013				
Financial assets				
Amounts due from customers on construction contracts	–	–	364,531	364,531
Trade contract receivables	–	–	402,251	402,251
Other receivables and deposits (excluding prepayments)	–	–	41,800	41,800
Investment securities	–	–	130,583	130,583
Deposits and bank balances	–	129,592	52,431	182,023
Derivatives financial assets	–	–	12,181	12,181
Investment in structured deposit	24,000	–	–	24,000
Total financial assets	24,000	129,592	1,003,777	1,157,369
Financial liabilities				
Trade payables	–	–	84,101	84,101
Other payables (excluding statutory liabilities)	–	–	196,046	196,046
Bank borrowings and hire purchase payables	258,683	259,132	–	517,815
Amounts due to directors	–	–	1,167	1,167
Amounts due to customers on construction contracts	–	–	46,283	46,283
Dividend payable	–	–	3,293	3,293
Total financial liabilities	258,683	259,132	330,890	848,705
Net financial (liabilities)/ assets	(234,683)	(129,540)	672,887	308,664

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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34. 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				
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 (excluding prepayments)	–	–	40,005	40,005
Investment securities	–	–	122,041	122,041
Deposits and bank balances	–	64,981	80,020	145,001
Investment in structured deposit	25,284	–	–	25,284
Total financial assets	25,284	64,981	968,913	1,059,178
Financial liabilities				
Trade payables	–	–	110,492	110,492
Other payables (excluding statutory liabilities)	–	–	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
Total financial liabilities	248,268	5,734	387,643	641,645
Net financial (liabilities)/ assets	(222,984)	59,247	581,270	417,533

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. 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				
2013				
Financial assets				
Amounts due from subsidiaries	–	–	257,564	257,564
Other receivables and deposits (excluding prepayment)	–	–	102	102
Investment securities	–	–	87,287	87,287
Deposits and bank balances	29	–	563	592
Investment in structured deposit	24,000	–	–	24,000
Derivative financial assets	–	–	12,181	12,181
Total financial assets	24,029	–	357,697	381,726
Financial liabilities				
Trade and other payables	–	–	4,368	4,368
Bank borrowings and hire purchase payables	6,654	250,254	–	256,908
Amounts due to directors	–	–	23	23
Amounts due to subsidiaries	–	–	2,250	2,250
Total financial liabilities	6,654	250,254	6,641	263,549
Net financial assets/ (liabilities)	17,375	(250,254)	351,056	118,177

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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34. 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				
2012				
Financial assets				
Amounts due from subsidiaries	–	–	109,689	109,689
Other receivables and deposits (excluding prepayment)	–	–	913	913
Investment securities	–	–	122,041	122,041
Deposits and bank balances	–	–	5,054	5,054
Investment in structured deposit	25,284	–	–	25,284
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. Financial instruments (cont'd)

(c) Foreign currency risk

The businesses of the Group in Middle East region are exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they are relate. The operational transactions of the businesses in other major operating countries like India and Malaysia are mainly denominated in the currencies in which they operate.

The currencies giving rise to this risk are primarily United States Dollars ("USD") and Euros. In this respect, the transactions in foreign currencies by the businesses in Middle East are not considered to have significant currency risk as the currencies of main countries in Middle East in which the Group operates like the UAE Dirhams, Qatari Riyal and Saudi Riyal are pegged to USD. The operational transactions in Euro are immaterial and hence will not give rise to significant currency risk exposure.

The foreign currency risk exposure in relation to foreign currency denominated credit facilities is hedged by using currency swap arrangement.

The Group is also exposed to foreign currency translation risk arising from its investments in foreign operations, including UAE, Qatar, Saudi Arabia, India and Singapore. The Group's net investments in these foreign operations are not hedged as the currency positions in these foreign investments are considered to be long-term in nature.

