

EVERSENDAI

EVERSENDAI CORPORATION BERHAD (614060-A)

Steering
Value Creation

**ANNUAL
REPORT
2015**

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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 COMMITMENT TO QUALITY

EVERSENDI GROUP, INCLUDING OUR SUBSIDIARIES AND ASSOCIATES, PLACES EMPHASIS ON THE QUALITY OF OUR PRODUCTS AND SERVICES IRRESPECTIVE OF THE COUNTRY IN WHICH WE OPERATE.

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

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

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

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

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

OUR COMMITMENT TO HEALTH, SAFETY & ENVIRONMENT (HSE)

EVERSENDI IS COMMITTED TO PROVIDING ADEQUATE CONTROL OF THE HEALTH AND SAFETY RISKS ARISING FROM WORK ACTIVITIES BY MAINTAINING SAFE PLANT AND EQUIPMENT PRACTICES AS WELL AS HEALTHY WORK CONDITIONS. WE HAVE SUCCESSFULLY CONTINUED TO OBTAIN THE FULL CO-OPERATION AND SUPPORT OF ALL EMPLOYEES THROUGH COMMUNICATION AND CONSULTATION WITH THEM SO AS TO ENSURE THEIR HEALTH, SAFETY AND WELFARE. WE ARE ALSO COMMITTED TO USING RESOURCES ECONOMICALLY TO MINIMISE THE GENERATION OF WASTE AND PRACTICING RECYCLING WHERE POSSIBLE AS PART OF OUR CONTRIBUTION TO PROTECT THE ENVIRONMENT, WHICH HAS ALWAYS BEEN AN INTEGRAL PART OF OUR SUSTAINABLE BUSINESS STRATEGY.

Objective And Targets

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

Qualified personnel to do work by:

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

Safety equipment and work area through:

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

Higher safety awareness implementation:

- Initiate self-awareness amongst individual
- Motivate participation in any safety program at site
- Motivate commitment of each work level towards work

HSE Policy Statement

Eversendai continually strives to improve the HSE practices with the objective of preventing accidents, occupational illnesses and environmental pollution. To achieve our vision and objectives, the Group has in place 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 Acts and Regulations.

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

HSE Management Programs

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

1. Interaction and Observation

a. Daily Safety Tool Box Meeting

This meeting is held every morning for all workers to be made aware of the hazards existing in the workplace and remind them of the use of the right personal protective equipment in the right way.

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 HSE hazards as well as the company rules and regulations.

d. HSE Workplace Inspection

The HSE Committee or selected management and employee representatives conduct workplace inspection as per the requirements of the Occupational Safety and Health Act 1994.

2. Continual Safety Awareness Development

a. Emergency Response Plan Training

The Emergency Response Plan Training is for employees who work in the factory and associated 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, panel clinic and so on.

c. First Aid Training

We have identified and trained selected employees to administer first aid

treatment in the event of injuries before professional medical care is available.

3. Compliance with Acts, Regulations and Best Practices

a. Submission of Periodic Reports

In compliance with regulatory requirements, periodic reports are submitted to the enforcement agencies or client representative, as appropriate.

b. Compliance with Statutory Requirements

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

4. Support and Motivation

Safety awards

Employees are encouraged to participate in safety campaigns and outstanding employees are acknowledged and awarded certificates for their HSE initiatives.

5. Environment

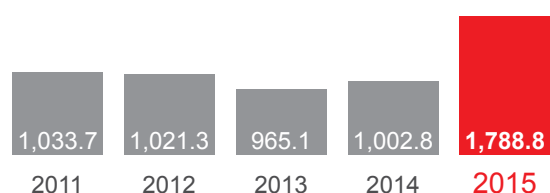
Eversendai has adopted and applied the Reduce, Reuse and Recycle (3R) concept as part of the daily operations. We practice energy savings where possible as part of our energy management efforts. All recyclable wastes such as unusable steel and wood off-cuts, plastic and paper is recycled.

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

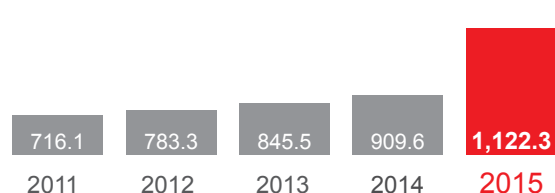
In addition to these, we have noise monitoring procedures in place to maintain the noise levels safe within the work environment and surroundings.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

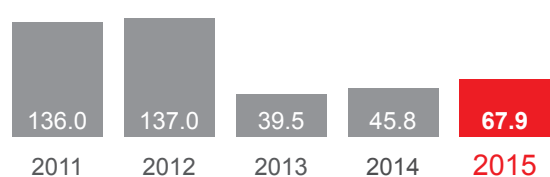
Revenue RM' million



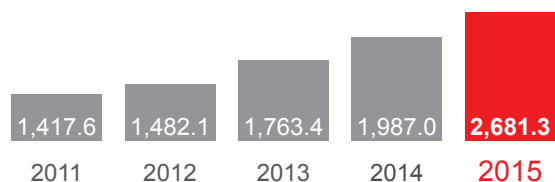
Shareholders' Funds RM' million



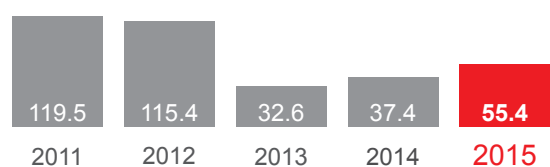
Profit Before Tax RM' million



Total Assets RM' million



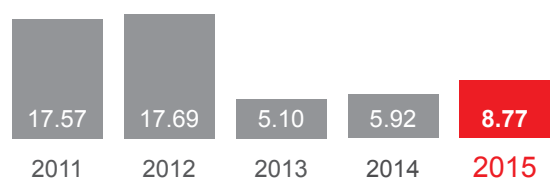
PATAMI RM' million



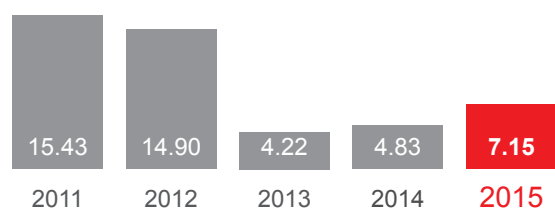
Net Tangible Assets Per Share* RM



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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

RM'000	2011	2012	2013	2014	2015
ASSETS					
Non-current assets	222,788	253,299	497,148	562,402	756,738
Current assets	1,194,838	1,228,788	1,266,233	1,424,639	1,924,556
Total Assets	1,417,626	1,482,087	1,763,381	1,987,041	2,681,294
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	387,000	387,000	387,000	387,000	387,000
Share premium	191,515	191,515	191,515	191,515	191,515
Treasury shares	-	-	(2)	(91)	(91)
Capital reserve	307	307	307	307	307
Foreign currency translation reserve	(18,767)	(44,243)	1,418	35,952	202,465
Fair value adjustment reserve	(346)	127	(454)	(428)	25
Retained earnings	156,412	248,554	265,710	295,375	341,066
	716,121	783,260	845,494	909,630	1,122,287
Non-controlling interests	12,474	5,824	1,374	346	7,818
Total equity	728,595	789,084	846,868	909,976	1,130,105
Non-current liabilities	30,210	59,780	332,420	332,875	362,894
Current liabilities	658,821	633,223	584,093	744,190	1,188,295
Total liabilities	689,031	693,003	916,513	1,077,065	1,551,189
TOTAL EQUITY AND LIABILITIES	1,417,626	1,482,087	1,763,381	1,987,041	2,681,294
Net tangible asset per share (RM)	0.91	1.00	1.08	1.16	1.43
Current ratio (times)	1.81	1.94	2.17	1.91	1.62
Liquidity ratio (times)	0.44	0.24	0.47	0.40	0.09
Debt-to-equity ratio (times)	0.43	0.32	0.61	0.60	0.72

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

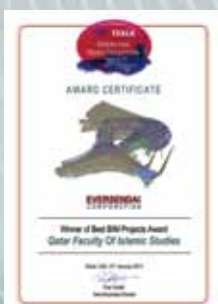
RM'000	2011	2012	2013	2014	2015
Revenue	1,033,702	1,021,253	965,050	1,002,809	1,788,804
EBITDA	179,326	182,254	112,090	111,454	146,212
Profit before taxation	136,018	136,952	39,465	45,789	67,906
Income tax expense	(4,469)	(15,456)	(6,795)	(9,348)	(6,357)
Profit for the year	131,549	121,496	32,670	36,441	61,549
ATTRIBUTABLE TO :					
Equity holders of the Company	119,455	115,362	32,636	37,404	55,365
Non-controlling interests	12,094	6,134	34	(963)	6,184
	131,549	121,496	32,670	36,441	61,549
Basic earnings per share (sen)	15.43	14.90	4.22	4.83	7.15
EBITDA as a percentage of revenue	17.3%	17.8%	11.6%	11.1%	8.2%
Profit before tax as a percentage of revenue	13.2%	13.4%	4.1%	4.6%	3.8%
Profit before tax as a percentage of shareholders funds	19.0%	17.5%	4.7%	5.0%	6.1%

AWARDS & RECOGNITION

	Offshore Achievement Awards	Offshore Jack-Up Middle East (OJME)
2015	Winner of Commercial Projects for Opera House	Tekla, ME
	Public Favorite Project for Al-Ain Mosque	Tekla, ME
	Public Project for Dhirubai Ambani International Convention and Exhibition Centre – Theatre Building	Tekla BIM India Awards
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
	Best Malaysian Steel Contractor & Fabricator in Middle East – Eversendai Engineering LLC 2010	Matrade-Dubai
2010	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 x 700 MW Coal Fired Power Plant Jimah Project)	DOSH
	Safety & Health Excellence Award for Best OSH Management for Boiler, ESP & FGD (2 x 700 MW Jimah Coal Fired Power Plant) preassembly and installation year 2007 / 2008	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.

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

<p>2002</p>	<p>Awarded contract for the structural steel erection works for Asian Institute of Medicine, Science and Technology (AIMST), Malaysia</p> <p>Awarded contract for the structural steel erection works for Sheikh Zayed Cricket Stadium, Abu Dhabi</p> <p>Awarded contract for the structural steel erection works for Al Moayyed Tower, Bahrain</p>
<p>2003</p>	<p>Awarded contract for the structural steel erection works for Ski Dubai, Dubai</p> <p>Awarded contract for the structural steel erection works for Dragon Mart, Dubai</p> <p>Awarded contract for the structural steel erection works for Khalifa Stadium, Qatar</p> <p>Acquired 1st fabrication plant at Al Qusais Industrial, Dubai</p>
<p>2004</p>	<p>Obtained ISO certification for Dubai Operation from SGS, Switzerland</p> <p>Commenced construction of 2nd fabrication plant at Hamriyah Free Zone, Sharjah</p> <p>Awarded contract for the mechanical erection works for Tanjung Bin Power Plant, Malaysia</p>
<p>2005</p>	<p>Awarded contract for the structural steel erection works for Rose Rayhaan Rotana Tower, Dubai</p> <p>Awarded contract for the structural steel erection works for Dubai Mall</p> <p>Awarded structural steel contract for the Cantilever Stadium Roof structure erection works for Salalah Amphitheatre, Oman</p> <p>Awarded contract for the structural steel erection works for Qatar Science & Technology Park, Qatar</p> <p>Awarded contract for the structural steel erection works for Dubai Festival City, Dubai</p>
<p>2006</p>	<p>Awarded contract for the mechanical erection works for Jimah 2 x 700MW Coal-Fired Power Plant, Malaysia</p> <p>Awarded structural steel contract for roof steel work for Dubai Mall</p> <p>Commenced construction of 3rd fabrication plant in Doha, Qatar</p> <p>Awarded contract for the structural steel erection works for The Index Building, Dubai</p> <p>Awarded contract for the structural steel erection works for New Doha International Airport (Phase 1) – Main Terminal Building, Qatar</p> <p>Awarded contract for the structural steel erection works for Tornado Tower, Qatar</p>
<p>2007</p>	<p>Awarded contract for the structural steel erection works for Burj Khalifa (Spire), Dubai</p> <p>Awarded contract for the structural steel erection works for Al Shams Sky Tower, Abu Dhabi</p> <p>Awarded contract for the structural steel erection works for Capital Gate Building, Abu Dhabi</p>

GROUP MILESTONES (cont'd)

2008	Commenced construction of 4th fabrication plant in Rawang 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
2010	Awarded contract for the structural steel erection works for Mumbai International Airport – South West Pier, India
	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
2011	Awarded contract for the structural steel erection works for King Abdullah Petroleum Studies and Research Centre, Saudi Arabia
	Integrated Management Systems (ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004)
	Eversendai Corporation Berhad successfully listed on the Main Market of Bursa Securities, Malaysia
	Awarded contract for the erection and intumescent fireproofing works for Masdar Institute for Science and Technology, Abu Dhabi
	Awarded structural steel contract for Samba Headquarters in King Abdullah Financial District, Saudi Arabia

2012

Awarded contract for the mechanical equipment and structure erection works for Tanjung Bin Power Plant, Malaysia

Awarded contract for the mechanical erection for the boiler and auxiliary equipment for Manjung Power Plant, Malaysia

Awarded contract for the design, fabrication and erection of structural steel for the National Museum of Qatar

Awarded structural steel contract for King Abdullah International Airport, Saudi Arabia

Awarded structural steel contract for Qatar Foundation Headquarters

Awarded contract for the supply of structural steel for pipe and cable rack for Vale project, Malaysia

Incorporated Eversendai Constructions (M) Sdn. Bhd., Malaysia

Acquisition of Eversendai Engineering Pte. Ltd., Singapore

Acquisition of shares in Technics Oil & Gas Ltd., Singapore

2013

Awarded structural steel contract for Abu Dhabi International Airport

Awarded structural steel contract for Crescent City, Azerbaijan

Awarded structural steel contract for MASDAR Headquarters, Abu Dhabi

Awarded structural steel contract for Qatar Foundation Research & Development Centre, Qatar

Awarded structural steel contract for Garraf Development Facility Operation, Iraq

Awarded contract for the shop fabrication of steel structure for Petronas LNG Train 9, Malaysia

Awarded steel structure contract for Duhail Multipurpose Sports Club, Qatar

Awarded steel structure contract for TJ Pearl Mansion, Qatar

Awarded steel structure contract for Hub Zero Family 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

GROUP MILESTONES (cont'd)**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 NCC Gateway of Arch, Qatar

Awarded structural steel contract for Mall of Qatar – Skylight Package

Awarded structural steel contract for Khalifa Olympic Stadium Renovation, 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

2015

Awarded structural steel contract for Nas Arena – indoor futsal and volleyball stadium, Dubai

Awarded structural steel contract for Dhirubai Ambani International Convention and Exhibition Centre, India

Awarded structural steel contract for a conversion hangar, Saudi Arabia

Awarded structural steel contract for PKT Logistics' 12 Waves Warehouse, Malaysia

Awarded structural steel contract for Statue of Unity, India

Awarded structural steel contract for RAPID Package 5, Malaysia

Awarded structural steel contract for Top Glove Factory, Malaysia

Awarded structural steel contract for Al Jalilah Link Bridge, Dubai

Awarded structural steel contract for Oasis Mixed-Use Development, Qatar

Awarded structural steel contract for Malai Mandir, India

Awarded structural steel contract for Address Residence Sky Views, Dubai

Awarded structural steel contract for YNP Yanbu Refinery, Saudi Arabia



**Burj Khalifa
Dubai**

**JW Marriott Marquis Hotel
Dubai**

**Capital Gate Tower
Abu Dhabi**

**Gate Building
Dubai**

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 P.JN.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 P.JN.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 P.JN.JP
(Member/Independent Non-Executive Director)

COMPANY SECRETARY

Cheok Kim Chee (MACS 00139)

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

CORPORATE OFFICE

Level 5, Menara Mudajaya
12A, Jalan PJU 7/3
Mutiar 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)
National Bank of Abu Dhabi 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

Deloitte (AF 0080)
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia
Tel : +603 7610 8888
Fax : +603 7726 8986

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
Tel : 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

AZERBAIJAN

QATAR
ABU DHABI
DUBAI
SAUDI ARABIA
SHARJAH
RAS AL KHAIMAH

INDIA

THAILAND

SRI LANKA

MALAYSIA
SINGAPORE

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 Technics Pte Ltd** (Singapore)
- **Eversendai Energia Sdn Bhd** (Malaysia)
(formerly known as Shineversendai Engineering (M) Sdn Bhd)
- **Eversendai Offshore Sdn Bhd** (Malaysia)
- **ECB Properties Sdn Bhd** (Malaysia)
- **Perisai Kuasa Sdn Bhd** (Malaysia)
- **Eversendai Constructions (M) Sdn Bhd** (Malaysia)
- **Eversendai Frontiers Pvt Ltd** (Mumbai, India)
- **Technics Oil & Gas Ltd** (Singapore)
- **Eversendai Engineering Pte Ltd** (Singapore)
- **Eversendai Construction Pvt Ltd** (Chennai, India)
- **Eversendai Engineering Qatar WLL** (Qatar)
- **Eversendai S-Con Engineering Co. Ltd.** (Thailand)
- **Eversendai Offshore RMC FZE** (Ras Al Khaimah, UAE)
- **Eversendai Oil & Gas (M) Sdn Bhd** (Malaysia)
- **Eversendai Engineering (Pvt) Ltd** (Sri Lanka)

— Subsidiary company
 - - - - - Associated company

BOARD OF DIRECTORS

Seated from left to right

Datuk Ng Seing Liong PJN.JP

Mohammad Nizar Bin Idris

Tan Sri Nathan a/l Elumalay

Tan Sri Rastam Bin Mohd Isa

Standing from left to right

Narishnath a/l Nathan

Narla Srinivasa Rao

Nadarajan Rohan Raj

S Sunthara Moorthy a/l S
Subramaniam



THE DIRECTORS' PROFILE



Tan Sri Nathan A/L Elumalay

Executive Chairman & Group Managing Director

Tan Sri Nathan A/L Elumalay, aged 60, 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 Twin Towers 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 the establishment and progression of steel fabrication facilities in Rawang, Dubai, Sharjah, Doha, Ras Al-Khaimah, Trichy and Thailand with a combined annual capacity of over 220,000 tonnes. Today, Eversendai employs over 10,000 staff in 9 countries and operates out of 14 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, aged 73, is a Senior Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Director of Eversendai Corporation Berhad on 1 June 2010.

He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the Judicial and Legal Service of the Government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") working in Malaysia, the Netherlands and in the UK. During his last posting in Shell in London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide.

Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals (TKSB). After his retirement, he was appointed as a director on the board of several companies.

Currently, he is the Chairman of Pacific & Orient Insurance Berhad, 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, FIDE FORUM and MCIS Insurance Berhad.

THE DIRECTORS' PROFILE (CONT'D)



Tan Sri Rastam Bin Mohd Isa

Independent Non-Executive Director

Tan Sri Rastam Mohd Isa, aged 64, is an Independent Non-Executive Director of Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 31 March 2011.

He obtained his Bachelor in Social Science Degree from Universiti Sains Malaysia in 1974 and a Certificate in Diplomacy from the University of Oxford in 1977. He also obtained a Master of Arts Degree in International Relations and Strategic Studies, from the University of Lancaster in 1986.

Tan Sri Rastam Mohd Isa began his career in the Malaysian Administrative and Diplomatic Service in 1974. He was appointed as High Commissioner of Malaysia to Pakistan in October 1994. In November 1996, he became the first Malaysian Ambassador to Bosnia Herzegovina, resident in Sarajevo. He was posted back to New York as Ambassador and Deputy Permanent Representative to the United Nations in May 1998. From September 1999 to March 2003, Tan Sri Rastam Mohd Isa assumed the post of Malaysian Ambassador to the Republic of Indonesia. He returned to New York and served as Malaysia's Permanent Representative to the United Nations from March 2003 to August 2005. He served as Deputy Secretary General at the Ministry of Foreign Affairs, Malaysia before being appointed as Secretary General. Tan Sri Rastam Mohd Isa served as the Secretary General of the Ministry of Foreign Affairs, Malaysia from 8 January 2006 to 2 September 2010.

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



Datuk Ng Seing Liong P.J.N.JP

Independent Non-Executive Director

Datuk Ng Seing Liong, aged 61, 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 and Tax Agent. 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, aged 49, is an Executive Director of Eversendai Corporation Berhad. He is also the Chief Executive Officer of Eversendai Corporation Berhad's Group Structural Steel and Construction division. 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, aged 48, is an Executive Director of Eversendai Corporation Berhad. He is also the Chief Operating Officer of Eversendai Corporation Berhad's Group Structural Steel and Construction division. He was appointed to the Board of Eversendai Corporation Berhad on 26 May 2010.

He graduated in 1987 with a Diploma in Mechanical Engineering and he recently awarded the Post Graduate Diploma of Business Administration from Manchester Business School, United Kingdom.

He started his career at Century Construction Pvt Ltd, India as a junior engineer where he gained valuable experience in fabrication and erection of structural steelwork and in hydro and coal fired power plant construction.

He joined the Group in 1993 as a site engineer and held various positions in the Group before being appointed to his current position. He has played a major role in the successful execution of several major landmark projects for the Group.

THE DIRECTORS' PROFILE (CONT'D)



S Sunthara Moorthy A/L S Subramaniam

Executive Director

Mr S Sunthara Moorthy A/L S Subramaniam, aged 53, is the Executive Director of Corporate Affairs at Eversendai Corporation Berhad. He was appointed to the Board of Eversendai Corporation Berhad on 7 October 2011.

