Annual Report 2014

DRIVING
SUSTAINABILITY

EVERSENDAI

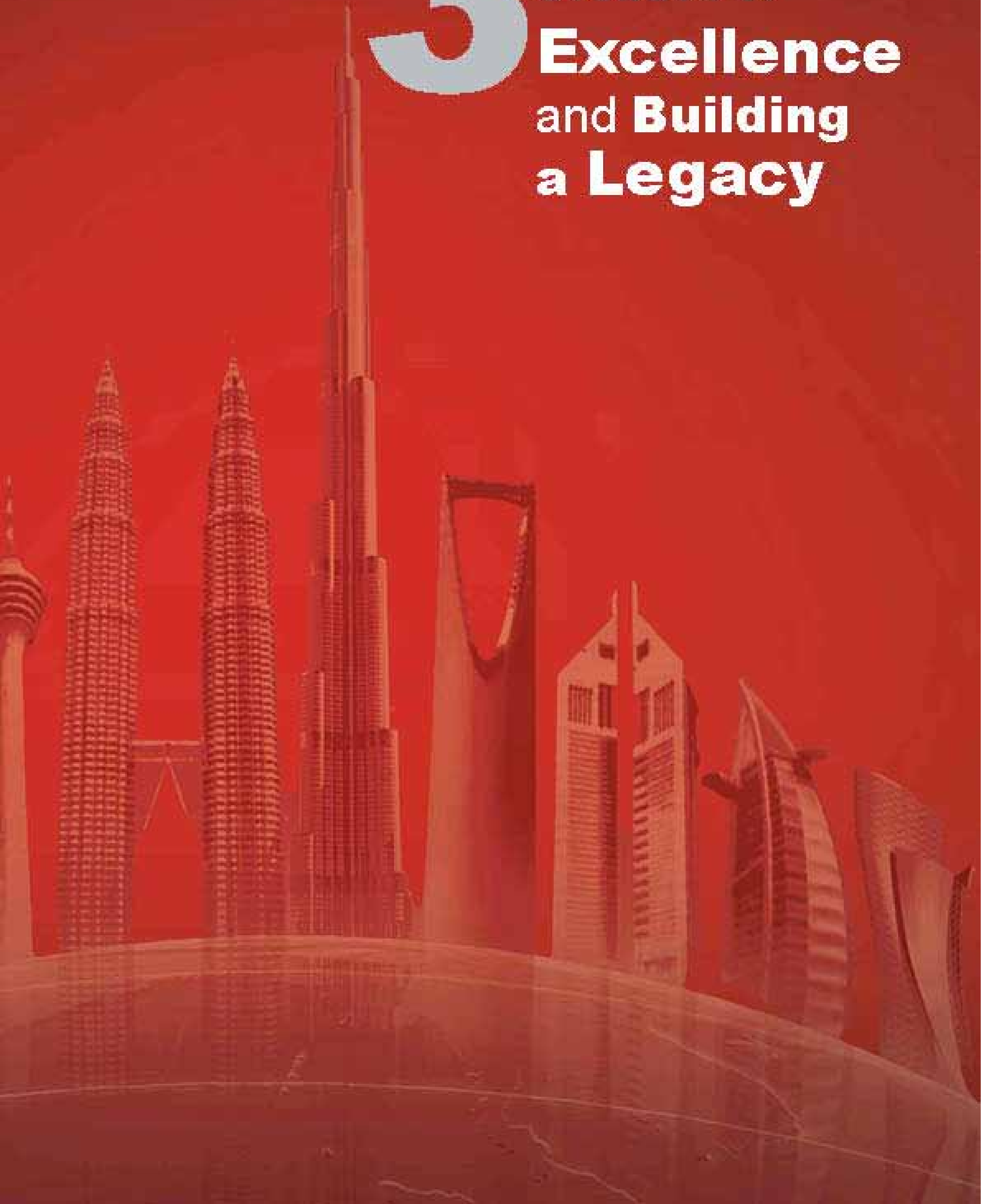
EVERSENDAI CORPORATION BERHAD (614060-A)

THE RATIONALE

Eversendai's strategic transformation and growth in the past decade has propelled our organisation forward as we moved to new frontiers and reinforced our position as a leading innovative and diversified global organisation. Eversendai has been focused on Driving Sustainability and we anticipate continuing our efforts well into the future with the implementation of various initiatives which will ensure long-term growth, resilience and stability.

We will identify and pursue various sustainability opportunities, including, strengthening the areas of human capital, stakeholder engagement, environmental management systems as well as reporting and disclosure to maximise shareholder value. We will also continue to enhance innovation to achieve organic growth and increased brand value in the foreseeable future.

3 decades of **Excellence** and **Building** a **Legacy**



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VISION

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 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 objectives.

CORE VALUES

Compliance to **Safety**

Conformance to **Quality**

Adherence to **Schedule**

Consistent **Client Satisfaction**

OUR FOCUS ON QUALITY

EVERSENDAI'S QUALITY PERFORMANCE AND CONFORMANCE IS ATTRIBUTED TO ITS DEVELOPMENT AND IMPLEMENTATION OF POLICIES AND PROCEDURES.

A policy is a formal statement of a principle or rule that employees in Eversendai must comply to. Each policy addresses an issue important to Eversendai's mission or operations.

A procedure tells employees of Eversendai how to carry out or implement a policy.

Policy is the "what" and the procedure is the "how to". Policies are written as statements or rules. Procedures are written as instructions, in logical steps.

In Eversendai there are two sets or groups of policies and procedures as stated below:

Policies and Procedures (P & P) that are incorporated and governed by Eversendai's Integrated Management System (IMS) is a combined integration of the Quality Management System, the Health and Safety Management System and the Environment Management System. The IMS is subjected to an internal IMS audit to assess compliance. Any non-compliance issues raised are discussed between the auditors and auditees and actions are undertaken to resolve the non-compliances. The internal IMS audit report is presented to the Management Committee, the members of whom will decide how to proceed further.

Upon successful resolution of all non-compliances and to the satisfaction of Eversendai Management the IMS is subjected to an international certification audit by an external accredited agency to ensure that Eversendai is complying with the requirements of the subscribed international standards. IMS policies and procedures are reviewed annually for continual improvement or whenever there is a process change. The scope of the internal IMS audit is only confined to the policy statement, description or instruction in the procedure and the requirements of the subscribed international standard. Internal IMS audit is an activity undertaken by the organisation to assess the effectiveness of its implemented integrated management system by adding value and providing opportunities for continual improvement. It also helps the organisation to assess its status of compliance with regards to the subscribed international standards for certification.

Policies and Procedures that are not part of the IMS and comprises of Eversendai's business operations are audited by the internal audit to ensure that the employees are complying with these documents. Internal auditors will also audit the IMS P & P as and when required. Non-compliances or findings from an internal audit are presented in a report to the process owner who undertakes the necessary actions to close the audit finding. A summary of all internal audit reports undertaken for the financial year and critical findings are presented to the audit committee for further deliberation and resolution. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Eversendai's operations. It helps Eversendai accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the overall effectiveness of risk management, control, and governance processes.

OUR COMMITMENT TO HEALTH, SAFETY & ENVIRONMENT

EVERSENDAI IS COMMITTED TO PROVIDING ADEQUATE CONTROL OF HEALTH AND SAFETY RISKS ARISING FROM WORK ACTIVITIES BY MAINTAINING SAFE PLANT AND EQUIPMENT PRACTICES AS WELL AS HEALTHY WORK CONDITIONS.

We have successfully continued to obtain the full cooperation and support of all employees through proper communication channels to ensure their health, safety and welfare. We are also committed to economically utilising resources to minimise the generation of waste whilst practicing recycling where possible as part of our contribution to protect the environment. This is an integral part of our sustainable business strategy.

Objective And Targets

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

- **Training and educating personnel on proper work procedures**
- **Supervising all work accordingly**
- **Proper methods of hazard elimination**
- **Maintaining work area from hazards**
- **Ensuring equipment are adequate, safe and approved**
- **Create self-awareness on the importance of safety amongst employees**
- **Encourage participation in all safety programmes on-site**
- **Nurture the commitment of each worker towards his/her respective duties**

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

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

OUR COMMITMENT TO HEALTH, SAFETY & ENVIRONMENT
(Cont'd)

HSE Management Programmes

In line with our objectives to prevent accidents, occupational hazards and environmental pollution, various programmes have been initiated in addition to the existing programmes. These programmes include:

Interaction and Observation

a. **Daily Safety Tool Box Meeting**
This meeting is held every morning for all workers to motivate and remind them of the hazards of their workplace.

b. **Monitoring and Counseling**
We actively monitor and, where necessary, provide counseling to our workforce as a preventive measure against any adverse eventualities.

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

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

Continual Safety Awareness Development

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

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

c. **First Aid Training**
We have identified and trained selected employees to administer emergency treatment in the event of injuries before professional medical care is available.

Compliance with Laws, Regulation and Best Practices

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

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

Support and Motivation

Safety awards

Employees are encouraged to participate in safety campaigns such as slogan contests and outstanding employees are acknowledged and awarded certificates for their effort.

Environment

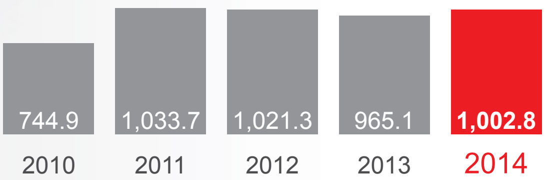
Eversendai has adopted and applied the Reduce, Reuse and Recycle (3R) concept as part of the daily operations. We practice energy savings where possible as part of our energy management efforts. All recyclable wastes such as unusable steel and wood off-cuts, plastic and paper are recycled.

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

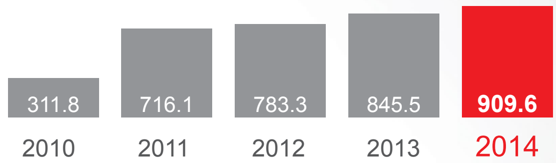
In addition to these, we have noise monitoring procedures in place to maintain the noise quality within the environment surrounding our factories.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

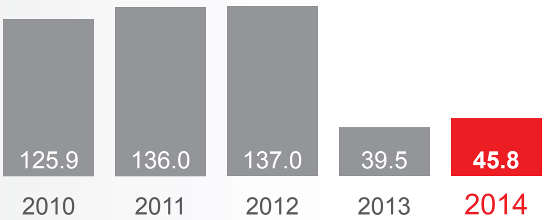
Revenue RM' million



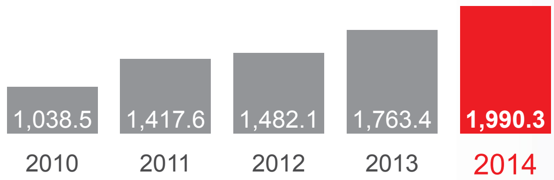
Shareholders' Funds RM' million



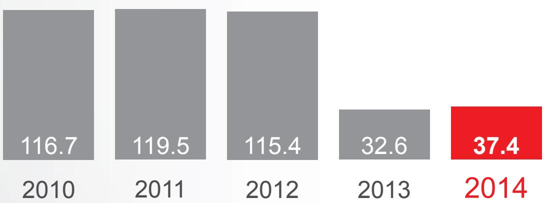
Profit Before Tax RM' million



Total Assets RM' million

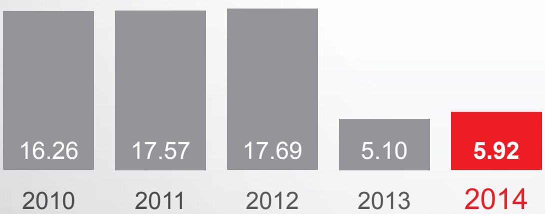


PATAMI RM' million

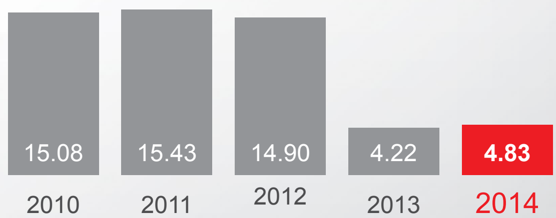


Net Tangible Assets Per Share* RM

Gross Earnings Per Share* Sen



Net Earnings Per Share* Sen



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

GROUP FINANCIAL
SUMMARY

CONSOLIDATED STATEMENTS As At 31 December
FINANCIAL POSITION

	2010	2011	2012	2013	2014
ASSETS	RESTATED (RM'000)		AUDITED (RM'000)		
Non-current assets	194,104	222,788	253,299	497,148	**565,702**
Current assets	844,401	1,194,838	1,228,788	1,266,233	**1,424,639**
Total Assets	**1,038,505**	**1,417,626**	**1,482,087**	**1,763,381**	**1,990,341**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28,000	387,000	387,000	387,000	**387,000**
Share premium	-	191,515	191,515	191,515	**191,515**
Treasury shares	-	-	-	(2)	**(91)**
Capital reserve	307	307	307	307	**307**
Foreign currency translation reserve	(29,476)	(18,767)	(44,243)	1,418	**35,952**
Fair value adjustment reserve	-	(346)	127	(454)	**(428)**
Retained earnings	312,942	156,412	248,554	265,710	**295,375**
	311,773	716,121	783,260	845,494	**909,630**
Non-controlling interests	7,036	12,474	5,824	1,374	**346**
Total equity	**318,809**	**728,595**	**789,084**	**846,868**	**909,976**
Non-current liabilities	29,203	30,210	59,780	332,420	**332,875**
Current liabilities	690,493	658,821	633,223	584,093	**747,490**
Total liabilities	**719,696**	**689,031**	**693,003**	**916,513**	**1,080,365**
TOTAL EQUITY AND LIABILITIES	**1,038,505**	**1,417,626**	**1,482,087**	**1,763,381**	**1,990,341**
Net tangible asset per share (RM)	0.39	0.91	1.00	1.08	**1.16**
Current ratio (times)	1.22	1.81	1.94	2.17	**1.91**
Liquidity ratio (times)	0.21	0.44	0.24	0.47	**0.40**
Debt-to-equity ratio (times)	1.27	0.43	0.32	0.61	**0.60**

CONSOLIDATED STATEMENTS For The Year Ended 31 December

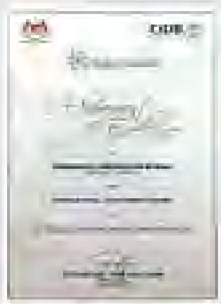
COMPREHENSIVE INCOME

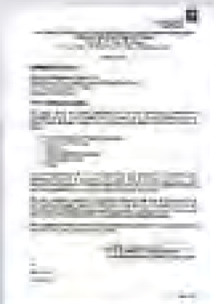
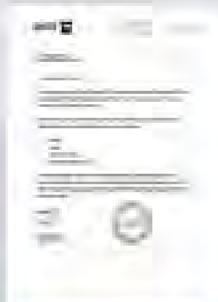
	2010	2011	2012	2013	2014
	RESTATED (RM'000)		AUDITED (RM'000)		
Revenue	744,926	1,033,702	1,021,253	965,050	**1,002,809**
EBITDA	163,414	179,326	182,254	112,090	**111,454**
Profit before taxation	125,853	136,018	136,952	39,465	**45,789**
Income tax expense	(2,332)	(4,469)	(15,456)	(6,795)	**(9,348)**
Profit for the year	**123,521**	**131,549**	**121,496**	**32,670**	**36,441**
ATTRIBUTABLE TO :					
Equity holders of the Company	116,727	119,455	115,362	32,636	**37,404**
Non-controlling interests	6,794	12,094	6,134	34	**(963)**
	123,521	**131,549**	**121,496**	**32,670**	**36,441**
Basic earnings per share (sen)	15.08	15.43	14.90	4.22	**4.83**
EBITDA as a percentage of revenue	21.9%	17.3%	17.8%	11.6%	**11.1%**
Profit before tax as a percentage of revenue	16.9%	13.2%	13.4%	4.1%	**4.6%**
Profit before tax as a percentage of shareholders funds	40.4%	19.0%	17.5%	4.7%	**5.0%**

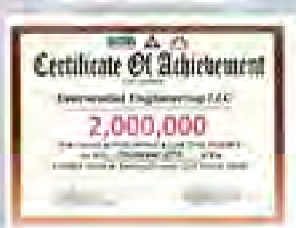
AWARDS & RECOGNITION

2014	International Achievement Award	CIDB
	Largest Exporter to Azerbaijan	Dubai Chamber
2013	Best BIM Projects Award for Qatar Faculty of Islamic Studies	Tekla, ME
	Best Steel – Special Recognition Award for the Gate District Tower	Tekla, ME
2012	Public Favorite Project for the Capital Market Authority Office Tower	Tekla, ME
	Business Excellence South-East Asia 2012	Asian Business Leadership Forum
	1Malaysia iAward 2012 – Honorary iGo	A2Z Strategic Partner
2011	Innovative Leadership in Globalisation	Malaysian Institute of Directors
2010	Best Malaysian Steel Contractor & Fabricator in Middle East – Eversendai Engineering LLC 2010	Matrade Dubai
	Export Excellence Awards (Services) 2009	Ministry of International Trade & Industry (MITI)
	Brand Personality Award 2009	The Brandlaureate

2009	Asia Pacific Entrepreneurship Award – Outstanding Entrepreneurship	Enterprise Asia
	MOSHPA OSH Excellence Award 2009 – Steel Erection & Fabrication Sector	Malaysian Occupational Safety & Health Professional's Association
	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	Ernst & Young
	International Star Award for Leadership in Quality in the Gold Category	Business Initiative Directions – France
2008	CEO of the Year 2008 Award	CIDB (MCIEA)
	Master Entrepreneur of the Year 2008 Award and Malaysian Entrepreneur of the Year Award	Ernst & Young
	SMEs Best Brands in the Asia Pacific – Structural Steel Specialist	The Brandlaureate
	SME Overseas Platinum award for 2008	SMI Malaysia
	Golden Construction Award during the 20th International Construction Award (New Millennium Award)	The Trade Leaders Club, Madrid Spain
	Gold Steel Award	Tekla, ME
	Certification of Recognition for the Contribution in achieving 12,000,000 manhours without LTI (2 × 700 MW Coal Fired Power Plant Jimah Project	DOSH
	Safety & Health Excellence Award for Best OSH Management for Boiler, ESP & FGD (2 × 700 MW Jimah Coal Fired Power Plant) preassembly and installation year 2007 / 2008	MOSHPA
2007	Best Steel Model	Tekla, ME
2005	International Achievement Award	CIDB - MCIEA
2004	International Achievement Award	Malindian
2000	Achievement Award at the Mega Achievement rally	INTAMM



GROUP MILESTONES

Eversendai has evolved from 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.