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
2013				
United Arab Emirates Dirham ("AED")	513,943	5.00%	2,696	25,697
Qatari Riyal ("QR")	14,813	5.00%	83	741
Indian Rupees ("INR")	33,747	5.00%	114	1,687
Singapore Dollar ("SGD")	27,100	5.00%	860	1,355
Saudi Riyal ("SAR")	359	5.00%	15	18
2012				
United Arab Emirates Dirham ("AED")	414,682	5.00%	5,214	20,734
Qatari Riyal ("QR")	30,410	5.00%	951	1,521
Indian Rupees ("INR")	24,805	5.00%	137	1,240
Singapore Dollar ("SGD")	13,290	5.00%	1,166	665
Saudi Riyal ("SAR")	610	5.00%	6	31

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. Financial instruments (cont'd)

(c) Foreign currency risk (cont'd)

The exchange rates used for conversion are as follows:

Malaysian Ringgit to:	**2013**	**2012**
United Arab Emirates Dirham ("AED")	1.1153	1.2281
Qatari Riyal ("QR")	1.1057	1.2176
Indian Rupees ("INR")	18.7801	18.3867
Singapore Dollar ("SGD")	0.3852	0.4093
Saudi Riyal ("SAR")	1.1389	1.2556

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

(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 summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	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**
<u>Financial liabilities</u>					
Group					
2013					
Trade payables	–	84,101	–	–	84,101
Other payables (excluding statutory liabilities)	–	98,023	98,023	–	196,046
Borrowings and hire purchase payables	–	108,630	108,630	343,925	561,185
Amounts due to directors	1,167	–	–	–	1,167
Amounts due to customers on construction contracts	–	23,141	23,142	–	46,283
Dividend payable	–	3,293	–	–	3,293
	1,167	317,188	229,795	343,925	892,075

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. 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					
2012					
Trade payables	–	110,492	–	–	110,492
Other payables (excluding statutory liabilities)	–	93,681	93,681	–	187,362
Bank borrowings and hire purchase payables	–	109,291	109,290	43,381	261,962
Amounts due to director	172	–	–	–	172
Amounts due to customers on construction contracts	–	41,842	41,841	–	83,683
Dividend payable	–	5,934	–	–	5,934
	172	361,240	244,812	43,381	649,605
Company					
2013					
Trade and other payables	–	4,368	–	–	4,368
Borrowings and hire purchase payables	–	548	548	293,011	294,107
Amounts due to subsidiaries	2,250	–	–	–	2,250
Amounts due to directors	23	–	–	–	23
	2,273	4,916	548	293,011	300,748
2012					
Trade and other payables	–	1,770	–	–	1,770
Bank borrowings and hire purchase payables	–	655	655	8,137	9,447
Amounts due to subsidiaries	873	–	–	–	873
Amounts due to directors	139	–	–	–	139
	1,012	2,425	655	8,137	12,229

34. 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. The Group trades only with recognised and creditworthy third parties and did not impose 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. 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. At the reporting date, approximately 57% (2012: 59%) of the Group's trade receivables were due from 50 (2012: 50) major customers who are reputable and located in UAE.

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 do 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 22 and 23 to the financial statements, 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. 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, structured deposit and derivative financial assets RM'000
By country:			
Group			
2013			
Qatar	215,191	23,222	–
UAE	424,327	145,393	–
Malaysia	60,667	8,696	154,583
India	107,602	3,709	–
Saudi	–	776	–
Singapore	795	227	12,181
	808,582	182,023	166,764
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

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

34. 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, structured deposit and derivative financial assets RM'000	Amounts due from subsidiaries RM'000
By country:				
Company				
At 31.12.2013				
Qatar	–	–	–	11
UAE	–	–	–	29,814
Malaysia	102	592	111,287	147,657
India	–	–	–	78
Saudi	–	–	–	65
Singapore	–	–	12,181	79,939
	102	592	123,468	257,564
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

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in the quoted convertible equity instruments of an associated company, which is listed on the SGX. The quoted convertible equity instruments are classified as derivative financial asset as disclosed in Note 17 to the financial statements.

The Group's objective of investment in the convertible equity instruments is to maintain its existing level of equity interest in the listed associate upon the conversion of the convertible equity instruments into the shares of the associate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

34. Financial instruments (cont'd)

(f) Market price risk (cont'd)

Sensitivity analysis for equity price risk

At the end of financial year, with all other variables held constant, the impact of 5% change in the Straits Times Index of SGX on the fair value gain of the derivative financial asset would result in approximately 1.9% (2012: N/A) variance in Group's profit for the year.