He is a Fellow Member of the Association of Chartered Certified Accountant and a Chartered Accountant with the Malaysian Institute of Accountants. He has completed the Harvard Business School Senior Management Development Program and has over 28 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") (now known as UEM Edgenta Berhad) 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, aged 33, 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 Eversendai Engineering LLC, Dubai in 2004 and was subsequently posted to Eversendai Engineering Qatar WLL in 2006 as its General Manager. His responsibilities as General Manager of our Qatar office 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 our Dubai office 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 Chief Executive Officer of Eversendai Corporation Berhad's Group Oil & Gas division. He is the son of Tan Sri Nathan A/L Elumalay, the Executive Chairman and Group Managing Director.

Notes:

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

Qatar National Museum





An artist's impression of Nas Arena, an indoor futsal and volleyball stadium in Dubai, the United Arab Emirates.

Eversendai wins Dubai contract

KUALA LUMPUR: Eversendai Corp Bhd has won a RM44 million contract to help build Nas Arena, an indoor futsal and volleyball stadium in Dubai, the United Arab Emirates.

It is the first contract Eversendai has won this year and the company is bullish on securing more jobs in the Middle East.

Executive chairman and group managing director Tan Sri AK Nathan said the company's track record and technical expertise were critical in securing the contract.

He said Eversendai's success story in the Middle East had enhanced its reputation.

He also said excellent engineering and well-equipped fabrication facilities enabled Eversendai to continue

securing complex and challenging projects in the Arab region, where it has operational presence.

"We are relying on our strong reputation to bid for upcoming projects, in line with the Dubai World Expo 2020, and simultaneously strengthening our position as a global player in the booming construction market in the Middle East," said Nathan.

Nas Arena, which has a net value of US\$50 million (RM177 million), is a project by the Dubai Roads and Transport Authority.

It will have a gross capacity of 5,000 seats and will be used to host international tournaments.

Eversendai will design, fabricate, supply and erect the structural steel works for the stadium. **Sharen Kaur**

STARBUZ, TUESDAY | 3 MARCH 2015

Eversendai Qatar unit gets RM269 million job

KUALA LUMPUR: Eversendai Corporation Bhd subsidiary in Qatar has clinched a new project worth RM269.2mil for the construction of the Al Wahda Arches and Visitors' Centre in Doha.

The specialist engineering and construction services company said it was the only pre-qualified firm from the Middle East that was involved in the international bidding for the project. The other competitors were from South Korea, Italy and France.

"The Al Wahda Arches are the main segments of the Artscape works which are part of the Lusail Expressway project. It will consist of two arches with a visitors' centre suspended beneath it," the company said in a statement yesterday.

The project work scope involved connection designs, steel material supply, fabrication and erection of steel arches, installation of cable net and hangers, as well as the 4,000-tonne strand jacking of the visitors' centre to a height of 40m and hanging it through hangers and cross bracing cables from the arches.

"This project is scheduled to be completed by June 2016, and upon completion it will be rated as one of the most prominent landmarks in Qatar," it said.

Eversendai executive chairman and group managing director Tan Sri AK Nathan said that this was a long awaited project in Qatar and securing it reflected the company's strength, particularly in the Middle East and Qatar.

The Edge Financial Daily | 16 January 2015 | By Ahmad Naqib Idris

Eversendai completes keel laying for self-propelled jack-ups

KUALA LUMPUR: Construction and engineering group Eversendai Corp Bhd's (fundamental score: 0.75; valuation score: 1.2) unit Eversendai Offshore RMC FZE has completed the keel laying for both units of GustoMSC NG-2500X self-propelled jack-ups, awarded by Wahana Offshore (S) Pte Ltd.

In a statement yesterday, Eversendai said the keel laying signifies the commencing of the construction of the vessels, respectively named Aryan and Arjun, which are expected to be delivered in 2016.

"Our vessels are largely built in a series of pre-fabricated complete hull sections rather than being built around a single keel.

"The event recognised as the keel laying is the first

joining of modular components, or the lowering of the first module into place in the building dock," it said.

The keel laying ceremony was held at Eversendai Offshore's waterfront yard facility in RAK Maritime City, Ras Al Khaimah, the United Arab Emirates.

Eversendai executive chairman and managing director Tan Sri AK Nathan said the milestone substantiates the group's decision to venture into the oil and gas (O&G), petrochemical and process plant construction sectors.

He noted that the group is looking forward to expand its presence in the O&G industry.

"We anticipate our foray into this sector to be a significant contributor to Eversendai group's earnings in time to come," he added.

Model	Capacity (tonnes)	Price (RM)
AS 1000	1,000	1,200,000
AS 1500	1,500	1,800,000
AS 2000	2,000	2,400,000
AS 2500	2,500	3,000,000
AS 3000	3,000	3,600,000
AS 3500	3,500	4,200,000
AS 4000	4,000	4,800,000
AS 4500	4,500	5,400,000
AS 5000	5,000	6,000,000

The Sun Daily | 27 January 2015

Eversendai Corp awarded RM184 million India contract

KUALA LUMPUR: Eversendai Corp Bhd has been awarded a contract worth RM184 million by Reliance Industries Ltd of India for the supply of steel materials, connection design, engineering and fabrication for the construction of the Dhirubhai Ambani International Convention and Exhibition Centre (DAICEC) in Mumbai, India.

The scope of work for fabrication will be undertaken by Eversendai's fabrication facilities in Malaysia, Dubai and India and is scheduled to be completed by April 2016.

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 and would be capable of hosting international events and rock shows; premium service apartments; as well as prime retail and high-end commercial spaces.

Eversendai executive chairman and group managing director Tan Sri A K Nathan said having secured the structural steel works contract for a prominent project like DAICEC of Reliance Industries, which is a highly anticipated project in India, reaffirms Eversendai's continued success in winning landmark projects.

"The group views this contract as a milestone achievement as India has the potential of becoming one of Eversendai's growing and more exciting markets in the coming years. It is also a major breakthrough for Eversendai as it allows us to strategically position ourselves for future contracts with Reliance Industries in India," he said in a statement.

COMPANY PROFILE

Eversendai

- Won contract to provide mechanical and steel structures for Terengganu gas terminal project in September 2014
- Contract valued at \$21.7 million
- Completed construction of fabrication yard in Ras Al Khaimah, UAE, in October 2014
- Has global fabrication capacity of 150,000 tonnes

In September 2014, Eversendai Oil & Gas Malaysia won a contract to provide mechanical and steel structures for the Terengganu gas terminal being developed by state-owned Petronas and independent oil and gas company Shell Oil & Gas. The contract, valued at MYR22.3 million (US\$7 million), was awarded by the project's engineering, construction, construction and commissioning contractor, Sarsary Engineering Malaysia, the local subsidiary of the South Korean company. The terminal, which will process natural gas to allow transportation, is slated for completion in 2016.

A POSITIVE OUTLOOK: Eversendai Oil & Gas is a subsidiary of Malaysian engineering corporation Eversendai. The Terengganu contract represents a step forward in the company's attempt to balance the risks of oil and gas work in its overall activities.

"Growth prospects for the oil and gas engineering and construction sector look bright, even though everyone wants to talk about the problems resulting from low oil prices," Eversendai executive chairman, Tan Sri A K Nathan, told TOY.

"In 2015, we are seeing more of an uptick from oil prices here in Malaysia than in the Middle East, for example, but the market prospects for both the Middle East and Asia remain strong," he added.

Tan Sri A K Nathan
Executive Chairman
EVERSENDAI

Special guest

GLOBAL OFFSHORE: In October 2014, the company's offshore subsidiary, Eversendai Offshore, completed construction of a 20,000-square-meter fabrication facility in Ras Al Khaimah, UAE, to service the Middle East. The yard is being used to build two offshore rigs, the company hopes, will demonstrate its abilities to potential clients.

Nathan told TOY that Eversendai Offshore aims to specialise in rigging and modules, in addition to offshore.

ABOUT EVERSENDAI: Eversendai's primary expertise is in steel fabrication. It has performed work on tertiary projects across the steel, electricity generation, oil and gas and infrastructure markets.

The company has completed more than 300 projects in 14 different countries. It has fabrication yards in Malaysia, Qatar, India and the UAE. Globally, it has an annual fabrication capacity of 150,000 tonnes.

Beyond operations and downstream work, Eversendai has also played roles in the construction of several of the most iconic buildings throughout the oil and gas industry, including Petronas Towers, the Burj Al Arab Hotel and the Burj Dubai skyscraper.

“Growth prospects for the oil and gas engineering and construction sector looks bright, even though everyone wants to talk about the problems resulting from low oil prices.”

2015 CALENDAR OF EVENTS

Jan 8

Team Building Program Sharjah, United Arab Emirates (UAE)

Devan Nair, General Manager of Human Resource and Admin for the Middle East and CIS conducted a Personal Leadership Training Program for our senior managers at our HFZ Workshop.



Jan 12

Keel Laying Ceremony, Ras Al Khaimah, UAE

Keel laying is the formal recognition of the start of a ship's construction. This is a milestone achievement with the keel laying for both units of GustoMSC NG-2500X self-propelled jack-ups, Aryan and Arjun.

Jan 29

Emergency Drill, Ras Al Khaimah, UAE
General Evacuation Drill was conducted. HSSE conducts periodical emergency drills to raise awareness amongst employees in the areas of Fire Evacuation Drill, Confined Space Emergency Rescue Drill and Office Evacuation Drill.



Mar 01

Marathon Run, India

Eversendai's employees from Chennai team took part in the Marathon Run for the cause of Education.



Mar 04

National Safety Week, India

Eversendai's employees from Trichy and Mumbai organised an awareness event for National Safety Week.



Mar 26

Tan Sri A K Nathan Birthday Cup 2015, Qatar

This annual tournament saw Giant winning the 2015 Cup while Master Balsters were the runners-up.



Apr 07

Blood Donation Drive, India

A blood donation drive was organised amongst our employees in India.



Apr 30

Blood Donation Drive, Sharjah, UAE

A blood donation drive was organised by Eversendai, in collaboration with the Ministry of Health & Sharjah Blood Transfusion & Research Centre.



May 07

EPL 2014, Sharjah, UAE

Eversendai Premier League inaugural match was played between Smart Ambassadors and Eversendai Classics.



Jun 02-03

Team Building & Personal Leadership Training Program, Sharjah, UAE

A Personal Leadership Training Program for our senior managers and staff was conducted at our HFZ Workshop.



May 5-7

Offshore Technology Conference 2015 (OTC) Texas, USA

OTC is a conference where energy professionals meet to exchange ideas and opinions to advance scientific and technical knowledge for offshore resources.

Jun 29

Annual General Meeting, Malaysia

Our 12th Annual General Meeting was held at Kuala Lumpur Golf & Country Club.



Aug 14

Independence Day, India

Indian Independence day celebration was organised at our office in India.



Aug 27

Best HELP Card Award, Ras Al Khaimah, UAE

Employees were awarded in recognition and appreciation for continuous efforts and excellent contribution in addressing HSSE issues during the construction of Aryan & Arjun Project at Eversendai Offshore RMC FZE.



Sep 27 & 30

**ICT Orientation Session Program
Dubai, UAE**

An ICT Orientation Training Program for our Senior Management and Staff at Vision Tower.



Oct 05-06 Offshore Jack Up Middle East Conference (OJME), Dubai, UAE

OJME is a conference where participants learn and share knowledge with industry experts, network with the leading organisations and players in the industry.



Oct 05-07

**Seatrade Offshore Marine & Workboats Middle East 2015
Abu Dhabi, UAE**

The event was focused on the workboat sector as well as the offshore marine market.



Nov 09-12

Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) 2015, Abu Dhabi, UAE

ADIPEC is one of the world's most important and most influential Oil & Gas Exhibition and Conference having over 90,000 attendees this year.

Dec 5

Annual Dinner, Malaysia

Our Annual Dinner was held for our Malaysian employees.



Nov 16

Employee Appreciation, Ras Al Khaimah, UAE

Employee Appreciation Ceremony for achieving 1,000,000 Man-Hours Without Recordable Injury.

Dec 10

Blood Donation Drive, Malaysia

A blood donation drive was held at our office in Rawang, in collaboration with Pusat Darah Negara.

CHAIRMAN'S STATEMENT

FORGING AHEAD

We finished 2015 a stronger organisation poised for further growth. We are proud to be an industry leader, recognised as a leading global steel construction player. Our teams continue to focus on delivering results for our customers and stakeholders. As we execute our strategic plan, we expect to be a stronger company in 2016 than we were in 2015, positioning Eversendai to grow revenue and profitability this year and for many years to come.



CHAIRMAN'S STATEMENT (CONT'D)

Eversendai Group has had a progressive year adopting strategies that are appropriate for the current, challenging economic conditions as we continue to focus on steering value creation. As we look ahead, the 2016 construction market outlook in Eversendai's various operating markets and regions look to be in our favour. The Malaysian construction industry is expected to strengthen with the announcement of a host of new projects, ensuring a surge in activities.

There are currently many high-value projects in the pipeline, with an ever-changing urban landscape presenting plenty of opportunities. The government has also announced a new plan that will see many large-scale projects being undertaken in Kuala Lumpur in the next five years. It is planning to transform the Malaysian construction industry by year 2020 by improving the sector in a range of areas, including safety, quality, environmental sustainability, productivity and globalisation. Although the country may be facing a shift in its economic climate, there is much to look forward to in the Malaysian construction industry which will continue to grow.

There are also optimistic forecasts for the UAE construction sector which is going through a remarkable growth phase with a score of ongoing projects and strong government support. The country is witnessing substantial investments in the construction industry from both public and private enterprises. There has also been increased foreign direct investment over the past few years, particularly with Dubai hosting Expo 2020; which will drive the UAE's success in pioneering new paths of development and innovation. In Saudi Arabia, efforts to boost industrialisation and infrastructure development have resulted in greater budget allocations in the hospitality, retail, infrastructure and other industries. The outlook for Qatar's construction market also appears to be positive with the nation continually building and expanding a world class infrastructure network in conjunction with the Qatar World Cup in 2022.

As a Group, we look forward to actively bidding and participating in these developments across the globe which will further elevate our status as a

leader in the global construction industry. Although we have had our fair share of challenges in the past few years, efforts have been set in place to improve the overall performance of the Group.

Our involvement in the oil and gas sector has also met its fair share of challenges. With most learned market analysts foreseeing the global oil price may hover in the lower range for a longer period, our strategic priorities in this particular sector include costs reduction and investing in transformative opportunities. Declining crude oil prices have also had a negative impact on the general market's sentiments and this has contributed to the Malaysian currency continuously being under pressure due to concerns over the impact of weak oil prices on our economy.

Eversendai will continue to be cautious in our participation in the oil and gas sector. We are fortunate to have diverse business expertise; with our core business still being steel construction, to grow as a Group. We strive to maintain and expand profitability and sustainability through the improvement of operational efficiency, productivity and other management efforts. We were encouraged and determined to see an improvement in our 2015 results, driven by our focus on prudent project management and execution. Staying focused on our vision to achieve an RM2 billion turnover has also helped us in our growth through the years. This progress, however, represents only a checkpoint for Eversendai on our path for improved shareholder returns. Eversendai's reputation underpins our ability to attract and retain all of our stakeholders: shareholders, customers, employees, and partners.

CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, we recorded a revenue and profit after tax of RM1,789 million and RM62 million, respectively, as compared to RM1,003 million and RM36 million respectively, in 2014. Based on our current order book in hand of RM1.7 billion, we look forward to a productive year in 2016. The shareholders' fund stood at RM1,122 million at the close of the financial year compared to RM910 million in the previous year. In tandem with this, the net asset per share attributable to shareholders was RM1.45 as compared to RM1.18 last year.

2015 REVENUE	RM1,789 million
2015 PROFIT AFTER TAX	RM62 million

CORPORATE DEVELOPMENT

We announced our 70% acquisition of S-Con Engineering Co. Ltd ("S-Con"), now known as Eversendai S-Con Engineering Co. Ltd, a company incorporated in Thailand with over twenty years of experience and expertise in mechanical fabrication and installation using special steel such as carbon and stainless steel for plant construction. The Company has the ability to offer full turnkey solutions

in design, project management, equipment supply, system installation, commissioning and maintenance. Moving forward, the acquisition will see Eversendai bringing our core expertise and track record to Thailand and its surrounding regions to grow our business. It will also enable Eversendai to utilise S-Con's good track record to grow and strengthen its established working relationship with international clients and undertake a range of projects in Thailand whilst also exporting fabricated works overseas.

We are optimistic that our strategic priority; to push ahead with our international expansion by seeking growth opportunities in promising markets and flourishing economies is the right way to go. Besides acquisitions and the integration of new companies, we are generating growth by also extending synergies within the Group. By leveraging on our full breadth of expertise throughout our network of companies, we should be in a good position to create new growth opportunities in markets where Eversendai would have the opportunity to handle and deliver the increasingly complex, intricate and comprehensive requirements of projects. This is how we plan to chart the course of our strategic vision which our identity, legacy and success is built upon.

STAKEHOLDER DIVERSITY

To remain successful, Eversendai will continue to recruit and retain employees; especially from the younger generation, in the next few years and ensure that they embrace the company's

Eversendai Thailand's fabrication plant



CHAIRMAN'S STATEMENT (CONT'D)

values and our way of working. With businesses in place in various locations across different regions, we are focused on improving diversity and inclusion. Diversity that reflects the wider society is imperative to accelerate creativity and have a better understanding of the needs of our clients and society.

HEALTH, SAFETY & ENVIRONMENT

At Eversendai, Health, Safety and Environment is the number one priority in conducting our business. The well-being of our employees is of utmost importance and we continually work to ensure all staff strictly adhere to all regulations. Eversendai has a practical and effective safety management system which is used to direct and assist staff in working safely in accordance with our set standards. The co-operation of all employees is essential in achieving a high level of accident prevention and by engaging input from staff at all levels, we continually improve our processes. Our employees are continually empowered to spread the safety message by ensuring they themselves work safely in accordance with the Group's safety procedures and requirements.

Eversendai also fosters an environmental ethic amongst our workforce and we strive to reduce any harmful effects on the environment. We believe it is everybody's responsibility to look after the environment in which we work and to continually improve on procedures to ensure minimal environmental impact.

DISCLOSURE AND COMMUNICATION

With varying information content requirements for different groups of stakeholders, we capitalise on media to convey all corporate related announcements. Management and financial information is also appropriately released to shareholders and investors on the Eversendai corporate website. Through briefing sessions and communication with investors and analysts, we also make efforts to reflect their opinions in our management and business activities. It is our aim to improve the overall stakeholder understanding of Eversendai.

ACKNOWLEDGEMENT

We finished 2015 a stronger organisation poised for further growth. We are proud to be an industry leader, recognised as a leading global steel construction player. Our teams continue to focus on delivering results for our customers and stakeholders. As we execute our strategic plan, we expect to be a stronger company in 2016 than we were in 2015, positioning Eversendai to grow revenue and profitability this year and for many years to come.

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

We are also fortunate that we have a strong support group comprising of our associates, clients, bankers, business partners and suppliers; whose support and faith in the Group has provided us the opportunity to successfully and confidently grow and broaden our horizon.

And finally, a sincere thank you to Eversendai employees, whose tireless effort makes us a leader in the industry.

OPERATIONS REVIEW

Eversendai is globally renowned as a leading organisation in undertaking structural steel turnkey contracts; providing specialist engineering and construction services. Our vision is to further strengthen our foothold in the structural steel turnkey, power and petrochemical plant, composite structure as well as oil and gas sectors. We aim to achieve this by strategic diversification and market expansion of our services in order to meet the demand of the flourishing global construction industry.

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

RAK Maritime City Ras Al Khaimah, UAE

Annual capacity of
60,000 tonnes

Chacherngsao, Thailand

Annual capacity of
12,000 tonnes

Hamriyah Free Zone Sharjah, UAE

Annual capacity of
60,000 tonnes

Hamriyah Free Zone, Sharjah, UAE



OUR TECHNICAL SERVICES

Structural Steel Design & Engineering

Our expertise lies in providing 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, which include complex, innovative structures and geometrical shapes which are built using a wide variety of sections. We strive to enhance our methodologies to ensure efficiency in constructability, deliverables, work processes, automation and procedures.

Structural Steel Supply & Fabrication

We obtain raw steel material from globally renowned rolling mills in bulk. We also source for raw steel material from our wide network of stockists or agents to suit specific needs, as and when required. The procured raw steel material is converted into finished structural steel sections in our seven strategically located fabrication facilities which have an estimated combined fabricated steel capacity of over 220,000 tonnes per annum.

Structural Steel Erection

Eversendai's structural steel erection track record and expertise include a wide range 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 in various countries.

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. Our expertise in power plant projects is also in the areas of assembly and installation of boiler pressure & non pressure parts, ductwork, pipework, Installation of auxiliary equipment, control and instrumentation packages.

Oil and Gas

We are an oil and gas EPCC contractor, specialising in complex fabrication projects, ranging from medium-sized turnkey projects to large EPCC projects. Our newly established fabrication facility in RAK Maritime City, Ras Al Khaimah in the United Arab Emirates (UAE) is one of the biggest in the region, having a land area of over 200,000m² with over 550m of exclusive quayside to specifically suit most onshore and offshore load out operations with capabilities.

Our core expertise:

- i) Self-Propelled Jack-Ups/ Liftboats
- ii) Process Modules
- iii) Topside Platforms
- iv) Rig Refurbishment
- v) Jack-Up Drilling Rigs
- vi) Offshore Structures
- vii) Offshore Living Quarters



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.

Mechanical Fabrication

Our venture into Thailand with the acquisition of S-Con, an organisation with over two decades of experience and expertise in mechanical, carbon steel and stainless steel fabrication will see us delving into new opportunities while enhancing our market penetration.

OUR REGIONAL OPERATIONS

Eversendai Group operates through 21 subsidiary companies with 14 regional offices in 9 countries. During the current financial year, the Group registered a total revenue and profit of RM1,789 million and RM62 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 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

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. Abu Dhabi Airports Company is tasked with ensuring that the airport is able to provide world-class services that meet this demand over the coming years. Eversendai's scope of work for this project includes detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works.