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

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

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)

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 Area, 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 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

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 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 TJ Pearl Mansion, Qatar

Awarded steel structure contract for Hub Zero Family Entertainment Centre, Dubai

Completed construction of 5th fabrication plant in Trichy, India

Incorporated Eversendai Offshore RMC FZE, Ras Al Khaimah, UAE

Acquisition of shares in Eversendai Oil & Gas (M) Sdn. Bhd., Malaysia

Commenced works on first waterfront fabrication yard in Ras Al Khaimah, UAE

2014

Awarded contract for the engineering, procurement, construction and delivery of 2 **self-propelled jack-ups/liftboats**, Ras Al Khaimah

Awarded structural steel contract for **Al Salam Hangar**, Saudi Arabia

Awarded structural steel contract for the renovation of **Khalifa Olympic Stadium**, Qatar

Awarded structural steel contract for **Gabbro Terminal Expansion** Project, Qatar

Awarded structural steel contract for **Kshitij**, India

Awarded structural steel contract for **J3 Project**, India

Awarded structural steel and mechanical contract for **Terengganu Gas Terminal Project – Phase 2**, Malaysia

Winner of the

INTERNATIONAL ACHIEVEMENT AWARD

at CIDB's Malaysian Construction Industry Excellence Awards 2013

CLEVELAND CLINIC

Abu Dhabi

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 PJN.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 PJN.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 PJN.JP
(Member/Independent Non-Executive Director)

JOINT COMPANY SECRETARIES

Cheok Kim Chee (MACS 00139)
Md Shaizatul Azam (MAICSA 7023909)

REGISTERED OFFICE

Lot 19956, Jalan Industri 3/6
Rawang Integrated Industrial Park
48000 Rawang
Selangor Darul Ehsan, Malaysia
Telephone : 603 6091 2575
Fax : 603 6091 2577

PRINCIPAL PLACE OF BUSINESS

Level 5, Menara Mudajaya
12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 603 7733 3300
Fax : 603 7733 3351/2
Website : www.eversendai.com

PRINCIPAL BANKERS

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

UAE
Abu Dhabi Commercial Bank
Abu Dhabi Islamic Bank
Dubai Islamic Bank (PJSC)
Emirates NBD Bank (PJSC)
Standard Chartered Bank
United Bank Limited

QATAR
HSBC Bank Middle East Limited
MashreqBank PSC
Standard Chartered Bank

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
Tel : 603 7495 8000
Fax : 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 : 603 7849 0777
Fax : 603 7841 8151 / 8152

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SENDAI
Stock Code: 5205

SHARIAH CERTIFYING AUTHORITY

Shariah Advisory Council (SAC)

CORPORATE STRUCTURE

EVERSENDAI CORPORATION BERHAD (614060-A)

- **Eversendai Engineering LLC** (Baku, Azerbaijan)
- **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** (Malaysia)
  - **Eversendai Offshore RMC FZE** (Ras Al Khaimah, UAE)
- **ECB Properties Sdn Bhd** (Malaysia)
- **Perisai Kuasa Sdn Bhd** (Malaysia)
  - **Eversendai Oil & Gas (M) Sdn Bhd** (Malaysia)
- **Eversendai Constructions (M) Sdn Bhd** (Malaysia)
  - **Eversendai Engineering (Pvt) Ltd** (Sri Lanka)
- **Eversendai Frontiers Pvt Ltd** (Mumbai, India)

—— Subsidiary company

BOARD OF DIRECTORS

Seated from left to right

Tan Sri Rastam Bin Mohd Isa

Tan Sri Nathan A/L Elumalay

Mohammad Nizar Bin Idris

Datuk Ng Seing Liong PJN.JP

Standing from left to right

S Sunthara Moorthy A/L S Subramaniam

Narla Srinivasa Rao

Nadarajan Rohan Raj

Narishnath A/L Nathan

THE DIRECTORS' PROFILE

Tan Sri Nathan A/L Elumalay

Executive Chairman & Group Managing Director

Tan Sri Nathan A/L Elumalay, Malaysian, aged 59, 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 integrated structural steel turnkey contractors. Under Tan Sri's leadership, the Eversendai Group has successfully completed the structural steel work for many high-profile global projects namely, Tower 2 of the Petronas and the Kuala Lumpur International Airport in Malaysia; the Burj Al Arab, Dubai Mall, Ski Dubai and Burj Khalifa in Dubai, UAE; Capital Gate in Abu Dhabi, UAE; and the New Doha International Airport in Doha, Qatar.

Tan Sri has also been instrumental in establishing steel fabrication facilities in Rawang, Dubai, Sharjah, Doha, Trichy and Ras Al Khaimah with a combined annual capacity of over 210,000 tonnes. Today, Eversendai employs over 10,000 staff in 7 countries and operates out of 12 offices.

Tan Sri has won several notable industry awards which pay tribute to his contributions to the construction industry such as the Golden Construction Award 2008 from the Trade Leaders Club in Madrid, Spain, the Malaysian Entrepreneur of the Year 2008 from Ernst & Young as well as CEO of the Year Award in 2008 by CIDB. Tan Sri is also a prolific speaker and is often invited to deliver speeches at various seminars, forums, universities and conferences.

Mohammad Nizar Bin Idris

Senior Independent Non-Executive Director

Encik Mohammad Nizar Bin Idris, Malaysian, aged 72, is a Senior Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Directors 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 Pacific & Orient Insurance Co. 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.

Tan Sri Rastam Bin Mohd Isa

Independent Non-Executive Director

Tan Sri Rastam Bin Mohd Isa, Malaysian, aged 63, 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 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 assumed the post of Malaysian Ambassador to the Republic of Indonesia. He returned to New York and served as Malaysia's Permanent Representative to the United Nations from March 2003 to August 2005. He served as Deputy Secretary General at the Ministry of Foreign Affairs, Malaysia before being appointed as Secretary General. Tan Sri Rastam served as the Secretary General of the Ministry of Foreign Affairs, Malaysia from 8 January 2006 to 2 September 2010.

Tan Sri Rastam served as 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. On 9 January 2015, he was appointed Chairman and Chief Executive of The Institute of Strategic and International Studies (ISIS) Malaysia.

Datuk Ng Seing Liong PJN.JP

Independent Non-Executive Director

Datuk Ng Seing Liong, Malaysian, aged 60, 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).

THE DIRECTORS' PROFILE (Cont'd)

Nadarajan Rohan Raj

Executive Director

Mr Nadarajan Rohan Raj, Singaporean, aged 48, is an Executive Director of Eversendai Corporation Berhad. He is also the Group Chief Commercial Officer of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 12 August 2004.

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

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

Narla Srinivasa Rao

Executive Director

Mr Narla Srinivasa Rao, Indian, aged 47, is an Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 26 May 2010. He graduated in 1987 with a Diploma in Mechanical Engineering and he was recently awarded a Post Graduate Diploma in 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.

S Sunthara Moorthy A/L S Subramaniam

Executive Director

Mr Sunthara Moorthy A/L S Subramanium, Malaysian, aged 52, 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 member 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

Executive Director

Mr Narishnath A/L Nathan, Malaysian, aged 32, 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. He is the son of Tan Sri Nathan A/L Elumalay, the Executive Chairman and Group Managing Director.

IN THE NEWS

TESTING HIS METTLE

"I'm a strong believer in systems and procedures and adhering to our corporate philosophy."

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 that 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.

எவர்சண்டாய் நிறுவனம் வெ.11 கோடியே 30 லட்சம் குத்தகையைப் பெற்றது!

Eversendai bids for Rapid jobs

It's eyeing contracts worth RM2.5bil

Eversendai to get new jobs from Vahana

RM600M WORTH: Contracts for the building of O&G liftboats and jack-up rigs

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 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's 2014 new contracts boosted to RM1.1b

by **Charlotte Chong**

KUALA LUMPUR: Eversendai Corp Bhd's new contracts secured to date for the year have increased to RM1.1 billion. The structural steel turnkey contractor has bagged the RM113 million Khalifa Olympic Stadium contract through its subsidiary in Qatar.

Executive chairman and group managing director Tan Sri AK Nathan said in a press statement yesterday that the latest contract has also pushed its current order book to RM1.7 billion.

The group's scope in the contract comprises re-engineering and dismantling of the existing lighting arch and ancillary steel structures, as well as engineering, supply, fabrication and construction of steel structures.

The stadium was built in 1976 and initially upgraded in 2004 for the Asian Games, it noted.

Winning this landmark structure will pave the way for the group to win other stadium projects in the pipeline in Qatar, Eversendai said.

"We are delighted to have secured the contract for the structural steel upgrading works for the Khalifa Olympic Stadium. This reaffirms the confidence in Eversendai and strongly reflects on our continued excellent reputation and progress in one of the most dynamic regions in the world," said Nathan.

He added that the group is currently undertaking other significant projects in the Middle East, India and Malaysia as it continues to register its brand in the global sector.

The latest contract will "further solidify our strong and unwavering commitment to the growing economies in this region that will be hosting some key world events in the coming years".

Nathan also noted that the group has been involved in various mega projects in the Middle East over the years.

Apart from the Khalifa Olympic Stadium contract, the group had previously secured the Gabbro Terminal Expansion project in the Mesaieed state in Qatar worth RM78.7 million. The group's job scope includes the fabrication and supply of structural steel as well as the installation of mechanical works.

In addition, the Skylight Steel Package 2 of the Mall of Qatar in Doha worth RM16.3 million was awarded to Eversendai. The project, comprising the connection design, supply, fabrication, erection and fire proofing steelworks, is due to be completed in April 2015.

Eversendai wins Qatar job

PETALING JAYA: Engineering and construction services provider Eversendai Corp Bhd has secured a RM113mil contract to renovate the Khalifa Olympic Stadium in Qatar.

In a filing with Bursa Malaysia, Eversendai executive chairman and group managing director Tan Sri A K Nathan said this project would pave the way to secure other stadium projects in its pipeline in Qatar.

Eversendai said this contract brought the total amount of new contracts secured by Eversendai to RM1.1bil to date in 2014 and its current order book to RM1.7bil.

SnapNews

► Eversendai cuts steel for 2 jack-ups in UAE

EVERSENDAI Corp Bhd announced its subsidiary Eversendai Offshore RMC FZE will construct two GustoMSC NG-2500X self-propelled jack-ups at its waterfront yard in RAK Maritime City, Ras Al Khaimah, United Arab Emirates (UAE). The two new build self-propelled jack-ups respectively named "Aryan" and "Arjun" are scheduled to be delivered in 2016. Eversendai said that the company also foresees an active role in the oil and gas, and marine sectors through its involvement in topside decks, jack-up rigs, rig refurbishment and maintenance, process modules and offshore living quarters, among others, an exchange filing yesterday noted.

INTERNATIONAL ACHIEVEMENT AWARD
Eversendai Corp Bhd

Growing in new frontiers

Nathan: We have built some of the largest and tallest complex structures in the world

Structural steel specialist Eversendai Corp Bhd has, over the past 26 years, completed more than 300 projects in 11 countries, namely Singapore, the Philippines, Thailand, Hong Kong, Indonesia, United Arab Emirates (UAE), Qatar, Saudi Arabia, Oman, Azerbaijan and India.

Its first overseas venture was in 1988 — the structural steel fabrication and erection of the Singapore Indoor Stadium. Since then, it has constructed some of the world's landmark structures, including the Burj Khalifa in Dubai, Petronas Tower 2, the new Doha International Airport in Qatar, Kingdom Centre in Saudi Arabia, Republic Plaza in Singapore and the Cleveland Clinic in Abu Dhabi.

It is currently executing 22 projects overseas with 15 in the Middle East, six in India and one in the Commonwealth of Independent States at a total value of RM3.5 billion. It also recently secured a contract for the total renovation of the Khalifa Olympic Stadium in Qatar, valued at RM113 million.

For its outstanding achievement and track record overseas, Eversendai has been accorded the Malaysian Construction Industry Excellence Awards 2013 International Achievement Award.

Eversendai wants to grow its business in new frontiers. "We want to expand into new countries according to the economic growth of the country and region. We are targeting to expand our business further in the Middle East, Indonesia, other Southeast Asian countries, Sri Lanka and East Africa. We are also looking at exporting fabricated steel to Australia and Canada," Eversendai executive chairman and group managing director Tan Sri A K Nathan says in an email interview.

The group owns five steel fabrication factories, which are located in Malaysia, the UAE (Dubai and Sharjah), Qatar and India.

Nathan says Eversendai's success overseas is due to various factors, including its "prudent, hands-on management approach, trustworthy employees, core values of compliance with safety, conformance to quality, adherence to schedule, and ensuring consistent client satisfaction".

"To be a global player we need to be able to deliver without compromising on deliverables and the various specifications of the contracts. We also need to understand and adapt to the respective cultures and norms of doing business, and maintain strong ties with our clients."

The company's largest footprint is in the Middle East, in countries such as the UAE, Qatar and Saudi Arabia. "We have gained our clients' trust and they know that if a project is entrusted to us, it will be delivered on time without compromise. A satisfied client will always make repeat orders, so we make sure we live up to the expectations of our clients," says Nathan.

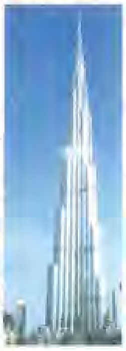
"We also have strong in-house engineering capability along with innovative construction methodologies and an excellent track record as we have built some of the largest and tallest complex structures in the world."

To be a contractor in a foreign country is certainly not for the faint-hearted. According to Nathan, some of the major challenges faced when undertaking projects overseas include choosing the right partners or sponsors in the foreign country, getting committed clients, finding the right contract price and ensuring the final payment is realised.

"One would also need sufficient financial strength and support from reputable bankers. We also need to find honest, diligent and reliable employees," he says.

Nathan has a few tips for Malaysian builders who are looking to venture overseas. He advises them to:

- Be focused and stick to their own expertise;
- Have a hands-on management approach and ensure they have trustworthy employees;
- Understand the norms of doing business, contract terms and local cultures;
- Never undertake a contract at a low margin;
- Have thorough knowledge of the costs involved when executing a job;
- Spend time to develop better relationships with clients; and
- Always conduct sanity checks.



The Burj Khalifa in Dubai (right) and the Cleveland Clinic in Abu Dhabi

Eversendai upbeat on new O&G biz segment

Company chief Nathan expects O&G to contribute RM600m in revenue in next 18 months

by P PREM KUMAR

依文仙台舵手AK納丹
遊走建築油氣領域

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, especially in Dubai and Abu Dhabi in the United Arab Emirates (UAE), Saudi Arabia and Qatar.

Here, Eversendai Engineering LLC is part of the construction team for the Emirates Towers, Ski Dubai, Rose Rayhaan Rotana Tower, Dubai Mall and Dubai Festival City.

Narish said the group had a workforce of more than 10,000 people, with five steel fabrication factories in Malaysia, here and Sharjah in the UAE, and Qatar with an annual production capacity of 150,000 tonnes.

投資致富

依文仙台AK納登
鐵人CEO

Eversendai clinches maiden O&G job

CALENDAR OF EVENTS

Jan 01

New Year Celebration

Eversendai workers at “Magenta Pearl Camp” participated in a Tug-of-War competition and emerged as winners.

Jan 05

Kickoff of Steel Erection Works at ADIA

The official start of steel erection works at Abu Dhabi International Airport (ADIA) Project Site.

Jan 23

Staff Annual Get-Together

Eversendai Annual Get-Together was held at Ajman Beach Hotel.

Mar 06

Kickoff of Steel Erection Works at Hub Zero

The official start of steel erection works at Hub Zero Project Site.

Mar 20

Tan Sri A K Nathan Birthday Cup

The annual Cricket Tournament among employees was organised with Tornadoes being crowned the champions.

Mar 28

Annual Clothes Donation Drive

Eversendai Qatar employees collected and donated clothing to Qatar Charity.

Apr 03

Qatar Annual Dinner

The Annual Dinner for employees in Qatar were held at Marriott Hotel.

Apr 05

EPL Finals 2013

Eversendai Premier League finals between Eversendai Royals & Eversendai Classics. Eversendai Classics emerged as 2013 Champions.

Apr 30

Completion of FGCU Project

The Fuel Gas Conditioning Unit (FGCU) Project work was successfully completed at Eversendai Engineering FZE workshop on behalf of Eversendai Offshore.

May 08

Blood Donation Drive

A Blood Donation Drive was conducted by Eversendai as a joint effort with the Ministry of Health & Sharjah Blood Transfusion & Research Centre, UAE.

May 27

Press Conference to Announce Liftboat Contract

A Press Conference was held at Hilton Kuala Lumpur to announce Eversendai's RM580 Million Liftboat Contract.

Jun 13

Eversendai Futsal Tournament 2014

Eversendai Futsal Tournament 2014 under the patronage of the Malaysian Consulate was sponsored by Eversendai. Our Executive Director, Mr. Narishnath Nathan participated in the event and distributed prizes to the winners.

Jun 14

Steel Top-Up for CMA Tower

The last piece of steel was erected for the Capital Market Authority (CMA) Tower project.

Jun 18

Ministry of Labour Awareness Campaign

The Ministry of Labour conducted an awareness campaign at our Sonapur Labour Camp. The campaign was conducted to educate the workers on UAE Labour Laws and Workers' Rights.

Jun 19

Annual General Meeting

Eversendai's 11th Annual General Meeting was held at Istana Hotel.

Jul 27

Blood Donation Drive

A Blood Donation Drive in collaboration with Pusat Darah Negara was held at our fabrication facility in Rawang.

Aug 06

Kickoff of Steel Erection Works at Opera House

The official start of steel erection works at Opera House Down Town Project Site.

Aug 13

Independence Day Celebration

Our office in India celebrated their Independence Day by organising an inter-deparmental team building activity.

CALENDAR OF EVENTS (Cont'd)

Aug 27

Kickoff of Steel Erection Works at Crescent City

The official start of steel erection works at Crescent City Project Site.

Aug 28

Kickoff of Steel Erection at NJPC

The official start of steel erection works at New Jet Propulsion Centre (NJPC) Project Site.

Oct 23

Deepavali Celebrations

As a part of Deepavali celebrations, sweets and briyani were distributed to staff and workers in UAE.

Nov 05-06

Primavera Training Program

A Training Program on Primavera was organised at Eversendai Head Office, Vision Tower and was attended by 17 Engineers from our Head Office, Workshops and Project Sites.

Dec 03

Engineering Students' Visit to Eversendai's Hamriyah Factory

The Crown Prince of Perlis along with delegates and students from the University of Perlis visited Eversendai's workshop at HFZ.

Dec 06

Movie Day Out

Employees from Rawang spent a fun day with underpriveledged children from Karunai Illam.

Dec 13

Training Programme for Drivers

A training program on Safe Driving & Vehicle General Maintenance was organized at Dynatrade Automotive Group, Sharjah, UAE.

Dec 16

Christmas Lunch at Ephratha Home

Employees from Rawang served lunch to the children at Ephratha Home for abandoned children in the spirit of Christmas.

Dec 29

Motivational Talk by Tan Sri A K Nathan

Tan Sri A K Nathan delivered a motivational talk to all Eversendai employees at our Hamriyah Free Zone Workshop.

Dec 30

Personal Leadership Training Program
Mr. Devan Nair from Group Learning & Development, conducted a Personal Leadership Training Program for our senior employees at Vision Tower Office.

Winner of the

INTERNATIONAL ACHIEVEMENT AWARD

at CIDB's Malaysian Construction Industry Excellence Awards 2013

GATE DISTRICT TOWERS

Abu Dhabi

CHAIRMAN'S STATEMENT

"2014 was a very challenging year and it has not been an easy journey; confronting the global economy as well as various unforeseen challenges and obstacles. The difficulties we experienced have not only strengthened us as an entity, but in the process, allowed us to restructure our organisation as we build a stronger team to capture the vast opportunities in the countries in which we operate."

Tan Sri Nathan A/L Elumalay
Executive Chairman & Group Managing Director

Through the decades, Eversendai has grown from a small-scale structural steel company to a multi-national corporation. We have expanded the business into the composite structure and power plant construction sectors as well as the upstream and downstream sectors of the oil & gas industry by successfully delivering projects whilst prioritising safety, quality and on-time delivery. Our enviable track record and established relationship with clients have played an integral role in continuously winning new contracts and repeat orders for landmark projects in Malaysia and internationally.

We look forward to securing more projects throughout 2015 and beyond with hope, confidence and enthusiasm that this could be one of our most successful and productive years. Our focus on the Oil & Gas sector in the Middle East has already begun to bear fruit with our subsidiary, Eversendai Offshore RMC FZE.

Eversendai Offshore currently employs a team of qualified and experienced personnel with vast expertise in the oil & gas offshore and marine fabrication industry. With the finest selection of credible and capable individuals, we are confident of our ability to successfully execute our maiden marine project; the construction of two self-propelled jack-ups, also known as liftboats, at our soon-to-be completed waterfront fabrication yard in RAK Maritime City, Ras Al Khaimah, UAE. We completed the keel laying for both units of the self-propelled jack-ups on 12th January 2015 which signifies the formal recognition of the start of the vessels' construction.

Although the oil and gas industry generally operates in an environment that is defined by oil prices, the sector which we have ventured into is a niche market that does not depend on the volatile oil prices. We remain committed to strengthening our position in the industry and we strongly

Eversendai waterfront fabrication yard

RAK Maritime City, Ras Al Khaimah, UAE

CHAIRMAN'S STATEMENT (Cont'd)

Eversendai conferred as the Winner **of the International Achievement Award for** Cleveland Clinic and Gate District Towers, Abu Dhabi

believe that our extensive network and experience will provide us with an edge and help bolster our efforts as we move towards growing our business regionally and globally. We strive to maintain our standards while setting new standards to complement our strategies and initiatives to deliver value creation for all our clients and sustain attractive growth well into the future.

As we move to new frontiers, and as part of our endeavour to improve the overall performance of our organisation, we recently underwent an organisational restructuring exercise. We assessed our previous group organisational structure analytically to identify the factors that may have been limiting the performance of our employees and made targeted changes that will deliver higher return on interest and greater impact in driving performance and results.

