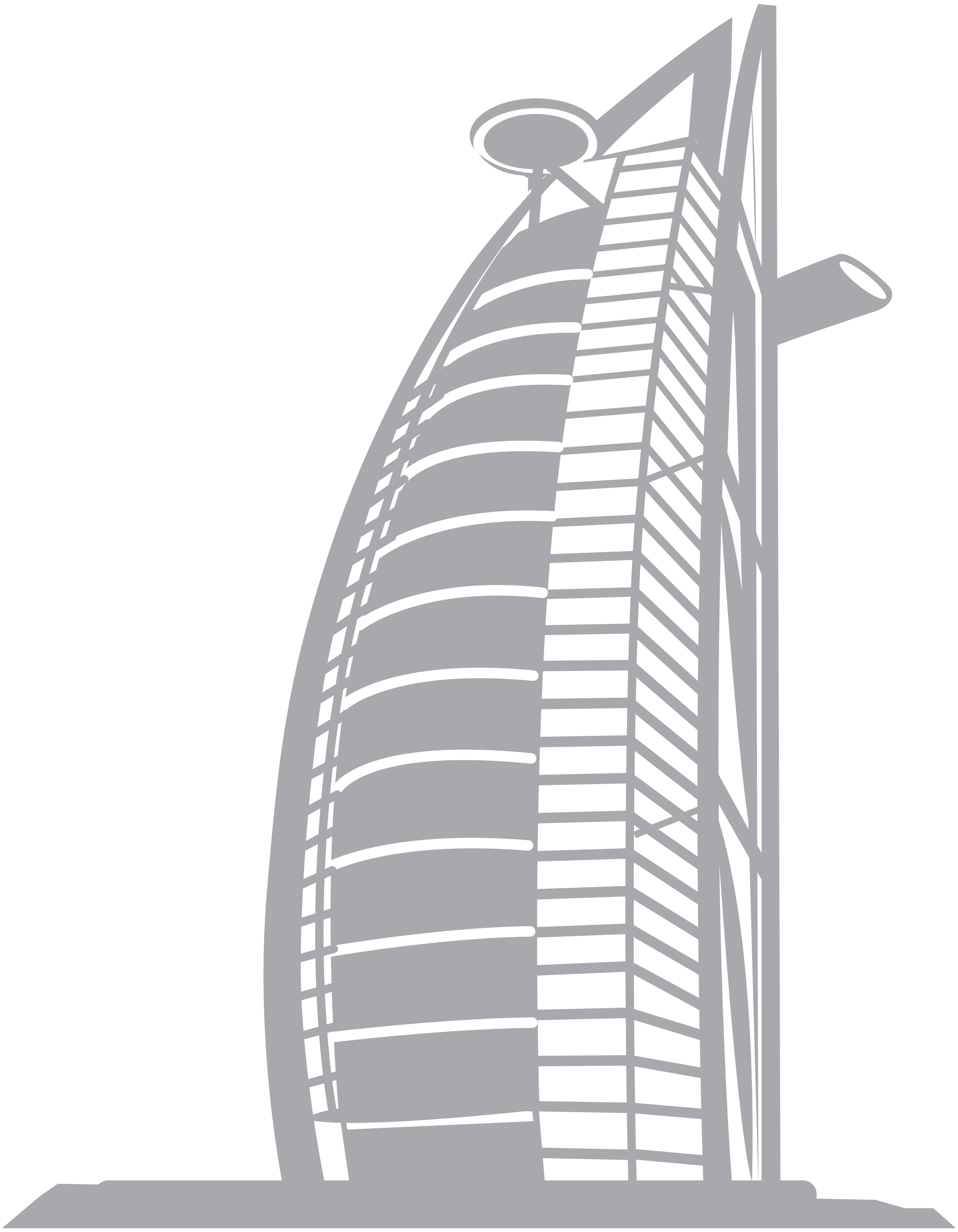
EVERSENDAI

EVERSENDAI CORPORATION BERHAD (614060-A)



NEW HORIZONS FOR GREATER GAINS

ANNUAL REPORT **2016**

CONTENTS

Vision

To be a global leader by innovating, excelling and sustaining with our 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

SUSTAINABILITY POLICY STATEMENT

1. Objective

The Board acknowledges the need to put in place, policies that ensures not only the continuity of the company but having positive impacts on both internal and external stakeholders. The Malaysian Code on Corporate Governance 2012 recommends the Board to ensure the company's strategies promote sustainability, especially in the aspect of environment, social and governance. As a global company, Eversendai is committed to promoting sustainability while continuously integrating such policies within our working environment as well as business processes. We pledge our commitment to accountability and transparency in all our undertaking, based on the following principles:

- Complying with all relevant legislation, law and code of practices;
- Including sustainability considerations in all decision-making processes at the Board level;
- Promoting sustainable activities to employees in ensuring awareness and commitment towards Eversendai's Sustainability Policy;
- Working consistently towards improving and updating the policy.

2. Environment

As a leader in international iconic structure construction, we strive to ensure the environment, within and adjacent to where we conduct our business, is protected. The Group gives priority to safety and environmental factors in all decisions pertaining to our overall operations to minimise adverse impacts from either construction or manufacturing processes. The following best environmental practices are put in place to protect the environment in places that we operate:

- 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 waste such as unusable steel and wood off-cut, plastic and paper are recycled.
- Amongst our efforts to safeguard the environment are procedures to monitor all discharge into the environment, be it solid, liquid or gas. This ensures that we adhere to the permitted discharge and emission threshold limits.
- In addition to these, we have noise monitoring procedures in place to maintain the noise level safe within the work environment and surroundings.

3. Social

Eversendai continually strives to improve the Health, Safety and Environment (HSE) practices with the objective of preventing accidents, occupational illnesses and environmental pollution. To achieve our vision and objectives, the Group has put in place HSE policies and procedures and a comprehensive HSE framework which encompass 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 health, safety and environment policy.
- Comply with all applicable local Acts and Regulations.

3. Social (cont'd)

HSE Management Programme

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

1) Interaction and Observation

- HSE Tool Box Meeting: The tool box meeting is held regularly in departments in the morning and scheduled occasionally at mass level in certain mornings 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 correct way.

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

- HSE Induction: This interactive practice is for all new employees to reinforce their awareness on HSE hazards as well as company rules and regulations.

- 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

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

- 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.

- 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

- Submission of Periodic Reports: In compliance with regulatory requirements, periodic reports are submitted to the enforcement agencies or client representatives, as appropriate.

- Compliance with local 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 for HSE awards

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

CORPORATE INFORMATION

Board of Directors

Tan Sri A K Nathan Elumalay
(Executive Chairman & Group Managing Director)

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

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

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

Nadarajan Rohan Raj
(Executive Director)

Narla Srinivasa Rao
(Executive Director)

Narishnath Nathan
(Executive Director)

Audit Committee

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

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

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

Remuneration Committee

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

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

Nadarajan Rohan Raj
(Member/Executive Director)

Nomination Committee

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

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

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

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
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 603 7733 3300
Fax : 603 7733 3351 / 52
Website : www.eversendai.com

Principal Bankers

Malaysia
- Alliance Bank Malaysia Berhad
- HSBC Amanah Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

UAE
- Abu Dhabi Commercial Bank
- Abu Dhabi Islamic Bank
- Al Hilal Bank PJSC
- Commercial Bank International
- Dubai Islamic Bank (PJSC)
- Emirates Islamic Bank
- Emirates NBD Bank (PJSC)

Principal Bankers (Cont'd)

UAE (Cont'd)
- Export Import Bank of Malaysia Bhd
- Gulf International Bank
- HSBC Bank Middle East Limited
- MashreqBank PSC
- National Bank of Abu Dhabi
- Union National Bank
- United Arab Bank
- United Bank Limited

Qatar
- HSBC Bank Middle East Limited
- MashreqBank PSC
- The Commercial Bank (Q.S.C.)

India
- Bank of Baroda
- IDBI Bank Ltd

Independent Auditors

Deloitte PLT (LLP0010145-LCA)
(AF0080)
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 / 52
Email : ssr.helpdesk@symphony.com.my

Stock Exchange Listing

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

Shariah Certifying Authority

Shariah Advisory Council (SAC)

CORPORATE STRUCTURE

EVERSENDAI CORPORATION BERHAD (614060-A)

- Eversendai Engineering LLC (Baku, Azerbaijan)
- Eversendai Engineering LLC (Dubai, UAE)
- EVS Construction LLC (Dubai, UAE)
- Eversendai Engineering LLC (Abu Dhabi, UAE)
- Eversendai Engineering FZE (Sharjah, UAE)
- Eversendai Engineering Saudi LLC (Saudi Arabia)
- Eversendai Frontiers Pvt Ltd (Mumbai, India)
- ECB Properties Sdn Bhd (Malaysia)
- Eversendai Construction (S) Pte 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 Steel-S Ltd (United Kingdom)
  - Eversendai Steel-A Pty Ltd (Australia)
- Eversendai Energia Sdn Bhd (Malaysia)
- Eversendai Offshore Sdn Bhd (Malaysia)
  - Eversendai Offshore RMC FZE (Ras Al Khaimah, UAE)
- Perisai Kuasa Sdn Bhd (Malaysia)
  - Eversendai Oil & Gas (M) Sdn Bhd (Malaysia)
- Eversendai Constructions (M) Sdn Bhd (Malaysia)
  - Eversendai Engineering (Pvt) Ltd (Sri Lanka)

OUR EXPERTISE

- **Structural Steel Design & Engineering** – We provide turnkey structural engineering solutions that brings challenging and complex geometrical designs into reality. We have a highly trained and experienced team of qualified engineers coupled with a range of contemporary computer software and design techniques. Our Design and Engineering services include Structural Design, BIM, 3D Detailing and Specialist Construction Engineering Services for the entire spectrum of Structural Steel Projects.