OUR REGIONAL OPERATIONS | MIDDLE EAST AND CIS (CONT'D)

UNITED ARAB EMIRATES (cont'd)

Dubai Frame

The project involves the construction of a frame-like tower that will be 150 metres high and 105 metres wide. The tower will host cultural facilities and a gallery museum, which include a photography exhibition of scenes from old and modern Dubai. Eversendai is executing the detail engineering, connection design, temporary work design, supply, fabrication, fireproofing and installation of structural steel works for the observation deck by using innovative strand jacking techniques.



Dubai Frame

The Address – Sky View

The Address Residence Sky View is a striking 50-storey hotel, residence and serviced apartment twin-tower complex. The towers serve as a perfect complement to the thriving world-class lifestyle in downtown Dubai. Our scope of work are in the areas of detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works for important sections including the podium on levels 1 and 2, cantilever steel skywalk and sky bridge.



Al Jalila Hospital Link Bridge

This Link Bridge connects the newly constructed Al Jalila Children's Specialty Hospital to the existing Al Wasl Hospital. The bridge spans to a length of 128 metres. Eversendai's scope of work is in the areas of detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works.



Al Jalila Hospital Link Bridge

Nas Arena Multipurpose Hall

The project involves the construction of sports complex consisting of an indoor volleyball arena and futsal pitch. The new arena will have a gross capacity of 5,000 seats, which will be used to host international tournaments. Eversendai is executing the detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works for the complete dome of this indoor stadium.



Nas Arena Multipurpose Hall

OUR REGIONAL OPERATIONS | MIDDLE EAST AND CIS (CONT'D)

UNITED ARAB EMIRATES (cont'd)

Saraya C42 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.



Warner Bros. Theme Park



Warner Bros. Theme park is located on Yas Island, on the east coast of Abu Dhabi. The theme park is expected to be a high quality differentiated leisure attraction in Abu Dhabi, simultaneously placing it on the global map of preferred tourism destinations; attracting regional and international tourists. Eversendai's scope of work includes detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works including a specialised scope of cladding works. Eversendai has also been awarded secondary steel works for this project.



Bluewaters Island Development – Dubai Eye

Serving as the centrepiece of the island project, the 210 metre Ferris wheel is set to offer picturesque sceneries of Dubai's exotic coastline and prominent landmarks such as the Burj Al Arab, Burj Khalifa and Palm Jumerah. Eversendai has been awarded the contract for the fabrication of temporary spokes and temporary steel towers for propping the wheel rim segments and installation of complete wheel rim segments with braces and temporary spokes at site.

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, named Aryan and Arjun, respectively. The construction of 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.

Self-Propelled Jack-Up



OUR REGIONAL OPERATIONS | MIDDLE EAST AND CIS (CONT'D)

UNITED ARAB EMIRATES (cont'd)

Das Island IGD Expansion Project – Phase 1

The Abu Dhabi Gas Liquefaction Company Ltd. (ADGAS) is part of the ADNOC Group of Companies, operating on Das Island which is located 100 km north of Ruwais. The expansion project will allow the transfer of additional gas from Umm Shaif gas field to Habshan through Das Island in order to increase the onshore sales gas supply. Eversendai has been awarded 2 separate contracts for this project. For the first contract, our scope of work includes the supply, fabrication and erection of structural steel, metal sheet cladding, installation of gratings, stairs, handrails, vertical ladders, cable trays and pipe spools as well as blasting, painting and fireproofing. For the second contract, we will be constructing a Tri-ethylene Glycol Dehydration (TEG) unit.



Al Maryah Central

When completed in March 2018, the Al Maryah Central mall will feature a 400 store strong retail offering. In addition, Al Maryah Central will include 145 restaurants and cafés, a 20-screen cinema complex, a medical centre, a crèche, a health club, a public library, a food market as well as three rooftop parks. Subsequent phases of the development will include residential units as well as a hotel in two high rise towers. Eversendai is executing the detail engineering, connection design, supply, fabrication, fireproofing and installation of structural steel works for this project.

The Address
Residence
Fountain Views

The Address Residence Fountain Views

The Address Residence Fountain Views, launched in 2013 in Downtown Dubai, is the first dedicated serviced residence complex in the 500-acre mega-development. Elegantly designed by an international team of architects, The Address Residence Fountain Views is a three-tower complex overlooking Burj Khalifa and The Dubai Fountain. Eversendai's scope of work includes detail engineering, connection design, supply, fabrication and installation of structural steel embedment as well as roof crown works.

Al Maryah Central



OUR REGIONAL OPERATIONS | MIDDLE EAST AND CIS (CONT'D)

KINGDOM OF SAUDI ARABIA

King Abdullah Financial District Monorail Depot

Conceived as part of the overall economic development and diversification program and located north of Riyadh, King Abdullah Financial District (KAFD) is intended to become the leading financial hub of the Middle East. The monorail depot provides for a fully integrated public transport strategy which will connect workplaces and different areas within the district. Eversendai was awarded the contract for the supply, connection design, preparation of fabrication drawings, fabrication, primer 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.

New Jet Propulsion Centre

This 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, installation, fireproofing and erection of structural steel works.



Capital Market Authority (CMA) Tower

When it opens in mid-2017, the CMA Tower will position Riyadh as the financial and economic centre of the Middle East. It is the centerpiece and tallest structure within the King Abdullah Financial District, a mixed-use development that creates a world-class financial hub for the Kingdom of Saudi Arabia. Capital Market Authority, the government organization responsible for regulating Saudi Arabia's capital markets, will occupy the top floors of the tower. Together with its integrated facade system, the iconic geometry of the building contributes to a highly functional yet strikingly original form on Riyadh's skyline. Eversendai is involved in the detail engineering, manufacturing, supply, fireproofing and installation of structural steel works for this project.

King Abdulaziz International Airport

King Abdulaziz International Airport Railway Station, the world's most luxurious high-speed rail station is an integrated structure with the main airport terminal building in King Abdulaziz International Airport development project in Jeddah. This is the central railway station 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.



Capital Market Authority (CMA) Tower



OUR REGIONAL OPERATIONS | MIDDLE EAST AND CIS (CONT'D)

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. Eversendai's work scope includes detail engineering, connection design, supply, fabrication and installation of structural steel works.

Crescent City Tower



QATAR

People Mover System

Qatar Foundation's People Mover System will support its vision for sustainability by reducing reliance on car use, with trams having the potential to be the most energy-efficient form of public transport in the Middle East. Eversendai has been awarded the contract for the design, preparation of shop drawings, supply, fabrication and erection of structural steel, which include metal decking, grating and roof cladding.

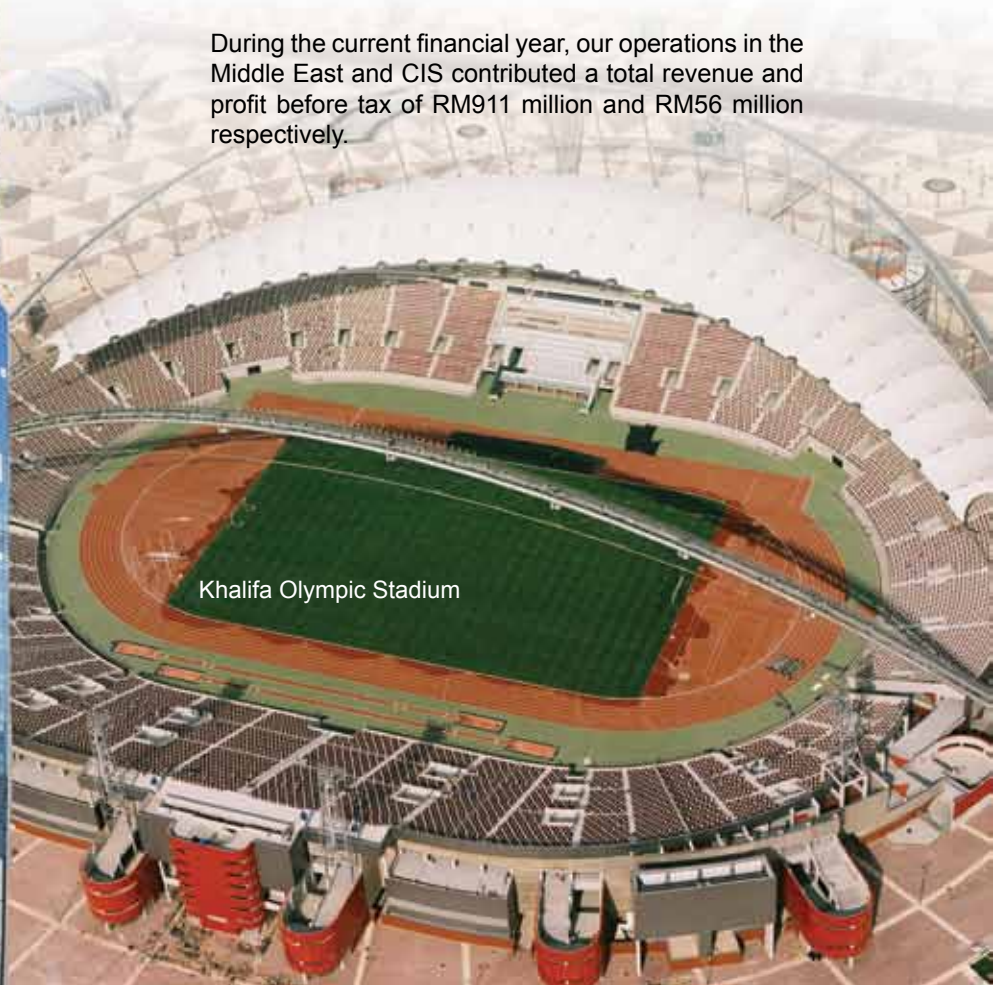
Internal Security Force (ISF) Camp

The ISF Camp is a large scale mixed-use project located at Duhail, Doha, adjacent to the Qatar University Campus plot along the Arab League Street. The project features a great number of buildings associated with military use and other additional facilities designed to provide support for both administrative and recreational activities. Eversendai is executing the engineering, design, fabrication, supply and erection of structural steel works for this project.

Khalifa Olympic Stadium – Arch Dismantle and Erection

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 engineering, 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 RM911 million and RM56 million respectively.



Khalifa Olympic Stadium

OUR REGIONAL OPERATIONS

INDIA

The Group's operations in India are undertaken by Eversendai Construction Pvt Ltd and Eversendai Frontiers Pvt Ltd.

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 built contract for Eversendai.



Worli Mixed-Use Development

Worli Mixed-Used Development Project located in Mumbai, consists of a hotel, residential as well as office space. Upon completion, it will be the second tallest building in India. Eversendai's scope of work is the shell and core structure that includes reinforced concrete works with regards to the raft, substructure and superstructure.

Worli Mixed Use Development

Sumer Trinity Vertical

Sumer Trinity Vertical is a premium residential complex located in Prabhadevi, Mumbai. It will consist of 36 floors and every apartment will have a picturesque view of the sea. Eversendai is undertaking the civil core and shell works for this project.

Sumer Trinity Vertical

Statue of Unity

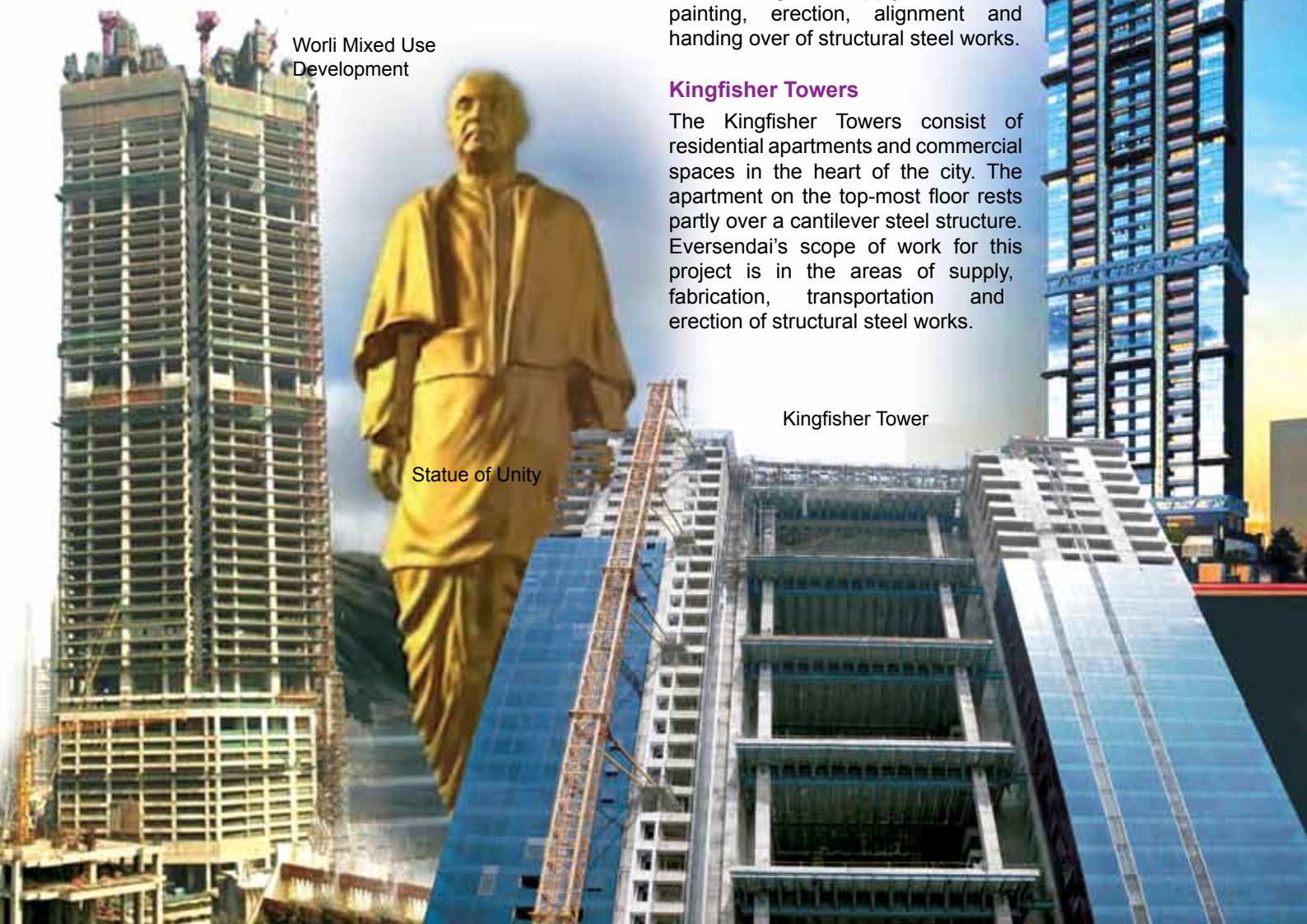
The Statue of Unity is an iconic 182 meter tall landmark statue dedicated to Sardar Vallabhbhai Patel, a visionary leader and statesman hailed as the Iron Man of India, due to his pivotal role in the country's struggle for independence and subsequent integration. Upon its completion in 2018, the Statue of Unity will be the world's tallest statue. Eversendai is executing the supply, fabrication, painting, erection, alignment and handing over of structural steel works.

Kingfisher Towers

The Kingfisher Towers consist of residential apartments and commercial spaces in the heart of the city. The apartment on the top-most floor rests partly over a cantilever steel structure. Eversendai's scope of work for this project is in the areas of supply, fabrication, transportation and erection of structural steel works.

Kingfisher Tower

Statue of Unity



OUR REGIONAL OPERATIONS | INDIA (CONT'D)

**Gulita, Worli**

This is a high-end luxury residential project whereby the basements will serve as car parks and the upper floors form part of the residences. Amongst the special features in this luxury project include an art gallery, ballroom, cinema and sports lobby. Eversendai secured the core and shell, mechanical, electrical, plumbing, finishing and external development works for this project.

Signature Tower, TCS, Siruseri

Tata Consultancy Services is constructing its Siruseri corporate office complex whereby from 94th metre onwards, a cantilever bowl structure, butterfly wing structure and a pinnacle of 20 metres in height are constructed using structural steel. Eversendai has been awarded the contract for fabrication, supply and erection of structural steel works for the bowl structure; supply and fixing of metal deck sheet works; supply, fabrication and erection of temporary structural steel works for the supporting structure and connection design for the spine and butterfly roof truss.

Dhirumbai Ambani International Convention and Exhibition Centre (DAICEC)

Eversendai secured contracts for the supply of steel materials, connection design, shop drawings, engineering, fabrication and erection 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 will be undertaken by Eversendai's fabrication facilities in Malaysia, Dubai and India.

Signature Tower



During the current financial year, our operations in India recorded a total revenue and loss before tax of RM152 million and RM14 million respectively.

OUR REGIONAL OPERATIONS (CONT'D)

MALAYSIA

Eversendai Group operates in Malaysia through its subsidiary companies, Eversenda Energia Sdn Bhd (formerly known as Shineversendai Engineering (M) Sdn Bhd), Eversendai Oil & Gas (M) Sdn Bhd and Eversendai Constructions (M) Sdn Bhd.

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.



Hand Glove Factory

Eversendai is the main contractor for the construction of a hand glove factory with an office, ancillary and warehouse, guardhouse and waste chamber. This project which is situated in Klang was awarded by the client, Top Quality Glove Sdn Bhd.



Plant 7

Eversendai secured the detailing, supply, fabrication and installation of structural steel works for Latexx Manufacturing Sdn Bhd's new plant located in Semperit. Latexx is one of the largest medical examination gloves producers in Malaysia.

Pengerang CoGeneration Plant

Eversendai was awarded the contract for engineering, procurement, construction and commissioning by MMC Engineering Services Sdn Bhd for the 1200MW

Cogeneration Plant for Petronas, as part of the Refinery and Petrochemical Integrated Development (RAPID) Project at Pengerang, Johor.

OUR REGIONAL OPERATIONS | MALAYSIA (CONT'D)

12 Waves Warehouse

Eversendai is the main contractor for PKT Logistics Group's 4th generation warehouse; dubbed the 12 Waves which will be a part of One Auto Hub in Batu Kawan, Penang. 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.



Refinery and Petrochemicals Integrated Development (RAPID) Steam Cracker Complex

Eversendai was awarded contracts for a Steam Cracker Complex (SCC) project in Malaysia as part of Petronas' RAPID project in Pengerang, Johor, Malaysia. Our scope of work includes steel structure and above-ground piping installation, supply of platform and ladders as well as painting.



Refinery and Petrochemicals Integrated Development (RAPID) – Package 3

Eversendai secured the contract for the fabrication and supply of structural steel for a refinery package from Tecnicas Reunidas Malaysia Sdn Bhd in Petronas' Refinery and Petrochemicals Integrated Development (RAPID) project in Pengerang, Johor.

During the current financial year, our operations in Malaysia contributed a total revenue and profit before tax of RM319 million and RM9 million respectively.

MOVING FORWARD

Overall, the Group's performance in 2015 has been positive in light of the current financial and economic adversities. We have registered good results during the financial year in spite of the competitive and challenging market environment. There are many opportunities for the Group to capitalise on across the various markets that we operate in to produce good results. We will continue to provide our best services in the global construction market to meet the market demand of our existing and prospective clients.

We are also constantly looking at new opportunities to expand both locally and globally as we aim to grow our profits. We are working towards ensuring that all our divisions perform to our expectations in order to strategically position ourselves to simultaneously propel the Group to the next level. We remain committed to strengthening our position in the industry and necessary steps are being taken to ensure that we continue to have an edge over other players which would ultimately help bolster our efforts as we move towards growing our business. This includes the expansion of our fabrication facility in Sharjah to accommodate the number of contracts that we have already secured as well as those in the pipeline.

We will continue to practice proactive management in our operating processes to further heighten our competitiveness and market presence. We foresee that the Group's operating performance for the impending financial year will be good and continue to increase profitable growth and steer value creation.

CORPORATE RESPONSIBILITY

STATEMENT ON CORPORATE SUSTAINABILITY

We strongly uphold that the way we conduct our business is as important as our business itself. At Eversendai Corporation Berhad, corporate sustainability is our steadfast commitment to creating long-term value for our shareholders, society and environment. We advocate conducting our business in a socially responsible and ethical manner that safeguards the environment, whilst also embracing and encouraging our employees to give back to society and our local communities.

CORPORATE SOCIAL RESPONSIBILITY

Our name and brand are deeply rooted in giving back to and working conscientiously around our community. There are many challenges that our industry, community and world face than we know. It is important for our organisation to continue to innovate and persevere within a viable framework to preserve our future as a company and as citizens. We believe holistic corporate social responsibility is the right thing to do.

Sponsorship of Ephratha Home

Eversendai has been sponsoring Ephratha Home, a home for underprivileged children in Taman Pelangi, Rawang, for the past 2 years. The home, which was established over a decade ago, occupies 2 houses for neglected and abandoned boys and girls between the ages of 1 and 18. We contribute to the welfare and maintenance of this home and look forward to supporting these children in their future.



Educational Visit to Petrosains

Eversendai hosted 12 children from Karunai Illam, a home for orphans and abandoned children in Kepong, to an educational tour of Petrosains, Kuala Lumpur City Centre (KLCC). Many of the children were ecstatic as it was their first visit to KLCC. The kids were then treated to lunch at a restaurant of their choice before heading home.



Blood Donation Drive

We organised a Blood Donation Drive at our Rawang fabrication facility, in collaboration with Pusat Darah Negara. Our employees in Sharjah, also organised a similar drive in a joint effort with the local Ministry of Health and Sharjah Blood Transfusion and Research Centre.



Deepavali Celebration at Ephratha Home

We hosted a Deepavali lunch at Ephratha Home to celebrate the Festival of Lights. The children had a great time as we enjoyed the festivities and a scrumptious lunch.