(g) Categories of financial instruments

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

	2013 RM'000	2012 RM'000
Group		
Financial assets		
Loans and receivables		
Amounts due from customers on construction contracts	364,531	307,062
Trade contract receivables	402,251	419,785
Other receivables and deposits (excluding prepayments)	41,800	40,005
Deposits and bank balances	182,023	145,001
	990,605	911,853
Available-for-sale		
Investment securities	130,583	122,041
Fair value through profit or loss		
Derivative financial assets	12,181	–
Investment in structured deposit	24,000	25,284
	36,181	25,284
Financial liabilities		
At amortised cost		
Hire purchase payables	9,132	5,734
Borrowings	508,683	248,268
Trade payables	84,101	110,492
Other payables (excluding statutory liabilities)	196,046	187,362
Amounts due to directors	1,167	172
Amounts due to customers on construction contract	46,283	83,683
Dividend payable	3,293	5,934
	848,705	641,645

34. Financial instruments (cont'd)

(g) Categories of financial instruments (cont'd)

Financial instruments of the Group and of the Company are categorised as follows: (cont'd)

	2013 RM'000	2012 RM'000
Company		
<u>Financial assets</u>		
Loans and receivables		
Other receivables and deposits (excluding prepayments)	102	913
Amounts due from subsidiaries	257,564	109,689
Deposits and bank balances	592	5,054
	258,258	115,656
Available-for-sale		
Investment securities	87,287	122,041
Fair value through profit or loss		
Derivative financial assets	12,181	–
Investment in structured deposit	24,000	25,284
	36,181	25,284
<u>Financial liabilities</u>		
At amortised cost		
Hire purchase payables	254	299
Borrowings	256,654	7,973
Trade payables	545	1,591
Other payables (excluding statutory liabilities)	3,823	179
Amounts due to directors	23	139
Amounts due to subsidiaries	2,250	873
	263,549	11,054

35. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

35. 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 2013			
Non-current Asset			
Investment in structured deposit	–	24,000	24,000
Derivative financial asset	12,181	–	12,181
	12,181	24,000	36,181
Current Asset			
Investment securities	130,583	–	130,583
At 31 December 2012			
Non-current Asset			
Investment in structured deposit	–	25,284	25,284
Current Asset			
Investment securities	122,041	–	122,041

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

35. Fair values of financial instruments (cont'd)

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

	Valuation technique using		
	Quoted market price Level 1 RM'000	Market observable inputs Level 2 RM'000	Total RM'000
Company			
Financial assets measured at fair value:			
At 31 December 2013			
Non-current asset			
Investment in structured deposit	–	24,000	24,000
Derivative financial asset	12,181	–	12,181
	12,181	24,000	36,181
Current asset			
Investment securities	87,287	–	87,287
At 31 December 2012			
Non-current asset			
Investment in structured deposit	–	25,284	25,284
Current asset			
Investment securities	122,041	–	122,041

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

(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 34(g) to financial statements.

The carrying amounts of the Group's and the of 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.

36. 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 manage 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 2013 and 31 December 2012.

The Group and the Company monitor capital through the amounts of shareholders' funds as well as gearing ratio. 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. The Group and the Company also monitor the capital using a gearing ratio, which is total borrowing divided by total equity. Under the 250IMTN as disclosed in Note 29 to the financial statements, the Company has committed to amongst others, a consolidated gearing ratio of 1.35 times throughout the five years tenure of the program, which if breached may constitute the occurrence of an event of default which the 250IMTN will be subjected to immediate repayment if demanded so by the lenders. The Group and the Company believe 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. The Group and the Company include within total borrowings, interest bearing loans and borrowings, excluding discontinued operations. Capital is made up of equity attributable to the equity holders of the parent.

	Group		**Company**	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Bank borrowings	258,683	248,268	6,654	7,973
250IMTN	250,000	–	250,000	–
Hire purchase payables	9,132	5,734	254	299
Total borrowings	517,815	254,002	256,908	8,272
Equity attributable to the equity holders of the Group/Company	845,494	783,260	600,265	641,825
Gearing (Debt/equity) ratio	0.61	0.32	0.43	0.01

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
- 31 DECEMBER 2013

37. 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.