- **Structural Steel Supply & Fabrication** – Our 7 strategically located, state of the art steel fabrication facilities fabricate, provide protective treatment and make available trial assemblies for complex structures. We source raw steel materials from reputable and renowned rolling mills to be used in our production line which has a collective production capacity that exceeds well over 234,000 tonnes per annum.

- **Structural Steel Erection** – Our innovative construction methodologies have resulted in the successful and safe completion of several global iconic and landmark structures across the globe which are the pride of their respective nations. This has led to the creation of an unmatched track record which is second to none.

- **Plant Construction** – We have extensive experience in the construction of coal-fired powerplant projects, which require advance engineering expertise and involve substantial quantities of steelwork. Our expertise also lies in the areas of assembly and installation of boiler pressure & non-pressure parts, ductwork, pipework, installation of auxiliary equipment, control and instrumentation packages.

- **Composite Structure and Civil Construction** - 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.

- **Oil and Gas** – We are an Oil and Gas EPCC contractor executing complex fabrication and construction projects for the Oil and Gas industry such as Process Modules, Jacket / Piles, Topsides, Living Quarters, Self-Propelled Jack-up Barges in our waterfront fabrication facility in Ras Al Khaimah, UAE.

Tan Sri A K Nathan Elumalay

Executive Chairman & Group Managing Director

Age: 61
Gender: Male
Nationality: Malaysian
Other posts held within the company:
Group Managing Director
Other posts held in external company(ies):
Deputy President of Master Builders Association Malaysia
Appointed to the Board on: 12 August 2004

Tan Sri A K Nathan Elumalay, the founder of Eversendai, built the company from a modest structural steel erection company in Malaysia to one of world's most sought after integrated steel structural turnkey contractors. His sheer determination, keen enthusiasm and acute attention to fine details have served as the driving power behind the development of the Eversendai Group.

Under his leadership, the company grew from strength to strength and spread its business from Malaysia to ASEAN, South Asia, the Middle East and North Africa. Some of the prominent structures built by Eversendai during its 3 decades of operations include the Petronas Twin Towers (Tower 2), Kuala Lumpur International Airport, Burj Al Arab, Burj Khalifa, Doha International Airport and Capital Gate. He was also instrumental in establishing Eversendai's steel fabrication facilities in Rawang, Dubai, Sharjah, Doha, Ras Al-Khaimah, Trichy and Thailand, producing a combined annual capacity of over 234,000 tonnes. Today, Eversendai has a workforce of over 15,000 in 9 countries and operates out of 14 offices.

His charismatic approach to business and the construction industry has earned him many accolades. Some notable ones are the Golden Construction Award 2008 from the Trade Leaders Club in Madrid, Spain, the Malaysian Entrepreneur of the Year 2008 from Ernst & Young, the CEO of the Year Award in 2008 by CIDB and the Lifetime Achievement Award for Leadership in Construction Industry by the World Chinese Economic Forum in 2015.

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

Age: 74
Gender: Male
Nationality: Malaysian
Other posts held within the company: NIL
Other posts held in external company(ies):
- Chairman of Pacific & Orient Insurance Berhad
- Board Member of FIDE FORUM
- Board Member of MCIS Insurance Berhad

Appointed to the Board on: 1 June 2010

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

His working experience ranges from judicial services for the Government of Malaysia to various posts within the Royal Dutch Shell (Shell) company, where he was, amongst others, 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). Upon retirement, he was appointed as a director on the board of several companies.

Tan Sri Rastam Bin Mohd Isa

Independent Non-Executive Director

Age: 65
Gender: Male
Nationality: Malaysian
Other posts held within the company: NIL
Other posts held in external company(ies):
- Chairman and Director of Tropicana Corporation Berhad
- Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia

Appointed to the Board on: 31 March 2011

Tan Sri Rastam Bin Mohd Isa 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.

He began his career in the Malaysian Administrative and Diplomatic Service in 1974. He has served the nation in Pakistan; Bosnia Herzegovina (resident in Sarajevo); United Nations (Ambassador and Deputy Permanent Representative, New York) and the Republic of Indonesia. He further served the country as Deputy Secretary General at the Ministry of Foreign Affairs, Malaysia before being appointed as Secretary General of the Ministry of Foreign Affairs, Malaysia from 8 January 2006 to 2 September 2010.

Upon retirement, he was appointed as an Advisor in Sarawak Chief Minister's Department, and thereafter as Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia.

Tan Sri Rastam is currently the Chairman and Director of Tropicana Corporation Berhad.

Datuk Ng Seing Liong PJN.JP

Independent Non-Executive Director

Age: 62
Gender: Male
Nationality: Malaysian
Other posts held within the company: NIL
Other posts held in external company(ies):
- Managing Director of Kota Kelang Development Sdn Bhd
- Senior Partner of S. L. Ng & Associates
- Director of CIDB (January 2007 to August 2016)
- Past President of REDHA Malaysia (2006-2010)
- Current Patron of REDHA Malaysia
- Member of the MIA Insolvency Committee
- Council Member and Honorary Treasurer of Insolvency Practitioners Association of Malaysia (IPAM).

Appointed to the Board on: 18 June 2010

Datuk Ng Seing Liong holds a Diploma in Commerce from Tunku Abdul Rahman College. He has more than 30 years of experience in the field of Audit, Receivership, Liquidation and Corporate Advisory Services. He is an active member of the Malaysian Institute of Accountants as well as the Malaysian Institute of Certified Public Accountants. He holds a Fellow Member position with Association of Chartered Certified Accountants. In Malaysia, he is a Fellow Member with the Institute of Co-operative and Management Auditors Malaysia and Chartered Tax Institute of Malaysia. Internationally he holds an associate member position with the Institute of Chartered Secretaries & Administrators UK.

Nadarajan Rohan Raj

Executive Director

Age: 50
Gender: Male
Nationality: Singaporean
Other posts held within the company:
Chief Executive Officer, Group Structural Steel and Construction
Other posts held in external company(ies): NIL
Appointed to the Board on: 12 August 2004

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

He has been responsible for the successful tendering, negotiation and execution of several major projects and was involved in the expansion of 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, he was with the Sembawang Group, Singapore, for about a year where he headed commercial management related to the engineering and construction of an offshore gas processing facility.

Narla Srinivasa Rao

Executive Director

Age: 49
Gender: Male
Nationality: Indian
Other posts held within the company:
Chief Operating Officer, Group Structural Steel and Construction
Other posts held in external company(ies): NIL
Appointed to the Board on: 26 May 2010

Mr. Narla Srinivasa Rao graduated in 1987 with a Diploma in Mechanical Engineering and has a Post Graduate Diploma in Business Administration from Manchester Business School, United Kingdom.

He started his career at Century Construction Pvt Ltd, India as a junior engineer where he gained valuable experience in fabrication and erection of structural steelwork and in hydro and coal fired power plant construction. Subsequently joining Eversendai in 1993 as a site engineer. He held various positions within 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 Eversendai.

Narishnath Nathan

Executive Director

Age: 34
Gender: Male
Nationality: Malaysian
Other posts held within the company:
Chief Executive Officer, Group Oil and Gas
Other posts held in external company(ies): NIL
Appointed to the Board on: 26 May 2010

Mr Narishnath Nathan holds a Bachelor's degree in Business Information Technology (Honours) from Coventry University, United Kingdom. He first joined Eversendai Dubai in 2004, after which he was posted to Eversendai Qatar in 2006 as its General Manager where he, among others, set up Eversendai's fabrication facility and managed several other major projects. He was also instrumental in securing several large contracts for the Group.

He also served the company as Country Head/ Executive Director for Indian operations representing 4 divisions i.e. Infrastructure, Engineering, Power and Fabrication. Today, he is the Chief Executive Officer of Eversendai's Group Oil and Gas division.

He is the son of Tan Sri A K Nathan 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.
- None of the Directors have any conflict of interest with the Company.
- All Directors maintain a clean record with regards to conviction for offences.

KEY SENIOR MANAGEMENT PROFILES

Cheah Ban Seng

Executive Director, Group Managing Director's Office

Age/Gender	**Nationality**
52/Male	Malaysian

Academic/Professional Qualification
- Bachelor of Accountancy (Hons) Degree
- Malaysian Institute of Accountants (Member)

Office Location
Mutiara Damansara, Malaysia.

Work Experience
Mr. Cheah has 28 years of experience in finance. Prior to joining Eversendai, he worked in overseeing financial performance of a public listed group that has its business in a wide spectrum of principles including integrated steel plant, properties, construction, mining, consumer products, and other investments. He also has vast experience in group strategic business direction setting and spearheading corporate finance, mergers & acquisitions, corporate affairs & investor relations, group legal and company secretarial activities.

Date Appointed: 15 July 2016

Anbu Jayabalan

Chief Operating Officer, Indian Operation

Age/Gender	**Nationality**
48/Male	Indian

Academic/Professional Qualification
- B.E. Civil., M.E. Structural
- Executive Post Graduate Program in Finance

Office Location
Chennai, India.

Work Experience
Mr Anbu has 26 years of experience in the areas of residential, commercial and infrastructure projects.

Currently, he is spearheading Eversendai India operations with project portfolio spread in steel, civil and composite structures with the focus on holistic construction solutions. Prior to joining Eversendai he worked as a Vice President in a leading construction firm in operations, spearheading project development for the southern Indian region, inclusive of luxury category residential developments.

Mr. Anbu has vast experience in managing large scale project execution, PMCs and consultants, delivering high quality projects promptly to the stakeholders and customers.

Date Appointed: 25 March 2015

Paul Richard Barratt

Group Chief Commercial Officer

Age/Gender	**Nationality**
48/Male	British

Academic/Professional Qualification
- Chartered Institute of Arbitrators (Associate)
- Royal Institution of Chartered Surveyors (Member)
- BSc (Hons) in Quantity Surveying

Office Location
Dubai, UAE.

Work Experience
Mr. Barratt has 30 years' experience of professional practice, contracting, claims, dispute resolution and expert witness experience encompassing Oil and Gas, Off-shore Marine, Process Engineering, Rail, Power Generation, Building and Civil Engineering.