We will continue to incorporate the dogma of vision, sincerity, discipline, unwavering persistence and perseverance into Eversendai. Sustainability is the way forward and these traits will undoubtedly determine our success for decades to come.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, we recorded a revenue and profit after tax of RM1,002.8 million and RM36.4 million, respectively, as compared to RM965.1 million and RM32.7 million respectively, in 2013. Based on our current order book in hand of RM1.4billion, we anticipate a productive year in 2015. The shareholders' fund stood at RM909.6 million at the close of the financial year compared to RM845.5 million in the previous year. In tandem with this, the net asset per share attributable to shareholders was RM1.18 as compared to RM1.09 last year.

We readily acknowledge that the year in review has been challenging, however, we are optimistic that we could anticipate a fruitful financial year in 2015 and beyond as concerted efforts have been set in place to improve the profits as well as value-add to our stakeholders with better dividend payouts as we progress. Our target is to distribute at least 20% of the company's audited consolidated profit after taxation attributable to shareholders as dividends.

2014 revenue
RM1,002.8
million

2014 profit after tax
RM36.4
million

For the financial year ended 31 December 2014, a final tax exempt (single-tier) dividend of 1.25 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), amounting to a dividend payable of RM9,673,738 will be proposed for shareholders' approval.

CORPORATE DEVELOPMENTS

To meet the increasing demand in our focused regions, we have incorporated 2 additional subsidiaries which are, Eversendai Engineering LLC in Azerbaijan and Eversendai Frontiers Private Limited in India. We will be proceeding with our plan to strengthen our foothold in these new regions whilst increasing our fabrication capacity in our Trichy plant in India to meet the growing demand in the construction sector.

We are also determined to accelerate our strategies in the oil and gas sector with a view to strongly diversify into the upstream market. We intensified our progression by acquiring the balance 30% of Eversendai Offshore Sdn Bhd and thus, making it a 100% wholly owned subsidiary, which in turn owns 100% of Eversendai Offshore RMC FZE in Ras Al Khaimah, UAE. In addition to that, our acquisition of Eversendai Oil & Gas (M) Sdn Bhd has been fruitful with it securing its maiden project in September 2014; the Terengganu Gas Terminal project. We foresee this new unit to further fuel our business growth capitalizing on the potential development being undertaken in RAPID in Pengerang.

We are also pleased to inform that the construction of our 6th plant in Ras Al Khaimah is progressing well and is targeted to conclude in October 2015. With that, Eversendai will have a total tonnage capacity of over 200,000 MT per year, placing us in the major league in this sector.

MOVING FORWARD

Talent Management

With our vision to grow and diversify our business, we realise that it is essential to match the right expertise and knowledge to the job. Succession planning and talent management is an important factor in sustaining the longevity of our organisation and we will progressively nurture and groom existing employees. Employees who demonstrate potential for growth are identified and provided with the necessary leadership and management training in order to prepare them for the escalated challenges of higher management. Our plan is to have an established foundation in place for talent grooming, which would ultimately ensure the continuity of our success. We will also continue to complement the strength of our existing workforce with external appointments as we aspire to inculcate new ideas and strive to innovate. We are committed to recruiting, developing and retaining the highest quality workforce whilst simultaneously creating a performance culture that is driven by a set of objective benchmarks.

BRAND MANAGEMENT

Brand management goes beyond a logo and tagline. It revolves around building a corporate brand based on a set of core values that are consistently projected by all employees throughout the organisation and one that is instantly identifiable. With over 30 years of corporate history, today, the Eversendai brand is well established. We will continue to promote the brand and our core values; in line with our vision and mission as we streamline our effort amongst employees towards ensuring that we create sustainable value for all our shareholders.

HEALTH, SAFETY & ENVIRONMENT

The health and safety of our people and the practice of environmentally friendly business policies remains a focus in our daily operations and will continue to be of utmost priority to the Group. We will persevere in our efforts to continually introduce and reinforce recognised standards and best practices across different countries within the Group; relevant initiatives will be implemented to ensure that excellent practices are infused among our employees and contractors and that the safety of our people, customers and the communities in which we operate is upheld at all times.

CORPORATE SOCIAL RESPONSIBILITY

Our role is not only limited to contributing towards the economic development of the countries in which we operate, but also extends to addressing social concerns, improving the quality of life of our employees, as well as preserving the environment whilst we conduct business. We encourage our employees in all the countries that we are present in to participate in our Corporate Social Responsibility (CSR) initiatives to inculcate a sense of responsibility and accountability. It is our hope, that with our leading by example, we would be able to make a difference in society.

BUSINESS OUTLOOK

With strategic measures set in place to ensure progress and profitability in 2015, we look forward to a positive year ahead. We will pursuit our ambition of developing the business by forging new business relationships and evolving in our existing and targeted geographical territories. Our endeavour into the oil and gas sector reflects on our aspiration to leverage on our established track record to meet the growing demand for engineering, procurement, construction and fabrication services in the industry. Our admirable reputation in the construction of complex steel structures and proven track record in the mechanical, erection and installation work for power plants speaks volumes by demonstrating that we have the resources and technology to drive long-term growth.

ACKNOWLEDGEMENT

On behalf on the Board of Directors of Eversendai Corporation Berhad ("Eversendai"), I would like to express our gratitude to all of you for your relentless support to Eversendai that has helped steer us through tough times and achieve important milestones. It is with your cooperation and understanding that we have been immensely inspired to grow substantially, in both, size and global presence.

I would also like to take this opportunity to thank our Board of Directors, management and employees for their invaluable contribution to the growth and progress of Eversendai through the years.

We are also fortunate that we are able to rely on a strong support group comprising of our associates, clients, bankers, business partners and suppliers; whose support, goodwill and faith in the Group, gives us the confidence to successfully deliver and tower to greater heights.

I look forward to seeing Eversendai achieve greater success without compromising on our core values.

OPERATIONS REVIEW

After three decades of unparalleled engineering and technical experience and a strong network across different regions, Eversendai is recognised as a leading global organisation in undertaking structural steel turnkey contracts; providing specialist engineering and construction services.

Our success and enviable reputation, particularly in the Middle East; a Malaysian company that has promptly been able to adapt to the local cultures has greatly enhanced our reputation as a much sought-after organisation. We are renowned for successfully delivering highly complex projects with innovative construction technologies and methodologies for steel structures; power, petrochemical and process plants; oil and gas and marine EPCC projects as well as composite and reinforced concrete structures in the Asian and Middle Eastern regions.

OUR **TECHNICAL SERVICES**

Structural Steel Design & Engineering

We provide comprehensive and end-to-end range of design services using state-of-the-art design and detailing software; from the conceptual stage design to connection design and erection engineering for various types of structures. 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 to enhance the engineering and fabrication shop drawings using cutting-edge 3D model technology.

Structural Steel Supply & Fabrication

We usually obtain raw steel material from globally renowned rolling mills in bulk, upon receiving the award of any project. We also do source raw steel material from our vast network of stockists or agents to suit specific needs and schedule requirements. The procured raw steel material are converted into finished structural steel sections in our five strategically located fabrication facilities which have an estimated combined fabricated steel capacity of 150,000 tonnes per annum.

Structural Steel Erection

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

Installation of Mechanical Equipment, Pressure Parts, Piping, Ducting, Cladding and Control Systems for Power and Petrochemical Plants

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

OPERATIONS REVIEW (Cont'd)

Oil & Gas

Our team of multi-discipline engineers and designers in process, piping, mechanical, HVAC, naval architecture, structural, electrical, instrumentation and telecommunications can cater to all types of Onshore, Offshore and Marine EPCC projects; ranging from basic design to detailed and fabrication engineering. We also have the capability to undertake basic engineering studies when required. For our EPCC projects, our engineering team specifies the equipment, evaluates vendor offers and integrates this vendor information into the detailed engineering before shop drawings are issued. We use the latest technology in 3D modelling, and this is combined with the newest analysis software for basic design and the same model is updated in detailed engineering. Fabrication engineering is generally more detailed and it is an add-on to aid production from the same model. This methodology reduces clashes and ensures consistency in the usage of information by all disciplines, thus ensuring more efficient fabrication. The team can also provide commissioning assistance as required.

Innovation in Construction Using Composite Structures

Eversendai's venture into 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 different industries and sectors in line with our vision.

OUR **FABRICATION** PLANTS

Rawang, Malaysia Annual capacity of 24,000 tonnes	**Al-Qusais Industrial Area, Dubai, UAE** Annual capacity of 12,000 tonnes	**Trichy, India** Annual capacity of 30,000 tonnes
Industrial Area Doha, Qatar Annual capacity of 24,000 tonnes	**Hamriyah Free Zone Sharjah, UAE** Annual capacity of 60,000 tonnes	**RAK Maritime City Ras Al Khaimah, UAE** Annual capacity of 60,000 tonnes

OUR **REGIONAL OPERATIONS**

Eversendai Group operates through 20 subsidiary companies with 12 offices in 7 countries. During the current financial year, the Group registered a total revenue and profit of RM1,002.8 million and RM36.4 million, respectively.

MIDDLE EAST AND CIS

Eversendai Engineering LLC (Dubai), Eversendai Engineering FZE (Sharjah), Eversendai Engineering Qatar WLL, Eversendai Engineering LLC (Abu Dhabi), Eversendai Engineering Saudi LLC (Saudi Arabia), Eversendai Offshore RMC FZE (Ras Al Khaimah), Eversendai Engineering LLC (Azerbaijan) and EVS Construction LLC (Dubai) have progressively secured landmark projects in the Middle East and will ensure that these projects are successfully delivered.

UNITED ARAB EMIRATES

Nas Indoor Futsal and Volleyball Arena

Eversendai secured the contract for the Nas Indoor Futsal and Volleyball Arena in January 2015. The new arena will have a gross capacity of 5000 seats and will be used to host international tournaments. Eversendai's work scope for this project is in the areas of connection design, fabrication, supply and erection of structural steel works, metal decking, painting as well as fireproofing works.

Dubai Opera

Dubai Opera is a 2,000-seat multi-format venue for opera, theatre, concerts, art exhibitions and sports events, amongst others. The design of the Dubai Opera takes its inspiration from the traditional sailing vessels of the Arabian Gulf; the classic wooden dhows that are synonymous with the world-famous Dubai Creek. Eversendai is involved in the connection design, fabrication, supply and erection of structural steel works, metal decking, painting and fireproofing works for this structure.

Dubai Frame

The Dubai Frame is a 150 metre-high, 93 metre-wide structure that is being built to resemble a huge picture frame, through which landmarks representing modern Dubai such as Emirates Towers and Burj Khalifa can be seen on one side, while from the other side, visitors can view older parts of the city such as Bur Dubai, Deira, Umm Hurair and Karama. Eversendai is executing the connection design, fabrication, supply and erection of steel works, shop drawings and fireproofing works for the top observation deck which connects the two verticle shafts.

OPERATIONS REVIEW (Cont'd)

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. The MTC will provide a full terminal building, passenger and cargo facilities as well as duty-free shops and restaurants which will cater to approximately 27 to 40 million people a year. Eversendai's scope of work for this project is in the areas of detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works for the Piers (two single and two double), gate houses and fixed bridges (49 nos).

Saraya C42 (Hard Rock) Hotel

The five-star Hard Rock Hotel in Abu Dhabi will be a 378-room building which will also feature a number of restaurants, entertainment and meeting facilities. Eversendai's scope of work includes detail engineering, connection design, supply, fabrication, fireproofing, installation of structural steel works, related peripheral CFT columns and roof feature works.

GustoMSC NG-2500X Self-Propelled Jack-Ups/ Liftboats

Eversendai was awarded contracts for the construction of 2 units of GustoMSC NG-2500X self-propelled jack-ups/ liftboats from Vahana Offshore (S) Pte. Ltd. Eversendai's scope of work includes engineering, procurement, construction and delivery of 2 units of fully equipped self-propelled jack-ups, Aryan and Arjun, in June 2016. Both units are currently being executed at Eversendai Offshore's fabrication yard on a waterfront land measuring approximately 200,000 square metres with 550 metres of quayside in RAK Maritime City, Ras Al Khaimah in the United Arab Emirates.

Address Fountain Views

The Address Residence Fountain Views is the first dedicated serviced residence complex in a 500-acre mega-development. It is a 3-tower complex overlooking Burj Khalifa and The Dubai Fountain. Eversendai's scope of work includes detail engineering, connection design, supply, fabrication, and structural steel installation works for the composite embedded steel.

Abu Dhabi National Oil Company (ADNOC) Headquarters – Roof Structure

Abu Dhabi National Oil Company's headquarters is a symbol of its status as one of the most prominent oil and gas companies in the world. Eversendai is executing the detail engineering, connection design, supply, fabrication, fireproofing, as well as installation of structural steel works for the roof structure by using innovative strand jacking techniques.

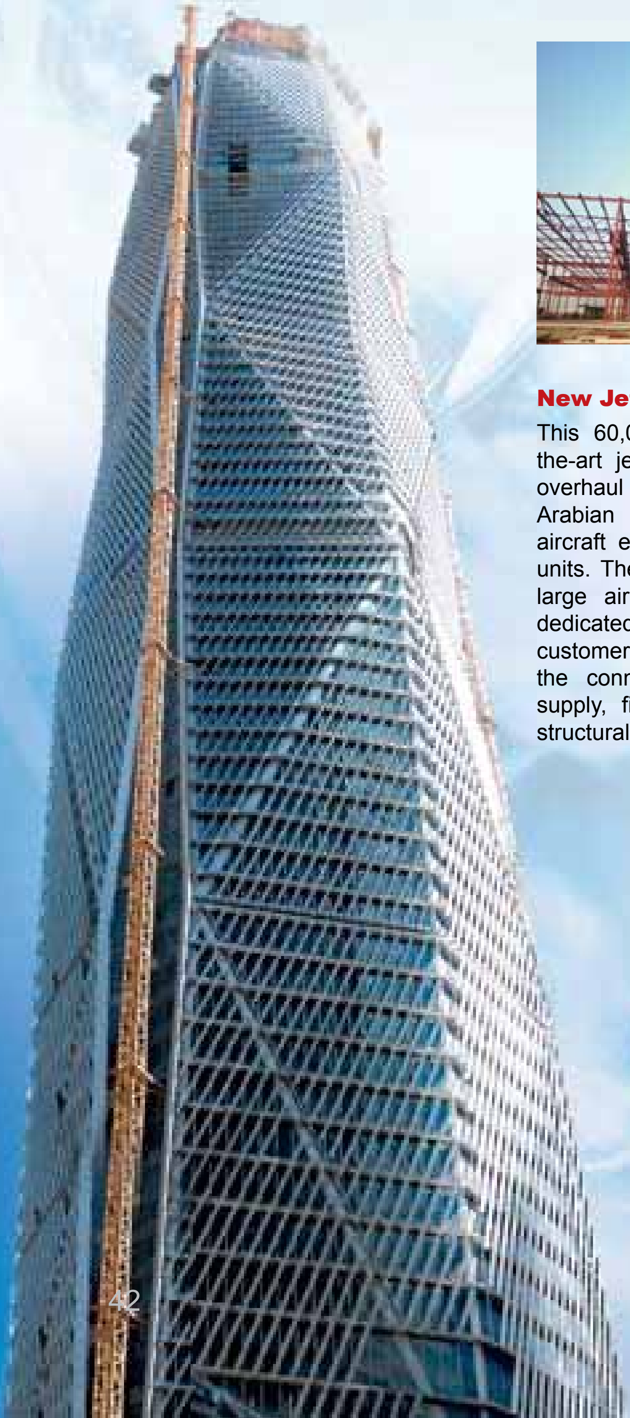
Hub Zero Family Entertainment Centre

Hub Zero will be a Family Entertainment Centre with a wide variety of unique and facilities for gamers from all over the world that will complement the UAE's growing popularity as a tourism hub. Eversendai is executing the detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works.

KINGDOM OF SAUDI ARABIA

Capital Market Authority (CMA) 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 businesses. The CMA tower, with its majestic height of 385 metres is arguably the stand-out structure amongst all the skyscrapers rising from the ground at the site. Eversendai is involved in the detail engineering, manufacturing, supply, fireproofing and installation of structural steel works for this project.



King Abdullah Petroleum Studies and Research Centre (KAPSARC)

The KAPSARC is an independent, non-profit research institution dedicated to researching energy economics, policy, technology and the environment. Eversendai's involvement in the project is in the areas of detail engineering, connection design, manufacturing, supply, fireproofing and installation of structural steel works.

New Jet Propulsion Centre

This 60,000 square metre state-of-the-art jet engine maintenance and overhaul facility will handle Saudi Arabian Airlines' existing and new aircraft engines and auxiliary power units. The project is located within a large aircraft maintenance campus dedicated to the airline and its customers. Eversendai is executing the connection design, fabrication, supply, fireproofing and erection of structural steel works.

King Abdulaziz International Airport – Railway Station

This is the central railway station within the airport premises which connects to various parts of the Kingdom of Saudi Arabia. Eversendai is executing the detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works.

Conversion Hangar

Eversendai is executing the connection design, supply, fabrication, erection of structural steel and complete envelope cladding works of roofing and walling for a conversion hangar in Riyadh, which will be used for the servicing and maintenance of aircrafts.

OPERATIONS REVIEW (Cont'd)

QATAR

Gabbro Terminal Expansion

Qatar Primary Materials Company (QPMC) currently operates three Gabbro berths and one barge unloading facility at Umm Said Port. To support the growing demand of aggregate cargo for Qatar's infrastructure development and to accommodate the increase in capacity of the bulk materials, a new four stream conveyor system is being installed alongside truck discharge hoppers. Eversendai's scope of work includes engineering, fabrication, supply, unloading, assembly, installation and testing of structural steel and installation of mechanical systems for conveyors, transfer towers, hopper building and stackers.

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 3 levels in addition to underground and surface parking for 7000 cars and 18 Skylights in steel. Eversendai is carrying out the design, fabrication, supply, installation; including intumescent fire proofing for the skylights.

Khalifa Olympic Stadium

The Khalifa Olympic Stadium, built in 1976, and initially upgraded in 2004 for the Asian Games will see Eversendai entrusted with the total renovation of the stadium which includes the dismantling of the existing lighting arch steel structure and membrane, the engineering, supply, fabrication and installation of new structural steel structure arches up to 98M height and building steelwork. The challenge is to engineer and integrate the new structure with the existing one.

AZERBAIJAN

Crescent City Tower

Crescent City Tower is part of the Crescent Development Project, which is intended to create a unique landmark development in Azerbaijan. The Crescent City Tower has 2 floors below ground and 39 floors above ground and it will stand at a height of 203.8 metres. Eversendai's work scope includes detail engineering, connection design, supply, fabrication and installation of structural steel works.

During the current financial year, our operations in the Middle East and CIS contributed a total revenue and profit before tax of RM669.7 million and RM39.1 million respectively.

INDIA

The Group's operations in India are undertaken by Eversendai Construction Pvt Ltd and Eversendai Frontiers Pvt Ltd. We shall continue pursuing and winning new projects and ensure that we successfully execute them whilst placing utmost importance in our core philosophies of quality, safety and on-time delivery.

Dhirubai Ambani International Convention and Exhibition Centre (DAICEC)

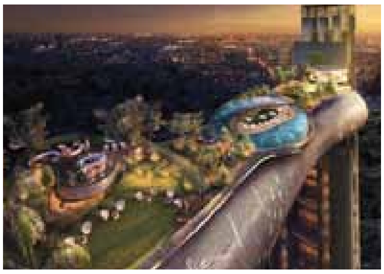
Eversendai secured the contract for the supply of steel materials, connection design, engineering and fabrication for the construction of the Dhirubhai Ambani International Convention and Exhibition Centre in Mumbai. DAICEC will be a mixed-use development located within the Bandra Kurla Complex, a commercial zone in the heart of Mumbai. It will house various facilities including a convention and banqueting facility; exhibition halls; a performance arts centre with a seating capacity of 2,000 people; premium service apartments; as well as prime retail and high-end commercial spaces. The scope of work for fabrication is undertaken by Eversendai's fabrication facilities in India, Dubai and Malaysia.

Worli Mixed-Use Development

Mixed-Used Development Project located in Mumbai, consists of a hotel, residential as well as office space and is designed by architects, Kohn Perderson & Fox. It boasts twin towers which stand at 52 and 86 stories and linked by a common podium. Eversendai's scope of work revolves around the shell and core structure. This includes reinforced concrete works related to the raft, substructure and superstructure; consisting of 4500MT of structural steel, 54000MT of rebar steel and 241150 m3 of concrete.

Reliance J3

Reliance Industries Limited, the largest oil and gas industry producing agency is expanding its Jamnagar refinery in Gujarat which is the largest petrochemical complex in the world. This is the 3rd phase of the project, more commonly known as J3. Eversendai is executing the supply of fabricated and painted refinery steel structures.