21st Century Classroom Initiative

Eversendai supported Sekolah Jenis Kebangsaan (T) Ladang Edinburgh, a school with 292 students, in their quest to be recognised as a school with 21st Century Classroom resources. We equipped them with smartboards, personal computers, printers and projectors amongst other resources. Today, the school has been awarded the 21st Century Classroom status.



CORPORATE GOVERNANCE STATEMENT

The Board of Eversendai Corporation Berhad (the “Board”) is committed to upholding the practices of good corporate governance throughout the Group as prescribed in the Malaysian Code on Corporate Governance 2012 (the “Code”). The Board believes good corporate governance supports the enhancement of shareholders’ value and sustainable growth. 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 2015 and the extent to which the Company has complied with the recommendations of the Code during the financial year ended 31 December 2015 except where otherwise stated.

BOARD OF DIRECTORS

1. Roles and Responsibilities of the Board

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

- Reviewing and adopting strategic business plan for the Group’s effective business performance;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being effectively managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to effectively manage and monitor identified risks;
- Ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes in place to enable orderly succession of senior management;
- Ensuring effective communication with the shareholders and other stakeholders;
- Reviewing the efficacy of the Group’s systems of internal control and of management information, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Developing corporate objectives, policies and strategies;
- Reviewing and approving acquisitions and disposals of undertakings and properties of substantial value and major investments.

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

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

The Board Charter is subject to review periodically.

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

2. Board Balance and Independence

There are eight (8) members on 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 for on pages 20 to 24 in the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

2. Board Balance and Independence (cont'd)

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

3. Roles and Responsibilities of the Chairman and Group Managing Director (cont'd)

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 2015 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 & Chief Executive Officer – Group Structural Steel & Construction	4 out of 4	100%
Narla Srinivasa Rao	Executive Director & Chief Operating Officer – Group Structural Steel & Construction	4 out of 4	100%
Narishnath a/l Nathan	Executive Director & Chief Executive Officer, Group Oil & Gas	4 out of 4	100%
S Sunthara Moorthy a/l S Subramaniam	Executive Director – Corporate Affairs	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%

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

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

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

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 Internal Audit Department, Risk Department and Company Secretary. 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:

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

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

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

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

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

Director	Topic	Date
Tan Sri Nathan a/l Elumalay	• Board Chairman Series : Leadership Excellence from the Chair	27 July 2015
	• Advocacy Session on Management Discussion & Analysis for CEO & CFO	30 July 2015
	• Sustainable Fire Safety Engineering is the Future by Ecobuild SEA	9 September 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015
Mohammad Nizar bin Idris	• FIDE Forum – Board's Strategic Leadership – Innovation & Growth in Uncertain Times by Prof Ram Charan (KL)	21 May 2015
	• FIDE Forum – Impact of the New Accounting Standards on Financial Institutions in collaboration with Malaysian Accounting Standards Board (MASB)	5 June 2015
	• Corporate Governance Breakfast Series – Board Rewards and Recognition by Bursa Malaysia in collaboration with Minda	26 November 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015
Tan Sri Rastam bin Mohd Isa	• CAP10 Asean CEO Summit (KL)	12 February 2015
	• Seminar by Bursa Malaysia on Strengthening the Board's Role in Setting a Right High Performance Culture (KL)	2 March 2015
	• Board Forum for Asia Annual Conference 2015 (China)	27–29 September 2015
	• Training Program on Leadership Excellence by Bursa Malaysia (KL)	27 July 2015
	• Khazanah Megatrends Forum (KL)	5 October 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

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

Datuk Ng Seing Liong	• Planning for a Better Future Through Sustainable Infrastructure by CIDB	7 January 2015
	• National GST Conference 2015 by CTIM (KL)	20 January 2015
	• National Tax Conference 2015 by CTIM and LHDN (KL)	25–26 August 2015
	• MIA International Accountants Conference 2014	26–27 October 2015
	• Zofnass Program Symposium Infrastructure Resilience by Harvard University (UK)	2–3 November 2015
	• Lecture on Green and Sustainability on “50 Years Seeking Green” by Harvard University (UK) Executive Workshop on Sustainability with Envision Rating System by Harvard University (UK)	5 November 2015
	• Conference on “Sustainability in Scandinavia” by Harvard University (UK)	6 November 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015
	• 2016 Budget Seminar by CTIM (KL)	8 December 2015
	• Seminar on GST Treatment & Impact on Construction Industry by CIDB (KL)	17 November 2015
Nadarajan Rohan Raj	• Corporate Governance Director’s Workshop – The Interplay between CG, Non-financial Information (NFI) and Investment Decision by Bursa Malaysia (KL)	19 August 2015
	• The FIDIC Conditions of Contract for Construction – The Red Book (All Key Areas Explained) by Charlton Martin (KL)	14 October 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015
Narla Srinivasa Rao	• Cost Engineering (CCE-001) Training Program (Dubai)	13,14,20,21,22 December 2015
S Sunthara Moorthy a/l S Subramaniam	• GST Refresher Workshop for Chartered Accountants by RW Williams (KL)	10 February 2015
	• Integrity and Contractor Code of Conduct by CIDB	5 November 2015
	• International Tax-Base Erosion and Profit Sharing Seminar by Deloitte	23 November 2015
	• Post Budget 2016 Briefing by Deloitte	30 November 2015
	• Corporate and Debt Restructuring Seminar by Wong & Partners (KL)	1 December 2015
Narishnath a/l Nathan	• SPE Offshore Europe Conference 2015 (Aberdeen)	8–9 September 2015
	• Offshore Jack-Ups Middle East Conference 2015 (Dubai) Seatrade Offshore Marine & Workboats Exhibition (Abu Dhabi)	5–6 October 2015
	• The Abu Dhabi International Petroleum Exhibition & Conference (Abu Dhabi)	9–12 November 2015

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

9. Company Secretary

The Company Secretary 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 Secretary 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board of Directors (cont'd)

10. Board Committees (cont'd)

(b) Nomination Committee (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 Thirteenth 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 (Independent Non-Executive Director);
- Nadarajan Rohan Raj (Executive Director and Chief Executive Officer, Group Structural Steel and Construction).

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DIRECTORS' REMUNERATION

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

1. Remuneration Procedures

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

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

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	2,319	38	2,357
Salaries and other emoluments	9,320	-	9,320
Bonus, incentives and others	410	-	410
Employees Provident Fund	268	-	268
Benefit-in-kind (estimated value)	302	-	302
Total	12,619	254	12,873

Details of the Directors' remuneration for the financial year ended 31 December 2015 are disclosed in the financial statements, as set out on page 108 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 matters:

Meera Selvaratnam
Corporate Communication Manager
Eversendai Corporation Berhad
Contact details:
Tel no.: +603-7733 3300
Email: ir@eversendai.com

For Finance related matters:

William Chan
Chief Financial Officer
Contact details:
Tel no.: +603-7733 3300
Email: william@eversendai.com

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

2. Annual General Meeting ("AGM")

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

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

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

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

3. Internal Control

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

The Statement on Risk Management and Internal Control is set out on pages 58 to 61 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 of Eversendai Corporation Berhad is pleased to share the key aspects of the Group's internal control system in respect of the financial year ended 31 December 2015. 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 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. Internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management

The Board recognises the importance of Enterprise Risk Management (“ERM”) in supporting the Group’s objectives in enhancing shareholders’ value and business success by minimizing unforeseen risks. The Group has a clear on-going process for identifying, evaluating and managing significant risks facing the Group. The Group has further enhanced its risk management practices by conducting risk awareness workshop to raise awareness to staff and formalising the risk management process through the implementation of the ERM software.

The ERM framework is managed and documented in a risk register to assist the Group’s operational managers to continuously conduct discussions to identify, analyse, monitor and evaluate 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 Executive Director. This will ensure that adequate attention and focus is placed for risk management.

Key Risk Management Process

Each key business units have nominated risk coordinators (“RC”) who are responsible to identify, monitor and develop action plans to mitigate the risks. The RC have been trained to update the risk and action plan on a monthly basis.

The RCs are supported by Risk Management Unit (“RMU”) who monitor and guide the RCs on risk areas. RMU review every new risk identified and authenticate the viability of action plan provided by each RCs.

The RMU will provide quarterly reports on the enterprise risk map and analysis of the ERM register, and the status of progress towards mitigating key risk areas to RMC and the Board for review and proposed changes for improvements

Risk Management Framework

The RMC Risk Management Framework encompasses the following key elements:-

- The Group’s Risk Management Policy;
- The Terms of Reference of the Board of Directors, the Management, the Risk Management Committee in the risk management process;
- The Risk Management process and register.

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 honoring 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)**Control Environment and Structure (cont'd)****2. Audit Committee**

The Audit Committee is instituted by the Board to undertake the review of the systems of internal control and risk management framework in the Group. 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 by the management during the presentation of the quarterly financial performance and results 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 members brings 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 2015 is RM607,000. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 62 to 65.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Control Environment and Structure (cont'd)

7. Financial and Operational Information

A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared by the operating units and presented to the Board. 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.

Review of Statement by External Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance to the Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

Conclusion

For the financial year under review and up to the date of issuance of the financial statements, the Group Managing Director and Chief Financial Officer to the best of their ability and knowledge confirm that the Group's risk management and internal control systems are adequate and effective to safeguard shareholders' investments and the Group's assets. 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 64 to 65.

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 Malaysian 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 and Chief Financial Officer attended all the AC meetings upon invitation by the AC. The representatives of the External Auditor also attended two AC meetings upon invitation by the Committee.

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
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 20 to 24.

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

AUDIT COMMITTEE REPORT (CONT'D)

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 2015 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 2015 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 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 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 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.

AUDIT COMMITTEE REPORT (CONT'D)

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 CFO and the Head of Group Internal Audit shall normally attend meetings of the Committee. The presence of a representative of the External Auditors will be requested, if required.
- (e) Upon request by the External Auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the External Auditors believe should be brought to the attention of the Directors or Shareholders of the Company.
- (f) At least twice a year, the Committee shall meet with the External Auditors without the presence of any Executive Director and the Management.
- (g) Whenever deemed necessary, meetings can be convened with the External Auditors, Internal auditors or both, excluding the attendance of other directors and employees.

3. Authority

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

AUDIT COMMITTEE REPORT (CONT'D)

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

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.
- (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 2015 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 2015.

2. SHARE BUY-BACK

There were no share buy-back by the Company during the financial year ended 31 December 2015. As at 31 December 2015, 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.

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 2015 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2015.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.

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 2015.

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 2015 except for a total sum of RM8,000 (2014: RM8,000) being fees for consultation 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 2015.

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 2015 or, if not then subsisting, entered into since the end of the previous financial year.

ADDITIONAL CORPORATE DISCLOSURE (CONT'D)

10. RECURRENT RELATED PARTY TRANSACTIONS

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

Details of the recurrent related party transactions entered into by the Group during the financial year ended 31 December 2015 are disclosed in Note 25 to the Financial Statements on page 131 of this Annual Report.

At the Twelfth Annual General Meeting of the Company held on 29 June 2015, 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 29 June 2015 until the conclusion of the forthcoming Thirteenth 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 3 May 2016 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 2015 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements the Directors have:

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

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

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

FINANCIAL CALENDAR

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.

24 July 2015

Payment of final single tier exempt dividend of 1.25 sen per each ordinary share for the financial year ended 31 December 2014.

24 August 2015

Announcement of the unaudited condensed consolidated interim financial report for the financial year 2015 second quarter ended 30 June 2015.

30 November 2015

Announcement of the unaudited condensed consolidated interim financial report for the financial year 2015 third quarter ended 30 September 2015.

2016

29 February 2016

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

3 May 2016

Notice of the 13th Annual General Meeting and issuance of annual report for the financial year ended 31 December 2015.

27 May 2016

13th Annual General Meeting.

FINANCIAL STATEMENTS 2015

REPORT OF THE DIRECTORS

The directors of EVERSENDAL CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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.

The principal activities of the subsidiaries are as disclosed in Note 15 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

EVENTS AFTER REPORTING PERIOD

Events after reporting period are as disclosed in Note 41 to the Financial Statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit for the year	61,549	10,189
Profit attributable to:		
Equity holders of the Company	55,365	10,189
Non-controlling interests	6,184	-
	<u>61,549</u>	<u>10,189</u>

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

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year is as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
Final single-tier dividend of 1.25 sen per share on 773,899,000 ordinary shares, declared on 29 June 2015 and paid on 24 July 2015	<u>9,674</u>

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.50 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), in respect of the financial year ended 31 December 2015 amounting to RM3,869,495 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 2016.

REPORT OF THE DIRECTORS (CONT'D)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company did not purchase its own ordinary shares.

As of 31 December 2015, the Company held 101,000 treasury shares at a carrying amount of RM91,253. Movement in the Company's treasury shares are as disclosed in Note 28 to the Financial Statements.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

REPORT OF THE DIRECTORS (CONT'D)

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year other than the events after reporting period as disclosed in Note 41 to the Financial Statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

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

REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			Balance as of 31.12.2015
	Balance as of 1.1.2015	Bought	Sold	
Shares in the Company				
<i>Direct interest</i>				
Nadarajan Rohan Raj	500,000	-	-	500,000
Narla Srinivasa Rao	500,000	-	-	500,000
Datuk Ng Seing Liong	70,000	-	-	70,000
<i>Indirect interest</i>				
Tan Sri Nathan A/L Elumalay*	555,363,360	-	-	555,363,360
Shares in the holding company, Vahana Holdings Sdn. Bhd.				
<i>Direct interest</i>				
Tan Sri Nathan A/L Elumalay	298,230	-	-	298,230
Narishnath A/L Nathan	1,170	-	-	1,170

* Deemed interest by virtue of his shareholdings in the holding company.

By virtue of the above directors' interest in the shares of the holding company and in the Company, they are deemed to have an interest in the shares of the subsidiaries to the extent that the Company and the holding company have an interest.

None of the other directors in office at the end of the financial year, held shares or had beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or being fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits as disclosed in the Note 25 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING COMPANY

The Company is a subsidiary of Vahana Holdings Sdn. Bhd., a company incorporated in Malaysia, which is regarded by the directors as the immediate and ultimate holding company.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI NATHAN A/L ELUMALAY

S SUNTHARA MOORTHY A/L
S SUBRAMANIAM

Petaling Jaya,
21 April 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVERSENDI CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of EVERSENDI CORPORATION BERHAD, which comprise the statements of financial position of the Group and of the Company as of 31 December 2015 and the statements of profit or loss and other 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 77 to 158.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 that 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 of 31 December 2015 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 4 and 23 to the Financial Statements which disclose the Group's amount owing by a customer totalling RM49,198,000. The recoverability of the amount owing by the said customer is highly dependent on the recommencement of construction and the successful completion of the project by the customer. Our opinion is not modified in respect of these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVERSENDI CORPORATION BERHAD

(INCORPORATED IN MALAYSIA) (CONT'D)

Report on Other Legal and Regulatory Requirements

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

- (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 accounts and auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the Financial Statements;
- (c) we are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 43 on page 159 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 towards any other person for the contents of this report.

The financial statements of the Group and of the Company for the preceding year ended 31 December 2014 were audited by another firm of auditors whose report thereon dated 30 April 2015 express an unqualified opinion with an emphasis of matter on those financial statements.

DELOITTE

AF 0080

Chartered Accountants

WONG KAR CHOON

Partner - 3153/08/16 (J)

Chartered Accountant

21 April 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	5	1,788,804	1,002,809	31,667	17,244
Cost of sales		(1,554,579)	(872,961)	-	-
Gross profit		234,225	129,848	31,667	17,244
Other income	6	35,352	47,337	5,625	1,983
Operating and administrative expenses		(158,604)	(111,132)	(5,698)	(6,740)
Finance costs	7	(33,540)	(24,419)	(12,011)	(12,025)
Share of associates' results		-	126	-	-
Net (loss)/gain on financial assets at fair value through profit or loss		(9,527)	4,029	(9,527)	4,029
Profit before tax	8	67,906	45,789	10,056	4,491
Income tax (expense)/credit	11	(6,357)	(9,348)	133	(159)
Profit for the year		61,549	36,441	10,189	4,332
Other comprehensive income, net of income tax:					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		167,801	34,918	-	-
Net fair value gain on available-for-sale financial assets		453	26	355	45
Other comprehensive income for the year, net of tax		168,254	34,944	355	45
Total comprehensive income for the year		229,803	71,385	10,544	4,377
Profit attributable to:					
Equity holders of the Company		55,365	37,404	10,189	4,332
Non-controlling interests		6,184	(963)	-	-
		61,549	36,441	10,189	4,332
Total comprehensive income attributable to:					
Equity holders of the Company		222,331	71,964	10,544	4,377
Non-controlling interests		7,472	(579)	-	-
		229,803	71,385	10,544	4,377
Earnings per share attributable to equity holders of the Company					
- Basic and diluted (sen)	12	7.2	4.8		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	13	649,176	446,121	13,478	13,962
Goodwill	14	12,088	12,088	-	-
Investment in subsidiaries	15	-	-	656,250	647,951
Derivative financial assets	17	8,278	15,838	8,278	15,838
Investment in securities	19	84,622	87,847	84,622	87,847
Deferred tax assets	20	2,574	508	-	-
Total Non-current Assets		<u>756,738</u>	<u>562,402</u>	<u>762,628</u>	<u>765,598</u>
Current Assets					
Inventories	21	168,534	148,543	-	-
Amount owing by customers under construction contracts	22	849,435	394,831	-	-
Trade receivables	23	636,293	441,253	-	-
Other receivables, refundable deposits and prepaid expenses	24	125,509	77,655	465	417
Amount owing by subsidiaries	25	-	-	101,155	66,848
Amount owing by other related company	25	-	24,889	-	-
Investment in securities	19	8,548	94,630	-	25,579
Tax recoverable		1,419	136	101	136
Cash and bank balances	26	134,818	242,702	612	969
Total Current Assets		<u>1,924,556</u>	<u>1,424,639</u>	<u>102,333</u>	<u>93,949</u>
Total Assets		<u>2,681,294</u>	<u>1,987,041</u>	<u>864,961</u>	<u>859,547</u>

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONT'D)**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	27	387,000	387,000	387,000	387,000
Share premium	28	191,515	191,515	191,515	191,515
Treasury shares	28	(91)	(91)	(91)	(91)
Capital reserve	28	307	307	120	120
Foreign currency translation reserve	28	202,465	35,952	-	-
Fair value adjustment reserve	28	25	(428)	-	(355)
Retained earnings	29	341,066	295,375	19,140	18,625
Equity attributable to equity holders of the Company		1,122,287	909,630	597,684	596,814
Non-controlling interests		7,818	346	-	-
Total equity		1,130,105	909,976	597,684	596,814
Non-current Liabilities					
Hire purchase payables - non-current portion	31	6,422	6,275	106	157
Borrowings - non-current portion	32	299,705	288,795	253,336	254,494
Employees' service benefits	33	52,138	34,806	-	-
Deferred tax liabilities	20	4,629	2,999	-	-
Total Non-current Liabilities		362,894	332,875	253,442	254,651
Current Liabilities					
Trade payables	34	238,636	158,531	239	943
Other payables and accrued expenses	35	346,185	182,641	3,921	3,854
Amount owing to customers under construction contracts	22	63,753	124,899	-	-
Amount owing to directors	36	2,357	1,508	16	19
Amount owing to subsidiaries	25	-	-	8,438	2,115
Hire purchase payables - current portion	31	2,899	3,098	52	49
Borrowings - current portion	32	500,767	248,077	1,157	1,102
Tax liabilities		33,698	25,436	12	-
Total Current Liabilities		1,188,295	744,190	13,835	8,082
Total Liabilities		1,551,189	1,077,065	267,277	262,733
Total Equity and Liabilities		2,681,294	1,987,041	864,961	859,547

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the Company									
	Non-distributable					Distributable				
	Issued capital	Share premium	Treasury shares	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group										
Balance as of 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/(Loss) for the year	-	-	-	-	-	-	37,404	37,404	(963)	36,441
Other comprehensive income	-	-	-	-	34,534	26	-	34,560	384	34,944
Total comprehensive income/(loss) for the year	-	-	-	-	34,534	26	37,404	71,964	(579)	71,385
Dividends (Note 30)	-	-	-	-	-	-	(7,739)	(7,739)	-	(7,739)
Balance as of 31 December 2014	387,000	191,515	(91)	307	35,952	(428)	295,375	909,630	346	909,976
The Group										
Balance as of 1 January 2015	387,000	191,515	(91)	307	35,952	(428)	295,375	909,630	346	909,976
Profit for the year	-	-	-	-	-	-	55,365	55,365	6,184	61,549
Other comprehensive income	-	-	-	-	166,513	453	-	166,966	1,288	168,254
Total comprehensive income for the year	-	-	-	-	166,513	453	55,365	222,331	7,472	229,803
Dividends (Note 30)	-	-	-	-	-	-	(9,674)	(9,674)	-	(9,674)
Balance as of 31 December 2015	387,000	191,515	(91)	307	202,465	25	341,066	1,122,287	7,818	1,130,105

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

The Company	← Attributable to equity holders of the Company →						
	← Non-distributable →				→ Distributable		
	Issued capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as of 1 January 2014	387,000	191,515	(2)	120	(400)	22,032	600,265
Purchase of treasury shares	-	-	(89)	-	-	-	(89)
Profit for the year	-	-	-	-	-	4,332	4,332
Other comprehensive income	-	-	-	-	45	-	45
Total comprehensive income for the year	-	-	-	-	45	4,332	4,377
Dividends (Note 30)	-	-	-	-	-	(7,739)	(7,739)
Balance as of 31 December 2014	387,000	191,515	(91)	120	(355)	18,625	596,814
Balance as of 1 January 2015	387,000	191,515	(91)	120	(355)	18,625	596,814
Profit for the year	-	-	-	-	-	10,189	10,189
Other comprehensive income	-	-	-	-	355	-	355
Total comprehensive income for the year	-	-	-	-	355	10,189	10,544
Dividends (Note 30)	-	-	-	-	-	(9,674)	(9,674)
Balance as of 31 December 2015	387,000	191,515	(91)	120	-	19,140	597,684