Prior to his appointment, Paul held the position of Group Contracts Manager for a large UAE Oil and Gas contractor where he had overall accountability for the commercial affairs for the company. From 2001 to 2004, Mr. Barratt co-founded and helped to run a private practice specialising in claim preparation/defence and arbitration work encompassing South East Asia.

Globally, he has worked extensively throughout the Gulf Corporation Council (GCC), South East Iran, Azerbaijan, Kazakhstan, Italy and UK.

Date Appointed: 1 December 2016

Chandrasegran S P Uthirapathy

Regional Director, Eversendai Energia Sdn Bhd

Age/Gender	**Nationality**
56/Male	Malaysian

Academic/Professional Qualification
- Bachelors Degree in Electrical & Electronics Engineering
- Engineering Council in United Kingdom (Member)
- Board of Engineers in Malaysia (Member)

Office Location
Rawang, Malaysia.

Work Experience
Mr. Chandrasegran has over 25 years' experience in the power plant construction industry and was responsible for the successful completion of several large power plant projects. Prior to joining Eversendai, he was based in Singapore working in areas of tendering, costing, planning, negotiations, contract administration and project management of several power plant projects in Malaysia, Singapore and Indonesia. Prior to that, he spent 6 years as a Senior Consultant in an engineering consultation firm.

Date Appointed: 2007

Pardhasaradhi Chadalavada
Operations Director – Dubai, Abu Dhabi and The Commonwealth of Independent States (CIS)

Age/Gender	**Nationality**
52/Male	Indian

Academic/Professional Qualification
- B.Tech in Mechanical

Office Location
Dubai, UAE.

Work Experience
Mr. Pardhasaradhi has over 30 years' experience in various segments of the construction industry. He first joined Eversendai in February 2006 as a Deputy General Manager and subsequently promoted as Commercial Director for Middle East Operations and then as Country Head for U.A.E operations. He has vast experience not only in the structural steel industry but also with many plant construction projects coupled with highly competent techno-commercial capabilities. Prior to joining Eversendai, he worked with several leading Indian construction companies in executing several major industrial and infrastructural project assignments in India, within the sectors such as major steel plants, power plants, petrochemical plants, mining projects and other oil refineries.

Date Appointed: 17 February 2006

Babu Chinnaraj
General Manager, Marketing & Tendering

Age/Gender	**Nationality**
43/Male	Indian

Academic/Professional Qualification
- Diploma in Civil Engineering

Office Location
Dubai, UAE.

Work Experience
Mr. Babu has 25 years' experience in the construction industry. He started off his career with one of India's leading construction company working on various mega civil structure projects in southern India. After joining Eversendai, he served the Group in Malaysia, Philippines, Hong Kong, UAE, Saudi, and Qatar. After the successful completion of a project in Philippines in the year 2002 as Project Manager, he was assigned as Tendering Manager for Eversendai Dubai, in 2003 and subsequently promoted to his current position in 2013 working on contract awards includes all sections of technical, planning, method statement developments, commercial, contracts, estimation, tendering, negotiations and joint finalisation of sub-contracts etc.

Date Appointed: 15 January 2015

Saravanan K
Sr. Vice President – Operations (Structural Steel Business)

Age/Gender	**Nationality**
46/Male	Indian

Academic/Professional Qualification
- B.E. Civil
- M.E. Structural
- Master's in Business Administration

Office Location
Chennai, India.

Work Experience
Mr Saravanan has been with the Eversendai Group for 20 years. He has handled numerous projects located in the far east, middle east and India while with the Group and has a wide range of experience in structural steel construction, design, construction methodology and execution. Currently he manages Eversendai's Structural Steel site operations in India and the production in the fabrication factory at Trichy.

Prior to joining Eversendai, he worked in the petrochemical industry for 3 years and number of years doing petrochemical plant design and engineering works.

Date Appointed: 1 April 2015

Rajagopal Damodharan
General Manager - Sharjah Operations

Age/Gender	**Nationality**
48/Male	Indian

Academic/Professional Qualification
- Diploma in Mechanical Engineering

Office Location
Sharjah, UAE.

Work Experience
Mr. Damodharan has 29 years' experience in various segments of the construction industries. He started his career in heavy structural fabrication activity for 8 years and later joined an international construction company as project engineer for a refinery project in Surat, India. In 1996 he joined Eversendai as a senior project engineer and held various positions within the Group before being appointed to the current position. He has been part of successful execution of many land mark projects in the Middle East.

Date Appointed: August 2008

Devan Nair P K Krishnan Nair

General Manager, Group Human Resources and Administration

Age/Gender	**Nationality**
44/Male	Malaysian

Academic/Professional Qualification
• Masters in Business Administration

Office Location
Dubai, UAE.

Work Experience
Mr. Devan has 20 years of working experience with 15 years in Human Resources and Organisational Development. Prior to joining Eversendai he served as a Vice President for Talent and Engagement for a subsidiary of Ministry of Finance Incorporated Malaysia (MOF Inc.) focusing on the development of the Board of Directors for Government Linked Companies and Government Linked Investment Companies. He was also a Vice President of Learning and Talent Development for a leading banking group in Malaysia focusing on Management and Senior Leadership Development. Mr. Devan is well experienced in the conceptualisation and roll out of Talent Acquisition and Compensation and Benefits strategies for medium to large companies.

Date Appointed: 1 January 2016

Chan Fook Kwong

Chief Financial Officer

Age/Gender	**Nationality**
48/Male	Malaysian

Academic/Professional Qualification:
• Chartered Institute of Management Accountants (Associate)
• Malaysian Institute of Accountants (Member)

Office Location:
Mutiara Damansara, Malaysia.

Work Experience
Mr Chan has over 20 years of experience accounting and reporting, financial management, treasury management, corporate finance and tax planning. Prior to his appointment as Chief Financial Officer, he served as Head of Corporate Finance at Eversendai Corporation Berhad. He joined the company in September 2008 and spent 3 years working in Eversendai's operations in Sharjah, UAE before returning to assist in the IPO exercise of Eversendai Corporation Berhad in 2011.

Date Appointed: 18 August 2015

Pashmeena Bhatia

Chief Financial Officer – Middle East & CIS

Age/Gender	**Nationality**
52/Female	Indian

Academic/Professional Qualification
• CPA, CMA Professional

Office Location
Dubai, UAE.

Work Experience
Ms. Pashmeena joined the Eversendai in 1988. For 12 years, she has worked on planning, strategising and managing fiscal aspects of the Group's middle east financial functions.

She specialises in financial management, working capital management, raising finance, corporate finance, corporate performance management, internal controls, risk management. leadership qualities in treasury management and qualitative analysis.

Date of appointment: 2005

Zulkifli Mohd Zain

Chief Operating Officer, Eversendai Constructions (M) Sdn Bhd

Age/Gender	**Nationality**
53/Male	Malaysian

Academic/Professional Qualification
• Bachelor of Applied Science in Quantity Surveying
• Association of Institute of Quantity Surveyors Australia (Member)

Office Location
Rawang, Malaysia.

Work Experience
Mr. Zulkifli has more than 30 years' experience in the construction industry and has been exposed to various facets of the industry from building technology, infrastructure, especially bridge construction, elevated structure and highways.

In recent years, he has been working in the power generating industry in the areas of power plant construction as well as Oil and Gas Industry. Mr. Zulkifli is also trained in Industrialised Building System, Construction Management, Commercial Contracts and Costing.

Date Appointed: 1 August 2016

Muralidharan Balagurumoorthi
General Manager, Qatar Operations

Age/Gender	**Nationality**
44/Male	Indian

Academic/Professional Qualification
• Diploma in Civil Engineering

Office Location
Doha, Qatar.

Work Experience
Mr. Muralidharan has 25 years' experience in the construction industry working in various positions. He joined Eversendai in 1996 and worked in several countries at various position and involved in most of the landmark projects. Prior to joining Eversendai, he worked in a private architect and construction firm in India as an architect and site Engineer for various projects within southern India.

Date Appointed: 1 April 2016

P. Baskaran
General Manager, Kuwait Operations

Age/Gender	**Nationality**
47/Male	Indian

Academic/Professional Qualification
• Diploma In Mechanical Engineering

Office Location
Sharq, Kuwait.

Work Experience
Mr. Baskaran began his career in Mumbai, India as a Junior Engineer working in the areas of fabrication, steel structure erection, erection of rolling mill equipments, testing, commissioning, cold and hot runs including other aspects for various rolling mill operations.

He joined the Eversendai Group in 1994 as a Site Engineer in Malaysia and carried out various projects in the field of structural steel, across Malaysia and Singapore. In 2003 he re-joined the Group as Project manager in Dubai and has been involved with various complex projects in the UAE, Oman, India and Kuwait. He has a total of 27 years' hands on experience in the fields of structural steel with overall operations management experience with sound knowledge in contracts and commercial.

Date of appointment: 23 January 2017

Stephen Athisayamuthu
General Manager, UAE Operations

Age/Gender	**Nationality**
49/Male	Indian

Academic/Professional Qualification
• Diploma in Civil Engineering

Office Location
Dubai, UAE.

Work Experience
Mr Stephen has 29 years' experience in structural steel and reinforced cement concrete structures for various types of buildings. 23 of these years were spent with Eversendai in countries such as Singapre, Malaysia, Qatar, India and the UAE.

He was part of many iconic building built by Eversendai such as the Petronas Tower 2, Burj Khalifa, the JW Marriot Dubai etc

Date of appointment: March 2009

Paladugu Bhaskara Rao
General Manager, Saudi Arabia Operations

Age/Gender	**Nationality**
50/Male	Indian

Academic/Professional Qualification
• Licensiate In Mechanical Engineering

Office Location
Riyadh, Saudi Arabia.

Work Experience
Mr Rao has over 29 years of experience in structural steel fabrication and erection works. He started his career in India working on hydel power projects, penstock site fabrication and installation works. He joined Eversendai in 1993 as a Site Engineer and was involved in the construction of various iconic buildings including malls, power plants, ariports, etc.