The subsidiaries included in the following segments are:

a) Middle East - Eversendai LLC, Eversendai Qatar, Eversendai FZE, Eversendai Abu Dhabi, EVSC, ETRMC and Eversendai Saudi

b) Malaysia - Shineversendai, ETSB, EPSB, PKSB, Eversendai O&G and Eversendai Corporation Berhad

c) India - Eversendai India

d) Others - Eversendai Singapore, ETPL and EEPL Singapore

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

37. 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
2013							
Revenue:							
External	647,355	107,178	210,517	–	965,050	–	965,050
Internal	193,687	11,069	13,145	13,380	231,281	(231,281)	–
Total revenue	841,042	118,247	223,662	13,380	1,196,331		965,050
Results:							
Interest income	1,535	37	952	–	2,524	–	2,524
Dividend income from investment in securities	–	–	5,324	–	5,324	–	5,324
Gain/(loss) on disposal of property, plant and equipment	55	–	(3)	–	52	–	52
Unrealised foreign exchange gains/(losses)	1,038	(1,238)	1,403	4,071	5,274	1,327	6,601
Impairment loss on investment in associate	–	–	(26,156)	–	(26,156)	–	(26,156)
Net gain on financial assets at fair value through profit or loss	–	–	5,043	–	5,043	–	5,043
Depreciation of property, plant and equipment	(19,683)	(2,261)	(5,731)	–	(27,675)	–	(27,675)
Management fees	(2,142)	–	–	–	(2,142)	–	(2,142)
Income tax expense	(7,323)	2,402	(1,874)	–	(6,795)	–	(6,795)
Segment profit/(loss)	55,281	(2,283)	(13,158)	17,200	57,040	(24,370)	32,670

37. 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
2013							
Assets:							
Property, plant and equipment	129,916	48,839	183,597	–	362,352	–	362,352
Other assets*	1,117,632	127,675	987,085	107,629	2,340,021	(938,992)	1,401,029
Segment liabilities^	(718,432)	(142,767)	(510,655)	(80,529)	(1,452,383)	535,870	(916,513)

* 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 statement of financial position.

37. 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
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

37. 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
2012							
Assets:							
Property, plant and 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 statement of financial position.

38. Subsequent events

(a) Shares buy-back

On 3 March 2014, the Company purchased 100,000 units of its ordinary shares from the open market at a consideration of RM0.891 per unit.

(b) Proposed acquisition of additional stake in ETSB

On 13 March 2014, the Company entered into a sale and purchase agreement TOGL for the purchase by the Company from TOGL 300,000 ordinary shares of RM1 each representing 30% equity interest in ETSB for a total cash consideration of RM300,000. The acquisition was completed on 11 April 2014, and accordingly, ETSB and its wholly owned ETRMC have become wholly-owned subsidiaries of the Company.

On 14 April 2014, ETSB has changed its name to Eversendai Offshore Sdn. Bhd.

SUPPLEMENTARY INFORMATION

39. Supplementary information

Realised and unrealised profits

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

	2013 RM'000	2012 RM'000
Total retained profits of the Company and its subsidiaries,		
- Realised	587,456	650,862
- Unrealised	30,487	10,229
	617,943	661,091
Total share of retained earnings/(accumulated losses) from:-		
Associated companies:		
- Realised	(6,025)	–
Less: Consolidation adjustments	(346,208)	(412,537)
Total Group profits as per consolidated accounts	265,710	248,554

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 GROUP PROPERTIES
AS AT 31 DECEMBER 2013

	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'000)
	Eversendai Corporation Berhad						
1	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 / –	< 4 years	2007	^30,738
2	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
3	Geran 111869, Lot No. 67332 and Geran 111869, Lot No. 67332, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor in Mutiara Damansara, Malaysia	2 parcels of commercial land	– / 87,759	Freehold / –	–	2013	61,290
4	Geran 93135, Lot No. 22510, Bandar Kundang, Daerah Gombak, Negeri Selangor, Malaysia	1 piece of land under the category of land use for agriculture	– / 2,080,661	Freehold / –	–	2013	50,470