Atmosphere Sky Bridge

The Atmosphere Sky Bridge is the structural steel works of a bridge that connects two apartment towers that will be the tallest 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 using the strand jacking method.

Kshitij, Paramanandwadi

The composite structure residential tower of Kshitij, in Paramanandwadi is located in the heart of the city, within minutes of both; the sweeping vista of Marine Drive as well as the bustling trade of the commercial districts.This is a design and build contract for Eversendai. This building is a twin structure of 33 and 44 stories and consists of 2560MT of structural steel and 13475 m3 of concrete.

Mumbai International Airport Limited (MIAL)

The structural steel works for new international airport in Mumbai consisting of roofs for Phase 2, 3 & 4 and Fixed Link Bridges (FLB) are being carried out by Eversendai. The total tonnage involved is 4800MT.

During the current financial year, our operations in India contributed a total revenue and profit before tax of RM95.0million and RM1.2 million respectively.

OPERATIONS REVIEW (Cont'd)

MALAYSIA

Eversendai Group operates in Malaysia through its subsidiary companies, Shin Eversendai Engineering (M) Sdn Bhd, Eversendai Oil & Gas (M) Sdn Bhd and Eversendai Constructions (M) 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.

1000MW Tanjung Bin Coal-Fired Power Plant

The Tanjung Bin's 1x1000MW Supercritical Coal-Fired Power Plant consists of a supercritical boiler with a tandem compound type turbine. It incorporates several clean technologies such as Fabric Filter and Flue Gas Desulphurization (FGD). This 1,000 MW coal-fired-power plant is also expected to contribute to the country's economic growth and fulfil the increasing electricity demand in view of the rising population and urbanisation rates. The EPCC contractor for this project is a consortium consisting of Alstom, Mudajaya and Eversendai.

12 Waves Warehouse

Eversendai is constructing PKT Logistics Group's 4th generation warehouse; dubbed the 12 Waves which will be a part of One Auto Hub in Batu Kawan, Penang. One Auto Hub is expected to emerge as one of the largest automotive logistics provider in Malaysia to cater to the needs of the automotive industry under the purview of the Northern Corridor Implementation Authority. The turnkey project will include 12 modular warehouses in the shape of waves, a Rest and Relax area for truckers and an office suite that comes equipped with a covered solar parking. The 12 Waves will also have an environmentally friendly rain water harvesting feature to improve energy efficiency and consumption with PKT Logistics aiming to have the building certified for the Green Building Index.

Terengganu Gas Terminal

Eversendai was awarded the mechanical and steel structure packages contract for Petronas Carigali Sdn. Bhd.'s Terengganu Gas Terminal (TGAST) Project - Phase 2. Our scope of work includes the supply and installation of steel structures as well as the fabrication and erection of piping and mechanical equipment. The mechanical package is scheduled to be completed by April 2016.

During the current financial year, our operations in Malaysia contributed a total revenue and profit before tax of RM237.5 million and RM11.3 million (exclude ECB) respectively.

MOVING **FORWARD**

We believe the Middle East will continue to be our most productive region with the number of promising opportunities abound. Saudi Arabia is set to become a booming market with the construction of many mega projects as part of its infrastructure plan to extensively develop the nation. Simultaneously, Dubai's successful bid to host the World Expo 2020 will present us with many opportunities as they are expected to launch a number of large infrastructure projects as well in the next couple of years. Similarly, we are also enthusiastic and hopeful about our prospects in Qatar with the country currently preparing to welcome a global audience for the World Cup in 2022. A host of infrastructure projects are scheduled to be announced including the construction of new world-class stadiums. We believe that our extensive experience and enviable reputation in the Middle East will put us forth as a frontrunner in securing many of these contracts.

MOVING **FORWARD** (cont'd)

The Group is also confident of securing more Malaysian projects in the very near future. The newly secured 12 Waves project is only the first of three phases at One Auto Hub project valued at RM700 million, spread across over 70 acres of land in Batu Kawan, Penang. We also acknowledge there is a fair amount of construction projects in the pipeline in Malaysia this year; both, in the Government as well as private sectors such as the MRT Line 2, Rapid development, Warisan Tower and Tun Razak Exchange. We are determined to strongly position ourselves in the local market by contributing to the Malaysian economy.

Our venture into the oil and gas sector has also been positive and we are pleased to note our progress in executing the GustoMSC NG-2500X self-propelled jackups/ liftboats as well as the Terengganu Gas Terminal project. This comes after the successful completion of the supply and delivery of Fuel Gas Conditioning Unit (FGCU) and associated equipment at the 15MW Power Plant for the Garraf Development Facility Operation in 2014. We look forward to simultaneously intensifying our presence in the oil and gas industry.

Leveraging on our extensive experience and expertise; including the management and execution of large-scale projects, we are proud that we have progressively developed comprehensive project management competencies while building an experienced workforce. Strategic plans have been set in place to enhance our growth and productivity including the expansion of our fabrication facility in Sharjah to accommodate the number of contracts that we have already secured in the Middle East as well as those in the pipeline. We will relentlessly pursue our ambition of expanding our business by evolving in our existing and targeted business segments and geographical territories.

CORPORATE RESPONSIBILITY

STATEMENT ON CORPORATE SUSTAINABILITY

As a Malaysian organisation with global reach, Eversendai Corporation Berhad is committed to developing its business in a socially responsible, ethical and balanced manner, consistent with our stakeholders' best interest. We have been increasing the holistic sustainability governance of our operations by protecting the health, safety and well-being of the communities we operate within, both locally and internationally, by supporting human rights and welfare; engaging and empowering the communities; as well as learning and respecting the different cultures.

DIVERSITY POLICY

Eversendai Group of Companies including its subsidiaries is committed to fostering, cultivating and preserving a culture of diversity and inclusion.

Eversendai's human capital is our most valuable asset. The collective sum of individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement as well.

Eversendai embraces and encourages our employees' differences in age, colour, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, race, religion, socio-economic status, veteran status, and other characteristics that make them unique.

Eversendai's diversity initiatives are applicable in all company locations but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

1. Respectful communication and cooperation between all employees.
2. Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
3. Work/life balance through flexible work schedules to accommodate employees' varying needs.
4. Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity through corporate social responsibility programmes.

All employees of Eversendai have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the

DIVERSITY POLICY (cont'd)

work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfil this responsibility.

Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action. Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity policy and initiatives should seek assistance from their immediate superior or an HR representative.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Sponsorship of Ephratha Home

Eversendai sponsors Ephratha Home, a home for underprivileged children in Taman Pelangi, Rawang. Ephratha Home which was established over ten years ago, occupies 2 houses, for abandoned boys and girls. The home provides shelter and care for these children. It currently caters to 32 children between the ages of 2 and 18. We contribute to the welfare and maintenance of this home and we are passionate about making a difference in the lives of these children.

Movie Day-Out

Eversendai treated the children from Karunai Illam, a home for orphans and abandoned children based in Kepong to a screening of Penguins of Madagascar at Golden Screen Cinemas, 1 Utama. We were pleased to see the children thoroughly enjoying themselves at the cinema. They were then treated to a delicious lunch at a restaurant nearby. We are privileged to be able to fulfil our responsibility as caring corporate citizens.

CORPORATE RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (cont'd)

Christmas Celebration at Ephratha Home

Eversendai hosted a Christmas lunch at Ephratha Home to usher in the joyous occasion of Christmas. It was a time of fun and festivity for the children were treated to a scrumptious meal and were joined by the senior management of Eversendai Group.

Charity Clothes Collection Drive

Our subsidiary in Qatar 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.

Blood Donation Drive

We organised a Blood Donation Drive at our Rawang fabrication yard, as a joint effort with Pusat Darah Negara, Malaysia whilst our employees in Qatar also donated blood at Hamad Hospital after an explosion caused by gas cylinders occurred at a shopping mall in Doha, in the hope of saving lives.

Flood Relief

Eversendai participated in a special taskforce initiated by the Malaysian Oil & Gas Services Council to respond to the flood crisis in Terengganu and Kelantan. Our employees joined us in our efforts to purchase items for the flood victims which were then delivered to the collection centre in Shah Alam.

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 honouring 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 2014 and the extent to which the Company has complied with the Code during the financial year ended 31 December 2014 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**.

CORPORATE RESPONSIBILITY

CORPORATE GOVERNANCE STATEMENT (cont'd)

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.

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 judgement 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 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 2014 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%
Nadarajan Rohan Raj	Executive Director & Group Chief Commercial Officer	4 out of 4	100%
Narla Srinivasa Rao	Executive Director & Regional Director for the Middle East operations	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%
S Sunthara Moorthy A/L S Subramaniam	Executive Corporate Affairs 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%

The Board is supplied with and assured of full and timely access to all relevant information to honour 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.

CORPORATE RESPONSIBILITY

CORPORATE GOVERNANCE STATEMENT (cont'd)

5. Board Meetings and Supply of Information (cont'd)

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 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.

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

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

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

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

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

Director	Topic	Date
Tan Sri Nathan A/L Elumalay	• Nominating Committee Programme 2: Effective Board Evaluations	18 November 2014
Mohammad Nizar Bin Idris	• ASEAN Corporate Governance Scorecard Workshop	27 August 2014
	• Directors breakfast series: Great Companies deserve great board	10 October 2014
	• Nominating Committee Programme 2: Effective Board Evaluations	18 November 2014
Tan Sri Rastam Bin Mohd Isa	• ISIS National Forum on "Malaysia's Goods and Services Tax (GST): Possible Lessons from the United Kingdom and Singapore"	26 February 2014
	• LSE Asia Forum 2014	3 April 2014
	• Khazanah Megatrends Forum	29 September 2014
Datuk Ng Seing Liong	• National GST Conference 2014	10–11 July 2014
	• National Tax Conference 2014	12 – 13 August 2014 26 – 27 August 2014
	• 17th National Housing & Property Summit	27 August 2014
	• Application and appreciation of ASEAN Corporate Governance Scorecard	8 October 2014
	• Roundtable discussion on Financial Reporting	18 October 2014
	• Is knowledge in adjectival law the key to successful to trial and appellate advocacy	4 November 2014
	• MIA International Accountants Conference 2014	18 November 2014
	• 2015 Budget Seminar • Insolvency Conference 2014	25 November 2014
Nadarajan Rohan Raj	• ASEAN Corporate Governance Scorecard Workshop	27 August 2014
	• The FIDIC Conditions of contract for construction – The Red Book	14 October 2014
Narla Srinivasa Rao	• Applied Project Management	7 November – 5 December 2014
S Sunthara Moorthy A/L S Subramaniam	• Education Forum 2014	18 January 2014
	• Guide to infrastructure investment in Asia	5 March 2014
	• Too many bosses and too few leaders	14 March 2014
	• GST Conference	11 April 2014
	• Regional Infrastructure Conference	8 August 2014
	• GST Workshop	12 September 2014
	• Great Companies deserve great Board	10 October 2014
Narishnath A/L Nathan	• NDC & DNVGL Annual Rig Owner's Technical Seminar	12 November 2014
	• Dubai Maritime Summit	27 October 2014
	• Offshore Jack-Ups Middle East Conference	13 & 14 October 2014
	• Overcoming Senior Leadership Challenges	25 September 2014

9. Company Secretary

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

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

10. Board Committees

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

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

The Company has three (3) principal Board Committees:

(a) **Audit Committee**

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

(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) appointment to, and membership of, other Board committees.

10. Board Committees (cont'd)

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 Twelve 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.

(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 (Senior Independent Non-Executive Director);
- Nadarajan Rohan Raj (Executive Director and Group Chief Commercial 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.

CORPORATE RESPONSIBILITY

CORPORATE GOVERNANCE STATEMENT (cont'd)

Directors' Remuneration (cont'd)

1. Remuneration Procedures (cont'd)

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

2. Directors' Remuneration

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

The details of the remuneration of Directors during the financial year are 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	-	216	216
Allowances	1,920	38	1,958
Salaries and other emoluments	9,323	-	9,323
Bonus, incentives and others	777	-	777
Employees Provident Fund	288	-	288
Benefit-in-kind	426	-	426
Total	**12,734**	**254**	**12,988**

Details of the Directors' remuneration for the financial year ended 31 December 2014 are disclosed in the financial statements, as set out on pages 128 and 129 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.

The following are the primary contact persons:

For **Investor Relations related** matters:

Meera Selvaratnam
Corporate Communications Manager

Tel no.: +603-7733 3300
Email : ir@eversendai.com

For **Finance related** matters:

Chong Poh Leng
Group Chief Financial Officer

Tel no.: +603-7733 3300
Email : pohleng@eversendai.com

Shareholders and Other Stakeholders (cont'd)

1. Shareholders and Investor Relations (cont'd)

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

2. Annual General Meeting ("AGM")

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

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

Accountability and Audit

1. Financial Reporting

The Board is committed to providing a clear, balanced and comprehensive account on the financial performance and position of the Group through quarterly and yearly announcements of its results as well as through its comprehensive annual report.

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

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

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

3. Internal Control

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

The Statement on Risk Management and Internal Control is set out on pages 59 to 62 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 2014. The Group in honouring its responsibilities 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 performs continuous review on the adequacy, integrity and effectiveness of the risk management and internal control system. 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.

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 members of senior management and is headed by the Group Chief Commercial Officer. The Board is also provided with quarterly reports on the enterprise risk map and analysis of the ERM register, and the status of progress towards mitigating key risk areas. The ERM process is continuously reviewed by RMC and in 2014 we have revised the Risk Management Framework incorporating best practices and automated the reporting process for efficiency.

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:

1. Organisation Structure

The Board is supported by a number of established Board committees, namely the Audit, Nomination and Remuneration Committees, in honouring 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 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 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. The cost of the Group Internal Audit function for 2014 is RM519,000. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 63 to 67.

Control Environment and Structure (cont'd)

4. **Legal**

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

5. **Limits of Authority**

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

6. **Policies and Procedures**

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

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. 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 measure 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.

Monitoring and Review (cont'd)

Review of Statement

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2014, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

RPG 5 does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditor was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

Conclusion

For the financial year under review and up to the date of issuance of the financial statements, the Group Managing Director and Group Chief Financial Officer to the best of their ability and knowledge confirm that the risk management and internal control processes are adequate to safeguard shareholders’ investments and the Group’s asset. The Board is satisfied that the system of risk management and internal control is satisfactory and has not resulted in any material loss, contingency or uncertainty 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 65 to 67.

Membership and Meetings

The Audit Committee (AC) 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 Group 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 honour 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 22 to 25.

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:

  I. Changes in or implementation of major accounting policy changes

  II. Significant and unusual events

  III. Compliance with accounting standards and other legal requirements

  IV. The going concern assumption

Summary of Activities (cont'd)

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 2014 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 2014 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 on Risk Management and Internal Control and the Statement of Corporate Governance prior to their inclusion in the Company's Annual Report.

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 which have been applied by the Group since its inception on 21 April 2011.

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.

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.

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

2. Meeting (cont'd)

(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.

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.

AUDIT COMMITTEE REPORT (cont'd)

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

5. Functions (cont'd)

(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

The following disclosures in respect of the financial year ended 31 December 2014 are provided for shareholders' information and in accordance with the requirements of Bursa Malaysia Securities Berhad:

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposal during the financial year ended 31 December 2014.

2. SHARE BUY-BACK

During the financial year ended 31 December 2014, the Company has repurchased 100,000 ordinary shares of RM0.50 each at a total consideration of RM89,751 (including transaction costs). As at 31 December 2014, a total of 101,000 ordinary shares were repurchased and 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 price per share		
Purchase during the financial year	**No. of shares purchased**	**Total consideration paid**	**Highest price paid**	**Lowest price paid**	**Average price paid**
		RM	**RM**	**RM**	**RM**
Balance at beginning of financial year	**1,000**	**1,502**			
March 2014	100,000	89,751	0.891	0.891	0.891
Balance at end of financial year	**101,000**	**91,253**			

None of the treasury shares were resold or cancelled during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued to any parties during the financial year ended 31 December 2014 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2014.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

CORPORATE RESPONSIBILITY

ADDITIONAL CORPORATE DISCLOSURE (cont'd)

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 2014.

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 2014 except for a total sum of RM47,357 (2013: RM136,465) being fees for consultation services and professional tax advisory services by the external auditors and its affiliated firm.

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.

8. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year ended 31 December 2014.

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 2014 or, if not then subsisting, entered into since the end of the previous financial year.

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 2014 are disclosed in Note 22 to the Financial Statements on pages 156 to 158 of this Annual Report.

At the eleventh Annual General Meeting of the Company held on 19 June 2014, 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 2014 until the conclusion of the forthcoming Twelfth Annual General Meeting of the Company, in which the Company intends to seek for a renewal of shareholders' mandate for existing recurrent party transactions proposed by the Board of Directors. Details of the mandates to be sought are furnished in the Circular to Shareholders dated 5 June 2015 which was despatched together with this Annual Report.

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 2014 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements the Directors have:

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

The Directors have the responsibilities to ensure that the Group and the Company retain the accounting and other records and the registers of the Group and the Company and in accordance with the requirement of the Companies Act, 1965 in Malaysia.

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

FINANCIAL STATEMENTS 2014

FINANCIAL CALENDAR

2014

27 February 2014
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2013 fourth quarter ended 31 December 2013

26 May 2014
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2014 first quarter ended 31 March 2014

28 May 2014
Notice of the 11th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2013

19 June 2014
11th Annual General Meeting

23 July 2014
Payment of final single tier exempt dividend of 1 sen per each ordinary share for the financial year ended 31 December 2013

28 August 2014
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2014 second quarter ended 30 June 2014

28 November 2014
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2014 third quarter ended 30 September 2014

2015

26 February 2015
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2014 fourth quarter ended 31 December 2014

28 May 2015
Announcement of the unaudited condensed consolidated interim financial report for the financial year 2015 first quarter ended 31 March 2015

5 June 2015
Notice of the 12th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2014

29 June 2015
12th Annual General Meeting

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 2014.

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 structural design, steel fabrication, steel erection; engineering, procurement, construction and commissioning services for the oil and gas industry. 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 Note 11 to the financial statements relating to acquisition and incorporation of new subsidiaries.

Financial results

	Group RM'000	Company RM'000
Profit for the year	36,441	4,332
Attributable to:		
Equity holders of the Company	37,404	4,332
Non-controlling interests	(963)	-
	36,441	4,332

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.

Dividend

The amount of dividend paid by the Company since 31 December 2013 was as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
Final tax exempt (single-tier) dividend of 1 sen per share on 773,899,000 ordinary shares, declared on 26 May 2014 and paid on 23 July 2014	7,739

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 1.25 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), amounting to a dividend payable of RM9,673,738 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 2015.

Treasury shares

During the financial year, the Company repurchased a total of 100,000 of its ordinary shares from the open market at an average price of RM0.89 per share. The total consideration paid for the repurchase including transaction cost was RM89,751. The repurchase transaction were 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 2014, the Company held 101,000 treasury shares at a carrying amount of RM91,253. 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 Bin Mohd Isa
Datuk Ng Seing Liong
Nadarajan Rohan Raj
Narla Srinivasa Rao
S Sunthara Moorthy A/L S Subramaniam
Narishnath A/L Nathan

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			
	1.1.2014	**Acquired**	**Disposed**	**31.12.2014**
The Company				
Direct interest				
Tan Sri Nathan A/L Elumalay	545,809,920	3,301,000	(549,110,920)	-
Narishnath A/L Nathan	1,640,020	550,000	(2,190,020)	-
Nadarajan Rohan Raj	1,630,000	-	(1,130,000)	500,000
Narla Srinivasa Rao	1,630,000	-	(1,130,000)	500,000
Datuk Ng Seing Liong	30,000	40,000	-	70,000
Indirect interes				
Tan Sri Nathan A/L Elumalay*	1,052,420	555,363,360	(1,052,420)	555,363,360

* Indirect interest pursuant to Section 6(A) of the Companies Act, 1965

Tan Sri Nathan A/L Elumalay, by virtue of his interest in shares in the holding company of the Company as disclosed in note 1 to the financial statements, 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.

Other statutory information

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

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

(ii) to ensure that any current assets which were unlikely to realise their 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) the amount written off for 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.

Other statutory information (cont'd)

(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.

Subsequent event

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2015.

Tan Sri Nathan A/L Elumalay **Nadarajan Rohan Raj**

Selangor, 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 82 to 193 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements on page 194 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 30 April 2015.