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	67,906	45,789	10,056	4,491
Adjustments for:				
Depreciation of property, plant and equipment	35,239	31,454	670	646
Finance costs	33,540	24,419	12,011	12,025
Provision for employees' service benefits	12,319	7,219	-	-
Net loss/(gain) on financial assets at fair value through profit or loss	9,527	(4,029)	9,527	(4,029)
Allowance for doubtful debts	4,638	9,792	-	-
Loss on reversal of fair value adjustment reserves	-	-	305	-
Property, plant and equipment written off	-	6	-	6
Unrealised foreign exchange gain	(17,965)	(9,636)	(5,621)	(1,945)
Dividend income from investment in securities	(1,473)	(5,010)	(323)	(1,898)
Interest income	(930)	(624)	(29)	(63)
Gain on disposal of property, plant and equipment	(283)	(323)	-	-
Gain on disposal of investment in securities	(4)	(45)	(4)	(45)
Allowance for doubtful debts no longer required	-	(22,503)	-	-
Share of associates' results	-	(126)	-	-
Dividend income from subsidiaries	-	-	(30,750)	(14,714)
Operating Profit/(Loss) Before Working Capital Changes	142,514	76,383	(4,158)	(5,526)
(Increase)/Decrease in:				
Inventories	(19,991)	(15,281)	-	-
Receivables	(515,367)	(80,168)	(48)	1,196
Increase/(Decrease) in:				
Payables	156,030	126,179	(637)	429
Net change in intercompany balances	24,889	(24,889)	(34,582)	(60,037)
Cash (Used In)/From Operations	(211,925)	82,224	(39,425)	(63,938)
Employees' service benefits paid	(4,096)	(3,385)	-	-
Income tax paid	(3,145)	(2,357)	(73)	(159)
Income tax refunded	3,173	-	253	-
Net Cash (Used In)/From Operating Activities	(215,993)	76,482	(39,245)	(64,097)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(166,458)	(100,209)	(187)	(160)
Proceeds from disposal of property, plant and equipment	378	925	-	-
Acquisition of a subsidiary, net of cash received (Note 15)	-	(520)	-	(1,000)
Net changes in investment securities	60,655	36,093	34,726	61,753
Proceeds from disposal of quoted shares	1,257	454	1,257	454
Proceeds from disposal of unit trust fund	25,579	-	25,579	-
Proceeds from withdrawal of structured deposit	-	24,024	-	24,024
Subscription of derivative financial assets and investment securities	-	(827)	-	(827)
Decrease in deposits with financial institutions	5,779	1,350	-	-
Interest received	930	624	29	63
Dividends received	1,473	5,010	323	1,898
Investment in subsidiaries	-	-	-	(768)
Net Cash (Used In)/From Investing Activities	<u>(70,407)</u>	<u>(33,076)</u>	<u>61,727</u>	<u>85,437</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Acquisition of non-controlling interests	-	(300)	-	-
Subscription of treasury shares	-	(89)	-	(89)
Drawdown/(Repayment) of bank borrowings	259,297	28,189	(1,103)	(1,058)
Dividends paid to:				
Shareholders of the Company	(9,674)	(7,739)	(9,674)	(7,739)
Non-controlling interests of the subsidiaries	-	(3,293)	-	-
Payment of hire-purchase payables	(1,055)	(3,810)	(48)	(48)
Increase/(Decrease) of amounts owing to directors	849	341	(3)	(4)
Finance costs paid	<u>(33,540)</u>	<u>(24,419)</u>	<u>(12,011)</u>	<u>(12,025)</u>
Net Cash From/(Used In) Financing Activities	<u>215,877</u>	<u>(11,120)</u>	<u>(22,839)</u>	<u>(20,963)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(70,523)	32,286	(357)	377
Foreign exchange differences on translation	(35,885)	32,237	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	206,364	141,841	969	592
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 26)	99,956	206,364	612	969

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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.

The principal activities of the subsidiaries are disclosed in Note 15 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

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 Rawang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 21 April 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

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

Adoption of New and Revised Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company have adopted the new and revised Standards and Amendments issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1 January 2015 as follows:

Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
Amendments to MFRSs	Annual Improvements to MFRSs 2010 - 2012 Cycle
Amendments to MFRSs	Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of these new and revised Standards and Amendments did not have any material impact on the amounts reported on the financial statements of the Company in the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 9	Financial Instruments ²
MFRS 14	Regulatory Deferral Accounts ¹
MFRS 15	Revenue from Contracts with Customers ²
MFRS 16	Leases ⁵
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to MFRS 101	Disclosure Initiative ¹
Amendments to MFRS 107	Disclosure Initiative ⁴
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plant ¹
Amendments to MFRS 127	Equity Method in Separate Financial Statements ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective date of the Amendments which was originally for annual periods beginning on or after 1 January 2016, have been deferred to a date to be announced by the MASB.

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and the Company in the period of initial application except as discussed below:

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Standards and Amendments in issue but not yet effective (Cont'd)

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

All recognised financial assets that are within the scope of MFRS 139 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless this creates or enlarges an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

MFRS 9 contains a new model on impairment of financial assets based on expected credit loss, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

However, it is not practical to provide a reasonable estimate of the effect on MFRS 9 until the Group undertakes a detailed review.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Standards and Amendments in issue 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 MFRS 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.

Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15. The directors of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Consolidation and Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation and Subsidiaries (Cont'd)

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control 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 interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is 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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Business Combinations (Cont'd)**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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. Revenue is measured at the fair value of consideration received or receivable.

Revenue from construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described further below.

Rental income

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Construction Contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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 contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount owing by customers under construction contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount owing to customers under construction contracts.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in RM, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social contributions are recognised in the period in which the associated services are rendered by employees of the Group. 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

(i) 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.

(ii) India

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Employee Benefits (Cont'd)**Defined benefit plans

(i) 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"), Qatar and Saudi Arabia 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 of employment. The expected costs of these benefits are accrued over the period of employment.

(ii) 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 reporting period.

Operating Lease Payments

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 borrowing 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 they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax (Cont'd)

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation (unless stated otherwise) and impairment losses (if any).

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 assets to the enterprise can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Property, plant and equipment, other than freehold land and capital work-in-progress which are not depreciated, are depreciated using the straight-line method at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

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 estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

Gain or loss arising on disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Assets held under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Impairment of Non-Financial Assets Other Than Goodwill

The carrying amount of non-financial assets other than goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is revised upwards to the estimated recoverable amount, but to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are valued at the lower of cost (determined on the “first-in, first-out” basis) and net realisable value. The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price of inventories in the ordinary course of business less all other estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

Goods and Service Tax (“GST”)

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset.

Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statements of financial position inclusive of GST receivable or GST payable.

GST receivable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Financial Instruments (Cont'd)**Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) or payments through the expected life of the financial asset/liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, (ii) contingent consideration that may be paid by an acquirer as part of a business combination to which MFRS 3 applies or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Financial Assets at FVTPL (Cont'd)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets at fair value through profit or loss.

Unit trust funds held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value adjustment reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**
Financial Assets (Cont'd)Impairment of Financial Assets (Cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value adjustment reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments Issued by the Group and the Company

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liability or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative Financial Instruments

Derivatives are classified as at FVTPL and are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset at FVTPL; a derivative with a negative fair value is recognised as a financial liability at FVTPL.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

Offsetting of Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Statements of Cash Flows**

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted.

Current versus Non-current Classification

The Group presents assets and liabilities in statements 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 equivalents 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.

Segment Reporting

For management purposes, the Group is organised into operating segments based on their operating activities and geographic which are independently managed by 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 39.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

(i) Critical Judgements in Applying the Group's 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:

Liabilities for contract claims

Under 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, notwithstanding 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.

Consolidation of subsidiaries

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

The directors are of the opinion that the existing shareholders agreements are enforceable as at the date of these financial statements.

(ii) Key Sources of Estimation Uncertainty

The management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as follows:

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 property, plant and equipment to be 3 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 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.9% (2014: 4.3%) variance in the Group's profit for the year.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**(ii) Key Sources of Estimation Uncertainty (Cont'd)**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 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 assumptions are given in Note 14.

Deferred tax assets

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

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. This 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.

The total carrying value of deferred tax assets recognised is disclosed in Note 20.

Impairment of trade receivables

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

The carrying amount of the Group's trade receivables at the reporting date is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)****(ii) Key Sources of Estimation Uncertainty (Cont'd)**Impairment of trade receivables (Cont'd)

Included in trade receivables are accumulated impairment of RM12,882,000 (2014: RM10,481,000) in respect of the amount billed for work performed on the construction of a tower in Dubai, UAE (“the Tower”). During the financial year, EVS Construction L.L.C., a subsidiary, entered into two Sale and Purchase Agreements to acquire two commercial offices in the Tower being constructed by the customer which are expected to be settled from the amount owing by the said customer totalling RM49,198,000 (2014: RM40,027,000), net of allowance for impairment loss of RM12,882,000 (2014: RM10,481,000) as disclosed in Note 23. The construction of the Tower however is on hold since 2012 which indicates the existence of an uncertainty. The recoverability of the amount owing by the customer is highly dependent on the recommencement of construction and the successful completion of the Tower.

The management continue to regularly monitor the status of the commencement of the construction.

Computation of income 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 expense and credit 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/ (credit) of the Group for the financial year is disclosed in Note 11.

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 amount 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 5 and no provision for future losses has been recognised as at the reporting date as management concluded that all unbilled contract costs incurred are recoverable.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

5. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Construction contract revenue	1,788,804	1,002,809	-	-
Dividend income from subsidiaries	-	-	30,750	14,714
Dividend income from investment securities	-	-	323	1,898
Interest income	-	-	29	63
Rental income	-	-	565	569
	<u>1,788,804</u>	<u>1,002,809</u>	<u>31,667</u>	<u>17,244</u>

6. OTHER INCOME

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on foreign exchange:				
Unrealised	17,965	9,636	5,621	1,945
Realised	1,967	-	-	-
Sales of scrap	6,691	8,811	-	-
Waiver of external management fee	4,753	-	-	-
Dividend income from investment securities	1,473	5,010	-	-
Interest income	930	624	-	-
Gain on disposal of property, plant and equipment	283	323	-	-
Gain on disposal of investment in securities	4	45	4	45
Allowance for doubtful debts no longer required (Note 23)	-	22,503	-	-
Rental income	-	40	-	-
	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>

7. FINANCE COSTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
Bank borrowings	21,332	12,259	142	154
Hire purchase payables	348	300	9	11
Profit rate on:				
Islamic medium-term notes	11,860	11,860	11,860	11,860
	<u>33,540</u>	<u>24,419</u>	<u>12,011</u>	<u>12,025</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

8. PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits expense (Note 9)	283,237	236,042	2,289	3,132
Depreciation of property, plant and equipment (Note 13)	35,239	31,454	670	646
Rental of:				
Premises	30,035	16,264	-	-
Others	1,762	2,382	-	-
Provision for employee benefits (Note 33)	12,319	7,219	-	-
Net loss/(gain) on financial assets at FVTPL (Notes 17 and 19)	9,527	(4,029)	9,527	(4,029)
Allowance for doubtful debts (Note 23)	4,638	9,792	-	-
Management fees	3,368	2,226	-	-
Auditors' remuneration:				
Audit fees	836	680	73	66
Underprovision in prior year	331	22	-	6
Non-audit services	8	8	8	8
Non-executive directors' remuneration (Note 10)	254	254	254	254
Property, plant and equipment written off	-	6	-	6

9. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive directors' remuneration				
Executive directors of the Group (Note 10)	12,317	12,308	1,225	1,225
Other employees:				
Wages and salaries				
Cost of sales	219,328	190,862	-	-
Operating and administrative expenses	51,592	32,872	1,064	1,907
	270,920	223,734	1,064	1,907
Total employee benefits expense	283,237	236,042	2,289	3,132

Included in employee benefits expense is defined contribution plan amounting to RM8,200,000 (2014: RM6,654,000) and RM219,000 (2014: RM299,000) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

10. DIRECTORS' REMUNERATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Group				
Executive:				
- Salaries	12,049	12,020	1,120	1,120
- Defined contribution plan	268	288	105	105
Executive directors' remuneration (Note 9)	12,317	12,308	1,225	1,225
Other emoluments	302	426	186	186
Total executive directors' remuneration	12,619	12,734	1,411	1,411
Non-Executive:				
- Fees	216	216	216	216
- Other emoluments	38	38	38	38
Total non-executive directors' remuneration (Note 8)	254	254	254	254
Total directors' remuneration	12,873	12,988	1,665	1,665

The number of directors of the Company whose total remuneration within the Group during the financial year fell within the following bands is as follows:

	The Group		The Company	
	2015	2014	2015	2014
Executive Directors:				
RM100,001 to RM150,000	-	-	1	1
RM350,001 to RM400,000	-	-	2	-
RM400,001 to RM450,000	-	-	1	3
RM750,001 to RM800,000	1	-	-	-
RM800,001 to RM850,000	-	1	-	-
RM950,001 to RM1,000,000	-	1	-	-
RM1,000,001 to RM1,050,000	-	1	-	-
RM1,100,001 to RM1,150,000	1	-	-	-
RM1,150,001 to RM1,200,000	1	-	-	-
RM1,200,001 to RM1,250,000	1	1	-	-
RM8,250,001 to RM8,300,000	1	-	-	-
RM8,650,001 to RM8,700,000	-	1	-	-
Non-Executive Directors:				
RM50,001 to RM100,000	3	3	3	3

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

11. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Estimated tax payable:				
Current year:				
Malaysian income tax	2,833	3,023	128	159
Foreign income tax	5,577	5,608	-	-
(Over)/Underprovision in prior years	(1,459)	632	(261)	-
	6,951	9,263	(133)	159
Deferred tax (Note 20):				
Current year	(3,132)	920	-	-
Under/(Over)provision in prior years	2,538	(835)	-	-
	(594)	85	-	-
	6,357	9,348	(133)	159

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

The Finance (No. 2) Act, 2014 gazetted on 30 December 2014 enacts the reduction of corporate income tax rate for Malaysia companies from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the expected rate.

A reconciliation of income tax expense/(credit) applicable to profit before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rate is as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	67,906	45,789	10,056	4,491
Tax at applicable statutory tax rate of 25%	16,977	11,447	2,514	1,123
Difference in foreign tax rates	(11,229)	(6,528)	-	-
Tax effects of:				
Expenses not deductible for tax purposes	6,031	8,856	6,711	3,189
Income not subject to tax	(4,875)	(4,224)	(9,097)	(4,153)
Realisation of deferred tax assets not recognised previously	(1,626)	-	-	-
(Over)/Underprovision in prior years:				
Estimated tax payable	(1,459)	632	(261)	-
Deferred tax	2,538	(835)	-	-
	6,357	9,348	(133)	159

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

11. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

As explained in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2015, the amount of unused tax losses and unused tax credits for which no deferred tax asset is recognised in the financial statements due to uncertainty of its realisation is as follows:

	The Group	
	2015 RM'000	2014 RM'000
The Group		
Unused tax losses	-	5,842
Unabsorbed capital allowances	-	662
	<u>-</u>	<u>6,504</u>

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authority.

12. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year as follows:

	The Group	
	2015 RM'000	2014 RM'000
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	<u>55,365</u>	<u>37,404</u>
Weighted average number of ordinary shares in issue ('000 units of RM0.50 each)	<u>773,899</u>	<u>773,899</u>
Basic earnings per share (sen)	<u>7.2</u>	<u>4.8</u>

Diluted

The basic and diluted earnings per share are the same as the Company has no potentially dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

The 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								
Balance as of 1 January 2014	136,490	151,825	136,523	32,079	12,502	8,496	32,913	510,828
Acquisition of subsidiary	-	-	-	155	404	334	-	893
Additions	4,712	4,271	18,467	6,258	3,330	789	66,433	104,260
Reclassifications	-	14,684	6,306	-	-	-	(20,990)	-
Write-offs	-	-	-	-	(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
Balance as of 31 December 2014	141,747	179,065	167,453	38,029	16,992	10,068	83,722	637,076
Cost								
Balance as of 1 January 2015	141,747	179,065	167,453	38,029	16,992	10,068	83,722	637,076
Additions	-	56	31,012	6,161	1,516	1,514	127,202	167,461
Reclassifications	-	4,668	33,767	-	-	-	(38,435)	-
Disposals	-	-	-	(2,308)	(12)	(1)	-	(2,321)
Exchange differences	3,350	34,451	33,221	6,432	3,115	2,011	28,613	111,193
Balance as of 31 December 2015	145,097	218,240	265,453	48,314	21,611	13,592	201,102	913,409

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The 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
Accumulated Depreciation								
Balance as of 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	-	7,484	16,575	3,991	2,095	1,309	-	31,454
Write-offs	-	-	-	-	(1)	-	-	(1)
Disposals	-	-	(242)	(1,951)	(10)	-	-	(2,203)
Exchange differences	-	2,529	5,187	1,302	515	257	-	9,790
Balance as of 31 December 2014	-	44,676	102,669	28,159	10,552	4,899	-	190,955
Balance as of 1 January 2015	-	44,676	102,669	28,159	10,552	4,899	-	190,955
Charge for the year	-	9,029	17,279	4,995	2,176	1,760	-	35,239
Disposals	-	-	-	(2,214)	(12)	-	-	(2,226)
Exchange differences	-	10,606	21,416	5,135	2,011	1,097	-	40,265
Balance as of 31 December 2015	-	64,311	141,364	36,075	14,727	7,756	-	264,233
Net Book Value								
Balance as of 31 December 2015	145,097	153,929	124,089	12,239	6,884	5,836	201,102	649,176
Balance as of 31 December 2014	141,747	134,389	64,784	9,870	6,440	5,169	83,722	446,121

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Freehold land RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
Balance as of 1 January 2014	11,582	397	2,810	10	138	14,937
Additions	-	-	63	4	93	160
Write-offs	-	-	(6)	-	-	(6)
Balance as of 31 December 2014	11,582	397	2,867	14	231	15,091
Balance as of 1 January 2015	11,582	397	2,867	14	231	15,091
Additions	-	-	101	15	71	187
Disposals	-	-	-	(1)	-	(1)
Balance as of 31 December 2015	11,582	397	2,968	28	302	15,277
Accumulated Depreciation						
Balance as of 1 January 2014	-	172	308	4	-	484
Charge for the year	-	79	565	2	-	646
Write-offs	-	-	(1)	-	-	(1)
Balance as of 31 December 2014	-	251	872	6	-	1,129
Balance as of 1 January 2015	-	251	872	6	-	1,129
Charge for the year	-	79	586	5	-	670
Balance as of 31 December 2015	-	330	1,458	11	-	1,799
Net Book Value						
Balance as of 31 December 2015	11,582	67	1,510	17	302	13,478
Balance as of 31 December 2014	11,582	146	1,995	8	231	13,962

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Acquisition of property, plant and equipment during the year

Additions to property, plant and equipment were acquired by way of:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hire-purchase arrangements	1,003	4,051	-	-
Cash	166,458	100,209	187	160
	<u>167,461</u>	<u>104,260</u>	<u>187</u>	<u>160</u>

The Group has material additions of capital work-in-progress amounting to RM107,112,000 (2014: RM64,257,000) and RM12,369,000 (2014: RMNil) for building under construction on a land leased from RAK Maritime City, Ras Al Khaimah, UAE and plant and machinery purchased for the fabrication factory in Sharjah, UAE respectively. The lease term for the leased land from RAK Maritime City is for a period of 25 years effective 1 June 2013 and is renewable for a further period of 25 years. The operating lease commitment is disclosed in Note 37.

Allocation of depreciation expenses

Depreciation has been allocated in profit or loss as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of sales	27,411	24,796	-	-
Operating and administrative expenses	7,828	6,658	670	646
	<u>35,239</u>	<u>31,454</u>	<u>670</u>	<u>646</u>

Assets pledged as securities

Net book value of the property, plant and equipment of the Group and of the Company pledged as securities for borrowings (Note 32) are as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net book value	<u>93,374</u>	<u>81,212</u>	<u>11,649</u>	<u>11,728</u>

Assets acquired under hire purchase arrangements

As of 31 December 2015, the Group and the Company have property, plant and equipment acquired under hire purchase arrangements with carrying value amounting to RM10,207,000 (2014: RM11,966,000) and RM66,000 (2014: RM146,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

14. GOODWILL

	The Group	
	2015 RM'000	2014 RM'000
At beginning of the year	12,088	10,757
Additions	-	1,331
At end of the year	12,088	12,088

Goodwill arising from business combination has been allocated to the following cash-generating units ("CGUs"):

	The Group	
	2015 RM'000	2014 RM'000
Eversendai Engineering L.L.C., Dubai	4,143	4,143
Eversendai Energia Sdn. Bhd. (formerly known as Shineversendai Engineering (M) Sdn. Bhd.)	5,777	5,777
Eversendai Oil & Gas (M) Sdn. Bhd.	837	837
Eversendai Constructions (M) Sdn. Bhd.	1,331	1,331
	12,088	12,088

The management carried out its annual review of recoverable amounts of its goodwill during the current financial year. The review in the current and previous financial year did not give rise to any impairment losses.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by directors for the next five years. The key assumptions for the value-in-use calculations are as follows:

CGUs	Growth Rate 2015	Discount Rate Applied 2015	Growth Rate 2015	Discount Rate Applied 2014
Eversendai Engineering L.L.C., Dubai	1%	7%	1%	7%
Eversendai Energia Sdn. Bhd. (formerly known as Shineversendai Engineering (M) Sdn. Bhd.)	1%	8%	1%	8%
Eversendai Oil & Gas (M) Sdn. Bhd.	1%	8%	1%	8%
Eversendai Constructions (M) Sdn. Bhd.	1%	8%	1%	8%

(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 used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.