LIST OF GROUP PROPERTIES (cont'd)
AS AT 31 DECEMBER 2013

	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'000)
	Eversendai Engineering LLC, Dubai						
5	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 expiring 10 May 2029	< 14 years	1999	1,933
6	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 expiring 13 July 2038	< 8 years	2006	19,165
7	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 expiring 4 August 2109	< 7 years	2007	9,639
8	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	< 7 years	2007	1,704
	Eversendai Engineering Qatar WLL						
9	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 expiring 15 August 2031	< 7 years	2007	20,664

LIST OF GROUP PROPERTIES (cont'd)
AS AT 31 DECEMBER 2013

	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'000)
	Eversendai Construction Private Limited, India						
10	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 / –	< 39 years	2010	585
11	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	8,616
12	Plot No: 1 & 2 (Np), The Lords. Block-1, 5th Floor, Northern Extension Area, Thiru. Vi. Ka. Industrial Estate, Ekkatuthangal, Chennai 600032	Office building	17,648	Freehold	< 8 years	2013	8,420

LIST OF GROUP PROPERTIES (cont'd)
AS AT 31 DECEMBER 2013

	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'000)
	Eversendai Engineering FZE, Sharjah						
13	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	2 blocks of 2 storey office buildings, fabrication factory and yard	1,957,578 / 1,734,809	Leasehold 5 to 10 years expiring between 4 July 2015 and 4 July 2018	< 9 years	2005	37,032

Note:

^ *Comprised of 3 pieces of freehold industrial land with total net book value of RM6,971,976 owns by the Company, and a 2-strorey office building and a 1-storey factory building with total net book value of RM23,731,050 owns by Shineversendai.*

ANALYSIS OF SHAREHOLDINGS
AS AT 28 APRIL 2014

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

^ Includes Treasury shares of 101,000 shares

Distribution of Shareholdings as per the Record of Depositors

Size of shareholdings	Number of shareholders	%	Number of shares held	%
Less than 100	18	0.62	546	0.00
100 to 1,000	446	15.43	381,100	0.05
1,001 to 10,000	1,665	57.61	9,009,349	1.16
10,001 to 100,000	641	22.18	20,187,820	2.61
100,001 to less than 5% of issued shares	117	4.05	92,463,565	11.95
5% and above of issued shares	3	0.11	651,856,620	84.23
Total *	2,890	100.00	773,899,000	100.00

* Treasury share of 101,000 excluded

Substantial Shareholders as per the Register of Substantial Shareholders

No	Name of Shareholders	Number of Shares Held	%
1	Nathan a/l Elumalay	549,110,920	70.95
2	Employees Provident Fund Board		
	Shares Held in the name of:-		
	Citigroup Nominees (Tempatan) Sdn Bhd	62,460,100	8.07
3	Lembaga Tabung Haji	40,285,600	5.21

ANALYSIS OF SHAREHOLDINGS (cont'd)
AS AT 28 APRIL 2014

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**	**%**
Tan Sri Nathan a/l Elumalay	549,110,920	70.95	1,052,420 *	0.14
Nadarajan Rohan Raj	1,630,000	0.21	–	–
Narla Srinivasa Rao	1,630,000	0.21	–	–
Narishnath a/l Nathan	2,190,020	0.28	–	–
Datuk Ng Seing Liong	50,000	0.01	–	–

* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965

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

	Direct Interests	
	Number of Shares Held	**%**
Tan Sri Nathan a/l Elumalay	1	0.00

Tan Sri 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.

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	549,110,920	70.95
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	54,957,700	7.10
3	LEMBAGA TABUNG HAJI	40,285,600	5.20
4	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LYNAS ASIA FUND	18,000,000	2.33
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	7,423,100	0.96
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (HDBS)	6,002,400	0.78
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	5,941,200	0.77
8	ROARING ACHIEVEMENT SDN.BHD.	5,627,900	0.73
9	LEMBAGA TABUNG ANGKATAN TENTERA	5,286,000	0.68
10	CARTABAN NOMINEES (ASING) SDN BHD DAIWA CAPITAL MKTS SG FOR HANWA CO LTD.	3,900,000	0.50
11	NARISHNATH A/L NATHAN	2,190,020	0.28