Tan Sri Nathan A/L Elumalay

Nadarajan Rohan Raj

Selangor, Malaysia

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Chong Poh Leng, being the officer primarily responsible for the financial management of Eversendai Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 82 to 194 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, Chong Poh Leng at Petaling Jaya in
the Selangor Darul Ehsan on 30 April 2015.

Chong Poh Leng

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 2014 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 82 to 193.

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 2014 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.

Emphasis of matter

We draw attention to notes 20 and 38 to the financial statements which describes an event subsequent to year end wherein a subsidiary has purchased commercial offices in a tower constructed by one of its customers and the subsidiary has adjusted the balances due from its customer as at 31 December 2014 against the consideration for purchase of commercial offices in the tower. The construction of the tower is currently on hold since 2012 which indicates an uncertainty relating to the completion of the tower and the realisation of the offices by the subsidiary is dependent on the successful completion of the tower by the customer. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERSENDAI CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Other reporting responsibilities

The supplementary information set out in Note 40 to the financial statements on page 194 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

H'ng Boon Keng
No. 3112/08/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
30 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	3	1,002,809	965,050	17,244	19,030
Cost of sales		(872,961)	(826,530)	-	-
Gross profit		129,848	138,520	17,244	19,030
Other income	4	47,337	34,779	1,983	2,182
Operating and administrative expenses		(111,132)	(86,323)	(6,740)	(10,792)
Operating profit		66,053	86,976	12,487	10,420
Finance costs	5	(24,419)	(20,373)	(12,025)	(9,882)
Share of associates' results		126	(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 ("FVTPL")		4,029	5,043	4,029	5,043
Profit/(loss) before taxation	6	45,789	39,465	4,491	(24,933)
Income tax expense	9	(9,348)	(6,795)	(159)	(135)
Profit/(loss) for the year		36,441	32,670	4,332	(25,068)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
– Foreign currency translation		34,918	46,427	-	-
– Fair value adjustment of investment securities		26	(581)	45	(527)
Other comprehensive income/(expense) for the year not to be reclassified to profit or loss in subsequent periods:		34,944	45,846	45	(527)
Total comprehensive income/(expense) for the year		71,385	78,516	4,377	(25,595)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit/(loss) attributable to:					
Equity holders of the Company		37,404	32,636	4,332	(25,068)
Non-controlling interests		(963)	34	-	-
		36,441	32,670	4,332	(25,068)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		71,964	77,716	4,377	(25,595)
Non-controlling interests		(579)	800	-	-
		71,385	78,516	4,377	(25,595)
Earnings per share atttributable to equity holders of the Company					
- Basic and diluted (sen)	10	4.8	4.2		

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	449,421	362,352	17,262	17,753
Goodwill	13	12,088	10,757	-	-
Investment in subsidiaries	11	-	-	647,951	373,620
Investment in associates	12	-	87,399	-	89,066
Derivative financial assets	17	15,838	12,181	15,838	12,181
Investment in structured deposit	14	-	24,000	-	24,000
Investment in securities	23	87,847	-	87,847	-
Deferred tax assets	16	508	459	-	-
		565,702	497,148	768,898	516,620
Current assets					
Inventories	18	148,543	133,262	-	-
Amounts due from customers on construction contracts	19	394,831	364,531	-	-
Trade contract receivables	20	466,142	402,251	-	-
Other receivables and deposits	21	77,655	53,447	417	1,615
Tax recoverable		136	136	136	136
Amounts due from subsidiaries	22	-	-	63,548	257,564
Investment in securities	23	94,630	130,583	25,579	87,287
Deposits and bank balances	24	242,702	182,023	969	592
		1,424,639	1,266,233	90,649	347,194
Total assets		1,990,341	1,763,381	859,547	863,814
Equity and Liabilities					
Current liabilities					
Trade payables	25	151,230	84,101	943	545
Other payables	26	193,242	213,568	3,854	3,823
Amounts due to customers on construction contracts	19	124,899	46,283	-	-
Amounts due to directors	27	1,508	1,167	19	23
Hire purchase payables	28	3,098	2,743	49	47
Borrowings	29	248,077	214,447	1,102	1,049
Amounts due to subsidiaries	22	-	-	2,115	2,250
Provision for taxation		25,436	18,491	-	-
Dividend payable		-	3,293	-	-
		747,490	584,093	8,082	7,737

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONT'D)

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current liabilities					
Hire purchase payables	28	6,275	6,389	157	207
Borrowings	29	288,795	294,236	254,494	255,605
Employees' service benefits	30	34,806	28,891	-	-
Deferred tax liabilities	16	2,999	2,904	-	-
		332,875	332,420	254,651	255,812
Total liabilities		1,080,365	916,513	262,733	263,549
Net assets		909,976	846,868	596,814	600,265
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	(91)	(2)	(91)	(2)
Capital reserve	31	307	307	120	120
Foreign currency translation reserve	31	35,952	1,418	-	-
Fair value adjustment reserve	31	(428)	(454)	(355)	(400)
Retained earnings	31	295,375	265,710	18,625	22,032
		909,630	845,494	596,814	600,265
Non-controlling interests		346	1,374	-	-
Total equity		909,976	846,868	596,814	600,265
Total equity and liabilities		1,990,341	1,763,381	859,547	863,814

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2014

		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		-	-	-	-	45,661	(581)	-	45,080	766	45,846
Total comprehensive income		-	-	-	-	45,661	(581)	32,636	77,716	800	78,516
Transaction with equity holders											
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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

		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 (cont'd)											
At 1 January 2014		387,000	191,515	(2)	307	1,418	(454)	265,710	845,494	1,374	846,868
Purchase of treasury shares		-	-	(89)	-	-	-	-	(89)	-	(89)
Non-controlling interests on incorporation of subsidiaries		-	-	-	-	-	-	-	-	(449)	(449)
Profit for the year		-	-	-	-	-	-	37,404	37,404	(963)	36,441
Other comprehensive income		-	-	-	-	34,534	26	-	34,560	384	34,944
Total comprehensive income		-	-	-	-	34,534	26	37,404	71,964	(579)	71,385
Transaction with equity holders											
Dividends	32	-	-	-	-	-	-	(7,739)	(7,739)	-	(7,739)
At 31 December 2014		387,000	191,515	(91)	307	35,952	(428)	295,375	909,630	346	909,976

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

		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 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)
Profit for the year		-	-	-	-	-	(25,068)	(25,068)
Other comprehensive income		-	-	-	-	(527)	-	(527)
Total comprehensive income		-	-	-	-	(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

		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 RM'000
Company (cont'd)								
At 1 January 2014		387,000	191,515	(2)	120	(400)	22,032	600,265
Purchase of treasury shares		-	-	(89)	-	-	-	(89)
Disposal of controlling interest in a subsidiary		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	4,332	4,332
Other comprehensive income		-	-	-	-	45	-	45
Total comprehensive income		-	-	-	-	45	4,332	4,337
Transaction with equity holders								
Dividend	32	-	-	-	-	-	(7,739)	(7,739)
At 31 December 2014		387,000	191,515	(91)	120	(355)	18,625	596,814

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

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating activities				
Profit/(loss) before taxation	45,789	39,465	4,491	(24,933)
Adjustments for:				
Depreciation of property, plant and equipment	31,454	27,675	646	339
Provision for employees' service benefits	7,219	7,831	-	-
Gain on disposal of property, plant and equipment	(323)	(52)	-	-
Property, plant and equipment written off	6	100	6	100
Dividend income from subsidiaries	-	-	(14,714)	(13,145)
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 ("FVTPL")	(4,029)	(5,043)	(4,029)	(5,043)
Share of associates' results	(126)	6,025	-	-
Allowance for impairment losses on trade receivables	9,792	-	-	-
Write-back of impairment losses on receivables	(22,503)	(13,194)	-	-
Gain on disposal of investment in securities	(45)	-	(45)	-
Interest income	(624)	(2,524)	(63)	(307)
Dividend income from investment in securities	(5,010)	(5,324)	(1,898)	(4,969)
Write-back of overprovision for trade payables	-	-	-	-
Unrealised foreign exchange gains	(9,636)	(6,601)	(1,945)	(1,717)
Interest expense	24,419	20,373	12,025	9,882
Operating profit/(loss) before working capital changes	76,383	94,404	(5,526)	(8,815)
Working capital changes:				
Inventories	(15,281)	52,577	-	-
Receivables	(105,057)	(25,027)	1,196	(1,182)
Payables, customers' accounts and amounts due from/(to) customers on construction contracts	126,179	(49,544)	429	4,008
Net change in intercompany balances	-	-	(60,037)	(147,962)
Cash generated from/(used in) operations	82,224	72,410	(63,938)	(153,951)
Employees' service benefits paid	(3,385)	(2,034)	-	-
Taxes paid	(2,357)	(4,183)	(159)	(315)
Interest expense paid	(24,419)	(20,373)	(12,025)	(9,882)
Net cash flows generated from/(used in) operating activities	52,063	45,820	(76,122)	(164,148)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Investing activities				
Purchase of property, plant and equipment	(100,209)	(154,971)	(160)	(3,887)
Proceeds from disposal of property, plant and equipment	925	97	-	-
Effect of cash flow arising from loss of control of subsidiary	-	(144)	-	510
Acquisition of a subsidiary, net of cash received (Note 11)	(520)	(32)	(1,000)	(84)
Net changes in investment securities	36,093	(85,404)	61,753	(37,139)
Proceeds from disposal of investment securities	454	-	454	-
Upliftment of structured deposit	24,024	-	24,024	-
Subscription of derivative financial assets	(827)	(5,854)	(827)	(5,854)
Uplift/(pledged) deposits with financial institutions	1,350	(1,110)	-	-
Interest received	624	2,524	63	307
Dividends received	5,010	5,324	1,898	18,114
Investment in associates	-	(42,692)	-	(42,692)
Investment in subsidiaries	-	-	(768)	(2,628)
Net cash flows (used in)/generated from investing activities	(33,076)	(282,262)	85,437	(73,353)
Financing activities				
Contribution of non-controlling interests	-	1,102	-	-
Acquisition of non-controlling interest	(300)	-	-	-
Subscription of treasury shares	(89)	(2)	(89)	(2)
Drawdown/(repayment) of bank borrowings	28,189	260,415	(1,058)	248,681
Dividends paid to:				
- shareholders of the Company	(7,739)	(15,480)	(7,739)	(15,480)
- non controlling interest	(3,293)	(8,993)	-	-
Repayment of hire purchase payables	(3,810)	(3,083)	(48)	(44)
Advance/(repayment) of amounts due to directors	341	995	(4)	(116)
Net cash flows generated from/(used in) financing activities	13,299	234,954	(8,938)	233,039
Net increase/(decrease) in cash and cash equivalents	32,286	(1,488)	377	(4,462)
Effect of changes in foreign exchange rate	32,237	36,500	-	-
Cash and cash equivalents at beginning of year	141,841	106,829	592	5,054
Cash and cash equivalents at end of year (Note 24)	206,364	141,841	969	592

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

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.

Pursuant to the entire shares transfer of Tan Sri Nathan A/L Elumalay of 71.76% shareholding (calculated by excluding treasury shares) in the Company to Vahana Holdings Sdn Bhd ("VHSB") during the year, VHSB is regarded as the holding and ultimate holding company of the Company.

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 include structural design, steel fabrication, steel erection; engineering, procurement, construction and commissioning services for the oil and gas industry. 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 Note 11 to the financial statements relating to acquisition and incorporation of new subsidiaries.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2015.

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 MFRSs which are mandatory for the financial periods beginning on or after 1 January 2014 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.

2. Significant accounting policies (cont'd)

(b) Adoption of new and revised MFRSs

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

On 1 January 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

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 Disclosure for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivative and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

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 as further discussed below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

2. Significant accounting policies (cont'd)

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

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

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 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
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

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

2. Significant accounting policies (cont'd)

(c) Standards issued but not yet effective (cont'd)

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's and the Company's financial statements.

2. Significant accounting policies (cont'd)

(c) Standards issued but not yet effective (cont'd)

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

2. Significant accounting policies (cont'd)

(c) Standards issued but not yet effective (cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is in the midst of assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities.

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).

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.

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, investments 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.

As at 31 December 2014, the Group has no investment in associates.

(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 classified 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.

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 not depreciated.

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%-5%
Fabrication factory	5%
Plant and machinery	10%-25%
Motor vehicles	20%-33%
Computer systems	13%-33%
Furniture, fittings and office equipment	10%-25%

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.

2. Significant accounting policies (cont'd)

(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.

(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 and 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.

2. Significant accounting policies (cont'd)

(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.

(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).

2. Significant accounting policies (cont'd)

(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.

(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

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

(ii) Deferred tax (cont'd)

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.

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 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 statement of financial position.

2. Significant accounting policies (cont'd)

(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.

(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.

(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.

2. Significant accounting policies (cont'd)

(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.

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.

2. Significant accounting policies (cont'd)

(s) Foreign currencies (cont'd)

(iii) Foreign operations (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(t) Employee benefits (cont'd)

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

(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.

2. Significant accounting policies (cont'd)

(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

Financial assets at fair value through profit or loss

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.

Derivatives financial assets are measured at fair value through profit or loss as disclosed in Note 17.

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)

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 and 21 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.

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.

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 (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

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

(i) Financial assets (cont'd)

Derecognition (cont'd)

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.

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.

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 (cont'd)

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.

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.

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)

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.

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

2. Significant accounting policies (cont'd)

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

(iii) Financial liabilities (cont'd)

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

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.

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 operating activities and 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.

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 4.3% (2013: 4.2%) 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.

2.1 Significant accounting judgements and estimates (cont'd)

2.1.1 Key sources of estimation uncertainty (cont'd)

(c) Deferred tax assets (cont'd)

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.

(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.

2.1 Significant accounting judgements and estimates (cont'd)

2.1.1 Key sources of estimation uncertainty (cont'd)

(f) Estimated revenue and future cost 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.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

2.1 Significant accounting judgements and estimates (cont'd)

2.1.2 Judgement made in applying accounting policies (cont'd)

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

In 2013, the Company has cumulatively acquired 45,329,000 shares representing 20.51% equity interest in Technics Oil & Gas Limited ("TOGL"), which is listed 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 in previous financial year.

On 11 August 2014, TOGL has completed an exercise for the acquisition of 2 companies in which the purchase consideration was partly satisfied with TOGL's treasury shares and the issuance of new TOGL's shares. Upon the capitalisation of TOGL's treasury shares and issuance and listing of TOGL's new shares, the Company's equity interest in TOGL was diluted from 20.5% to 19.3%. This reduction in equity interest, coupled with the resignation of the Company's representative on the Board of Directors of TOGL on 21 July 2014, has resulted in the loss of the Company's influence over the significant business decision-making in TOGL and hence TOGL ceased to be an associated company of the Company in accordance to the provisions of MFRS 128. The share of profits TOGL prior to the cessation as associate was RM464,000 during the year.

3. Revenue

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

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Construction contract revenue	1,002,809	965,050	-	-
Dividend income from subsidiaries	-	-	14,714	13,145
Dividend income from investment securities	-	-	1,898	4,969
Interest income	-	-	63	307
Rental income	-	-	569	609
	1,002,809	965,050	17,244	19,030

4. Other income

Other income include the following:

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Interest income	624	2,524	-	-
Dividend income from investment securities	5,010	5,324	-	-
Rental income	40	45	-	-
Sales of scrap	8,811	6,982	-	-
Gain on disposal of property, plant and equipment	323	52	-	-
Gain on dilution of controlling interest in a subsidiary	-	483	-	-
Writeback of impairment losses on receivables (Note 20)	22,503	13,194	-	-
Gain on disposal of investment	45	-	45	-
Gain on remeasurement on investment in associate	-	-	-	-
Unrealised foreign exchange gains	9,636	6,601	1,945	1,717

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

5. Finance costs

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Interest expense:				
- Bank borrowings	12,259	10,403	154	251
- Hire purchase payables	300	352	11	13
- Islamic medium-term notes	11,860	9,618	11,860	9,618
	24,419	20,373	12,025	9,882

6. Profit/(loss) before taxation

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

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Auditors' remuneration:				
- Current year	680	545	66	63
- Under/(over)provision in previous year	22	(9)	6	(3)
Depreciation of property, plant and equipment (Note 15)	31,454	27,675	646	339
Non-executive directors' remuneration (Note 8)	254	254	254	254
Employee benefits expense (Note 7)	236,042	244,353	3,132	6,560
Property, plant and equipment written off (Note 15)	6	100	6	100
Rental of:				
- Premises	16,264	19,025	-	118
- Operating lease	2,382	2,386	-	9
Impairment loss prior to loss of control of a subsidiary	-	-	-	464
Allowance of impairment losses on trade receivables	9,792	-	-	-
Impairment loss on investment in associate	-	26,156	-	30,514
Management fees	2,226	2,142	-	-

7. Employee benefits expense

	Group 2014 RM '000	Group 2013 RM '000	Company 2014 RM '000	Company 2013 RM '000
Executive directors' remuneration				
Executive directors of the Group (Note 8)	12,308	11,923	1,225	2,583
Other employees:				
Wages and salaries				
- Cost of sales	190,862	206,886	-	-
- Operating and administrative expenses	32,872	25,544	1,907	3,977
	223,734	232,430	1,907	3,977
Total employee benefits expense	236,042	244,353	3,132	6,560

Included in employee benefits expense is defined contribution plan amounting to RM6,654,000 (2013: RM5,821,000) and RM299,000 (2013: RM457,000) for the Group and the Company respectively.

8. Directors' remuneration

	Group 2014 RM '000	Group 2013 RM '000	Company 2014 RM '000	Company 2013 RM '000
Directors of the Group				
Executive:				
- Salaries	12,020	11,686	1,120	2,412
- Defined contribution plan	288	237	105	171
Executive directors' remuneration (Note 7)	12,308	11,923	1,225	2,583
Other emoluments	426	488	186	161
Total executive directors' remuneration	12,734	12,411	1,411	2,744
Non-Executive:				
- Fees	216	216	216	216
- Other emoluments	38	38	38	38
Total non-executive directors' remuneration (Note 6)	254	254	254	254
Total directors' remuneration	12,988	12,665	1,665	2,998

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	
	2014	2013
Executive directors:		
RM800,001 to RM850,000	1	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
RM1,200,001 to RM1,250,000	1	-
RM8,300,001 to RM8,350,000	-	1
RM8,650,001 to RM8,700,000	1	-
Non-Executive directors:		
RM50,001 to RM100,000	3	3

9. Income Tax expense

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Current income tax:				
Malaysian income tax	3,023	2,665	159	156
Foreign income tax	5,608	4,814	-	-
Under/(over) provision in previous years	632	80	-	(21)
	9,263	7,559	159	135
Deferred tax (Note 16)				
- Relating to origination and reversal of temporary difference	920	574	-	-
- Over provision in previous years	(835)	(1,338)	-	-
	85	(764)	-	-
Total income tax expense	9,348	6,795	159	135

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 is as follows:

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Profit/(loss) before taxation	45,789	39,465	4,491	(24,993)
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	11,447	9,866	1,123	(6,233)
Difference in foreign tax rates	(6,528)	(7,370)	-	-
Expenses not deductible for tax purposes	8,856	8,129	3,189	7,631
Income not subject to tax	(4,224)	(1,348)	(4,153)	(1,242)
Under/(over)provision of income tax expense in previous years	632	80	-	(21)
Over provision of deferred tax in previous years	(835)	(1,338)	-	-
Utilisation of current year's reinvestment allowance	-	(1,224)	-	-
Income tax expense for the year	9,348	6,795	159	135

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	
	2014 RM '000	2013 RM '000
At 1 January	-	4,897
Utilisation of current year's reinvestment allowance	-	(4,897)
At 31 December	-	-

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	
	2014 RM '000	2013 RM '000
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	37,404	32,636
Weighted average number of ordinary shares in issue, excluding treasury shares ('000 units)	773,899	773,999
Basic earnings per share for profit for the year (sen)	4.8	4.2

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

11. Investment in subsidiaries

	Company	
	2014 RM '000	2013 RM '000
Unquoted shares, at cost		
At 1 January	373,620	371,992
Additions during the year:		
- Acquisition of subsidiary	1,000	-
- Incorporation of new subsidiaries	468	2,544
- Increase in equity interest in subsidiary	300	84
Disposal of 51% ownership in a subsidiary	-	(510)
Impairment loss prior to loss of control of a subsidiary	-	(464)
Carrying amount of a former subsidiary, reclassified as associate	-	(26)
Capitalisation of inter-company balances	270,577	-
Carrying amount of a former associate, reclassified as subsidiary	1,986	-
At 31 December	647,951	373,620