At present he is managing the Group's Saudi Arabia's operations for the structural steel works which includes design, connection design, fabrication and installation of complicated structures as well as fireproofing works and roofing and cladding works through specialist contractors.

Date of appointment: 1 January 2016

Notes:
- Save as disclosed, there are no family relationships between the Key Senior Management and/or major shareholders of the Company.
- None of the Key Senior Management hold any Directorship in Public Listed Companies and listed issuers.
- None of the Key Senior Management have any conflict of interest with the Company.
- All Key Senior Management maintain a clean record with regards to conviction for offences.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I present the 2016 Annual Report and audited financial statement of Eversendai Corporation Berhad ('The Group') for the financial year ended 31st December 2016. The Group reported a total revenue of RM1.58 billion and a after-tax loss of RM274.1 million for the year 2016.

It was a challenging year for the Group and me. However, we anticipate Eversendai to bounce back with better performance and improved results in meeting our 2017 target of RM2 billion turnover progressively with improved profit over the span of the year.

Corporate Overview

It is a known fact that the year 2016 saw a negative impact due to the economic downturn in various sectors, including the construction industry. This has also been the year that the company recorded its first loss mainly due to impairment on fair value of financial assets, higher costs resulting from delay in project funding, low utilisation of the oil and gas fabrication facility due to exceptional slow recovery of the oil and gas sector which had an overall effect on the company's profit margin. Notwithstanding this, the Group charted its highest order book since its inception with contract wins in existing and new markets. The newly secured projects are in the Middle East, India, Malaysia and Singapore with a high possibility of securing projects in new markets and other countries in 2017.

Experience has also shown us that regular internal performance and management reviews bring the best out of our well-oiled management mechanism. Our strategic analysis identified both internal and external shortfalls. This realisation enabled us to restructure and reengineer the company towards improving performance by maximising output, minimising cost and better internal controls. The main objectives behind these reviews and restructuring is in widening the profit margin and recovering from the loss incurred in 2016. Our restructuring of management and operational resources and reengineering of processes have produced a reenergized team with experience and commitment to enhance the Group's profit in better proportion with the turnover to meet the target in 2017.

Corporate Overview (cont'd)

While our new strategy is to improve profit margins, bringing increased value to our shareholders, we continue to place emphasis on keeping our commitments and fundamental values in delivering quality projects to our clients who expect nothing less than perfection.

In 2015, Eversendai recorded RM1.7 billion worth of new contracts. This was improved in 2016 when the Group secured RM1.8 billion worth of contracts amidst adverse challenges.

To-date, the Group has secured projects worth RM801.4 million in the year 2017, of which RM117.4 million is from the oil and gas sector, bringing Eversendai's order book to approximately RM3 billion. As of 31 December 2016, projects from the Middle East made up 37.7% of the Order Book while the South-East Asian region and India made up 24.7% and 22.3% respectively. The remaining 15.3% is from the oil and gas sector.

While the oil and gas sector was facing an uphill challenge, Eversendai Offshore RMC FZE ('Eversendai Offshore'), a wholly-owned subsidiary which specialises in oil and gas fabrication projects, made a commendable breakthrough creating its own track record from ground zero. I strongly believe the offshore business will continue to grow the Group's revenue and profit significantly as the oil and gas industry picks up its pace. The two liftboats 'Aryan' and 'Arjun' are projected to set sail and be delivered on schedule, marking the first of such deliveries for Eversendai Offshore.

Business Overview

Eversendai grew from a one-man small scale entrepreneur operation in Malaysia to a multinational corporation with 9 international management operational offices, 7 fabrication facilities, projects undertaken and executed in 15 different countries and manned by a 15,000 workforce.

Currently there are over 45 significant ongoing projects spread in the regions of our operations. The Middle East region drives the Group's revenue by contributing close to 61.8% of its total income from operations in the United Arab Emirates, Saudi Arabia and Qatar. The remaining revenue comes from operations in Malaysia, Thailand, India (24.8%) and the oil and gas segment (13.4%). Eversendai in 2016 also procured its maiden project in Thailand through the acquisition of a 70% stake in Thailand-based S-Con Engineering Co Ltd.

The Middle East region continues to be the main driver of the Group's revenue. This region remains boisterous with construction growth and the Group foresees the undertaking of many new projects in the near future, especially in the UAE where the GDP growth forecasts a rise from 4% - 5% between 2017 to 2020. The UAE oil production for 2017 is expected to have a modest climb which will inevitably improve oil prices in the region. This will enhance the recovery in the non-oil segments especially with the intensifying investment ahead of Expo 2020. Contracts worth AED165 billion are expected to be awarded in the UAE in 2017 for the construction segments, where Eversendai has a renowned reputation and stronghold. Saudi Arabia forecasts an overall 1.9% growth in the construction segment while Qatar expects more construction projects related to the 2022 FIFA World Cup to emerge in 2017 with the country projecting to spend up to QAR46 billion for infrastructure development.

In the year 2016, Eversendai India managed to turn business around showcasing improved profits for the Group in this challenging time. The Group expects greater growth and more projects in the Indian sub-continent, where the nation's GDP from construction is projected to trend around INR2.5 trillion by 2020.

New Horizons For Greater Gains

After 30 years in operation, our experience has shown us not to stagnate where location and business are good. Growth is inevitable. As such Eversendai has been venturing into new markets, seeking and creating new opportunities. After more than 2 decades in the Middle East, we have ventured into Kuwait with the winning of a university project and the project management, fabrication engineering and construction of jacket and piles for a wellhead platform in the Persian Gulf. This is followed by the re-entry into Singapore after a lapse of 10 years with the winning of the State Courts Project. This superstructure will have more than 60 courtrooms and over 50 hearing chambers. With numerous other projects in the pipeline, we are vigourosly working towards sealing these deals and adding new chapters to the Group.

We recognise that the business environment will have its challenges according to its own economic cycles. Eversendai's admirable expertise and extensive experience in operating in overseas markets have helped carry us through to where we are today. We have gained invaluable in-depth knowledge, capability as well as strength to overcome challenges along our way. Our strict adherence to safety, quality and timely project completion in any economic situation, has greatly contributed to our customers' satisfaction and faith in us. Our strength in these areas is evident with recurring projects awarded to us by returning clients.

While we set our pace in expanding globally, we are also working internally in ensuring procedures are continuously evolving for the better and are set for the sustainability and long-run of the company. Increasing staff capacity and capabilities have been our Group Human Resources' focus. As part of the Group Learning and Development initiatives for the year 2016, 70% of our staff across Middle East, Malaysia and India were trained in the areas of Leadership, Management, Technical Skills and Compliance/Regulatory requirements as part of providing the Group with a continuous stream of well-trained and multi-tasking manpower. Human Capital development is the way forward to sustainability with a structured succession plan.

Appreciation

My first and foremost appreciation goes to the shareholders who have weathered the financial storm of 2016 with us. My heartfelt thank you for your continuous trust in Eversendai. The Group is committed to bringing added value to your continued confidence in us.

Together with the Board of Directors, I also thank all our loyal clients, business partners, financiers and regulatory bodies for their support and assurance for the Eversendai Group of companies.

To my fellow Board members, I extend my appreciation for your invaluable support in providing a check and balance for the Group, positive guidance and direction. I look forward to your continued active participation in the Board's discussions and decisions.

The greatest asset and resource any successful organisation is its employees. I am blessed to be backed by a strong and committed team who made it possible for Eversendai to clinch RM1.8 billion worth of new projects in 2016. To my management team, key senior officers, middle management and all rank and file workforce, I thank you, from the bottom of my heart for all the effort and dedication you have put in throughout this challenging year. Let us put our energy together and bring Eversendai to face ***New Horizons For Greater Gains!***

Tan Sri A K Nathan Elumalay

MANAGEMENT DISCUSSION AND ANALYSIS

1. **Overview:**

Eversendai Corporation Berhad is a specialist provider of engineering and construction services with strong presence in UAE, Saudi Arabia, Qatar, Kuwait, India, Thailand, Singapore and Malaysia. Our 30-year business has been part of some of the world's iconic buildings including the Petronas Twin Towers, the Burj Khalifa and the Qatar National Museum.

The Company first went public on 1 July 2011 with current market capitalisation of about RM530 million. Our net assets stood at RM883.6 million as at 31 December 2016. This includes 7 fabrication facilities in Dubai, Sharjah, Qatar, Ras Al Khaimah, India, Malaysia and Thailand which has a collective capacity to produce over 234,000 tonnes of fabricated steel annually.

As of 31 December 2016, the Group had over 45 significant on-going projects spread over various countries manned by approximately 15,000 skilled employees.

2. **Group Business and Financial Review:**

The Group has operations in 3 regions, namely: South-East Asia, India and the Middle East, in the following segments: i) Structural Steel & Construction; and ii) Oil and Gas. The Structural Steel & Construction segment operations are in all operating regions while the Oil and Gas operations are in the Middle East and Malaysia. These 3 regions also host operational offices, fabrication facilities and ongoing projects.

The Group recorded a revenue of RM1.58 billion and a pre-tax loss of RM267.2 million for the year ended 31 December 2016. For the same period in 2015, the Group recorded a revenue and pre-tax gain of RM1.79 billion and RM67.9 million respectively, showing a revenue drop of 12% in 2016. The losses incurred during the 2016 financial year were mainly due to impairment on the fair value of financial assets, higher costs resulting from delay in project funding as well as low utilisation of the Oil and Gas fabrication facility due to the exceptionally slow recovery of the Oil and Gas industry.

Out of the total revenue of RM1.58 billion, 61.8% was contributed by businesses in the Middle-East region, 14.3% by operations in Malaysia, 10.0% by operations in India, 13.4% from the Oil and Gas operations and the remaining 0.5% from operations in Thailand.