ANALYSIS OF SHAREHOLDINGS (cont'd)
AS AT 28 APRIL 2014

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	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BHD FOR LIBRA AMANAH SAHAM WANITA (N14011980040)	2,000,000	0.26
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB-OSK EQUITY TRUST (3175)	1,762,700	0.23
14	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NADARAJAN ROHAN RAJ	1,630,000	0.21
15	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SRINIVASA RAO NARLA	1,630,000	0.21
16	EMPLOYEES PROVIDENT FUND BOARD	1,500,000	0.19
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE	1,377,700	0.18
18	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHAI SUNG LEE	1,363,200	0.18
19	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,278,200	0.16
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,188,000	0.15
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM (MM0749)	1,060,800	0.14
22	PUSPAWATHY A/P SUBRAMANIAM	1,052,420	0.14
23	ABDUL RASHID HUSSAIN	1,000,000	0.13
24	PUBLIC INVESTMENT BANK BERHAD CLEARING FOR LIBRA INVEST BERHAD	1,000,000	0.13
25	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST,SINGAPORE BRANCH (CUST ASSET)	1,000,000	0.13
26	LOW CHU MOOI	940,000	0.12
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR LIBRA EQUITYEXTRA FUND (990405)	900,000	0.12
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	890,600	0.11
29	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD	860,000	0.11
30	CIMSEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOBLE PLAN SDN BHD	850,000	0.11
		722,008,460	93.29

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **Eversendai Corporation Berhad** (the "Company") will be held at Mahkota III, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 19 June 2014 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1 To table the Audited Financial Statements of the Company for the year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. ***Note 8***

2 To declare a single tier final dividend of 1 sen per share in respect of the financial year ended 31 December 2013 as recommended by the Directors. ***Resolution 1***

3 To approve payment of Directors' fees. ***Resolution 2*** ***Note 9***

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:

Tan Sri Nathan a/l Elumalay ***Resolution 3***
Tan Sri Rastam bin Mohd Isa ***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** Mohammad Nizar bin Idris, who retires pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as 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 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 Existing Recurrent Related Party Transactions and Proposed New Shareholders' 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 its subsidiaries (the "Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 28 May 2014, 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 Renewal of Authority on Share Buy-Back** ***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 "Eversendai 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;

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the Eversendai 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 Eversendai Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Eversendai Shares so purchased or to retain the Eversendai 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 Eversendai 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 Eversendai 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
Company Secretary

Rawang
28 May 2014

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of Members at the Eleventh Annual General Meeting to be held on Thursday, 19 June 2014 at 10.00 a.m., a final single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2013, will be paid on 23 July 2014 to Depositors whose names appear in the Record of Depositors on 9 July 2014.

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 2014 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
Company Secretary

Rawang
28 May 2014

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 2014. 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.

9 Proposed Ordinary Resolution 2 is to approve the Directors' fees for the period from this Annual General Meeting to the next Annual General Meeting of the Company, to be payable on a quarterly basis.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

Explanatory notes on Special Business:-

1 **Ordinary Resolution 7 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

The existing general mandate for the authority to issue shares pursuant to Section 132D of the Companies Act, 1965, was approved by the shareholders of the Company at the Tenth Annual General Meeting held on 19 June 2013. 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 shares pursuant to Section 132D of the Companies Act, 1965. The proposed Ordinary Resolution 7, if passed, will empower the Directors to 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 Eleventh 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 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 Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 28 May 2014.

3 **Ordinary Resolution 9 - Proposed Renewal of Authority on Share Buy-Back**

Please refer to the Circular to Shareholders dated 28 May 2014.

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 Eleventh 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 on *my/our behalf at the Eleventh Annual General Meeting of the Company, to be held on Thursday, 19 June 2014 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 single tier final dividend of 1 sen per share in respect of the year ended 31 December 2013	1		
2	To approve Directors' fees	2		
3	To re-elect Tan Sri Nathan a/l Elumalay as Director	3		
4	To re-elect Tan Sri Rastam bin Mohd Isa 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 Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	8		
9	Proposed Renewal of Authority on Share Buy-Back	9		

** Strike out whichever not applicable*

Signed this______________day of ____________________2014.

No. of Shares Held

____
Signature of Member(s)/Common Seal

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
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