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 (%)		Effective interest in profit based on shareholders' agreement (%)	
				2014	**2013**	**2014**	**2013**
Held by the Company							
1	Shineversendai Engineering (M) Sdn. Bhd. ("Shineversendai") *[Note (ii)]*	Malaysia	Engineering, fabrication, design and erection of mechanical and structural steel works	100.00	99.99	*	*
2	Eversendai Technics Pte. Ltd. ("ETPL") *[Note (i)]*	Singapore	Design, fabrication works and integration of compression systems and process	70.00	70.00	*	*
3	Eversendai Engineering FZE ("Eversendai Sharjah") *[Note (ii)]*	United Arab Emirates	Steel, fabrication and painting	100.00	100.00	*	*
4	Eversendai Engineering L.L.C. ("Eversendai Dubai") *[Note (ii), (iii)]*	United Arab Emirates	Fabrication and erection of steel structures	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	Building, steel structures and general contracting	49.00	49.00	100.00	100.00
6	EVS Construction L.L.C. ("EVSC") *[Note (ii), (iii), (vii)]*	United Arab Emirates	Engineering and contracting services	49.00	49.00	100.00	100.00
7	Eversendai Engineering Saudi L.L.C. ("Eversendai Saudi") *[Note (ii),(iii)]*	Kingdom of Saudi Arabia	Steel construction contracts for all kinds of buildings, steel construction works related to oil and gas fields. Industrial establishment building contracting, fire proofing and civil works	80.00	80.00	100.00	100.00

11. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%)		Effective interest in profit based on shareholders' agreement (%)	
				2014	2013	2014	2013
	Held by the Company						
8	Eversendai Construction (S) Pte. Ltd. ("Eversendai Singapore") *[Note (i)]*	Singapore	Building construction including major upgrading works	100.00	100.00	*	*
9	Eversendai Offshore Sdn. Bhd. ("EOSB") *[Note (ii), (iv)]*	Malaysia	Engineering, procurement, fabrication and construction services for the oil and gas industry	100.00	70.00	*	*
10	ECB Properties Sdn. Bhd. ("EPSB") *[Note (ii)]*	Malaysia	Real property and development	100.00	100.00	*	*
11	Perisai Kuasa Sdn. Bhd. ("PKSB") *[Note (ii)]*	Malaysia	Engineering services and technology provider in the oil and gas industry	60.00	60.00	*	*
12	Eversendai Constructions (M) Sdn. Bhd. ("ECMSB") *[Note (ii), (v)]*	Malaysia	Civil engineering and general contracting services	69.00	49.00	*	*
13	Eversendai Frontiers Private Limited ("EFPL") *[Note (ii), (viii)]*	India	Engineering, procurement, fabrication and construction services	100.00	-	*	*
14	Eversendai Engineering LLC ("Eversendai Azerbaijan") *[Note (ii), (vi)]*	Republic of Azerbaijan	Engineering, procurement, fabrication and construction services	100.00	-	*	*

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 (%)		Effective interest in profit based on shareholders' agreement (%)	
				2014	2013	2014	2013
Held by Eversendai Contruction (S) Pte. Ltd.							
15	Eversendai Engineering Pte. Ltd. ("EEPL Singapore") *[Note (i)]*	Singapore	Mechanical, electrical, civil and general engineers and engineering consultants	100.00	100.00	*	*
16	Eversendai Construction Private Limited ("Eversendai India") *[Note (ii)]*	India	Engineering, design, detailing, steel fabrication, development of residential buildings and commercial complexes	100.00	100.00	*	*
17	Eversendai Engineering Qatar W.L.L. ("Eversendai Qatar") *[Note (ii), (iii)]*	State of Qatar	Engineering, blasting, painting, fabrication, design and erection of mechanical and structural steel works	49.00	49.00	70.00	70.00
Held by EOSB							
18	Eversendai Offshore RMC FZE ("EVORF")s *[Note (ii), (iv)]*	United Arab Emirates	Manufacturing and construction of oil and gas field equipment, oil and gas facility, sea platforms and rigs, structural steel, pressure vessels and other related activities	100.00	70.00	*	*
Held by PKSB							
19	Eversendai Oil & Gas (M) Sdn. Bhd. ("Eversendai O&G") [*Note (ii)]*	Malaysia	Engineering services and technology provider in the oil and gas industry	48.00	48.00	*	*
Held by ECMSB							
20	Eversendai Engineering (Pvt) Limited ("Eversendai Sri Lanka") *[Note (ii)]*	Sri Lanka	Construction	69.00	49.00	*	*

** Not applicable.*

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

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.

Significant judgement made on the investment made in the subsidiaries is disclosed in Note 2.1.2 (b).

(iv) On 13 March 2014, the Company entered into a sale and purchase agreement with Technics Oil & Gas Limited ("TOGL"), a former associated company, for the purchase of TOGL 300,000 ordinary shares of RM1 each representing 30% equity interest in Eversendai Offshore Sdn Bhd ("EOSB") for a total cash consideration of RM300,000 from TOGL. The acquisition was completed on 11 April 2014 and accordingly, EOSB and its' wholly owned Eversendai Offshore RMC FZE ("EVORF") became wholly-owned subsidiaries of the Company.

(v) On 9 May 2014, the Company announced that it has acquired 1,000,000 ordinary shares of RM1 each representing 20% equity interest in Eversendai Constructions (M) Sdn Bhd ("ECMSB") for a total cash consideration of RM1,000,000. Upon the completion of the said acquisition, the Company's equity interest in ECMSB has increased from 49% to 69% and accordingly, ECMSB became a subsidiary of the Company.

(vi) On 7 July 2014, the Company announced that it has incorporated a 100% owned subsidiary, Eversendai Engineering LLC ("Eversendai Azerbaijan"), in the Republic of Azerbaijan. Eversendai Azerbaijan has an authorised and issued share capital of AZN100,000 (approximately RM410,000) comprising 100,000 shares with nominal value of AZN1 each and is involved in the provision of engineering, procurement, fabrication and construction services.

11. Investment in subsidiaries (cont'd)

(vii) The auditors' report for this subsidiary includes an emphasis on matter relating to the uncertainty of the completion of the tower and realisation of the offices by the subsidiary is dependent on the successful completion of the towers by customer as disclosed in note 38.

(viii) On 14 July 2014, the Company announced that it has incorporated a 100% owned subsidiary, Eversendai Frontiers Pvt Ltd ("EFPL"), in the State of Maharashtra, India. EFPL has an issued capital of RS1,000,000 comprising 100,000 ordinary shares of RS10 each, and is involved in the provision of engineering, procurement, fabrication and construction services.

(ix) Impact of acquisition in statements of profit or loss and statements of comprehensive income

If the acquisition had taken place at the beginning of the financial year, the acquired subsidiaries would have contributed revenue and loss net of tax attributable to owners of the parent as follows:

	Total RM '000
Revenue	444
Loss before tax	(2,191)
Loss net of tax	(2,191)

The following summarises the consideration paid on the acquisition of ECMSB, the fair value of assets acquired, liabilities assumed at date of acquisition.

	Total RM '000
Acquisition of subsidiary, purchase consideration in cash	1,000
Carrying amount of previously held equity interest, associate	
- At cost	1,986
- Share of loss	(1,648)
Share of loss before becoming a subsidiary	(338)
Total purchase acquisition	1,000

11. Investment in subsidiaries (cont'd)

(ix) Impact of acquisition in statements of profit or loss and statements of comprehensive income (cont'd)

The following summarises the consideration paid on the acquisition of ECMSB, the fair value of assets acquired, liabilities assumed at date of acquisition. (cont'd)

Details of the net identifiable assets and liabilities acquired are as follows:

	RM '000 At Cost	RM '000 At fair value
Assets		
Property, plant and equipment	754	754
Cash and cash equivalents	480	480
Trade and other receivables	2,150	2,150
	3,384	3,384
Liabilities		
Trade and other payables	3,748	3,748
Hire purchase payables	114	114
	3,862	3,862
Total identifiable net liabilities at fair value	(478)	(478)
Share of liabilities for non-controlling interest	147	147
Total identifiable net liabilities at fair value assumed by the Group	(331)	(331)
Goodwill on acquisition	1,331	1,331
Total purchase consideration	1,000	1,000

	Cash flow on acquisition RM '000
Cash paid	(1,000)
Add: Cash and cash equivalent of subsidiary acquired	480
Net cash outflow on acquisition	(520)

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 subsidiaries which are not material to the Group are not presented.

11. Investment in subsidiaries (cont'd)

(i) Summarised statements of financial position

At 31 December 2014	Eversendai Qatar RM '000	Eversendai O & G RM '000	ETPL RM '000	Total RM '000
Current assets	320,732	8,361	2,632	331,725
Non-current assets	26,436	403	-	26,839
Total assets	347,168	8,764	2,632	358,564
Current liabilities	295,981	6,506	-	302,487
Non-current liabilities	33,259	-	-	33,259
Total liabilities	329,240	6,506	-	335,746
Net assets	17,928	2,258	2,632	22,818
Equity attributable to owner of the Parent	17,533	2,570	1,842	21,945
Non-controllng interest	395	(312)	790	873
	17,928	2,258	2,632	22,818

At 31 December 2013	Eversendai Qatar RM '000	Eversendai O & G 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 interest	785	298	779	1,862
	14,813	573	2,596	17,982

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

11. Investment in subsidiaries (cont'd)

(ii) Summarised statements of comprehensive income

Year ended 31 December 2014	Eversendai Qatar RM '000	Eversendai O & G RM '000	ETPL RM '000	Total RM '000
Revenue	159,771	2,970	-	162,741
Profit/(loss) for the year	2,402	(1,175)	(13)	1,214
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	2,402	(1,175)	(13)	1,214
Profit/(loss) attributable to:				
- owners of the Parent	1,681	(564)	(9)	1,108
- non-controlling interests	721	(611)	(4)	106
	2,402	(1,175)	(13)	1,214
Total comprehensive income/(loss) attributable to:				
- owners of the Parent	1,743	(564)	(9)	1,170
- non-controlling interests	659	(611)	(4)	44
	2,402	(1,175)	(13)	1,214

Year ended 31 December 2013	Eversendai Qatar RM '000	Eversendai O & G RM '000	ETPL RM '000	Total RM '000
Revenue	250,827	-	-	250,827
Profit/(loss) for the year	1,663	(389)	-	1,274
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	1,663	(389)	-	1,274
Profit/(loss) attributable to:				
- owners of the Parent	1,164	(187)	-	977
- non-controlling interests	499	(202)	-	297
	1,663	(389)	-	1,274
Total comprehensive income/(loss) attributable to:				
- owners of the Parent	1,164	(187)	-	977
- non-controlling interests	499	(202)	-	297
	1,663	(389)	-	1,274

11. Investment in subsidiaries (cont'd)

(iii) Summarised cash flow information for year ended 31 December 2014:

	Eversendai Qatar RM '000	Eversendai O & G RM '000	ETPL RM '000	Total RM '000
Year ended 31 December 2014				
Operating	(8,772)	(1,106)	-	(9,878)
Investing	(1,366)	(116)	-	(1,482)
Financing	(4,887)	2,941	-	(1,946)
Net (decrease)/increase in cash and equivalents	(15,025)	1,719	-	(13,306)

	Eversendai Qatar RM '000	Eversendai O & G RM '000	ETPL RM '000	Total RM '000
Year ended 31 December 2013				
Operating	12,401	368	-	12,769
Investing	(331)	(367)	-	(698)
Financing	(11,909)	1,000	-	(10,909)
Net increase in cash and cash equivalents	161	1,001	-	1,162

12. Investment in associates

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 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

12. Investment in associates (cont'd)

	Group 2014 RM '000	Group 2013 RM '000	Company 2014 RM '000	Company 2013 RM '000
Analysed as:				
Shares, at cost				
Quoted				
At 1 January	117,594	-	117,594	-
Reclassified (to)/from Investment securities (Note 23)	(117,594)	76,862	(117,594)	76,862
Additional investment	-	40,732	-	40,732
At 31 December	-	117,594	-	117,594
Unquoted				
At 1 January	1,986	-	1,986	-
Effect of remeasurement of a former subsidiary, now an associate (Note 11)	-	26	-	26
Reclassification to subsidiary	(1,986)	-	(1,986)	-
Additional investment	-	1,960	-	1,960
At 31 December	-	1,986	-	1,986
Total cost	-	119,580	-	119,580
Share of post acquisition results	-	(6,025)	-	-
Impairment on investment	-	(26,156)	-	(30,514)
	-	87,399	-	89,066

Details of the associates were as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest 2014	Proportion of ownership interest 2013
TOGL (Quoted) (a)	Singapore	Engineering, procurement, construction and commissioning of process modules and equipment for oil and gas production	-	20.51%
ECMSB (Unquoted) (b)	Malaysia	Civil engineering and general contracting services	-	49.00%

12. Investment in associates (cont'd)

(a) Investment in Technics Oil & Gas Limited

On 11 August 2014, TOGL completed an exercise for the acquisition of 2 companies in which the purchase consideration was partly satisfied with TOGL's treasury shares and the issuance of new TOGL's shares. Upon the capitalisation of TOGL's treasury shares and issuance and listing of TOGL's new shares, the Company's equity interest in TOGL was diluted from 20.5% to 19.3%. The dilution in equity interest, together with the resignation of the Company's representative on the Board of Directors of TOGL on 21 July 2014, has resulted in the loss of the Company's significant influence over the decision-making in TOGL and as an associated company. Accordingly, the carrying amount of TOGL was subsequently redesignated as investments in securities.

(b) Investment in Eversendai Constructions (M) Sdn. Bhd.

As disclosed in Note 11 ECMSB became a subsidiary of the Company during the year.

(c) The following table illustrates the summarised financial information of the Group's investment in associates in prior year:

At 31 December 2013	**TOGL RM '000**	**ECMSB 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

12. Investment in associates (cont'd)

The following table illustrates the summarised financial information of the Group's investment in associates in prior year: (cont'd)

	2013		
	TOGL RM '000	**ECMSB 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)

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

	2013		
	TOGL RM '000	**ECMSB RM '000**	**Total RM '000**
Net assets at date acquired/effect of change in control of a subsidiary to an associate	189,215	53	189,268
Increase in paid up capital	-	4,000	4,000
Loss for the year	(21,341)	(3,363)	(24,704)
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

TOGL's and ECMSB's financial year end are 30 September and 31 December respectively.

13. Goodwill

	Group 2014 RM '000	2013 RM '000
At 1 January	10,757	9,920
Addition during the year	1,331	837
At 31 December	12,088	10,757

Goodwill arose from the following investments:

	Group 2014 RM '000	2013 RM '000
Eversendai LLC	4,143	4,143
Shineversendai	5,777	5,777
Eversendai O&G	837	837
ECMSB	1,331	-
	12,088	10,757

(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 rates of 8.69% (2013: 8.69%) used are pre-tax 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	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
At fair value				
At 1 January	24,000	25,284	24,000	25,284
Divestment	(24,000)	-	(24,000)	-
Fair value adjustment	-	(1,284)	-	(1,284)
At 31 December	-	24,000	-	24,000

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 2014	136,490	151,825	136,523	32,079	12,502	8,496	36,213	514,128
Acquisition of subsidiary	-	-	-	155	404	334	-	893
Additions	4,712	4,271	18,467	6,258	3,330	789	66,433	104,260
Transfer	-	14,684	6,306	-	-	-	(20,990)	-
Written off	-	-	-	-	(6)	-	-	(6)
Disposals	-	-	(543)	(2,039)	(52)	(9)	-	(2,643)
Exchange differences	545	8,285	6,700	1,576	814	458	5,366	23,744
At 31 December 2014	141,747	179,065	167,453	38,029	16,992	10,068	87,022	640,376
Accumulated depreciation								
At 1 January 2014	-	34,663	81,149	24,786	7,876	3,302	-	151,776
Acquisition of subsidiary	-	-	-	31	77	31	-	139
Charge for the year (Note 6)	-	7,484	16,575	3,991	2,095	1,309	-	31,454
Written off	-	-	-	-	(1)	-	-	(1)
Disposals	-	-	(242)	(1,951)	(10)	-	-	(2,203)
Exchange differences	-	2,529	5,187	1,302	515	257	-	9,790
At 31 December 2014	-	44,676	102,669	28,159	10,552	4,899	-	190,955
Net carrying amount								
At 31 December 2014	141,747	134,389	64,784	9,870	6,440	5,169	87,022	449,421

15. Property, plant and equipment (cont'd)

	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
Group (cont'd)								
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

15. Property, plant and equipment (cont'd)

	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
Company						
Cost						
At 1 January 2014	11,582	397	2,810	10	3,438	18,237
Additions	-	-	63	4	93	160
Written off	-	-	(6)	-	-	(6)
At 31 December 2014	11,582	397	2,867	14	3,531	18,391
Accumulated depreciation						
At 1 January 2014	-	172	308	4	-	484
Charge for the year (Note 6)	-	79	565	2	-	646
Written off	-	-	(1)	-	-	(1)
At 31 December 2014	-	251	872	6	-	1,129
Net carrying amount						
At 31 December 2014	11,582	146	1,995	8	3,531	17,262

15. Property, plant and equipment (cont'd)

	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
Company (cont'd)						
Cost						
At 1 January 2013	11,582	397	213	10	5,753	17,955
Additions	-	-	447	-	3,440	3,887
Transfer	-	-	-	-	(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

15. Property, plant and equipment (cont'd)

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

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Hire purchase payables	4,051	6,481	-	-
Cash	100,209	154,971	160	3,887
	104,260	161,452	160	3,887

Acquisition during the year

During the financial year, the Group has material additions of capital work in progress amounting to RM64,257,000 pertaining to the building under construction on a land leased from RAK Maritime City, Ras Al Khaimah, United Arab Emirates ("UAE").

Allocation of depreciation expenses

Depreciation has been allocated in profit or loss as follows:

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Cost of sales	24,796	22,599	-	-
Operating and administrative expenses	6,658	5,076	646	339
	31,454	27,675	646	339

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:

	2014 RM '000	2013 RM '000
Group		
Net carrying amounts	81,212	63,409
Company		
Net carrying amounts	11,728	11,807

16. Deferred taxation

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
At beginning of the year	2,445	3,313	-	-
Recognised in profit or loss (Note 9)	85	(764)	-	-
Exchange difference	(39)	(104)	-	-
At end of the year	2,491	2,445	-	-

Deferred tax as at reporting date relates to the following:

Group	Property, plant and equipment RM '000	Provision RM '000	Others RM '000	Total RM '000
Deferred tax assets				
At 1 January 2013	(288)	(118)	(35)	(441)
Recognised in profit or loss	76	15	(79)	12
Exchange difference	(20)	(10)	-	(30)
At 31 December 2013	(232)	(113)	(114)	(459)
Recognised in profit or loss	21	-	(31)	(10)
Exchange difference	(31)	(8)	-	(39)
At 31 December 2014	(242)	(121)	(145)	(508)
Deferred tax liability				
At 1 January 2013	3,754	-	-	3,754
Recognised in profit or loss	(850)	-	-	(850)
At 31 December 2013	2,904	-	-	2,904
Recognised in profit or loss	95	-	-	95
At 31 December 2014	2,999	-	-	2,999

16. Deferred taxation (cont'd)

Presented in the statements of financial position are as follows:

Group	2014 RM '000	2013 RM '000
Non-current		
Deferred tax assets	(508)	(459)
Deferred tax liability	2,999	2,904
	2,491	2,445

17. Derivative financial assets

	Group and Company	
	2014 RM '000	2013 RM '000
At FVTPL		
Quoted warrants, at fair value	15,838	12,181

At 31 December 2014, the closing market price of the warrants was approximately RM15,837,905 and the gain arising of RM3,657,054 was recognised in the income statement during the year. The basis of the application of MFRS7 Financial Instruments : Disclosure for this warrant is disclosed in Note 35 to the financial statement.

18. Inventories

	Group	
	2014 RM '000	2013 RM '000
At cost		
Materials at fabrication yard and on site	148,543	133,262

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, RM190,526,000 (2013: RM223,537,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

Certain inventories amounting to RM44,410,000 (2013: RM14,540,000) are pledged against bank borrowings as disclosed in Note 29.

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

	Group	
	2014 RM '000	2013 RM '000
Aggregate costs incurred to date	5,277,577	3,916,503
Attributable profits less recognised losses	708,601	508,157
	5,986,178	4,424,660
Less: Progress billings on contracts	(5,716,246)	(4,106,412)
	269,932	318,248
Presented as:		
Amounts due from customers on construction contracts	394,831	364,531
Amounts due to customers on construction contracts	(124,899)	(46,283)
	269,932	318,248

Retention sums on construction contracts are included in trade receivables as disclosed in Note 20.