The Group recorded an after-tax loss of RM274.1 million. This loss is partially made up from the impact on fair value of financial assets of RM101.7 million (a one-off, non-recurring extraordinary item), unrealised foreign exchange loss of RM15.5 million, allowance for doubtful debts of RM74.1 million, provision for foreseeable losses of RM17.9 million and the higher costs resulting from delays in project funding and low utilisation of fabrication facility in the Oil and Gas segment. The Group had recorded a profit after tax of RM61.5 million for the same corresponding period in 2015.

Despite an economic slowdown, the Group had, as of 31 December 2016 secured contracts valued at RM1.8 billion for the entire year 2016.

3. Segmental Business Performance:

3.1 Structural Steel & Construction

3.1.1 Middle East

The Middle East region is Eversendai's long-term stronghold. We first entered this region in 1996, from winning a contract to erect steel structures for the Burj Al Arab in Dubai, the only 7-star hotel in the world. To date this remains our strongest region with more than 20 significant ongoing projects, the company's key operational offices and 4 of the 7 fabrication facilities are located here. Among the significant ongoing projects in the area are the Khalifah Stadium in Doha that is set to host the 2022 FIFA World Cup, the Royal Atlantis Resort & Residence in Dubai. For the year 2016, despite a sluggish economy in the oil producing countries where our projects are located, the Middle East operations garnered 61.8% of the Group's revenue. This is an increase of 10.9% compared to 2015's revenue contribution of 50.9%. A total of 15 projects were secured in this region for the year 2016.

3.1.2 South East Asia (Malaysia, Singapore & Thailand)

Eversendai was born in Malaysia in the year 1982 when the founder was granted his first project, the Dayabumi, Kuala Lumpur. More than 30 years later, the once small scale office of 1 man has grown into a world-class turn-key contractor linked to some of the world's most iconic buildings. 9 projects were secured in this region in the year 2016 with the bigger portion of these projects being in Malaysia. These include the iconic Merdeka PNB 118; set to be the tallest building in South East Asia. Eversendai Energia Sdn Bhd, a wholly-owned subsidiary, specialising in engineering, fabrication, design and erection of mechanical and structural works, also undertook the erection of Advanced Ultra-Super Critical Boilers, for 2 coal-fired power plants in Malaysia in the same year.

In December 2015 Eversendai ventured into Thailand with the subscription of 70% of the voting rights of S-Con Engineering Co. Ltd, which is now known as Eversendai S-Con Engineering Co. Ltd. ("ESECL"). The Group gained its maiden project in Thailand through ESECL winning a power plant project in 2016. The Group re-entered Singapore after a 10-year hiatus with the Singapore State Courts project in 2016.

The South-East Asia region brought 14.8% to the Group's revenue with Malaysia contributing to most of this revenue. The decrease in revenue from RM318.8 million (17.8%) for the same corresponding period in 2015 to RM234.8 million for 2016, was mainly due to delay in commencement of major key projects.

3.1.3 India

In 2009, the Group expanded its business operations to the Indian subcontinent. The Group secured 11 projects in this region for the year 2016. India continues to grow as a focal point for the Group as the country takes on numerous iconic building construction, which is a well-noted expertise for the Group. One such project is the Statue of Unity, in the Indian State of Gujarat. The revenue from operations in India remain stable compared to the previous financial year, contributing 10.0% to the Group revenue and was profitable at RM6.0 million compared to a revenue of 8.5% with a loss of RM14.8 million for the year 2015. The Group is pleased to note that operations in India have finally made a profitable turnaround in 2016.

3. Segmental Business Performance: (cont'd)

3.2 Oil and Gas

The Group's Oil and Gas segment's operations are based in the Middle East and Malaysia, managed by a wholly-owned subsidiary, Eversendai Offshore RMC FZE and by a subsidiary of the Group, Eversendai Oil & Gas (M) Sdn Bhd respectively. While most of the Oil and Gas operations were facing a bleak outlook, Eversendai Offshore secured 2 different projects in the Oil and Gas sector for the year 2016. This combined with the building of 2 liftboats meant to service oil-well platforms, brings a revolutionary breakthrough for Eversendai Offshore. Eversendai Oil and Gas Malaysia has an ongoing project in Pengerang, Johor, Malaysia. The Oil and Gas segment contributed 13.4% to the Group's revenue as compared to 22.7% in the corresponding period in 2015.

4. Risks and Mitigating Processes:

4.1 Liquidity Risk

The Group's exposure to liquidity risk comes primarily from its various payables, loans and borrowings as well as financial guarantees given to banks for credit facilities granted to its subsidiaries.

The Group manages its liquidity risks so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. The Group also raises committed funding from financial institutions and balances its portfolio with some short-term funding to achieve overall cost effectiveness.

4.2 Political, Regulatory and Economic

Our financial and business prospects and the industry in which we operate are closely linked to the developments in the political, economic and regulatory conditions in the Middle East, India, Malaysia and any other countries where we operate/intend to operate. The Group has and will continue to take effective and adequate measures to mitigate such risks. The Group's current significant operations are located in countries that are economically and politically stable.

4.3 Exposure to Liabilities for Contract Claims

Under the UAE laws, certain subsidiaries are jointly liable, without fault, for the cost of rectifying structural defects that appear in a building or structure within ten years of handover. For such liability, referred to as Decennial Liability, to be applicable, it is not necessary to prove any negligence or breach of contract and the liability attached, not withstanding that the collapse or defect is caused by sub-surface conditions or that the customer had approved the defective work.

In the past and as at this reporting period, the Group has not been affected by any liability arising from our exposure to Decennial Liability will not have any material adverse effect on the Group's financial position, business and operations.

4. Risks and Mitigating Processes: (cont'd)

4.4 Business and Project Risks

The Group is engaged in the construction industry and depends on winning new contracts for our business and growth. Closely connected to this risk, are project risks which we face when executing each contract.

The structural steel engineering sector that we are in, is highly dependent on the economies of the countries we operate in and the cyclical nature of the industry. Delay or failure to complete contractual work will potentially affect our net profits and reputation. However, the Group has a good track record of succesfully managing project risks in the past and will continuously conduct detailed studies to complete projects on schedule and in avoiding project cost overruns.

The Group is valued for its commendable track record for timely project completion with the best quality and operational practices. With more than 30 years experience as an industry leader, the Group is and will be able to manage these business and project risks, should it arise.

5. Prospects:

With the recovery in the Oil and Gas market, despite being slow, positive trends can be expected for the Group. The regions of operations are showcasing good GDP forecasts with positive effects for the construction segment. Especially in the Middle East with the coming of Expo 2020 in Dubai and the 2022 Qatar FIFA World Cup, the Group expects the continued supply of contract winnings.

The Structural Steel segment remains the Group's largest business, making 72.9% of the Group's total revenue. Oil and Gas made up 15.0% while Civil Construction made up 8.3% of the total revenue. The remaining 3.8% was contributed by the Power Plant segment.

As of 31 December 2016, our Order Book stood at RM2.4 billion, the highest secured by the Group thus far. 68.7% of the Order Book are from the Structural Steel segment, with contracts valued at RM1.6 billion. The Oil and Gas segment, despite being within a slow recovering industry that took a beating in 2016, contributed 13.5% from the total with projects valued at RM314 million. 13.2% of the Order Book are from the Civil Construction with projects valued at RM308 million and the Power Plant contributing the remainder 4.7% with projects valued at RM109 million.

The Group projects to show revenue in tandem with profits, progressively in the year 2017 with a restructured management, better internal and cost controls and a more aggressive pitching team. We remain resilient and committed to producing world class structures and positive value to our shareholders.

As of 31 March 2017, the Order Book stood at almost RM3 billion, signaling a good year ahead for the Group.

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 2016 and the extent to which the Company has complied with the recommendations of the Code during the financial year ended 31 December 2016 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 seven (7) members on the Board, comprising the Executive Chairman (who is also the Group Managing Director), three (3) Executive Directors and three (3) Independent Non-Executive Directors. The profiles of the members of the Board are provided for on pages 9 to 12 in the Annual Report.

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

Board of Directors (cont'd)

2. Board Balance and Independence (cont'd)

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent 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.

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.

Board of Directors (cont'd)

4. 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 2016 and the details of attendance of each Director are as follows:

Director	Designation	Number of meetings attended	Percentage during the Year
Tan Sri A K Nathan 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 & Plant Construction	4 out of 4	100%
Narishnath Nathan	Executive Director & Chief Executive Officer, Group Oil & Gas	3 out of 4	75%
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%
S Sunthara Moorthy A/L S Subramaniam**	Executive Director - Corporate Affairs	4 out of 4	100%

** S Sunthara Moorthy A/L S Subramaniam has resigned as Director of Eversendai Corporation Berhad effective 30 March 2017

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.

Board of Directors (cont'd)

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

The Directors also have direct access to the advice and services of the Group Internal Audit & 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.

5. Appointments to the Board

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

6. 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.

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for the directors.