(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.

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 the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares - at cost		
At beginning of the year	647,951	373,620
Additions:		
Acquisition of subsidiary	-	1,000
Incorporation of new subsidiaries	-	468
Increase in equity interest in a subsidiary	-	300
Capitalisation of amount owing by subsidiaries	8,299	270,577
Carrying amount of a former associate being reclassified as a subsidiary	-	1,986
At end of the year	<u>656,250</u>	<u>647,951</u>

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group		Effective interest-in profit based on shareholders' agreement	
			2015 %	2014 %	2015 %	2014 %
Held by the Company						
Eversendai Energia Sdn Bhd (formerly known as Shineversendai Engineering (M) Sdn. Bhd. ("Eversendai Energia"))	Malaysia	Engineering, fabrication, design and erection of mechanical and structural steel works	100	100	N/A	N/A
Eversendai Technics Pte. Ltd. ("ETPL") #	Singapore	Design, fabrication works and integration of compression systems and process	70	70	N/A	N/A
Eversendai Engineering FZE ("Eversendai Sharjah") @	United Arab Emirates	Steel, fabrication and painting	100	100	N/A	N/A
Eversendai Engineering L.L.C. ("Eversendai Dubai") ^ @	United Arab Emirates	Fabrication and erection of steel structures	49	49	100	100
Eversendai Engineering L.L.C.- Abu Dhabi ("Eversendai Abu Dhabi") ^ @	United Arab Emirates	Building, steel structures and general contracting	49	49	100	100
EVS Construction L.L.C. ("EVSC") ^ * @	United Arab Emirates	Engineering and contracting services	49	49	100	100
Eversendai Engineering Saudi L.L.C. ("Eversendai Saudi") ^ @	Kingdom of Saudi Arabia	Steel construction contracts for buildings, steel construction works related to oil and gas fields. Industrial establishment building contracting, fire proofing and civil works	80	80	100	100
Eversendai Construction (S) Pte. Ltd. ("Eversendai Singapore") #	Singapore	Building construction including major upgrading works	100	100	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group		Effective interest-in profit based on shareholders' agreement	
			2015 %	2014 %	2015 %	2014 %
Held by the Company (Cont'd)						
Eversendai Offshore Sdn. Bhd. ("EOSB")	Malaysia	Engineering, procurement, fabrication and construction services for the oil and gas industry	100	100	N/A	N/A
ECB Properties Sdn. Bhd. ("EPSB")	Malaysia	Real property and development	100	100	N/A	N/A
Perisai Kuasa Sdn. Bhd. ("PKSB")	Malaysia	Engineering services and technology provider in the oil and gas industry	60	60	N/A	N/A
Eversendai Constructions (M) Sdn. Bhd. ("ECMSB")	Malaysia	Civil engineering and general contracting services	69	69	N/A	N/A
Eversendai Frontiers Private Limited ("EFPL") @	India	Engineering, procurement, fabrication and construction services	100	100	N/A	N/A
Eversendai Engineering LLC ("Eversendai Azerbaijan") #	Republic of Azerbaijan	Engineering, procurement, fabrication and construction services	100	100	N/A	N/A
Held by Eversendai Singapore						
Eversendai Engineering Pte. Ltd. ("EEPL Singapore") #	Singapore	Mechanical, electrical, civil and general engineers and engineering consultants	100	100	N/A	N/A
Eversendai Construction Private Limited ("Eversendai India") @	India	Engineering, design, detailing, steel fabrication, development of residential buildings and commercial complexes	100	100	N/A	N/A
Eversendai Engineering Qatar W.L.L. ("Eversendai Qatar") ^ @	State of Qatar	Engineering, blasting, painting, fabrication, design and erection of mechanical and structural steel works	49	49	70	70
Held by EOSB						
Eversendai Offshore RMC FZE ("EVORF") @	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	100	N/A	N/A
Held by PKSB						
Eversendai Oil & Gas (M) Sdn. Bhd. ("Eversendai O&G")	Malaysia	Engineering services and technology provider in the oil and gas industry	48	48	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group		Effective interest in profit based on shareholders' agreement	
			2015	2014	2015	2014
Held by ECMSB						
Eversendai Engineering (Pvt) Limited ("Eversendai Sri Lanka") #	Sri Lanka	Construction	69	69	N/A	N/A

Audited by auditors other than auditors of the Company

* The auditors' report for this subsidiary includes an emphasis of matter due to uncertainty relating to the recoverability of the trade receivables which is dependent on the successful completion of the construction of a tower by a customer as disclosed in Note 23.

@ Audited by member firms of Deloitte in the respective countries.

^ 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:

- (i) power of more than half of the voting rights and to govern the financial and operating policies;
- (ii) 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 that board or body; and
- (iii) power to cast 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.

During 2015 and 2014, the Company increased its investment in subsidiaries via capitalisation of amount owing by the respective subsidiaries as follows:

	The Company	
	2015 RM'000	2014 RM'000
EOSB	4,999	33,314
ECMSB	3,300	572
Eversendai Sharjah	-	5,729
Eversendai Singapore	-	87,706
Eversendai Energia	-	27,745
EPSB	-	112,011
PKSB	-	3,500
	8,299	270,577

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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 EOSB for a total consideration of RM300,000 from TOGL. The acquisition was completed on 11 April 2014 and accordingly, EOSB and its wholly-owned subsidiary, EVORF, became wholly-owned subsidiaries of the Company.

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

On 7 July 2014, the Company announced that it incorporated a wholly-owned subsidiary, 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.

On 14 July 2014, the Company announced that it incorporated a wholly-owned subsidiary, 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.

The impact of ECMSB acquisition in the statements of profit or loss and other comprehensive income in 2014 is as follows:

- a) 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 the Group as follows:

	2014 RM'000
Revenue	444
Loss before tax	(2,191)
Loss net of tax	<u>(2,191)</u>

- b) The following summarised the consideration paid on the acquisition of ECMSB, the fair value of assets acquired, liabilities assumed at the date of acquisition:

	2014 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	<u>(338)</u>
Total purchase acquisition	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	2014 At cost RM'000	2014 At fair value RM'000
Assets		
Property, plant and equipment	754	754
Trade and other receivables	2,150	2,150
Cash and cash equivalents	480	480
	<u>3,384</u>	<u>3,384</u>
Liabilities		
Trade and other payables	3,748	3,748
Hire purchase payables	114	114
	<u>3,862</u>	<u>3,862</u>
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	<u>1,000</u>	<u>1,000</u>
		2014
		Cash flow on
		acquisition
		RM'000
Cash paid		(1,000)
Add: Cash and cash equivalent of subsidiary acquired		480
Net cash outflow on acquisition		<u>(520)</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	RM'000		RM'000	
		2015	2014	2015	2014	2015	2014
Eversendai Qatar	State of Qatar	30%	30%	4,387	659	7,873	1,834
Eversendai O&G	Malaysia	52%	52%	1,694	(611)	881	(813)
ETPL	Singapore	30%	30%	-	(4)	908	790
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	N/A	103	(1,007)	(1,844)	(1,465)
				<u>6,184</u>	<u>(963)</u>	<u>7,818</u>	<u>346</u>

Summarised information of companies with non-controlling interests 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 interests of the other subsidiaries which are not material to the Group are not presented.

Summarised statement of financial position

2015	Eversendai Qatar RM'000	Eversendai O & G RM'000	ETPL RM'000	Total RM'000
Current assets	408,402	21,391	3,026	432,819
Non-current assets	31,246	334	-	31,580
Total assets	<u>439,648</u>	<u>21,725</u>	<u>3,026</u>	<u>464,399</u>
Current liabilities	365,425	16,112	-	381,537
Non-current liabilities	37,948	96	-	38,044
Total liabilities	<u>403,373</u>	<u>16,208</u>	<u>-</u>	<u>419,581</u>
Net assets	<u>36,275</u>	<u>5,517</u>	<u>3,026</u>	<u>44,818</u>
Equity attributable to equity holders of the Company	28,402	4,636	2,118	35,156
Non-controlling interests	7,873	881	908	9,662
	<u>36,275</u>	<u>5,517</u>	<u>3,026</u>	<u>44,818</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Cont'd)

Summarised statement of financial position

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 equity holders of the Company	16,094	3,071	1,842	21,007
Non-controlling interests	1,834	(813)	790	1,811
	17,928	2,258	2,632	22,818

Summarised statement of profit or loss and other comprehensive income

2015

Revenue	362,441	55,563	-	418,004
Profit attributable to:				
- Equity holders of the Company	8,454	1,565	-	10,019
- Non-controlling interests	4,387	1,694	-	6,081
Profit for the year	12,841	3,259	-	16,100
Total comprehensive income attributable to:				
- Equity holders of the Company	8,454	1,565	-	10,019
- Non-controlling interests	4,387	1,694	-	6,081
Total comprehensive income for the year	12,841	3,259	-	16,100

2014

Revenue	159,771	2,970	-	162,741
Profit/(Loss) attributable to:				
- Equity holders of the Company	1,383	(564)	(9)	810
- Non-controlling interests	659	(611)	(4)	44
Profit/(Loss) for the year	2,042	(1,175)	(13)	854
Total comprehensive income/(loss) attributable to:				
- Equity holders of the Company	1,383	(564)	(9)	810
- Non-controlling interests	659	(611)	(4)	44
Total comprehensive income/(loss) for the year	2,042	(1,175)	(13)	854

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Cont'd)

Summarised statement of cash flows

	Eversendai Qatar RM'000	Eversendai O & G RM'000	ETPL RM'000	Total RM'000
2015				
Net cash inflow/(outflow) from operating activities	29,489	(330)	-	29,159
Net cash outflow from investing activities	(4,220)	-	-	(4,220)
Net cash outflow from financing activities	(16,133)	(17)	-	(16,150)
Net inflow/(outflow)	<u>9,136</u>	<u>(347)</u>	<u>-</u>	<u>8,789</u>
2014				
Net cash outflow/(inflow) from operating activities	(8,772)	1,753	-	(7,019)
Net cash outflow from investing activities	(1,366)	(31)	-	(1,397)
Net cash outflow from financing activities	(4,887)	(3)	-	(4,890)
Net (outflow)/inflow	<u>(15,025)</u>	<u>1,719</u>	<u>-</u>	<u>(13,306)</u>

16. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Shares, at cost				
Quoted				
At beginning of year	-	117,594	-	117,594
Reclassified to investment in securities	-	(117,594)	-	(117,594)
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unquoted				
At beginning of year	-	1,986	-	1,986
Reclassified to investment in subsidiaries	-	(1,986)	-	(1,986)
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2014, the Company carried out certain corporate exercises as disclosed in Notes 15 and 19.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

17. DERIVATIVE FINANCIAL ASSETS

	The Group and the Company	
	2015 RM'000	2014 RM'000
At FVTPL		
Foreign quoted warrants	8,278	15,838

As of 31 December 2015, the closing market value of the warrants was RM8,278,000 (2014: RM15,838,000) and the resulted loss amounting to RM7,559,000 (2014: gain of RM3,657,000) was recognised in profit or loss during the year.

18. INVESTMENT IN STRUCTURED DEPOSIT

Movement in structured deposit are as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value				
At beginning of year	-	24,000	-	24,000
Divestment	-	(24,000)	-	(24,000)
At end of year	-	-	-	-

Investment in structured deposit that was divested in 2014 was an investment with returns linked to market index.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

19. INVESTMENT IN SECURITIES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
At fair value				
Available-for-sale financial assets:				
- Unit trust fund	8,548	94,630	-	25,579
Non-Current				
At FVTPL				
Investment in quoted shares				
- Foreign equity investment	84,622	87,847	84,622	87,847

The movement of foreign equity investment is as follows:

	The Group and the Company	
	2015 RM'000	2014 RM'000
At beginning of year	87,847	-
Reclassified from investment in associates	-	87,525
Disposal of investment securities	(1,257)	-
Net (loss)/gain on financial assets at FVTPL (Note 8)	(1,968)	322
At end of year	84,622	87,847

On 11 August 2014, TOGL, a former associated company, 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 investment in securities.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

20. DEFERRED TAX ASSETS/(LIABILITIES)

<u>Deferred tax assets</u>	The Group	
	2015 RM'000	2014 RM'000
At beginning of year	508	459
Recognised in profit or loss (Note 11):		
Property, plant and equipment	146	(21)
Provision	108	-
Others	620	31
Unabsorbed capital allowances	123	-
Unused tax losses	1,227	-
	2,224	10
Exchange differences	(158)	39
At end of year	<u>2,574</u>	<u>508</u>

Deferred tax assets provided in the financial statements are in respect of the tax effects on the following:

	The Group	
	2015 RM'000	2014 RM'000
Deferred tax assets (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	510	476
Provision	140	32
Others	620	-
Unused capital allowances	123	-
Unused tax losses	1,227	-
	2,620	508
Offsetting	(46)	-
Deferred tax assets (after offsetting)	<u>2,574</u>	<u>508</u>
Deferred tax liabilities (before offsetting):		
Temporary differences arising from:		
property, plant and equipment	(46)	-
Offsetting	46	-
Deferred tax liabilities (after offsetting)	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authority.

	The Group	
	2015 RM'000	2014 RM'000
<u>Deferred tax liabilities</u>		
At beginning of year	(2,999)	(2,904)
Recognised in profit or loss (Note 11):		
Property, plant and equipment	(1,572)	(95)
Provision	(58)	-
	<u>(1,630)</u>	<u>(95)</u>
At end of year	<u>(4,629)</u>	<u>(2,999)</u>

Deferred tax liabilities provided in the financial statements are in respect of the tax effects on the following:

	The Group	
	2015 RM'000	2014 RM'000
Deferred tax liabilities (before and after offsetting):		
Temporary differences arising from:		
Property, plant and equipment	(4,571)	(2,999)
Provision	(58)	-
	<u>(4,629)</u>	<u>(2,999)</u>

21. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost		
Materials at fabrication yard and on site	<u>168,534</u>	<u>148,543</u>

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, RM323,508,000 (2014: RM190,526,000) of inventories was recognised as an expense in cost of sales of the Group.

Certain inventories amounting to RM57,368,000 (2014: RM44,410,000) are pledged against bank borrowings as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

22. AMOUNT OWING BY/(TO) CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	The Group	
	2015 RM'000	2014 RM'000
Aggregate costs incurred to date	6,637,566	5,277,577
Attributable profits less recognised losses	815,745	708,601
	7,453,311	5,986,178
Less: Progress billings on contracts	(6,667,629)	(5,716,246)
	785,682	269,932
Presented as:		
Amount owing by customers under construction contracts	849,435	394,831
Amount owing to customers under construction contracts	(63,753)	(124,899)
	785,682	269,932

Retention sums on construction contracts are included in trade receivables as disclosed in Note 23.

Included in amount owing by customers under construction contracts as of 31 December 2015 is an amount of RM26,341,365 (2014: RM21,431,070) relating to contract works carried out for a customer who is involved in the construction of a tower at Dubai, UAE. The construction of the tower is currently on hold since 2012. Further details on the recoverability of the said amount are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

23. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	360,695	242,605
Retention sum receivables	293,118	209,323
	653,813	451,928
Less : Allowance for impairment losses	(17,520)	(10,675)
	636,293	441,253

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

The Group's trading terms with its customers are mainly on credit. The Group's average credit term ranges from 30 to 90 days (2014: 30 to 90 days). Trade receivables are non-interest bearing.

Included in trade receivables and retention sum receivables is a specific receivable amount whereby the amount have past due since 2012. The said receivable is from a customer involved in the construction of a tower ("the Tower") at Dubai, UAE that was on hold in 2012.

	The Group	
	2015 RM'000	2014 RM'000
Contract receivable	28,568	23,243
Retention receivable	7,171	5,834
Contract work-in-progress (Note 22)	26,341	21,431
	62,080	50,508
Less : Allowance for impairment losses	(12,882)	(10,481)
	49,198	40,027

During the financial year, EVSC, a subsidiary company, entered into two Sale and Purchase Agreements to acquire two commercial offices in the Tower being constructed by the said customer at a total purchase consideration of AED73,500,000 (equivalent to RM86,096,000). The purchase consideration is expected to be settled from the amount owing by the said customer as disclosed above.

Considering the construction of the Tower is on hold since 2012, the Group's ability to receive settlement of the amount outstanding via the delivery of the commercial office is highly dependent on the recommencement of construction and the successful completion of the Tower. In this regard, the directors of the Company continuously monitor the recoverability of outstanding balances and the status of the recommencement of construction of the Tower.

Ageing of trade receivables not impaired:

	The Group	
	2015 RM'000	2014 RM'000
Not past due	481,362	330,411
Past due 1-30 days	22,319	16,289
Past due 31-60 days	67,590	31,372
Past due more than 60 days	65,022	63,181
Net	636,293	441,253

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

23. TRADE RECEIVABLES (CONT'D)Trade receivables that are neither past due nor impaired

Trade 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.

Trade receivables that are past due but not impaired

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

Movement in the allowance for doubtful debts:

	The Group	
	2015	2014
	RM'000	RM'000
At beginning of year	10,675	26,858
Additions (Note 8)	4,638	9,792
Allowance no longer required (Note 6)	-	(22,503)
Written-off	-	(3,986)
Exchange difference	2,207	514
At end of year	17,520	10,675

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

24. OTHER RECEIVABLES, REFUNDABLE DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables	41,067	29,919	5	26
Downpayments to suppliers	46,853	23,146	-	-
Refundable deposits	25,867	16,546	38	38
Prepaid expenses	9,461	8,044	399	353
Goods and services tax receivable	2,261	-	23	-
	125,509	77,655	465	417

Other receivables disclosed above are neither past due nor impaired at the end of the reporting period.

Downpayments to suppliers are to be offset against the suppliers invoices when they make claims to the Group for payments.

Included in refundable deposits are security deposits amounting to RM11,775,000 (2014: RM8,786,000) relating to accommodation of contract workers which are refundable in their respective countries. Also included in refundable deposits are payments for contract labour cost of RM6,374,000 (2014: RM5,179,000) relating to the working permit which are refundable in the respective countries.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

25. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Vahana Holdings Sdn. Bhd., a company incorporated in Malaysia, which is regarded by the directors as the immediate and ultimate holding company.

Amount owing by/(to) subsidiaries and other related company, which arose mainly from trade transactions and payments on behalf, are unsecured, interest-free and repayable on demand.

During the financial year, significant related party transactions undertaken between the Group and the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

The Group	2015 RM'000	2014 RM'000
Transactions with certain directors and key management personnel of the Group		
Rental expense paid by the Group on properties owned by a director of the Company	1,095	1,019
Transactions with other related company		
Provision of services for engineering and fabrication by a subsidiary to Vahana Offshore (S) Pte. Ltd., a subsidiary of the holding company	338,587	57,960
Transactions with a shareholder of a foreign subsidiary to the Group		
Lease of labour quarters	1,965	1,617
The Company		
Transactions with subsidiary		
Rental charged to a subsidiary	564	564

Compensation of key management personnel

The members of key management personnel of the Company comprise executive directors of the Group and the Company. Details on the compensation for these key management personnel are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

26. CASH AND BANK BALANCES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with financial institutions	32,584	85,976	30	21
Cash and bank balances	102,234	156,726	582	948
	<u>134,818</u>	<u>242,702</u>	<u>612</u>	<u>969</u>

The weighted average effective interest rate as at the end of the reporting period for the Group was 0.98% (2014: 0.44%) per annum.

Deposits of the Group amounting to RM30,559,000 (2014: RM36,338,000) placed with financial institutions are pledged as securities for bank borrowing facilities granted to the subsidiaries as disclosed in Note 32. The maturity period of the Group's deposits with financial institutions at the reporting date range from 30 to 365 days (2014: 30 to 365 days) with those above 90 days being excluded from cash equivalents for statements of cash flows purposes.

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	134,818	242,702	612	969
Less: Bank overdrafts (Note 32)	(4,303)	-	-	-
	<u>130,515</u>	<u>242,702</u>	<u>612</u>	<u>969</u>
Less: Deposits with financial institutions (> 90 days)	(30,559)	(36,338)	-	-
Cash and cash equivalents	<u>99,956</u>	<u>206,364</u>	<u>612</u>	<u>969</u>

27. ISSUED CAPITAL

	The Group and the Company			
	Number of shares			
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised				
Ordinary shares of RM0.50 each:				
At beginning and end of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid				
Ordinary shares of RM0.50 each:				
At beginning and end of year	<u>774,000</u>	<u>774,000</u>	<u>387,000</u>	<u>387,000</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

28. RESERVES

Share premium

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

Treasury shares

	The Group and the Company			
	Number of shares			
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
At Cost:				
At beginning of year	101	1	91	2
Shares bought back during the year	-	100	-	89
At end of year	<u>101</u>	<u>101</u>	<u>91</u>	<u>91</u>

In 2014, 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 shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act, 1965. The total consideration paid for the shares purchased including the transaction costs was RM89,751.

Capital reserve

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Legal reserve				
At beginning and end of year	187	187	-	-
Preference shares redemption reserve				
At beginning and end of year	120	120	120	120
	<u>307</u>	<u>307</u>	<u>120</u>	<u>120</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

28. RESERVES (CONT'D)

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.

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.

29. RETAINED EARNINGS

The Company is currently under the single tier income tax system in accordance with Finance Act, 2007 and accordingly, the entire retained earnings of the Company is available for distribution under the single tier income tax system.