Contract work-in-progress as at 31 December 2014 includes an amount of RM21,431,070 (2013: RM20,670,806) relating to a contract being constructed for a customer who is involved in the construction of a tower at Dubai, United Arab Emirates. Subsequent to the year end, the subsidiary has entered into sales and purchase agreements with the customer for purchase of commercial offices in the tower and the contract work-in-progress balance has been adjusted against the consideration for purchase of commercial offices in the tower. (refer note 38).

20. Trade contract receivables

	Group 2014 RM '000	Group 2013 RM '000
Trade contract receivables	267,494	226,308
Retention sum receivables	209,323	202,801
	476,817	429,109
Less : Allowance for impairment losses	(10,675)	(26,858)
	466,142	402,251

The retention sum receivables are subject to satisfactory completion of the respective project defect liability periods. Included in trade receivables is an amount of RM24,889,000 (2013: Nil) due from of a related party, where a director has interest.

The Group's trading terms with its customers are mainly on credit. The Group's normal trade credit term ranges from 30 to 90 (2013: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Trade contract receivables are non-interest bearing.

Trade contract receivables and retention sum receivables as at 31 December 2014 includes an amount of RM12,761,742 (2013: RM18,075,422) and RM5,833,872 (2013: RM5,051,315) respectively due from a customer who is involved in the construction of a tower at Dubai, United Arab Emirates. Subsequent to the year end, the Company has entered into sales and purchase agreements with the customer for purchase of commercial offices in the tower and the contract receivables and retention receivable balances due from the customer has been adjusted against the consideration for purchase of commercial offices in the tower (refer note 38).

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

	Group 2014 RM '000	Group 2013 RM '000
Neither past due nor impaired	355,300	74,752
Past due but not impaired:		
Past due 1 to 30 days	16,289	21,735
Past due 31 to 60 days	31,372	12,544
Past due 61 days and more	63,181	293,220
Impaired	10,675	26,858
Total trade contract receivables	476,817	429,109

20. Trade contract receivables (cont'd)

Receivables that are neither past due nor impaired

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

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

Receivables that are 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	
	2014 RM '000	2013 RM '000
At 1 January	26,858	39,025
Impaired during the year	9,792	-
Write-back of allowances (Note 4)	(22,503)	(13,194)
Written-off	(3,986)	(2,206)
Exchange differences	514	3,233
At 31 December	10,675	26,858

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	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Prepaid land lease rental	-	2,124	-	-
Deposits	16,546	15,791	38	38
Prepayments	8,044	9,523	353	1,513
Others receivables	53,065	26,009	26	64
	77,655	53,447	417	1,615

Included in deposits are payment for contract labour cost of RM5,179,000 (2013: RM4,812,000) relating to the working permit which are refundable in the respective countries.

Included in other receivables are the advance to suppliers of RM23,146,000 (2013: RM5,525,000) relating to downpayments given to suppliers for projects. The amount is to be recovered when the suppliers make claims to the Group for payments.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

22. Related party disclosures (cont'd)

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

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

	Group 2014 RM '000	Group 2013 RM '000
Rental expense paid by the Group on properties owned by:		
- a director of the Company	1,019	641
Provision of services for engineering and fabrication by a subsidiary to Vahana Offshore (S) Pte. Ltd. where the Company deemed related to one of the director by virtue of his direct interest in the ultimate holding of the Group	57,960	-

(ii) Personal guarantee by directors

	Group 2014 RM '000	Group 2013 RM '000
Personal guarantee provided by a director of the Company	-	578,994
Personal guarantee provided by directors of a subsidiary	-	5,325

(iii) Transaction with subsidiary

	Company 2014 RM '000	Company 2013 RM '000
Rental charged to a subsidiary	564	564

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

	Group 2014 RM '000	Group 2013 RM '000
Lease of labour quarters	1,617	1,348

22. Related party disclosures (cont'd)

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

The above transactions entered into with the related parties were made according to arm’s length transactions with similar terms offered to external parties.

(b) Compensation of key management personnel

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

(c) Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(d) Amount due to subsidiaries

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

23. Investment in securities

	Group		Company	
	2014 RM ’000	2013 RM ’000	2014 RM ’000	2013 RM ’000
Current				
At fair value				
Available-for-sale financial assets:				
- Unit trust fund	94,630	130,583	25,579	87,287
Non-current				
At FVTPL				
Investment in quoted shares				
- Foreign equity investment	87,847	-	87,847	-

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

23. Investment in securities (cont'd)

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

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
At 1 January	-	76,862	-	76,862
Reclassified (to)/from investment in associates (Note12)	87,525	(76,862)	87,525	(76,862)
Net gain on financial assets at FVTPL	322	-	322	-
At 31 December	87,847	-	87,847	-

As disclosed in note 12, investment in TOGL was subsequently classified as investment securities during the year.

24. Deposits and bank balances

Group	2014 RM '000	2013 RM '000
Cash and bank balances	85,976	52,431
Deposits with financial institutions	156,726	129,592
Total cash and bank balances	242,702	182,023
Company		
Total cash and bank balances	969	592

The weighted average effective interest rates as at the reporting date for the Group was 0.44% (2013: 1.53%).

Deposits of the Group amounting to RM36,338,000 (2013: RM37,688,000) placed with financial institutions are pledged as securities for bank borrowing facilities granted to the subsidiaries as disclosed in Note 29. The remaining maturity of the Group's deposits with financial institutions at the reporting date range from 30 to 365 days (2013: 38 to 365 days) with those above 90 days excluded from cash equivalents for statement of cashflow purposes.

24. Deposits and bank balances (cont'd)

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

	2014 RM '000	2013 RM '000
Group		
Cash and bank balances	242,702	182,023
Less: Bank overdrafts (Note 29)	-	(2,494)
	242,702	179,529
Less: Deposits with financial institutions	(36,338)	(37,688)
Cash and cash equivalents	206,364	141,841
Company		
Cash and bank balances, representing cash and cash equivalents	969	592

25. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2013: 30 to 90) days.

26. Other payables

	2014 RM '000	2013 RM '000
Group		
Current		
Other payables and accruals	102,495	81,873
Advances from customers	83,446	126,386
Retention sums payable	7,301	5,309
	193,242	213,568
Company		
Current		
Other payables and accruals	3,854	3,823

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

27. Amounts due to directors

	Group		Company	
	2014 RM '000	**2013 RM '000**	**2014 RM '000**	**2013 RM '000**
Due to:-				
- director of the Company	36	36	19	23
- directors of the subsidiaries	1,472	1,127	-	-
	1,508	1,167	19	23

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

(b) Arose from various payment made by directors on the Group's behalf.

28. Hire purchase payables

Group	**2014 RM '000**	**2013 RM '000**
Minimum lease payments:		
- Not later than one year	3,810	3,083
- Later than one year but not later than five years	7,306	6,910
Total minimum lease payments	11,116	9,993
Less: Amount representing finance charges	(1,743)	(861)
Present value of minimum lease payments	9,373	9,132
Present value of payments:		
Payable not later than one year	3,098	2,743
Payable later than one year but not later than five years	6,275	6,389
Present value of minimum lease payments	9,373	9,132
Less: Amount due within 12 months	(3,098)	(2,743)
Amount due after 12 months	6,275	6,389

28. Hire purchase payables (cont'd)

	2014 RM '000	2013 RM '000
Company		
Minimum lease payments:		
- Not later than one year	58	58
- Later than one year but not later than five years	169	227
Total minimum lease payments	227	285
Less: Amount representing finance charges	(21)	(31)
Present value of minimum lease payments	206	254
Present value of payments:		
Payable not later than one year	49	47
Payable later than one year but not later than five years	157	207
Present value of minimum lease payments	206	254
Less: Amount due within 12 months	(49)	(47)
Amount due after 12 months	157	207

Interests for hire purchase of the Group and the Company range from 2.29% to 5.77% (2013: 2.29% to 17.13%) and 2.48% (2013: 2.48%) respectively.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014 (CONT'D)

29. Borrowings

Group	2014 RM '000	2013 RM '000
Current		
Secured:		
Payables not later than one year:		
- Bank overdrafts	-	2,494
- Bills payable (b)	176,261	163,076
- Term loans (c)	71,816	48,877
	248,077	214,447
Non-current		
Secured:		
Payables later than one year but not later than five years:		
- Term loans (c)	38,282	42,779
- Islamic medium-term notes ("Sukuk") (e)	250,000	-
Payable later than five years:		
- Term loans (c)	513	1,457
- Islamic medium-term notes ("Sukuk") (e)	-	250,000
	288,795	294,236
Total borrowings	536,872	508,683

Company	2014 RM '000	2013 RM '000
Current		
Secured:		
Payables not later than one year:		
- Term loans (c)	1,102	1,049
Non-current		
Secured:		
Payables later than one year but not later than five years:		
- Term loans (c)	3,981	4,148
- Islamic medium-term notes ("Sukuk") (e)	250,000	-
Payable later than five years:		
- Term loans (c)	513	1,457
- Islamic medium-term notes ("Sukuk") (e)	-	250,000
	254,494	255,605
Total borrowings	255,596	256,654

29. Borrowings (cont'd)

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

	2014 RM '000 equivalent	2013 RM '000 equivalent
At 31 December		
United Arab Emirates Dirham	128,708	115,777
Malaysian Ringgit	269,276	272,571
Qatari Riyal	69,137	66,360
Indian Rupees	79,124	63,107
	546,245	517,815

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

(b) Bills payable are obtained for purchase of steel materials for short term financing. These carry interest in the range of 1.99% to 7.70% per annum (2013: 2.50% to 2.63%) per annum and are repayable up to 90 days from the date of disbursement.

(c) The term loans of the Company bear interest at rates ranging from 4.49% to 4.96% (2013: 5.54% to 7.71%) per annum above the bank's base lending rate and is subject to monthly repayment of up to RM113,000 for 67 months (2013: RM113,000 for 80 months).

The term loans of the subsidiary companies bear interest at variable rates from 4.9% to 14.4% (2013: 4.9% to 12.3%) per annum and are repayable in equal monthly instalments over a period of 12 months to 60 months (2013: 12 months to 48 months).

29. Borrowings (cont'd)

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

(e) ICP and/or 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 RM500.0 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 is 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 subject 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 RM250.0 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.

30. Employees' service benefits

	Group	
	2014 RM '000	2013 RM '000
At beginning of year	28,891	20,742
Provision during the year	7,219	7,831
Employees' service benefits paid	(3,385)	(2,034)
Exchange differences	2,081	2,352
At end of year	34,806	28,891

31. Share capital and reserves

Share capital

	Group/Company			
	2014 '000	2013 '000	2014 RM '000	2013 RM '000
Authorised share capital:				
At 1 January/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.

31. Share capital and reserves (cont'd)

Capital reserve

	Group		Company	
	2014 RM '000	**2013 RM '000**	**2014 RM '000**	**2013 RM '000**
Legal reserve				
As at 1 January/31 December	187	187	-	-
Preference shares redemption reserve				
As at 1 January/31 December	120	120	120	120
	307	307	120	120

(i) Legal reserve

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

(ii) Preference shares redemption reserve

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

Share premium

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

31. Share capital and reserves (cont'd)

Treasury reserve

	Group / Company			
	2014 units '000	2013 units '000	2014 RM '000	2013 RM '000
At Cost:				
As at 1 January	1	-	2	-
Shares bought back during the year	100	1	89	2
As at 31 December	101	1	91	2

During the financial year, the Company acquired 100,000 of its issued and paid-up share capital of RM0.50 each from the open market at an average price of RM0.89 per share. The share 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 RM89,751.

Retained earnings

The Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

32. Dividends

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Recognised during the financial year:				
Dividend on ordinary shares:				
Final dividend of 1 sen on 773,899,000 ordinary shares declared on 26 May 2014 and paid on 23 July 2014	7,739	-	7,739	-
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

32. Dividends (cont'd)

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 1.25 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), amounting to a dividend payable of RM9,673,738 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 2015.

33. Commitment and contingencies

(a) Capital expenditure commitments

Group	**2014 RM '000**	**2013 RM '000**
Contracted but not provided for:		
Land	-	456
Factory building	19,658	2,510
Plant and machineries	165	-
Computer systems and others	1,937	1,456
	21,760	4,422
Approved but not contracted for:		
Factory building	-	31,000
Plant and machineries	2,931	18,700
	2,931	49,700
Company		
Contracted but not provided for:		
Computer systems	984	551

(b) Operating lease commitments

Group	**2014 RM '000**	**2013 RM '000**
Within one year	17,072	16,857
After one year but not more than five years	54,860	37,272
More than five years	176,355	195,446
	248,287	249,575

33. Commitment and contingencies (cont'd)

(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.

(d) Corporate guarantees

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

	2014 RM '000	2013 RM '000
Secured:		
Performance guarantee secured by certain deposits with financial institutions	654,457	649,591
Unsecured:	2,752,145	2,408,289
	3,406,602	3,057,880

The Company has assessed the corporate guarantees and concluded that the guarantees are more likely not to be called upon by the financial institution and accordingly not recognised as financial liability as of 31 December 2014.

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.

34. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

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 RM130,000 (2013: RM129,000) and RM6,000 (2013: RM7,000) respectively.

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				
2014				
Financial assets				
Trade contract receivables	-	-	466,142	466,142
Other receivables and deposits (excluding prepayments)	-	-	69,611	69,611
Investment securities	-	-	182,477	182,477
Deposits and bank balances	-	156,726	85,976	242,702
Derivative financial assets	-	-	15,838	15,838
Total financial assets	-	156,726	820,044	976,770

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				
2014				
Financial liabilities				
Trade payables	-	-	151,230	151,230
Other payables (excluding provision)	-	-	169,038	169,038
Bank borrowings and hire purchase payables	286,872	259,373	-	546,245
Amounts due to directors	-	-	1,508	1,508
Total financial liabilities	286,872	259,373	321,776	868,021
Net financial (liabilities)/ assets	(286,872)	(102,647)	498,268	108,749

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				
2013				
Financial assets				
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
Derivative financial assets	-	-	12,181	12,181
Investment in structured deposit	24,000	-	-	24,000
Total financial assets	24,000	129,592	639,246	792,838
Financial liabilities				
Trade payables	-	-	84,101	84,101
Other payables (excluding provision)	-	-	196,046	196,046
Bank borrowings and hire purchase payables	258,683	259,132	-	517,815
Amounts due to directors	-	-	1,167	1,167
Dividend payable	-	-	3,293	3,293
Total financial liabilities	258,683	259,132	284,607	802,422
Net financial (liabilities)/ assets	(234,683)	(129,540)	354,639	(9,584)

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				
2014				
Financial assets				
Amounts due from subsidiaries	-	-	63,548	63,548
Other receivables and deposits (excluding prepayment)	-	-	64	64
Investment securities	-	-	113,426	113,426
Deposits and bank balances	21	-	948	969
Derivative financial assets	-	-	15,838	15,838
Total financial assets	21	-	193,824	193,845
Financial liabilities				
Trade and other payables	-	-	4,797	4,797
Bank borrowings and hire purchase payables	5,596	250,206	-	255,802
Amounts due to directors	-	-	19	19
Amounts due to subsidiaries	-	-	2,115	2,115
Total financial liabilities	5,596	250,206	6,931	262,733
Net financial assets/ (liabilities)	(5,575)	(250,206)	186,893	(68,888)

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	-	-	102	102
Investment in structured deposit	24,000	-	-	24,000
Investment securities	-	-	87,287	87,287
Deposits and bank balances	29	-	563	592
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

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 US Dollars and Euros. In this respect, the transactions in foreign currencies by the businesses in Middle East is 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 US Dollars. 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, Azerbaijan, Sri Lanka, 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
2014				
United Arab Emirates Dirham ("AED")	608,063	5.00%	1,662	30,403
Qatari Riyal ("QAR")	17,929	5.00%	102	896
Indian Rupee ("INR")	83,300	5.00%	19	4,165
Singapore dollar ("SGD")	118,865	5.00%	210	5,943
Saudi Riyal ("SAR")	952	5.00%	62	48
Azerbaijani Manat ("AZN")	945	5.00%	19	47

34. Financial instruments (cont'd)

(c) Foreign currency risk (cont'd)

	Balance at year end RM '000	Increase in currency rate	Effect on profit net of tax RM '000	Effect on equity RM '000
2013				
AED	513,943	5.00%	2,696	25,697
QAR	14,813	5.00%	83	741
INR	33,747	5.00%	114	1,687
SGD	27,100	5.00%	860	1,355
SAR	359	5.00%	15	18

The exchange rates used for conversion for each Malaysian Ringgit are as follows:

Malaysian Ringgit to:	2014	2013
AED	1.0493	1.1153
QAR	1.0404	1.1057
INR	18.1861	18.7801
SGD	0.3781	0.3852
SAR	1.0725	1.1389
AZN	0.2241	-

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.

34. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on undiscounted contractual payments:

				Contractual cashflow		
Group	**Carrying Amount RM'000**	**Contractual interest rate %**	**Contractual cash flows RM '000**	**On demand and within 1 year RM '000**	**1-5 years RM '000**	**More than 5 years RM '000**
2014						
Unsecured borrowings						
Borrowings and hire purchase payables	546,245	2.29 - 12.50	589,393	265,375	323,497	521
Trade payables	151,230	-	151,230	151,230	-	-
Other payables (excluding statutory liabilities)	169,038	-	169,038	169,038	-	-
Amounts due to directors	1,508	-	1,508	1,508	-	-
	868,021		911,169	587,151	323,497	521
2013						
Unsecured borrowings						
Borrowings and hire purchase payables	517,815	2.29 - 17.13	570,317	231,753	84,951	253,613
Trade payables	84,101	-	84,101	84,101	-	-
Other payables (excluding statutory liabilities)	196,046	-	196,046	196,046	-	-
Amounts due to directors	1,167	-	1,167	1,167	-	-
	799,129		851,631	513,067	84,951	253,613

34. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

Company	Carrying Amount RM'000	Contractual interest rate %	Contractual cash flows RM '000	Contractual cashflow On demand and within 1 year RM '000	1-5 years RM '000	More than 5 years RM '000
2014						
Unsecured borrowings						
Borrowings and hire purchase payables	255,802	2.48	293,740	13,102	280,117	521
Trade and other payables	4,797	-	4,797	4,797	-	-
Amounts due to subsidiaries	2,115	-	2,115	2,115	-	-
Amounts due to directors	19	-	19	19	-	-
	262,733		300,671	20,033	280,117	521
2013						
Unsecured borrowings						
Borrowings and hire purchase payables	256,908	2.48	294,361	12,893	30,011	251,457
Trade and other payables	4,368	-	4,368	4,368	-	-
Amounts due to subsidiaries	2,250	-	2,250	2,250	-	-
Amounts due to directors	23	-	23	23	-	-
	263,549		301,002	19,534	30,011	251,457

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 55% (2013: 57%) of the Group's trade receivables were due from 39 (2013: 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 does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for the Company's exposure to the amounts due from subsidiaries and investment securities as disclosed in Notes 22 and 23, respectively.

34. Financial instruments (cont'd)

(e) Credit risk (cont'd)

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.

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

By country	Receivables* RM '000	Deposit and bank balances RM '000	Investment securities, structured deposit and derivative financial assets RM '000
Group			
2014			
Qatar	274,260	9,617	-
UAE	427,196	173,026	-
Malaysia	69,474	38,677	94,630
India	143,689	10,432	-
Saudi	8,464	9,577	-
Singapore	900	760	103,685
Azerbaijan	6,603	613	-
	930,584	242,702	198,315
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

* 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)

By country:	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
Company				
At 31.12.2014				
Qatar	-	-	-	117
UAE	-	-	-	21,382
Malaysia	64	969	25,579	-
India	-	-	-	221
Saudi	-	-	-	73
Singapore	-	-	103,685	41,556
Azerbaijan	-	-	-	199
	64	969	129,264	63,548
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

34. Financial instruments (cont'd)

(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 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 initial objective of investment in the convertible equity instruments is to maintain its existing level of equity interest upon the conversion of the convertible equity instruments into the shares of the investment.

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 2.2% (2013: 1.9%) variance in Group's profit for the year.