7. Training and Development of Directors

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

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

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

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

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

Board of Directors (cont'd)

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

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

Director	Topic	Date
Tan Sri A K Nathan Elumalay	o Seminar on Your Gateway to Global Business by HFZE	24 March 2016
	o Training Workship on Maintenance of Infrastructure	28 July 2016
	o Seminar on IBS - Malaysia International Building, Construction & Infrastructure Technology Exhibition	4 November 2016
	o Post Budget 2017 Briefing by Deloitte	30 November 2016
Mohammad Nizar Bin Idris	o "Cyber Risk Oversight" by David Leach - FIDE Lecture Series	16 March 2016
	o "How HR Creates Values From the Outside" by Professor Dr. Dave Ulrich - Pembangunan Sumber Manusia Berhad.	31 May 2016
	o Briefing on "Extended Auditor Reporting & Why it Matters to You" by Deloitte	29 August 2016
	o Future Finance Conference by Bank Negara Malaysia	23 September 2016
	o Investment Opportunities and Risks" by Huang Affin Asset Management.	31 October 2016
	o "Strategy to Leverage Technology" by IBM - FIDE Lecture Series.	14 November 2016
	o How to Leverage AGM's for Better Engagement with Shareholders" by Peter Turnbull, KLSE	21 November 2016
	o Post Budget 2017 Briefing by Deloitte	30 November 2016
	o HRDF Conference by HRDF	6-7 December 2016
Tan Sri Rastam Bin Mohd Isa	o Boao Forum for Asia 2016 (Hainan Province, China)	25-26 March 2016
	o 3rd APEC Business Advisory Council Meeting (JW Marriott Hotel, Shenzhen, China)	1-4 August 2016
	o Briefing on "Extended Auditor Reporting & Why it Matters to You" by Deloitte	29 August 2016
	o 4th ABAC Meeting and APEC CEO Summit (Los Tallanes Hotel, Lima, Peru)	14-19 November 2016
	o Post Budget 2017 Briefing by Deloitte	30 November 2016
Datuk Ng Seing Liong	o Advocate & Solicitors Disciplinary Board by ASDB	20 February 2016
	o Advanced Business Management Program : Governance and Strategy for Superior Performance by SIDC/IMD	9-11 May 2016
	o Insolvency Conference 2016 by MIA/CPA/iPAM	26 May 2016
	o National Tax Conference by CTIM	9-10 August 2016
	o Briefing on "Extended Auditor Reporting & Why it Matters to You" by Deloitte	29 August 2016
	o Tax and GST Matters on Budget 2017 by REDHA	2 November 2016
	o 2017 Budget Seminar by CTIM	22 November 2016
	o Post Budget 2017 Briefing by Deloitte	30 November 2016
	o Sustainable Constructions Excellence for a Better Future by CREAM	1 December 2016
	o Comparative analysis of the PERS and MPERS and MFRS Frameworks and Selected New Topics in the MPERS Framework	20 December 2016

Board of Directors (cont'd)

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

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

Director	Topic	Date
Nadarajan Rohan Raj	o Post Budget 2017 Briefing by Deloitte	30 November 2016
Narla Srinivasa Rao	o Post Budget 2017 Briefing by Deloitte	30 November 2016
Narishnath Nathan	o 12th Annual Rig Owners Seminar Abu Dhabi o Post Budget 2017 Briefing by Deloitte	13-16 November 2016 30 November 2016
S Sunthara Moorthy A/L S Subramaniam**	o New Auditor Reporting – Why it Matters to You by Deloitte o Annual Legal Conference – Navigating the Frontiers of Trade by Wong & Partners o Sustainability Strategy and Reporting by Eric Dugelay and Deloitte o Post Budget 2017 Briefing by Deloitte	5 January 2016 5 May 2016 13 May 2016 30 November 2016

** S Sunthara Moorthy A/L S Subramaniam has resigned as Director of Eversendai Corporation Berhad effective 30 March 2017

8. 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 2016, 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.

9. Board Committees

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

During Board meetings, the Chairman 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.

Board of Directors (cont'd)

9. Board Committees (cont'd)

The Company has three (3) principal Board Committees:

(a) Audit Committee

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

(b) Nomination Committee

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

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

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 ongoing 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.

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 Fourteenth Annual General Meeting of the Company. The Nomination Committee had also, in accordance with Recommendation 2.1 of the Code, deliberated on the proposed appointment of the Senior Independent Non-Executive Director as the Chairman of the Nomination Committee.

(c) Remuneration Committee

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

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

Board of Directors (cont'd)

9. Board Committees (cont'd)

(c) Remuneration Committee (cont'd)

The Remuneration Committee is entrusted with the following responsibilities:

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

The Remuneration Committee meets as and when necessary and can also make decisions by way of circular resolutions. The Remuneration Committee had, for the financial year, reviewed the remuneration packages of the Executive Directors of the Company.

Directors' Remuneration

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

1. Remuneration Procedures

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

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

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.

Directors' Remuneration (cont'd)

2. Directors' Remuneration (cont'd)

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	2,622	38	2,660
Salaries and other emoluments	9,906	-	9,906
Bonus, incentives and others	643	-	643
Employees Provident Fund	234	-	234
Benefit- in-kind (estimated value)	229	-	229
Total	**13,634**	**254**	**13,888**

Details of the Directors' remuneration for the financial year ended 31 December 2016 are disclosed in the financial statements, as set out on page 83 of this Annual Report.

Whistleblower Policy

Eversendai Corporation Berhad calls for the highest standards of integrity from all its employees and stakeholders. The Group views seriously any wrongdoing on the part of any of its Employees, Management, Directors and Vendors, especially with regard to their obligations to the Group's interests.

The Whistleblowing channel is made available to help all stakeholders raise concerns, without fear of retaliation, of any wrongdoing that they may observe within the Eversendai Group of companies.

Parties can report a Whistleblowing complaint if they are aware of any wrongdoings, including, but not limited to the following:

- fraud;
- misappropriation of assets;
- sexual harassment;
- criminal breach of trust;
- illicit and corrupt practices;
- questionable or improper accounting;
- misuse of confidential information;
- acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;
- giving false or misleading information (including suppression of any material facts or information);
- breaches of Group Policies and Code of Conduct; or
- the deliberate concealment of any of the above matter or other acts of wrongdoings

1. Acting in Good Faith

The Eversendai Group calls for all parties to act in good faith and have reasonable grounds when reporting a Whistleblowing complaint. If allegations are proven to be malicious, parties responsible may be subject to appropriate action, up to and including legal action, where applicable.

Whistleblower Policy (cont'd)

2. Whistleblowing Channels

All complaints and issues are to be disclosed in writing to the Chairman of the Board of Directors or the Chairman of the Audit Committee.

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 semi annually 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 person:

For Investor Relations matters:

Jaya Radha Veerasamy
Manager, Group Corporate Communications
Eversendai Corporation Berhad
Contact details:
Tel no.: +603-7733 3300
Email: ir@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 Constituition to attend and vote on their behalf. The Chairman and the Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and not only at the AGM.

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

Accountability and Audit

1. Financial Reporting

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

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

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

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

3. Internal Control

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

The Statement on Risk Management and Internal Control is set out on pages 40 to 43 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.

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 37 to 38.

Membership and Meetings

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

During the year the Committee held four (4) meetings without the presence of the Executive Directors, except when their attendance was at the invitation of the Committee. The Chief Financial Officer and Group Internal Audit & Risk department attended all the AC meetings upon invitation by the AC. The representatives of the External Auditors 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
En. Mohammad Nizar Bin Idris	Senior Independent Non-Executive Director	4 out of 4
Tan Sri Rastam Bin Mohd Isa	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 AC. The Committee members' profiles are available in the "Profile of Directors" section set out on pages 9 to 12.

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; and
  (iv) The going concern assumption.

Summary of Activities (cont'd)

2. External Audit

- Reviewed with the external auditors, their terms of engagement, proposed auditors' remuneration and the audit plan for the financial year ended 31 December 2016 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 2016 annual plan to ensure the adequacy of the scope and coverage of work, including the consideration of the risk areas and key processes;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the Internal Audit function, including adequacy of the terms of reference; and
- Reviewed the internal audit reports and updates, presented by the Group Internal Audit & Risk Department.

4. Related Party Transactions

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

5. Others

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

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

Terms of Reference of the AC

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 AC:

(a) Must be a member of the Malaysian Institute of Accountants; or
(b) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  (i) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  (ii) He must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
(c) Fulfills 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 the 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 Constituition of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.
(d) The Chief Financial Officer and the Group Internal Audit & Risk Department 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.

Terms of Reference of the AC (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 2016 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 2016.

2. 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 2016 except for a total sum of RM17,000 (2015: RM8,000).

3. Material contracts involving directors and major shareholders' interest

Save for the recurrent related party transactions disclosed in item 4, 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 2016 or, if not then subsisting, entered into since the end of the previous financial year.

4. 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 2016 are disclosed in Note 23 to the Financial Statements on page 105 of this Annual Report.

At the Thirteenth Annual General Meeting of the Company held on 27 May 2016, the Company had obtained approval from the 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 27 May 2016 until the conclusion of the forthcoming Fourteenth Annual General Meeting of the Company, in which the Company intends to seek for a renewal of the shareholders' mandate for existing recurrent party transactions and the proposed new shareholder's mandate for additional recurrent related party transactions, proposed by the Board of Directors. Details of the mandates to be sought are furnished in the Circular to Shareholders dated 28 April 2017 which was despatched together with this Annual Report.

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 2016. 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.

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. Such process has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report. 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.

Risk Management Framework and Processes

The framework describes policy and procedures of the risk management process and encompasses the following key elements:

1. **Corporate Risk Management Policy**

   The policy explains the objectives of risk management functions and agreed risk appetite and acceptable level of risk by the Board of Directors and management.

2. **Roles of Board of Directors, Management and RMC**

   This section encompasses roles and responsibilities of Board of Directors and the Management towards the risk management functions in the company. RMC members acts as primary champions who are responsible to review consolidated risk register of major subsidiaries within the group and to ensure the significant risks are identified and managed adequately. Head of Company at each subsidiary level plays role in managing the agreed action plan for significant risks with assistance of appointed Risk Coordinators (RC).

Risk Management Framework & Processes (cont'd)

3. Risk Management Process

Company has adopted *ISO 31000:2009 Risk Management* as a guideline in managing risk throughout the organisation. Risk owners are responsible to identify, mitigate, prevent or reduce significant risks that would affect the company in achieving its objectives. Each key business units have nominated RC's who are responsible to guide risk owners to identify, monitor and develop action plans to mitigate the risks. 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 present quarterly reports on the enterprise risk map and analysis of the ERM register, status of progress and propose changes for improvements to RMC and the Board for review.

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.

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 the 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.

Control Environment and Structure (cont'd)

3. Internal Audit

The Group Internal Audit Department (GIAD) 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. 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. Head of GIAD on a quarterly basis present to the Audit Committee of audit results and significant matters raised in the audit reports for the audits undertaken in respective area of operations. Follow-up audits were also carried out to determine the status of implementation of agreed corrective actions based on the previous audit issues reported.