30. DIVIDENDS

	The Group and the Company	
	2015	2014
	RM'000	RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single-tier dividend of 1.25 sen on 773,899,000 ordinary shares declared on 29 June 2015 and paid on 24 July 2015	9,674	-
Final single-tier dividend of 1 sen on 773,899,000 ordinary shares declared on 26 May 2014 and paid on 23 July 2014	-	7,739
	<u>-</u>	<u>7,739</u>

At the forthcoming Annual General Meeting, a final single-tier dividend of 0.50 sen per share on 773,899,000 ordinary shares of RM0.50 each (treasury shares excluded), in respect of the financial year ended 31 December 2015 amounting to RM3,869,495 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 2016.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

31. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than one year	3,699	3,810	58	58
Later than one year but less than five years	6,756	7,306	112	169
Total minimum lease payments	10,455	11,116	170	227
Less: Future finance charges	(1,134)	(1,743)	(12)	(21)
Present value of minimum lease payments	9,321	9,373	158	206
Present value of payments:				
Payable not later than one year	2,899	3,098	52	49
Payable later than one year but less than five years	6,422	6,275	106	157
Present value of minimum lease payments	9,321	9,373	158	206
Less: Amount due within next twelve months	(2,899)	(3,098)	(52)	(49)
Amount due after next twelve months	6,422	6,275	106	157

Interest rates for hire purchase of the Group and the Company, which are fixed at inception, range from 2.29% to 5.77% (2014: 2.29% to 5.77%) per annum and 2.48% (2014: 2.48%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

32. BORROWINGS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Secured (d):				
Repayable not later than one year:				
Bank overdrafts (a)	4,303	-	-	-
Bills payable (b)	424,118	176,261	-	-
Term loans (c)	72,346	71,816	1,157	1,102
	<u>500,767</u>	<u>248,077</u>	<u>1,157</u>	<u>1,102</u>
Non-Current				
Secured:				
Repayable later than one year but less than five years:				
Term loans (c) (d)	49,705	38,282	3,336	3,981
Islamic medium-term notes ("Sukuk") (e)	250,000	250,000	250,000	250,000
Repayable later than five years:				
Term loans (c) (d)	-	513	-	513
	<u>299,705</u>	<u>288,795</u>	<u>253,336</u>	<u>254,494</u>
	<u>800,472</u>	<u>536,872</u>	<u>254,493</u>	<u>255,596</u>

- (a) Bank overdrafts of the Group bears interest of 12.5% (2014: Nil) per annum.
- (b) Bills payable are obtained for purchase of steel materials for short-term financing. These carry interest in the range of 2.32% to 6.29% (2014: 1.99% to 7.70%) per annum and are repayable up to 90 days (2014: 90 days) from the date of disbursement.
- (c) The term loans of the Company bear interest at 1.5% (2014: 1.5%) per annum above the bank's base rate and is subject to monthly repayment of up to RM113,000 for 55 months (2014: RM113,000 for 67 months).

The term loans of the subsidiaries bear interest at variable rates ranging from 4.9% to 14.4% (2014: 4.9% to 14.4%) per annum and are repayable in equal monthly instalments over a period of 12 months to 48 months (2014: 12 months to 60 months).

- (d) The bank borrowings are secured by:
- Joint and several guarantees by certain directors of the Company;
 - Third party legal charges over certain properties belonging to certain directors of the Company;
 - Deed of Legal Agreement cum Assignment of all the contract proceeds relating to projects undertaken by certain subsidiary companies;
 - Pledge on certain inventories as disclosed in Note 21;

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**32. BORROWINGS (Cont'd)**

- (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 13 and Note 26, respectively.
- (e) ICP and/or IMTN

On 7 January 2013, the Company obtained an approval from the Securities Commission Malaysia for the establishment of 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 are not entitled to periodic distribution of profit/coupon/rental as the ICP will be issued at a discount to nominal value with redemption at nominal value upon maturity. The IMTN will be 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 million under the Sukuk Program (“250IMTN”). The 250IMTN, which was rated AA3 by RAM Rating Agency, has a tenure of 5 years and a periodic distribution rate of 4.7% per annum, payable semi-annually.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

33. EMPLOYEES' SERVICE BENEFITS

The defined benefit plans typically expose the Group to certain risks, namely salary risk, as disclosed below:

Type	Risk
Salary risk	The present value of the defined benefit plans liability is calculated by reference to the future salaries of eligible employees. As such, an increase in the salary of the eligible employees will increase the plan's liability. The employees' service benefits are paid every two years upon expiry of employment contract.

The principal assumptions used for the purpose of the valuation were as follows:

	The Group	
	2015	2014
Discount rate	1.58%	1.58%
Future salary increases	11.00%	11.00%

Movements in the net liability recognised in the statements of financial position are as follows:

	The Group	
	2015	2014
	RM'000	RM'000
At beginning of year	34,806	28,891
Additions during the year (Note 8)	12,319	7,219
Employees' service benefits paid	(4,096)	(3,385)
Exchange differences	9,109	2,081
At end of year	52,138	34,806

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

34. TRADE PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	222,745	151,230	239	943
Retention sum payables	15,891	7,301	-	-
	<u>238,636</u>	<u>158,531</u>	<u>239</u>	<u>943</u>

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2014: 30 to 90) days.

35. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables and accrued expenses	160,455	102,495	3,921	3,854
Advances from customers	183,951	80,146	-	-
Goods and services tax payable	1,779	-	-	-
	<u>346,185</u>	<u>182,641</u>	<u>3,921</u>	<u>3,854</u>

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

Advances from customers represent advances received from construction contracts.

36. AMOUNT OWING TO DIRECTORS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Owing to:				
Directors of the Company	42	36	16	19
Directors of the subsidiaries	2,315	1,472	-	-
	<u>2,357</u>	<u>1,508</u>	<u>16</u>	<u>19</u>

Amount owing to directors, which arose mainly from payments on behalf, is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

37. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

	2015 RM'000	2014 RM'000
The Group		
Contracted but not provided for:		
Factory building and labour accommodation	21,424	19,658
Plant and machineries	-	165
Computer systems and others	5,583	1,937
	<u>27,007</u>	<u>21,760</u>
Approved but not contracted for:		
Plant and machineries	-	2,931
	<u>-</u>	<u>2,931</u>
The Company		
Contracted but not provided for:		
Computer systems	-	984
	<u>-</u>	<u>984</u>

(b) Operating lease commitments in relation to lease of land

	The Group	
	2015 RM'000	2014 RM'000
Within one year	22,885	17,072
After one year but not more than five years	77,119	54,860
More than five years	235,264	176,355
	<u>335,268</u>	<u>248,287</u>

(c) Corporate guarantees

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

	The Company	
	2015 RM'000	2014 RM'000
Secured:		
Performance guarantee secured by certain deposits with financial institutions	301,187	654,457
Unsecured	5,000,976	2,752,145
	<u>5,302,163</u>	<u>3,406,602</u>

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 2015.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

38.1 Capital Risk 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 shareholders' value.

The Group and the Company manage its capital structure and make 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 2015 and 31 December 2014.

The Group and the Company monitor capital through the amount of shareholders' funds as well as gearing ratio. The Group and the Company also monitor the capital using a gearing ratio, which is total borrowings divided by total equity. Under the 250IMTN as disclosed in Note 32, the Company has committed to amongst others, a consolidated gearing ratio of 1.35 times throughout the five years tenure of the program, which if breached may constitute the occurrence of an event of default which the 250IMTN will be subjected to immediate repayment if demanded so by the lenders. The Group and the Company believe that the level of shareholders' funds as at the reporting date is sufficient to support the Group's and the Company's existing and expected level of business operations. The Group and the Company included within total borrowings, interest bearing loans and borrowings. Capital is made up of equity attributable to the equity holders of the parent.

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank borrowings	550,472	286,872	4,493	5,596
250IMTN	250,000	250,000	250,000	250,000
Hire purchase payables	9,321	9,373	158	206
Total borrowings	809,793	546,245	254,651	255,802
Equity attributable to the equity holders of the Company	1,122,287	909,630	597,684	596,814
Gearing (Debt/equity) ratio	0.72	0.60	0.43	0.43

38.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.3 Categories of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Loans and receivables:				
- Trade receivables	636,293	441,253	-	-
- Other receivables and refundable deposits (Note 24)	66,934	46,465	43	64
- Amount owing by subsidiaries	-	-	101,155	66,848
- Amount owing by other related company	-	24,889	-	-
- Cash and bank balances	134,818	242,702	612	969
Available-for-sale:				
- Investment in securities	8,548	94,630	-	25,579
Fair value through profit or loss				
- Derivative financial assets	8,278	15,838	8,278	15,838
- Investment in securities	84,622	87,847	84,622	87,847
Financial liabilities				
Other financial liabilities:				
- Hire purchase payables	9,321	9,373	158	206
- Borrowings	800,472	536,872	254,493	255,596
- Trade payables	238,636	158,531	239	943
- Other payables and accrued expenses	129,972	78,291	3,921	3,854
- Amounts owing to subsidiaries	-	-	8,438	2,115
- Amounts owing to directors	2,357	1,508	16	19

38.4 Financial Risk Management

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.5 Interest Rate Risk Management

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

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

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

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

An increase of 0.10% in the interest rates with all other variables held constant would decrease the profits of the Group and the Company by RM518,000 (2014: RM130,000) and RM4,000 (2013: RM6,000) respectively.

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

The Group	Floating interest rate RM'000	Fixed interest rate RM'000	Non-interest bearing RM'000	Total RM'000
2015				
Financial assets				
Trade receivables	-	-	636,293	636,293
Other receivables and refundable deposits	-	-	66,934	66,934
Investment in securities	-	-	93,170	93,170
Derivative financial assets	-	-	8,278	8,278
Cash and bank balances		32,584	102,234	134,818
Total financial assets	-	32,584	906,909	939,493
Financial liabilities				
Trade payables	-	-	238,636	238,636
Other payables and accrued expenses	-	-	129,972	129,972
Amount owing to directors	-	-	2,357	2,357
Borrowings and hire-purchase payables	550,472	259,321	-	809,793
Total financial liabilities	550,472	259,321	370,965	1,180,758
Net financial (liabilities)/assets	(550,472)	(226,737)	535,944	(241,265)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.5 Interest Rate Risk Management (Cont'd)

The Group	Floating interest rate RM'000	Fixed interest rate RM'000	Non-interest bearing RM'000	Total RM'000
2014				
Financial assets				
Trade receivables	-	-	441,253	441,253
Other receivables and refundable deposits	-	-	46,465	46,465
Amount owing by other related company			24,889	24,889
Investment in securities	-	-	182,477	182,477
Derivative financial assets	-	-	15,838	15,838
Cash and bank balances		85,976	156,726	242,702
Total financial assets	-	85,976	867,648	953,624
Financial liabilities				
Trade payables	-	-	158,531	158,531
Other payables and accrued expenses	-	-	78,291	78,291
Amount owing to directors	-	-	1,508	1,508
Borrowings and hire-purchase payables	286,872	259,373	-	546,245
Total financial liabilities	286,872	259,373	238,330	784,575
Net financial (liabilities)/assets	(286,872)	(173,397)	629,318	169,049

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.5 Interest Rate Risk Management (Cont'd)

The Company	Floating interest rate RM'000	Fixed interest rate RM'000	Non-interest bearing RM'000	Total RM'000
2015				
Financial assets				
Amount owing by subsidiaries	-	-	101,155	101,155
Other receivables and refundable deposits	-	-	43	43
Investment securities	-	-	84,622	84,622
Derivative financial assets	-	-	8,278	8,278
Cash and bank balances		30	582	612
Total financial assets	-	30	194,680	194,710
Financial liabilities				
Trade payables	-	-	239	239
Other payables and accrued expenses	-	-	3,921	3,921
Amount owing to directors	-	-	16	16
Amount owing to subsidiaries			8,438	8,438
Borrowings and hire-purchase payables	4,493	250,158	-	254,651
Total financial liabilities	4,493	250,158	12,614	267,265
Net financial (liabilities)/assets	(4,493)	(250,128)	182,066	(72,555)
2014				
Financial assets				
Amount owing by subsidiaries	-	-	66,848	66,848
Other receivables and refundable deposits	-	-	64	64
Investment securities	-	-	113,426	113,426
Derivative financial assets	-	-	15,838	15,838
Cash and bank balances		21	948	969
Total financial assets	-	21	197,124	197,145
Financial liabilities				
Trade payables	-	-	943	943
Other payables and accrued expenses	-	-	3,854	3,854
Amount owing to directors	-	-	19	19
Amount owing by subsidiaries	-	-	2,115	2,115
Borrowings and hire-purchase payables	5,596	250,206	-	255,802
Total financial liabilities	5,596	250,206	6,931	262,733
Net financial (liabilities)/assets	(5,596)	(250,185)	190,193	(65,588)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.6 Foreign Currency Risk Management

The currencies giving rise to this risk are primarily US Dollars and Euro. The operational transactions in Euro are immaterial and hence will not give rise to significant currency risk exposure.

The businesses of the Group in the 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 related. 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 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:

The Group	Carrying amount RM'000	Foreign currency risk	
		+5% RM'000	-5% RM'000
2015			
USD Impact			
<u>Financial Assets</u>			
Trade receivables	98,478	(4,924)	4,924
Cash and bank balances	1,428	(71)	71
<u>Financial Liability</u>			
Trade payables	20,997	1,050	(1,050)
Total (decrease)/increase		<u>(3,945)</u>	<u>3,945</u>
2014			
USD Impact			
<u>Financial Assets</u>			
Trade receivables	85,135	(4,257)	4,257
<u>Financial Liability</u>			
Trade payables	13,693	685	(685)
Total (decrease)/increase		<u>(3,572)</u>	<u>3,572</u>

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the year.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.7 Liquidity Risk Management

The Group and the Company manage 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 and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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

The Group	Carrying amount	Contractual interest rate	Contractual cash flows	Contractual cash flow		
				On demand and within 1 year	1 -5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000
2015						
Trade payables	238,636	-	238,636	238,636	-	-
Other payables and accrued expenses	129,972	-	129,972	129,972	-	-
Amount owing to directors	2,357	-	2,357	2,357	-	-
Secured borrowings:						
Borrowings and hire-purchase payables	809,793	2.29 - 14.40	868,510	540,471	328,039	-
	<u>1,180,758</u>		<u>1,239,475</u>	<u>911,436</u>	<u>328,039</u>	<u>-</u>
2014						
Trade payables	158,531	-	158,531	158,531	-	-
Other payables and accrued expenses	78,291	-	78,291	78,291	-	-
Amount owing to directors	1,508	-	1,508	1,508	-	-
Secured borrowings:						
Borrowings and hire-purchase payables	546,245	2.29 - 12.50	589,393	265,375	323,497	521
	<u>784,575</u>		<u>827,723</u>	<u>503,705</u>	<u>323,497</u>	<u>521</u>
The Company						
2015						
Trade payables	239	-	239	239	-	-
Other payables and accrued expenses	3,921	-	3,921	3,921	-	-
Amount owing to subsidiaries	8,438	-	8,438	8,438	-	-
Amount owing to directors	16	-	16	16	-	-
Secured borrowings:						
Borrowings and hire-purchase payables	254,651	2.48 - 5.15	267,769	1,275	266,494	-
	<u>267,265</u>		<u>280,383</u>	<u>13,889</u>	<u>266,494</u>	<u>-</u>
2014						
Trade payables	943	-	943	943	-	-
Other payables and accrued expenses	3,854	-	3,854	3,854	-	-
Amount owing to subsidiaries	2,115	-	2,115	2,115	-	-
Amount owing to directors	19	-	19	19	-	-
Secured borrowings:						
Borrowings and hire-purchase payables	255,802	2.48 - 4.96	293,740	13,102	280,117	521
	<u>262,733</u>		<u>300,671</u>	<u>20,033</u>	<u>280,117</u>	<u>521</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)****38.8 Credit Risk Management**

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 45% (2014: 55%) of the Group's trade receivables were owing by 36 (2014: 39) major customers who are reputable and located in UAE.

Other than as disclosed in Note 23, 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.

The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade 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 determine concentrations of credit risk by monitoring the country profile of its receivables, deposits and bank balances, investment in securities and investment in structured deposits on an on-going basis.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.8 Credit Risk Management (Cont'd)

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

The Group	Receivables*	Cash and bank balances	Investment in securities and derivative financial assets	
By Country:	RM'000	RM'000	RM'000	
2015				
Qatar	331,559	20,973	-	
United Arab Emirates	867,256	94,941	-	
Malaysia	127,313	6,628	8,548	
India	175,017	3,571	-	
Saudi	42,749	3,827	-	
Singapore	968	281	92,900	
Azerbaijan	7,800	4,597	-	
	<u>1,552,662</u>	<u>134,818</u>	<u>101,448</u>	
2014				
Qatar	271,912	9,617	-	
United Arab Emirates	423,032	173,026	-	
Malaysia	63,796	38,677	94,630	
India	133,550	10,432	-	
Saudi	8,438	9,577	-	
Singapore	107	760	103,685	
Azerbaijan	6,603	613	-	
	<u>907,438</u>	<u>242,702</u>	<u>198,315</u>	
The Company	Receivables*	Cash and bank balances	Investment in securities and derivative financial assets	Amount owing by subsidiaries
By Country:	RM'000	RM'000	RM'000	RM'000
2015				
Qatar	-	-	-	252
United Arab Emirates	43	612	-	50,085
Malaysia	-	-	-	5,425
India	-	-	-	421
Saudi	-	-	-	80
Singapore	-	-	92,900	44,690
Azerbaijan	-	-	-	202
	<u>43</u>	<u>612</u>	<u>92,900</u>	<u>101,155</u>
2014				
Qatar	-	-	-	117
United Arab Emirates	-	-	-	21,382
Malaysia	64	969	25,579	3,300
India	-	-	-	221
Saudi	-	-	-	73
Singapore	-	-	103,685	41,556
Azerbaijan	-	-	-	199
	<u>64</u>	<u>969</u>	<u>129,264</u>	<u>66,848</u>

* Comprising amount owing by customers under construction contracts, trade receivables and other receivables and refundable deposits.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)****38.9 Market Price Risk Management**

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 investment which are listed on the Singapore Stock Exchange. The quoted investments are classified as investment in securities and derivative financial asset as disclosed in Notes 17 and 19.

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 Singapore Stock Exchange on the fair value gain of the quoted securities would result in approximately 0.7% (2014: 2.2%) variance in Group's profit for the year.

The sensitivity analysis is unrepresentative of the inherent market risk because the year end exposure does not reflect the exposure during the year. Subsequent to the end of the year, the fair value of investment in securities that were quoted on the Singapore Stock Exchange have dropped materially as disclosed in Note 41(i).

38.10 Fair ValuesFinancial 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 requires an entity to classify its financial instruments measured at fair value according to 3 levels of hierarchy. The detail of these hierarchy is disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.10 Fair Values (Cont'd)

Fair value disclosures based on 3-Level hierarchy

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

Financial assets	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	As of 2015 RM'000	As of 2014 RM'000				
The Group						
Derivative financial asset (Notes 17)	Assets - 8,278	Assets - 15,838	Level 1	Fair values are estimated based on quoted prices in active market (from readily available closing prices from an exchange at the end of the reporting period).	N/A	N/A
Investment in securities (Notes 19)	Assets - 93,170	Assets - 182,477	Level 1	Fair values are estimated based on quoted prices in active market (from readily available closing prices from an exchange at the end of the reporting period).	N/A	N/A
The Company						
Derivative financial asset (Notes 17)	Assets - 8,278	Assets - 15,838	Level 1	Fair values are estimated based on quoted prices in active market (from readily available closing prices from an exchange at the end of the reporting period).	N/A	N/A
Investment in securities (Notes 19)	Assets - 84,622	Assets - 113,426	Level 1	Fair values are estimated based on quoted prices in active market (from readily available closing prices from an exchange at the end of the reporting period).	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

38. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONT'D)

38.10 Fair Values (Cont'd)

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

Financial instruments not measured at fair values

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values except as stated otherwise.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Company are as follows:

- **Cash and bank balances, deposits with financial institutions, trade and other receivables, refundable deposits, intercompany indebtedness, trade and other payables, accrued expenses and amount owing to directors:** The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.
- **Term loan payables (other than Islamic medium-term notes):** As term loans were obtained from licensed banks at the floating rate, the carrying amount of term loans approximate their fair values.
- **Islamic medium-term notes and hire purchase payables:** The fair value is estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangement (Level 2). The carrying amount and fair value of Islamic medium-term notes and hire purchase payables are as follows:

	2015		2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
The Group				
Financial liabilities				
Islamic medium-term notes	250,000	224,707	250,000	214,303
Hire-purchase payables	9,321	8,551	9,373	8,839
The Company				
Financial liabilities				
Islamic medium-term notes	250,000	224,707	250,000	214,303
Hire-purchase payables	158	150	206	189

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

39. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

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 geographical segment of the subsidiaries.