34. Financial instrucments (cont'd)

(g) Categories of financial instruments

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

	2014 RM '000	2013 RM '000
Group		
Financial assets		
Loans and receivables		
Trade contract receivables	466,142	402,251
Other receivables and deposits (excluding prepayments)	69,611	41,800
Deposits and bank balances	242,702	182,023
	778,455	626,074
Available-for-sale		
Investment securities	94,630	130,583
Fair value through profit or loss		
Derivative financial assets	15,838	12,181
Investment in structured deposit	-	24,000
Investment securities	87,847	-
	103,685	36,181
Financial liabilities		
At amortised cost		
Hire purchase payables	9,373	9,132
Borrowings	536,872	508,683
Trade payables	151,230	84,101
Other payables (excluding statutory liabilities)	169,038	196,046
Amounts due to directors	1,508	1,167
Dividend payable	-	3,293
	868,021	802,422

34. Financial instrucments (cont'd)

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

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

	2014 RM '000	2013 RM '000
Company		
Financial assets		
Loans and receivables		
Other receivables and deposits (excluding prepayments)	64	102
Amounts due from subsidiaries	63,548	257,564
Deposits and bank balances	969	592
	64,581	258,258
Available-for-sale		
Investment securities	25,579	87,287
Fair value through profit or loss		
Derivative financial assets	15,838	12,181
Investment in structured deposit	-	24,000
Investment securities	87,847	-
	103,685	36,181
Financial liabilities		
At amortised cost		
Hire purchase payables	206	254
Borrowings	255,596	256,654
Trade payables	943	545
Other payables (excluding provisions)	3,854	3,823
Amounts due to directors	19	23
Amounts due to subsidiaries	2,115	2,250
	262,733	263,549

35. Fair values of financial instruments

(a) Financial instruments measured at fair values

Financial instruments comprise financial assets, financial liabilities and also derivatives.

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.

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

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

Determination of fair value (cont'd)

(iii) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where the fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Company's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Company's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy.

Fair value disclosures based on 3-Level hierarchy

Classification of financial instruments measured at fair values using the following fair value hierarchies:

	Valuation technique using		
	Quoted market price Level 1 RM '000	Market observable inputs Level 2 RM '000	Total RM '000
Group			
Financial assets measured at fair value:			
At 31 December 2014			
Non-current Asset			
Derivative financial asset	15,838	-	15,838
Current Asset			
Investment securities	94,630	-	94,630
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

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 2014			
Non-current Asset			
Investment in structured deposit	-	-	-
Derivative financial asset	15,838	-	15,838
	15,838	-	15,838
Current Asset			
Investment securities	25,579	-	25,579
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 reporting date, the Group and the Company did not have any financial instruments measured at fair value using significant unobservable inputs.

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

(b) Financial instruments not measured at fair values

Financial instruments of the Group and of the Company which are not measured at fair values are loans and receivables and financial liabilities at amortised cost, as disclosed in Note 34(g).

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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group and the Company monitors 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 monitors the capital using a gearing ratio, which is total borrowing divided by total equity. Under the 250IMTN as disclosed in Note 29, 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 believes that the level of shareholders' funds as at the reporting date is sufficient to support the Group's and the Company's existing and expected level of business operations. The Group and the Company included 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.

36. Capital management (cont'd)

	Group		Company	
	2014 RM '000	2013 RM '000	2014 RM '000	2013 RM '000
Bank borrowings	286,872	258,683	5,596	6,654
250IMTN	250,000	250,000	250,000	250,000
Hire purchase payables	9,373	9,132	206	254
Total borrowings	546,245	517,815	255,802	256,908
Equity attributable to the equity holders of the Group/Company	909,630	845,494	596,814	600,265
Gearing (Debt/equity) ratio	0.60	0.61	0.43	0.43

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 operating segment and demographic segment of the subsidiaries.

The subsidiaries included in the following segments are:

i) Structural steel and plant construction

a) Middle East - Eversendai Dubai, Eversendai Qatar, Eversendai Sharjah, Eversendai Abu Dhabi, EVSC, Eversendai Saudi and Eversendai Azerbaijan

b) Malaysia - Shineversendai, EOSB, EPSB, PKSB, ECMSB and Eversendai Corporation Berhad

c) India - Eversendai India, EFPL

d) Others - Eversendai Singapore, ETPL and EEPL Singapore

ii) Oil & Gas - EVORF and Eversendai O&G

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)

	← Structural Steel & Plant Construction →							
2014	**Middle East RM'000**	**India RM'000**	**Malaysia RM'000**	**Others RM'000**	**Oil & Gas RM'000**	**Total RM'000**	**Adjustments and elimination RM'000**	**Group RM'000**
Revenue:								
External	593,613	95,041	234,571	530	79,054	1,002,809	-	1,002,809
Internal	183,264	3,977	14,714	-	-	201,955	(201,955)	-
Total revenue	776,877	99,018	249,285	530	79,054	1,204,764		1,002,809
Results:								
Interest income	1,202	75	424	-	-	1,701	(1,077)	624
Dividend income from investment in securities	-	-	5,010	-	-	5,010	-	5,010
Gain/(loss) on disposal of property, plant and equipment	227	(3)	99	-	-	323	-	323
Unrealised foreign exchange gains	44	135	6,717	-	2,740	9,636	-	9,636
Net gain on financial assets at fair value through profit or loss ("FVTPL")	-	-	4,029	-	-	4,029	-	4,029
Depreciation of property, plant and equipment	(18,440)	(3,822)	(8,777)	-	(415)	(31,454)	-	(31,454)
Income tax expense	(4,702)	(854)	(3,792)	-	-	(9,348)	-	(9,348)
Segment profit	31,784	378	13,222	4,193	1,450	51,027	(14,586)	36,441
Assets:								
Property, plant and equipment	120,345	58,038	192,333	-	78,705	449,421	-	449,421
Other assets*	1,235,200	200,739	1,068,679	161,509	53,315	2,719,442	(1,178,522)	1,540,920
Segment liabilities^	(765,298)	(175,477)	(420,529)	(42,644)	(94,023)	(1,497,971)	417,606	(1,080,365)

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

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

37. Segment Information (cont'd)

2013	← Structural Steel & Plant Construction → Middle East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Oil & Gas RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
Revenue:								
External	637,964	107,178	210,517	-	9,391	965,050	-	965,050
Internal	193,687	11,069	13,145	13,380	-	231,281	(231,281)	-
Total revenue	831,651	118,247	223,662	13,380	9,391	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)	744	(1,238)	1,403	4,071	294	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	(19,599)	(2,261)	(5,731)	-	(84)	(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)	56,920	(2,283)	(13,158)	17,200	(1,639)	57,040	(24,370)	32,670
Assets:								
Property, plant and equipment	119,758	48,839	183,597	-	10,158	362,352	-	362,352
Other assets*	1,101,439	127,675	987,085	107,629	16,193	2,340,021	(938,992)	1,401,029
Segment liabilities^	(692,244)	(142,767)	(510,655)	(80,529)	(26,188)	(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 statements of financial position.

38. Subsequent event

Subsequent to year end, a subsidiary entered into sales and purchase agreements with one of the customer for the purchase of commercial offices in a tower being constructed by the customer at Dubai, United Arab Emirates. The balances outstanding from this customer as at 31 December 2014 included in these financial statements are as follows:

	2014 RM'000
Contract receivable	23,243
Retention Receivables	5,834
Contract work-in-progress	21,431
	50,508
Less: Provision for impairment of contract receivables	(9,792)
Less: Foreign exchange translation	(689)
	40,027

Based on the prevailing market rates for real estate properties in Dubai and in the locations which are of close proximity to the tower being constructed by the customer, management has estimated the realizable value of the office spaces to be acquired by them as at 31 December 2014 to be RM 40 million. The construction of the tower is currently on hold since 2012 and the realization of the office spaces by the subsidiary is dependent on the successful completion of the tower by the Customer. Management expects that the customer will be able to recommence the construction during the year 2015 and complete the tower and hand over the office spaces acquired by the subsidiary by the end of 2018 and realise its assets. Accordingly, management is of the opinion that no further provision is required for the realisability of these assets. The acquisition of the office space by the subsidiary will result in a reclassification of the above balances, currently included under current assets in these financial statements, to non-current assets subsequent to the year end.

39. Litigation

On 14th November 2014, a supplier known as Linsun Engineering Sdn. Bhd has served a Writ of Summons against Shin Eversendai Sdn. Bhd. for certain supply of Manpower for scaffolding erection and dismantling works at the Project known as Manjung 4 Power Plant for an alleged claim of RM 8,222,465 plus interest which is disputed by the company. The company is of the view that it has a very good defence against the alleged claim. The court has fixed for Case Management on 25 May 2015.

40. Supplementary information

Realised and unrealised profits/(losses)

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

	2014 RM '000	2013 RM '000
Total retained profits of the Company and its subsidiaries,		
- Realised	660,229	648,430
- Unrealised	(23,548)	(30,487)
	636,681	617,943
Associated companies:		
- Realised	-	(6,025)
Less: Consolidation adjustments	(341,306)	(346,208)
Total Group profits as per consolidated accounts	295,375	265,710

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 2014

	Location & address	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM'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/ 3 pieces of land under the category of land use for industrial purpose/ fabrication factory	94,722 / 471,771	Freehold /-	< 5 years	2007	^30,199
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
ECB Properties Sdn Bhd							
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
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	< 15 years	1999	1,837

	Location & address	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM'000)
Eversendai Engineering LLC, Dubai (cont'd)							
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	< 9 years	2006	19,013
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	< 8 years	2007	9,630
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	< 8 year	2007	1,811
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	< 8 years	2007	19,104
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 / -	< 40 years	2010	605
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/Work shop (U-shaped industrial sheds) with office buildings, paint shop, canteen buildings, open yard storage / steel fabrication, painting, storage of temporary support steel structure and scaffolding, lifting tools and tackles, and industrial	676,166 & 1,004,427	Freehold	-	2011	9,468/ 13,947

LIST OF GROUP PROPERTIES AS AT 31 DECEMBER 2014 (CONT'D)

	Location & address	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Year of acquisition	Net book value (RM'000)
Eversendai Construction Private Limited, India (cont'd)							
12	Plot No: 1 & 2 (Np), The Lords. Block-1, 5th & 6th Floor, Northern Extension Area, Thiru. Vi. Ka. Industrial Estate, Ekkatuthangal, Chennai 600032	Office building	35,296	Freehold	< 9 years	2013	17,528
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	Work shop (U-shaped industrial sheds) with office buildings, paint shop, canteen buildings, open yard storage / steel fabrication, painting, storage of temporary support steel structure and scaffolding, lifting tools and tackles, and industrial	1,957,578/ 1,734,809	Leasehold 5 to 10 years expiring between 4 July 2015 and 4 July 2018	< 10 years	2005	36,624

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-storey office building and a 1-storey factory building with total net book value of RM23,226,911 owns by Shineversendai.*

ANALYSIS OF SHAREHOLDINGS SUMMARY
AS AT 15 MAY 2015

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	23	0.61	450	0.00
100 to 1,000	468	12.37	396,120	0.05
1,001 to 10,000	2,173	57.46	12,224,350	1.58
10,001 to 100,000	988	26.12	30,508,320	3.94
100,001 to less than 5% of issued shares	127	3.36	82,410,000	10.65
5% and above of issued shares	3	0.08	648,359,760	83.78
Total *	3,782	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	No. of Shares Held	%
1	Vahana Holdings Sdn Bhd	555,363,360	71.76
2	Employees Provident Fund Board Shares Held in the name of:- a) Citigroup Nominees (Tempatan) Sdn Bhd - 51,210,800 b) Own Account - 1,500,000	52,710,800	6.81
3	Lembaga Tabung Haji	40,285,600	5.21

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 *	-	-	555,363,360	71.76
Nadarajan Rohan Raj	500,000	0.06	-	-
Narla Srinivasa Rao	500,000	0.06	-	-
Datuk Ng Seing Liong	70,000	0.01	-	-

** Indirect interest pursuant to Section 6A of the Companies Act, 1965*

Tan Sri Nathan A/L Elumalay, by virtue of his interest in shares in the holding company of Company, is also deemed interested in shares of all the Company’s subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

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	VAHANA HOLDINGS SDN BHD	555,363,360	71.76
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	51,210,800	6.62
3	LEMBAGA TABUNG HAJI	40,285,600	5.21
4	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LYNAS ASIA FUND	16,817,000	2.17
5	LEMBAGA TABUNG ANGKATAN TENTERA	8,886,100	1.15
6	ROARING ACHIEVEMENT SDN BHD	7,718,800	1.00
7	CARTABAN NOMINEES (ASING) SDN BHD DAIWA CAPITAL MKTS SG FOR HANWA CO. LTD.	3,900,000	0.50
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM (MM0749)	2,512,800	0.32
9	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN STRATEGIC FUND	2,226,386	0.29
10	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	2,212,900	0.29
11	LOW CHU MOOI	2,040,000	0.26
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	1,799,214	0.23
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK NGIA NGIA @ MAK YOKE LUM	1,711,700	0.22
14	EMPLOYEES PROVIDENT FUND BOARD	1,500,000	0.19
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE	1,377,700	0.18
16	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SEE KWAN (AL0089)	1,320,000	0.17
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARMJIT SINGH A/L MEVA SINGH	1,150,000	0.15
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	1,140,000	0.15
19	ABDUL RASHID HUSSAIN	1,000,000	0.13
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD MUHAMMAD IQBAL BIN IDHAM	1,000,000	0.13

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	%
21	LIEW SZE FOOK	940,100	0.12
22	ROARING ACHIEVEMENT SDN BHD	917,000	0.12
23	ANG KHENG THONG	736,400	0.10
24	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM SARAWAK	700,000	0.09
25	RHB NOMINEES (TEMPATAN) SDN BHD RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD FOR MAA TAKAFUL SHARIAH FLEXI FUND 2	587,300	0.08
26	MAK NGIA NGIA @ MAK YOKE LUM	544,200	0.07
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	519,200	0.07
28	TAY CHONG KIAT	510,600	0.07
29	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NADARAJAN ROHAN RAJ	500,000	0.06
30	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SRINIVASA RAO NARLA	500,000	0.06
		711,627,160	**91.95**

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

EVERSENDAI CORPORATION BERHAD (614060-A)

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Eversendai Corporation Berhad (the "Company") will be held at Function Rooms 1 & 2, First Floor, Centre Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia on Monday, 29 June 2015 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1 To receive the Audited Financial Statements of the Company for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. ***Note 8***

2 To declare a final single tier dividend of 1.25 sen per share in respect of the year ended 31 December 2014 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:

Nadarajan Rohan Raj ***Resolution 3***
S Sunthara Moorthy A/L S Subramaniam ***Resolution 4***
Narishnath A/L Nathan ***Resolution 5***

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

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

6 To consider and, if thought fit, pass the following resolution: ***Resolution 7*** ***Note 10***

"THAT Messrs. Deloitte ("Deloitte") be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and to hold office until the conclusion of the next Annual General Meeting of the Company AND THAT authority be and is hereby given for the Directors to determine their remuneration."

AS SPECIAL BUSINESS

7 **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** ***Resolution 8***

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 of a Revenue or Trading Nature** ***Resolution 9***

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

"THAT subject to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries (the "Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 5 June 2015 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;

NOTICE OF TWELFTH ANNUAL GENERAL MEETING (CONT'D)

AS SPECIAL BUSINESS (CONT'D)

8 **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature (ont'd)**

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 10***

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

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

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

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

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

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

    (ii) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

AS SPECIAL BUSINESS (CONT'D)

9 **Proposed Renewal of Authority on Share Buy-Back (cont'd)**

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

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

whichever is the earlier; and

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

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

10 **To transact any other business of which due notice shall have been given.**

BY ORDER OF THE BOARD

CHEOK KIM CHEE
MD SHAIZATUL AZAM
Joint Company Secretaries

Rawang
5 June 2015

NOTICE OF TWELFTH ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of Members at the Twelfth Annual General Meeting to be held on Monday, 29 June 2015 at 10.00 a.m., a final single tier dividend of 1.25 sen per share in respect of the financial year ended 31 December 2014, will be paid on 24 July 2015 to Depositors whose names appear in the Record of Depositors on 10 July 2015.

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 10 July 2015 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
MD SHAIZATUL AZAM
Joint Company Secretaries

Rawang
5 June 2015

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.

NOTES: (CONT'D)

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 22 June 2015. 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 Companeis Act, 1965 and is meant for discussion only. It does not require a formal approval and/or adoption by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

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.

10 Proposed ordinary resolution 7 under item 6, if passed, will allow the appointment of Messrs. Deloitte as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young. The existing Auditors, Messrs. Ernst & Young had indicated that they do not wish to seek reappointment at the Twelfth Annual General Meeting of the Company. The Company received a Notice of Nomination of Auditors pursuant to Section 172(11) of the Companies Act, 1965 for the nomination of Messrs. Deloitte who have given their consent to act as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young. A copy of the Notice of Nomination of Auditors dated 28 May 2015 is annexed as "Appendix A" to the Notice of this Twelfth Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

1 **Ordinary Resolution 8 - Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

The existing general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965, was approved by the shareholders of the Company at the Eleventh Annual General Meeting held on 19 June 2014. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 8 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. The proposed Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares from unissued capital of the Company up to an amount not exceeding ten percent (10%) of the Company's total issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as the Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is approved by the shareholders at the forthcoming Twelfth Annual General Meeting, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS:- (CONT'D)

1 **Ordinary Resolution 8 - Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965 (cont'd)**

In case of any strategic opportunities involving equity deals, which may require the Company to allot and issue new shares speedily, the Company may capitalise on its advantageous position if the Board considers it to be in the best interest of the Company. Any delay arising from and the cost involved in convening a general meeting to approve such issuance of shares would be eliminated.

2 **Ordinary Resolution 9 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 5 June 2015.

3 **Ordinary Resolution 10 - Proposed Renewal of Authority on Share Buy-Back**

Please refer to the Circular to Shareholders dated 5 June 2015.

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 Twelfth Annual General Meeting of the Company.

APPENDIX A

vahana

VAHANA HOLDINGS SDN. BHD.
(Formerly known as NPNS Ventures Sdn. Bhd.)
(Company No.: 389955-W)
Level 5, Menara Mudajaya, 12A Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 7733 3300 Fax: +603 7733 3351

28 May 2015

The Board of Directors
Eversendai Corporation Berhad
Lot 19956, Jalan Industri 3/6
Rawang Integrated Industrial Park
48000 Rawang
Selangor

Dear Sirs,

RE: NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a shareholder of Eversendai Corporation Berhad ("ECB"), hereby give notice of our intention to nominate Messrs Deloitte ("Deloitte") for appointment as new Auditors of ECB in place of Messrs Ernst & Young at the forthcoming Twelfth Annual General Meeting of ECB.

Accordingly, we propose that the following ordinary resolution be tabled at the forthcoming Twelfth Annual General Meeting of ECB:

"THAT Messrs Deloitte ("Deloitte") be and is hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and to hold office until the conclusion of the next Annual General Meeting of the Company AND THAT authority be and is hereby given for the Directors to determine their remuneration."

Thank you.

Yours faithfully
VAHANA HOLDINGS SDN BHD

TAN SRI NATHAN A/L ELUMALAY
Director

/tja

PROXY FORM EVERSENDAI CORPORATION BERHAD (614060-A)

CDS Account No.	

*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 Twelfth Annual General Meeting of the Company, to be held on Monday, 29 June 2015 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.

		Resolution	For	Against
1	To declare a final single tier dividend of 1.25 sen per share in respect of the year ended 31 December 2014	1		
2	To approve Directors' fees	2		
3	To re-elect Nadarajan Rohan Raj as Director	3		
4	To re-elect S Sunthara Moorthy A/L S Subramaniam as Director	4		
5	To re-elect Narishnath A/L Nathan as Director	5		
6	To re-appoint Mohammad Nizar Bin Idris as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965	6		
7	To appoint Messrs. Deloitte as the Company's auditors in place of retiring auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.	7		
8	Authority to Directors to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965	8		
9	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature	9		
10	Proposed Renewal of Authority on Share Buy-Back	10		

* Strike out whichever not applicable

No. of Shares Held

Signed this ______________ day of ____________________ 2015

____
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.

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Stamp

Eversendai Corporation Berhad
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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CORPORATE DIRECTORY

MALAYSIA

EVERSENDAI CORPORATION BERHAD

(Registered Address)
Lot 19956, Jalan Industri 3/6,
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Tel : +603 6091 2575
Fax : +603 6091 2577
Email : eversendai@eversendai.com

(Principal Place of Business)
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SHIN EVERSENDAI ENGINEERING (M) SDN BHD
ECB PROPERTIES SDN BHD

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EVERSENDAI

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