During the year, some areas for improvement in the internal control system were reported by the GIAD to the Audit Committee. However, no weakness in internal control has resulted in material losses, contingencies or uncertainties which would require disclosure in this annual report. Management has been responsive to the issues raised and has taken appropriate measures to address the areas for improvement that have been highlighted. The effectiveness of system of internal control is constantly reviewed and enhanced in response to changes in the operating environment.

The cost of the Group Internal Audit function for 2016 is RM590,000. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 35 to 38.

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 the Management on legal and strategic matters.

5. Limits of Authority

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

6. Policies and Procedures

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

7. Financial and Operational Information

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

Monitoring and Review

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

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

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

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 with ISAE 3000, Assurance Engagements other than Audit or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines to be set out, nor is it factually inaccurate.

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.

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 2016 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 2016 in Malaysia.

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

FINANCIAL STATEMENTS 2016

REPORT OF THE DIRECTORS

The directors of **EVERSENDAI CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

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 information on the name, place of incorporation, principal activities, and percentage of issue share capital held by the Group in each subsidiary is as disclosed in Note 15 to the Financial Statements.

Events After Reporting Period

Events after reporting period are as disclosed in Note 39 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
(Loss)/Profit for the year	(274,089)	3,808
(Loss)/Profit attributable to:		
Equity holders of the Company	(278,883)	3,808
Non-controlling interests	4,794	-
	(274,089)	3,808

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 except for the allowance for doubtful debts, provision for foreseeable losses, impairment on derivative financial assets and investment in securities as disclosed in Note 8 to the Financial Statements.

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 2015:	
Final single-tier dividend of 0.50 sen per share on 773,899,000 ordinary shares, declared on 27 May 2016 and paid on 14 July 2016	3,870

The directors do not recommend any dividend payment in respect of the current financial year.

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 2016, 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 26 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 financial statements of the Group and of the Company were prepared, 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 all known bad debts had been 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 including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off for bad debts or the amount of 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.

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.

Directors

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Nathan A/L Elumalay
Mohammad Nizar Bin Idris
Tan Sri Rastam Bin Mohd Isa
Datuk Ng Seing Liong
Nadarajan Rohan Raj
Narla Srinivasa Rao
Narishnath A/L Nathan
S Sunthara Moorthy A/L S Subramaniam (Resigned on 30 March 2017)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report (not including those directors listed above) are:

Datuk David Rashid Bin Ghazalli
IR. Chandrasegran A/L S P Uthirapathy
Puan Sri. Puspawathy A/P Subramaniam
Mohd Tahir Bin Jamhari (Appointed on 8 June 2016)
Jamaliah Binti Wan Chik (Resigned on 6 December 2016)

Directors' Interests

The shareholdings in the Company and in a related corporation 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 59 of the Companies Act, 2016, are as follows:

Directors' Interests (cont'd)

	Number of ordinary shares of RM0.50^ each			
	Balance as of 1.1.2016	Bought	Sold	Balance as of 31.12.2016
Shares in the Company				
Direct interest				
Nadarajan Rohan Raj	500,000	-	-	500,000
Narla Srinivasa Rao	500,000	-	-	500,000
Datuk Ng Seing Liong	70,000	-	-	70,000
Indirect interest				
Tan Sri Nathan A/L Elumalay *	555,363,360	-	-	555,363,360

	Number of ordinary shares of RM1.00^ each			
	Balance as of 1.1.2016	Bought	Sold	Balance as of 31.12.2016
Shares in the holding company, Vahana Holdings Sdn. Bhd.				
Direct interest				
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.
^ Upon the effective date of the Companies Act, 2016 of 31 January 2017, the ordinary shares do not have any par value.

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 or at the beginning and end of the financial year.

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 as disclosed in Note 10 to the Financial Statements) 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 23 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.

Indemnity and Insurance for Directors and Officers

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

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, Deloitte PLT, have indicated their willingness to continue in office.

Auditors' Remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2016 is as disclosed in Note 8 to the Financial Statements.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the directors,

TAN SRI NATHAN A/L ELUMALAY

NADARAJAN ROHAN RAJ

Petaling Jaya,
10 April 2017

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **EVERSENDAI CORPORATION BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 129.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, 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.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*Our audit performed and responses thereon*
Recoverability of trade receivables The allowance for doubtful debts of the Group continues to be a focus of our audit. The management provide allowances based on certain assumptions which required the use of estimates and judgement. The use of judgement and estimate in determining the allowance may vary due to changes in circumstance from year to year and may impact the value of the trade and other receivable balances. The accounting policies for allowance for doubtful debts on trade and other receivables are set out in Note 3, Note 4 and Note 21 to the Financial Statements.	We obtained the management's computation of the allowance for doubtful debts. The computation includes consideration of receivables ageing, collections history and subsequent collections. We have tested the ageing of the receivable balances by matching selected samples of invoice dates to the respective ageing category of receivables. We also checked the recoverability of outstanding balances through examination of subsequent to year end collections on sample basis. We also performed recomputation on the allowance for doubtful debts provided by the management.
Estimated revenue and future cost on contracts The construction industry is characterised by contract risk with significant judgements that involve the assessment of both current and future financial performance. Contract revenues are recognised based on the stage of completion of individual contracts, calculated on the proportion of total costs at the reporting date compared to the estimated total costs of the contract. The Group updates the estimated costs to complete of individual contracts on a regular basis and significant judgement is exercised in multiple assessments. The assessments include cost of potential claims by contractors and the cost of meeting other contractual obligations to the customers. Any changes in these judgements and the related estimates can result in material adjustments to the stage of completion of individual contracts and thus affecting the revenue recognised. As a result of the regular updates of these contracts, the Group management has recorded foreseeable losses of RM5,509,000 relating to contracts for construction of two liftboats and RM12,391,000 relating to the contracts of a project in India. The foreseeable losses arising from total budgeted costs exceeding total contract revenue is recognised immediately in profit or loss. Consequently, any changes in the judgements and related estimates in arriving at total budgeted costs will result in a change in the foreseeable losses recognised. The accounting policies and relevant disclosures for revenue are set out in Note 3, Note 4, Note 5, Note 20 and Note 33 to the Financial Statements.	We assessed the key controls over the recognition of contract revenue and tested to determine whether these controls were operating effectively throughout the year. We selected a sample of contracts in order to challenge management's key judgements inherent in the forecast costs to complete by reviewing the contract terms and conditions in the contract documentation. We obtained the management-prepared budgets for the contracts and compared to actual construction costs incurred to determine the accuracy of budgeted costs. We selected samples of actual costs incurred and verified to supplier invoices, delivery orders, services reports and other supporting documents and ensured that they are recorded in the correct accounting period. We recomputed the percentage of completion of major projects based on actual costs incurred and compared to management's computation. We further reviewed selected variation orders ("VOs") to ensure the VOs are endorsed by the customer. We have also reviewed changes in estimates to ensure they are being approved by appropriate management personnel. We performed site visits on major construction projects on a rotation basis, discussed with the construction engineers and compared the percentage of completion certified against the physical construction progress.

Key audit matters	*Our audit performed and responses thereon*
Group Consolidation Due to the size of the Group which operates in multiple countries through its local and foreign subsidiaries, the consolidation may not be properly prepared and reviewed by management. Thus, for the purpose of presenting consolidated financial statements of the Group, the assets and liabilities of the foreign subsidiaries are translated to RM using exchange rates prevailing at the end of the reporting period, and income and expenses items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity, namely the foreign currency translation reserve. Due to the significant operations and transactions in these subsidiaries to the Group, such reserve may be materially misstated if the foreign currency translations were not carried out properly. The accounting policies for group consolidation is set out in Note 3 and the critical judgement exercised by management is disclosed in Note 4 to the Financial Statements.	We obtained an understanding of management's controls around the consolidation process and evaluated the design and implementation of these controls. We obtained the consolidation workings, reviewed the consolidation and elimination adjustments and ensured that all adjustments are appropriately recorded. We also obtained the respective subsidiaries' financial information and compared with the consolidation workings to ensure the management has used the most appropriate financial information of all subsidiaries for the consolidation. We assessed the appropriateness of exchange rates used by management in the translation process by comparing the rates against independent registered foreign exchange dealer rates that are available. We evaluated the reasonableness of the foreign translation reserve at end of year by checking management's reconciliation of its movement during the year against the fluctuations in the subsidiaries' financial information and exchange rates during the year.
Recoverability of trade receivables on construction of a tower in Dubai, UAE ("the Tower") The construction of the Tower was on hold since 2012. The recovery of the remaining balance of receivables is highly dependent on the possible recommencement and completion of the construction of which management made certain assumptions. During the year, there is no indication of recommencement and accordingly the Group had fully impaired the amount billed for work previously performed in the trade and retention sum receivables balance amounting to RM64,731,000 (2015: RM12,882,000). The accounting policies and relevant disclosures for impairment of trade receivables are set out in Note 3, Note 4, Note 20 and Note 21 to the Financial Statements.	We have obtained and read management's assessment of the recoverability of the trade receivables pertaining to the Tower. We discussed and made inquiries of management on the underlying events and circumstances on the recommencement and completion of the construction of the Tower. Furthermore, we undertook a site visit to the Tower's construction site to gain an understanding of the current status of the project.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016, we also report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 15 to the Financial Statements.