The subsidiaries included in the following segments are:

- (i) Structural steel and construction
 - (a) Middle East and CIS - Eversendai Dubai, Eversendai Qatar, Eversendai Sharjah, Eversendai Abu Dhabi, EVSC, Eversendai Saudi and Eversendai Azerbaijan
 - (b) Malaysia - Eversendai Energia and ECMSB
 - (c) India - Eversendai India, EFPL
 - (d) Others - Eversendai Singapore, ETPL and EEPL Singapore, EOSB, EPSB, PKSB and Eversendai Corporation Berhad
- (ii) Oil & Gas - EVORF and Eversendai O&G

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a company basis as well.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

39. SEGMENT INFORMATION (CONT'D)

The Group	← Structural Steel & Construction →					Oil & Gas	Total	Adjustments and elimination	Group
	Middle East and CIS	India	Malaysia	Others					
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:									
External	911,250	151,867	318,825	39	406,823	1,788,804	-	1,788,804	
Internal	301,899	2,245	16,036	30,750	3,031	353,961	(353,961)	-	
Total revenue	1,213,149	154,112	334,861	30,789	409,854	2,142,765	(353,961)	1,788,804	
Results:									
Interest income	1,050	47	640	29	42	1,808	(878)	930	
Dividend income from investment in securities	-	-	323	1,150	-	1,473	-	1,473	
Gain on disposal of property, plant and equipment	280	2	1	-	-	283	-	283	
Unrealised foreign exchange (loss)/ gains	(1,142)	(264)	1,137	16,714	1,520	17,965	-	17,965	
Net loss on financial assets at fair value through profit or loss	-	-	-	(9,527)	-	(9,527)	-	(9,527)	
Depreciation on property, plant and equipment	(17,828)	(6,503)	(7,399)	(671)	(2,838)	(35,239)	-	(35,239)	
Finance costs	(16,037)	(35)	(182)	(12,024)	(6,140)	(34,418)	878	(33,540)	
Income tax expense	(4,986)	(591)	(1,055)	751	(476)	(6,357)	-	(6,357)	
Segment profit/(loss)	50,783	(14,798)	7,895	21,054	27,366	92,300	(30,751)	61,549	
Assets:									
Property, plant and equipment	185,521	66,778	59,948	125,241	211,688	649,176	-	649,176	
Other assets*	1,680,894	214,162	167,490	1,074,069	380,222	3,516,837	(1,484,719)	2,032,118	
Segment liabilities^	(1,108,285)	(192,702)	(132,902)	(316,625)	(515,732)	(2,266,246)	715,057	(1,551,189)	

* Comprising goodwill, derivative financial assets, deferred tax assets, inventories, amount due from customers under construction contracts, trade receivables, other receivables, refundable deposits and prepaid expenses, tax recoverable, investment in securities and deposits and bank balances.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

39. SEGMENT INFORMATION (CONT'D)

The Group	← Structural Steel & Construction →					Oil & Gas	Adjustments and elimination	Group
	Middle East and CIS	India	Malaysia	Others	Total			
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:								
External	593,614	93,350	236,261	530	79,054	1,002,809	-	1,002,809
Internal	183,264	3,977	-	14,714	-	201,955	(201,955)	-
Total revenue	776,878	97,327	236,261	15,244	79,054	1,204,764	(201,955)	1,002,809
Results:								
Interest income	1,202	57	375	67	-	1,701	(1,077)	624
Dividend income from investment in securities	-	-	3,112	1,898	-	5,010	-	5,010
Gain/(loss) on disposal of property, plant and equipment	227	(2)	98	-	-	323	-	323
Unrealised foreign exchange gains/(loss)	44	(247)	133	6,966	2,740	9,636	-	9,636
Net gain on financial assets at fair value through profit or loss	-	-	-	4,029	-	4,029	-	4,029
Depreciation on property, plant and equipment	(18,437)	(3,776)	(8,179)	(647)	(415)	(31,454)	-	(31,454)
Finance costs	(12,939)	(66)	(188)	(12,031)	(272)	(25,496)	1,077	(24,419)
Income tax expense	(4,702)	(873)	(3,614)	(159)	-	(9,348)	-	(9,348)
Segment profit	31,784	929	8,620	8,244	1,450	51,027	(14,586)	36,441
Assets:								
Property, plant and equipment	120,345	58,016	60,029	129,026	78,705	446,121	-	446,121
Other assets*	1,235,200	191,964	196,212	1,042,751	53,315	2,719,442	(1,178,522)	1,540,920
Segment liabilities [^]	(765,298)	(161,906)	(166,968)	(306,476)	(94,023)	(1,494,671)	417,606	(1,077,065)

* Comprising goodwill, derivative financial assets, deferred tax assets, inventories, amount due from customers under construction contracts, trade receivables, other receivables, refundable deposits and prepaid expenses, tax recoverable, investment in securities and deposits and bank balances.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**40. MATERIAL LITIGATIONS****(i) Linsun Engineering Sdn. Bhd. against Eversendai Energia Sdn. Bhd. (“Eversendai Energia”)**

On 14 November 2014, a supplier known as Linsun Engineering Sdn. Bhd (“the plaintiff”) has served a Writ of Summons against Eversendai Energia, for certain supply of manpower for scaffolding erection and dismantling works at the Project known as Manjung 4 Power Plant for an alleged claim of RM8,222,465 plus interest which is disputed by the company.

The legal case had been transferred to Shah Alam High Court at the Construction Division and the judge has fixed the latest trial dates as follows:

- a) 1 August - 8 August 2016;
- b) 15 August - 18 August 2016; and
- c) 5 September - 7 September 2016

(ii) Berger International Sdn. Bhd. against Eversendai Energia Sdn Bhd

On 18 December 2015, Eversendai Energia received a signed and sealed Writ of Summons and statement of claim dated 10 December 2015 from Berger International Sdn Bhd (“the plaintiff”) claiming for a total sum of RM791,834 for the supply and delivery of paint materials for the PCSB-Sabah Oil & Gas Terminal project from August 2011 until October 2012, 5% interest per annum on the judgement amount (calculated from the judgement date until the date of full settlement) and other incidental costs.

Eversendai Energia has entered against the plaintiff for judgement in default of defence at Shah Alam Sessions Court on 5 February 2016 for failure to reply to its counter claim for the amount of RM1,000,000.

On 4 March 2016, the judge granted the order allowing Eversendai Energia to transfer the aforementioned case to Shah Alam High Court at the Construction Division with no order to costs.

During the case management on 28 March 2016, the High Court has allowed Eversendai Energia’s application to transfer the above matter to the Construction Court and have also provided a sealed order of the transfer.

The next case management for this matter is fixed on 6 June 2016.

(iii) Poratha Corporation Sdn. Bhd. against Eversendai Energia Sdn Bhd

On 21 April 2016, Eversendai Energia received a signed and sealed Writ of Summons and statement of claim dated 15 April 2016 from Poratha Corporation Sdn. Bhd. (“the plaintiff”) claiming for a total sum of RM7,448,220 for FGD ducting, miscellaneous piping works and firefighting piping works, 5% interest per annum on the judgement amount (calculated from the judgement date until the date of full settlement) and other incidental costs.

The case management for this matter is fixed on 16 May 2016.

Management is of the view that it has a very good defence against all of the aforementioned alleged claims.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)**41. EVENTS AFTER REPORTING PERIOD****(i) Technics Oil & Gas Limited (“TOGL”)**

- The Group and the Company have investment classified as investment in securities and derivative financial assets amounting to RM84,622,000 and RM8,278,000 respectively in Technics Oil & Gas Limited TOGL, which are listed on the Singapore Stock Exchange. These investments are classified as financial assets measured at fair value using the fair value hierarchy of Level 1.

On 6 January 2016, TOGL's shares and warrants were being suspended from trading on the Singapore Stock Exchange as TOGL was in negotiation of a major disposal. However, the major disposal did not materialise and the price of TOGL's shares and warrants has dropped after it resumed trading on 15 February 2016. As of 29 February 2016, the market value of the shares and warrants are RM18,820,000 and RM1,087,000 respectively and the loss arising amounted to RM65,802,000 and RM7,461,000 respectively.

- On 29 February 2016 and 1 March 2016, the Company purchased additional shares in TOGL from the market with total value of RM8,819,193. Accordingly, the percentage of equity holding in TOGL has increased from 19.62% to 29.87% as of 1 March 2016. Consequently, TOGL became an associated company of the Group. On 1 April 2016, the Company appointed representatives to the Board of Directors of TOGL.

(ii) Acquisition of Eversendai S-Con Engineering Co. Ltd (“S-Con”)

On 1 December 2015, Eversendai Singapore, a subsidiary of the Company had entered into a shareholders' agreement with Mr. Anuchart Suphannarat (“Anuchart”) who is the founder and owner of S-CON. Eversendai Singapore also entered into a conditional share subscription agreement with Anuchart and S-CON, to subscribe 70% of the total voting rights in S-CON for THB 30 million (equivalent to RM3,549,000) in cash.

On 1 April, 2016, the subscription of 70% of the voting rights in S-CON, now known as Eversendai S-CON Engineering Co. Ltd (“ESECL”), by Eversendai Singapore has been duly completed. Consequently, ESECL became a subsidiary company of Eversendai Singapore.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

42. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in the financial statements and segment information have been reclassified to conform to the presentation in the current financial year.

The Group	As previously reported RM'000	Reclassifications RM '000	As reclassified RM '000
2014			
Statement of Financial Position			
Property, plant and equipment	449,421	(3,300)	446,121
Trade receivables	466,142	(24,889)	441,253
Amount owing by other related company	–	24,889	24,889
Trade payables	151,230	7,301	158,531
Other payables and accrued expenses	193,242	(10,601)	182,641
	<hr/>	<hr/>	<hr/>
The Company	As previously reported RM'000	Reclassifications RM '000	As reclassified RM '000
2014			
Statement of Financial Position			
Property, plant and equipment	17,262	(3,300)	13,962
Amount owing by subsidiaries	63,548	3,300	66,848
	<hr/>	<hr/>	<hr/>

In previous financial year, management had classified EOSB, EPSB, PKSB and Eversendai Corporation Berhad as part of the Malaysian segment. During the financial year those mentioned were reclassified as part of Others segment.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONT'D)

43. DISCLOSURE ON REALISED AND UNREALISED PROFITS - SUPPLEMENTARY INFORMATION

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2015 into realised and unrealised profits, pursuant to the directive is as follows:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised profits	649,707	660,229	36,147	43,045
Unrealised profits/(losses)	38,850	(23,548)	(17,007)	(24,420)
	<u>688,557</u>	<u>636,681</u>	<u>19,140</u>	<u>18,625</u>
Less: Consolidation adjustments	(347,491)	(341,306)	-	-
Total retained earnings as per statements of financial position	<u>341,066</u>	<u>295,375</u>	<u>19,140</u>	<u>18,625</u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **EVERSENDI CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 77 to 158 are drawn up in accordance with 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 of 31 December 2015 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 43 on page 159, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI NATHAN A/L ELUMALAY

**S SUNTHARA MOORTHY A/L
S SUBRAMANIAM**

Petaling Jaya,

21 April 2016

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN SRI NATHAN A/L ELUMALAY**, the director primarily responsible for the financial management of **EVERSENDAI CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

TAN SRI NATHAN A/L ELUMALAY

Subscribed and solemnly declared by the above named **TAN SRI NATHAN A/L ELUMALAY** at **PETALING JAYA, SELANGOR DARUL EHSAN** this 21st day of April 2016.

Before me,

COMMISSIONER FOR OATHS

LIST OF GROUP PROPERTIES AS AT 31 DECEMBER 2015

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/-	< 6 years	2007	^29,694
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	< 16 years	1999	1,992

LIST OF GROUP PROPERTIES AS AT 31 DECEMBER 2015 (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 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	< 10 years	2006	21,700
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	< 9 years	2007	11,081
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	< 9 years	2007	2,226
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	< 9 years	2007	21,686
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/-	< 41 years	2010	685
11 No.199/4, 8, 472/1A, 1B, 2, 3, 4, 5, 6 & 7A Siruganur Village, Manachanallur Taluk, 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/-	< 2 years	2011	11,192 & 18,141

LIST OF GROUP PROPERTIES AS AT 31 DECEMBER 2015 (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	< 10 years	2013	20,159
Eversendai Engineering FZE, Sharjah						
13 Plot no. 2D-03, 04, 14, 15 and 18, 2E-01, 02, 04, 05, 06, 07, 09 and 10, 2M 13A, 13B, 14 and 15 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 2030	< 11 years	2005	41,651

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 RMRM22,722,420 owns by Eversendai Energia Sdn Bhd (formerly known as Shineversendai Engineering (M) Sdn Bhd).

ANALYSIS OF SHAREHOLDINGS SUMMARY AS AT 13 APRIL 2016

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 Shares 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	25	0.65	484	0.00
100 to 1,000	478	12.43	393,500	0.05
1,001 to 10,000	2,226	57.89	12,710,950	1.64
10,001 to 100,000	991	25.78	30,515,320	3.94
100,001 to less than 5% of issued shares	122	3.17	77,927,986	10.07
5% and above of issued shares	3	0.08	652,350,760	84.30
Total *	3,845	100.00	773,899,000	100.00

* Excluding 101,000 ordinary shares held in treasury.

Substantial Shareholders as per the Register of Substantial Shareholders

No	Name of Shareholders	No. of Shares Held	%
1	Vahana Holdings Sdn. Bhd. Shares held in the name of : Own account DB (Malaysia) Nominee (Tempatan) Sdn. Bhd.	555,363,360 485,363,360 70,000,000	71.76
2	Employees Provident Fund Board Shares held in the name of Citigroup Nominees (Tempatan) Sdn. Bhd.	56,701,800	7.33
3	Lembaga Tabung Haji	40,285,600	5.21

(Excluding 101,000 ordinary shares held in treasury)

Directors' Direct and Indirect Interests in Shares in the Company and in the Subsidiary as per the Register of Directors' Shareholdings

Name of Directors	Direct Interests		Indirect Interests	
	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	-	-

(Excluding 101,000 ordinary shares held in treasury)

* 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 the Company Vahana Holdings Sdn. Bhd., is also deemed interested in the shares of all the company's subsidiaries to the extent of 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.	485,363,360	62.72
2	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Exempt An for Deutsche Bank AG Singapore (Maybank SG PWM)	70,000,000	9.05
3	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	51,294,600	6.63
4	Lembaga Tabung Haji	40,285,600	5.21
5	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS for Lynas Asia Fund	16,817,000	2.17
6	Roaring Achievement Sdn. Bhd.	6,879,700	0.89
7	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank New York (Norges Bank 14)	6,284,800	0.81
8	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHBIslamic)	5,407,200	0.70
9	Cartaban Nominees (Asing) Sdn. Bhd. Daiwa Capital MKTS SG for Hanwa Co Ltd	3,900,000	0.50
10	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Huat Eng	3,850,400	0.50
11	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Parmjit Singh A/L Meva Singh	2,290,000	0.30
12	UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Strategic Fund)	1,860,186	0.24
13	UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund)	1,858,800	0.24
14	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kek Lian Lye	1,277,700	0.17
15	Low Chu Mooi	1,240,000	0.16
16	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Ngia Ngia @ Mak Yoke Lum	1,200,100	0.16
17	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Bank Julius Baer & Co. Ltd (Singapore BCH)	1,140,000	0.15
18	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for United Asean DiscoveryFund	1,075,700	0.14
19	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Chee Young (MY2263)	1,045,000	0.14

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) (Cont'd)**

	Name	Number of Shares Held	%
20	Maybank Nominees (Tempatan) Sdn. Bhd. Muhammad Iqbal Bin Idham	1,001,500	0.13
21	Liew Sze Fook	1,000,000	0.13
22	Veloo A/L Karupayah	1,000,000	0.13
23	Roaring Achievement Sdn. Bhd.	917,000	0.12
24	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd (SFS)	844,000	0.11
25	Amanahraya Trustees Berhad Amanah Saham Sarawak	700,000	0.09
26	Lew Bok Hoa	700,000	0.09
27	Rajasingham A/L Ratnasingham	550,000	0.07
28	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Li Cheng Thong @ Lee Chen Thung (E-PDG)	528,200	0.07
29	Tay Chong Kiat	525,600	0.07
30	Maybank Securities Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Nadarajan Rohan Raj	500,000	0.06
		711,336,446	91.92

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NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

EVERSENDI CORPORATION BERHAD (614060-A)

NOTICE IS HEREBY GIVEN that the Thirteenth 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 Friday, 27 May 2016 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 2015 and the Reports of the Directors and Auditors thereon. | Note 8 |
| 2 | To declare a single tier final dividend of 0.5 sen per share in respect of the year ended 31 December 2015 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:

Datuk Ng Seing Liong
Narla Srinivasa Rao | Resolution 3
Resolution 4 |
| 5 | To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

"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." | Resolution 5 |
| 6 | To re-appoint Deloitte as the Company's auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

AS SPECIAL BUSINESS

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

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

"THAT, subject always to the Articles of Association of the Company and the approvals of the relevant Regulatory Authorities, pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes and to such person or persons as the Directors of the Company, may in their absolute discretion deem fit, PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors of the Company are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

AS SPECIAL BUSINESS (CONT'D)

8 Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions **Resolution 8**

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

"THAT subject to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries (the "Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 3 May 2016 which transactions are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company AND THAT such approval shall continue to be in force until:

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

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the transactions contemplated and/or authorised by this resolution."

9 Proposed Authority to the Company to Purchase its Own Shares **Resolution 9**

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

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

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

EVERSENDAI CORPORATION BERHAD (614060-A)

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Company's Shares shall not exceed the Company's audited retained profits and/or share premium accounts at any point of time;
- (c) the authority conferred by this resolution of the Company shall commence immediately upon passing of this resolution until:
 - (i) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier; and

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

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

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

BY ORDER OF THE BOARD

CHEOK KIM CHEE
Company Secretary

Rawang
3 May 2016

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (Cont'd)

EVERSENDI CORPORATION BERHAD (614060-A)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of Members at the Thirteenth Annual General Meeting to be held on Friday, 27 May 2016 at 10.00 a.m., a single tier final dividend of 0.5 sen per share in respect of the financial year ended 31 December 2015, will be paid on 14 July 2016 to Depositors whose names appear in the Record of Depositors on 15 June 2016.

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 15 June 2016 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
Company Secretary

Rawang
3 May 2016

NOTES:

- 1 All resolutions at the meeting will be decided on a show of hands, unless otherwise instructed.
- 2 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission.
- 3 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- 4 The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Any alteration to the instrument appointing a proxy must be initialised.
- 5 Where a member appoints more than one proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholding to be represented by each proxy.
- 6 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 7 For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 20 May 2016. 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT (CONT'D)

- 8 Agenda 1 is to table and receive the Audited Financial Statements pursuant to the provision of Section 169(1) of the Companies Act, 1965 and is meant for discussion only. It does not require a formal approval and/or adoption by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.
- 9 Proposed ordinary resolution 2 is to approve the Directors' fees for the period from this Annual General Meeting to the next Annual General Meeting of the Company, to be payable on a quarterly basis.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

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

The existing general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965, was approved by the shareholders of the Company at the Twelfth Annual General Meeting held on 29 June 2015. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. The proposed Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares from unissued capital of the Company up to an amount not exceeding ten percent (10%) of the Company's total issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as the Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

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

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

2 **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 3 May 2016.

3 **Ordinary Resolution 9 - Proposed Authority to the Company to Purchase its Own Shares**

Please refer to the Circular to Shareholders dated 3 May 2016.

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 Thirteenth Annual General Meeting of the Company.

PROXY FORM EVERSENDI 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 **EVERSENDI 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 Thirteenth Annual General Meeting of the Company, to be held on Friday, 27 May 2016 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 single tier final dividend of 0.5 sen per share in respect of the year ended 31 December 2015	1		
2	To approve Directors' fees	2		
3	To re-elect Datuk Ng Seing Liong	3		
4	To re-elect Narla Srinivasa Rao	4		
5	To re-appoint Mohammad Nizar Bin Idris as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965	5		
6	To re-appoint Deloitte as the Company's auditors	6		
7	Authority to Directors to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965	7		
8	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature	8		
9	Proposed Authority for the Purchase of Own Shares by the Company	9		

* Strike out whichever not applicable

Signed this _____ day of _____ 2016

No. of Shares Held

Signature of Member(s) / Common Seal

NOTES:

- 1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission.
- 2 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- 3 The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Any alteration to the instrument appointing a proxy must be initialised.
- 4 Where a member appoints more than one proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholding to be represented by each proxy.
- 5 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.



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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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REQUEST FORM

EVERSENDAI CORPORATION BERHAD (614060-A)

Dear Shareholders,

We are pleased to provide our Annual Report 2015 in CD-ROM. The same is also available on our website, www.eversendai.com under Investor Relations-Reports-Annual Reports.



You may also scan this QR Code with your smartphone or tablet to download our Annual Report 2015 onto your device.

Should you require a printed copy of the Annual Report 2015, please forward the duly completed Request Form provided below. We will despatch the Annual Report to you by ordinary post within four market days from the date of receipt of your verbal or written request.

We would like to thank you for your support of Eversendai Corporation Berhad. Should you have any queries, please do not hesitate to contact us at the numbers given below.

Best regards

Tan Sri A K Nathan
Executive Chairman and Group Managing Director

REQUEST FORM FOR PRINTED COPY OF ANNUAL REPORT 2015 OF EVERSENDAI CORPORATION BERHAD

Address : Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03 7849 0777
Fax : 03 7841 8151 / 8152
Email : ssr.helpdesk@symphony.com.my
Contact person : Zulkernaen Abdul Samad

Please send me/us a printed copy of the Annual Report 2015.

Particulars of Shareholder

Name : _____

MyKad No./Passport No./Company No. : _____

CDS Account No. : _____ Tel : _____

Mailing Address : _____

Dated this _____ day of _____ 2016

Signature of Shareholder



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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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EVERSENDAI

MALAYSIA

EVERSENDAI CORPORATION BERHAD

(Registered Address)

Lot 19956, Jalan Industri 3/6,
Rawang Integrated Industrial Park,
48000 Rawang,
Selangor Darul Ehsan, Malaysia.
Tel : +603 6091 2575
Fax : +603 6091 2577
Email : eversendai@eversendai.com

(Corporate Office)

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 3351/52

EVERSENDAI OFFSHORE SDN BHD

EVERSENDAI ENERGIA SDN BHD

(Formerly known as Shineeversendai
Engineering (M) Sdn Bhd)

EVERSENDAI CONSTRUCTIONS (M) SDN BHD

ECB PROPERTIES SDN BHD

Lot 19956, Jalan Industri 3/6,
Rawang Integrated Industrial Park,
48000 Rawang,
Selangor Darul Ehsan, Malaysia.
Tel : +603 6091 2575
Fax : +603 6091 2577
Email : eversendai@eversendai.com

EVERSENDAI OIL & GAS (M) SDN BHD

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