Other Reporting Responsibilities

The supplementary information set out in Note 40 to the financial statements on page 130 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 and Losses in the Context of Disclosures 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 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

WONG KAR CHOON
Partner - 03153/08/2018 J
Chartered Accountant

10 April 2017
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	5	1,582,428	1,788,804	146,408	31,667
Cost of sales		(1,478,750)	(1,554,579)	-	-
Gross profit		103,678	234,225	146,408	31,667
Other income	6	14,132	35,352	2	5,625
Operating and administrative expenses		(258,622)	(158,604)	(30,328)	(5,698)
Finance costs	7	(24,676)	(33,540)	(10,569)	(12,011)
Impairment loss on financial assets at fair value through profit or loss		(101,720)	-	(101,720)	-
Net loss on financial assets at fair value through profit or loss		-	(9,527)	-	(9,527)
(Loss)/Profit before tax	8	(267,208)	67,906	3,793	10,056
Income tax (expense)/credit	11	(6,881)	(6,357)	15	133
(Loss)/Profit for the year		(274,089)	61,549	3,808	10,189
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		30,780	167,801	-	-
Net fair value gain on available-for-sale financial assets		5	453	-	355
Other comprehensive income for the year, net of income tax		30,785	168,254	-	355
Total comprehensive (loss)/income for the year		(243,304)	229,803	3,808	10,544
(Loss)/Profit attributable to:					
Equity holders of the Company		(278,883)	55,365	3,808	10,189
Non-controlling interests		4,794	6,184	-	-
		(274,089)	61,549	3,808	10,189
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(249,023)	222,331	3,808	10,544
Non-controlling interests		5,719	7,472	-	-
		(243,304)	229,803	3,808	10,544
(Losses)/Earnings per share attributable to equity holders of the Company					
Basic and diluted (cent)	12	(36.0)	7.2		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	13	719,489	649,176	12,967	13,478
Goodwill	14	13,780	12,088	-	-
Investment in subsidiaries	15	-	-	705,108	656,250
Derivative financial assets	16	-	8,278	-	8,278
Investment in securities	17	-	84,622	-	84,622
Deferred tax assets	18	1,766	2,574	-	-
Total Non-current Assets		735,035	756,738	718,075	762,628
Current Assets					
Inventories	19	180,804	168,534	-	-
Amount owing by customers under construction contracts	20	962,487	849,435	-	-
Trade receivables	21	582,243	636,293	-	-
Other receivables, refundable deposits and prepaid expenses	22	132,710	125,509	194	465
Amount owing by subsidiaries	23	-	-	181,690	101,155
Investment in securities	17	23	8,548	-	-
Tax recoverable		1,589	1,419	56	101
Cash and bank balances	24	386,695	134,818	2,440	612
Total Current Assets		2,246,551	1,924,556	184,380	102,333
Total Assets		2,981,586	2,681,294	902,455	864,961
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	25	387,000	387,000	387,000	387,000
Share premium	26	191,515	191,515	191,515	191,515
Treasury shares	26	(91)	(91)	(91)	(91)
Capital reserve	26	307	307	120	120
Foreign currency translation reserve	26	232,320	202,465	-	-
Fair value adjustment reserve	26	30	25	-	-
Retained earnings	27	58,313	341,066	19,078	19,140
Equity attributable to equity holders of the Company		869,394	1,122,287	597,622	597,684
Non-controlling interests		14,214	7,818	-	-
Total Equity		883,608	1,130,105	597,622	597,684
Non-current Liabilities					
Hire-purchase payables - non-current portion	29	11,260	6,422	52	106
Borrowings - non-current portion	30	239,432	299,705	-	253,336
Employees' service benefits	31	65,581	52,138	-	-
Deferred tax liabilities	18	4,274	4,629	-	-
Total Non-current Liabilities		320,547	362,894	52	253,442

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current Liabilities					
Trade payables	32	252,987	238,636	-	239
Other payables and accrued expenses	33	390,083	346,185	440	3,921
Amount owing to customers under construction contracts	20	108,319	63,753	-	-
Amount owing to directors	34	19,605	2,357	5,854	16
Amount owing to subsidiaries	23	-	-	298,427	8,438
Hire-purchase payables - current portion	29	6,843	2,899	54	52
Borrowings - current portion	30	930,919	500,767	-	1,157
Tax liabilities		68,675	33,698	6	12
Total Current Liabilities		1,777,431	1,188,295	304,781	13,835
Total Liabilities		2,097,978	1,551,189	304,833	267,277
Total Equity and Liabilities		2,981,586	2,681,294	902,455	864,961

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

The Group	Issued capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to equity holders of the Company									
	Non-distributable						Distributable			
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 28)	-	-	-	-	-	-	(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
Balance as of 1 January 2016	387,000	191,515	(91)	307	202,465	25	341,066	1,122,287	7,818	1,130,105
Acquisition of a subsidiary (Note 15)	-	-	-	-	-	-	-	-	677	677
Loss for the year	-	-	-	-	-	-	(278,883)	(278,883)	4,794	(274,089)
Other comprehensive income	-	-	-	-	29,855	5	-	29,860	925	30,785
Total comprehensive loss for the year	-	-	-	-	29,855	5	(278,883)	(249,023)	5,719	(243,304)
Dividends (Note 28)	-	-	-	-	-	-	(3,870)	(3,870)	-	(3,870)
Balance as of 31 December 2016	387,000	191,515	(91)	307	232,320	30	58,313	869,394	14,214	883,608

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 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 28)	-	-	-	-	-	(9,674)	(9,674)
Balance as of 31 December 2015	387,000	191,515	(91)	120	-	19,140	597,684
Balance as of 1 January 2016	387,000	191,515	(91)	120	-	19,140	597,684
Profit for the year	-	-	-	-	-	3,808	3,808
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	3,808	3,808
Dividends (Note 28)	-	-	-	-	-	(3,870)	(3,870)
Balance as of 31 December 2016	387,000	191,515	(91)	120	-	19,078	597,622

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
(Loss)/Profit before tax	(267,208)	67,906	3,793	10,056
Adjustments for:				
Impairment loss on financial assets at fair value through profit or loss:				
Derivative financial assets	8,278	-	8,278	-
Investment in securities	93,442	-	93,442	-
Allowance for doubtful debts on amount owing by customers under construction contracts	25,341	-	-	-
Allowance for doubtful debts on trade receivables	48,740	4,638	-	-
Depreciation of property, plant and equipment	42,139	35,239	665	670
Finance costs	24,676	33,540	10,569	12,011
Provision for foreseeable losses	17,900	-	-	-
Unrealised foreign exchange loss/(gain)	15,473	(17,965)	18,581	(5,621)
Provision for employees' service benefits	17,246	12,319	-	-
Interest income	(910)	(930)	(35)	(29)
Gain on disposal of property, plant and equipment	(187)	(283)	-	-
Dividend income from investment in securities	(12)	(1,473)	-	(323)
Loss on reversal of fair value adjustment reserves	-	-	-	305
Net loss on financial assets at fair value through profit or loss:				
Derivative financial assets	-	7,559	-	7,559
Investment in securities	-	1,968	-	1,968
Gain on disposal of investment in securities	-	(4)	-	(4)
Dividend income from Subsidiaries	-	-	(145,809)	(30,750)
Operating Profit/(Loss) Before Working Capital Changes	24,918	142,514	(10,516)	(4,158)
(Increase)/Decrease in:				
Inventories	(12,238)	(19,991)	-	-
Receivables	(154,884)	(515,367)	271	(48)
Increase/(Decrease) in:				
Payables	97,834	156,030	(3,720)	(637)
Net changes in intercompany balances	-	24,889	287,275	(34,582)
Cash (Used In)/Generated From Operations	(44,370)	(211,925)	273,310	(39,425)
Employees' service benefits paid	(3,803)	(4,096)	-	-
Income tax paid	(4,538)	(3,145)	(78)	(73)
Income tax refunded	132	3,173	132	253
Net Cash (Used In)/From Operating Activities	(52,579)	(215,993)	273,364	(39,245)

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Purchase of property, plant and equipment (Note 13)		(71,668)	(166,458)	(154)	(187)
Proceeds from disposal of property, plant and equipment		781	378	-	-
Acquisition of a subsidiary, net of cash received (Note 15)		(3,172)	-	-	-
Net changes in investment securities		(17)	60,655	-	34,726
Proceeds from disposal of quoted shares		-	1,257	-	1,257
Proceeds from disposal of unit trust fund		8,542	25,579	-	25,579
Purchase of investment in securities		(8,820)	-	(8,820)	-
Decrease in deposits with financial institutions		1,450	5,779	-	-
Interest received		910	930	22	29
Dividends received		12	1,473	-	323
Net Cash (Used In)/From Investing Activities		(71,982)	(70,407)	(8,952)	61,727
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Drawdowns of bank borrowings		660,033	435,558	-	-
Repayments of bank borrowings		(313,427)	(176,261)	(254,493)	(1,103)
Dividends paid		(3,870)	(9,674)	(3,870)	(9,674)
Repayments of hire-purchase payables		(3,630)	(1,055)	(52)	(48)
Increase/(Decrease) of amount owing to directors		10,004	849	5,838	(3)
Interests paid		(24,676)	(33,540)	(10,007)	(12,011)
Net Cash From/(Used In) Financing Activities		324,434	215,877	(262,584)	(22,839)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		199,873	(70,523)	1,828	(357)
Foreign exchange differences on translation		38,083	(35,885)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		99,956	206,364	612	969
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	337,912	99,956	2,440	612

The accompanying Notes form an integral part of 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.

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 Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 10 April 2017.

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 2016 as follows:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 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.

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

Standards, Issues Committee ("IC") Interpretation and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, IC Interpretation 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[3]
MFRS 15	Revenue from Contracts with Customers (and the related clarification)[2]
MFRS 16	Leases[4]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle[1 or 2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2018, with early application permitted. In addition, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss for annual periods beginning before 1 January 2018, as stated in paragraph 7.1.2 of MFRS 9
4 Effective for annual periods beginning on or after 1 January 2019

The directors anticipate that the abovementioned Standards, IC Interpretation 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, IC Interpretation 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:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities and for recognition.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement 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, and that have 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. All other debt investments and equity investments are measured at their fair values 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 equity instrument (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 the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge 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. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

Standards, Issues Committee ("IC") Interpretation and Amendments in issue but not yet effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, 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.

The directors are currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's and the Company's annual financial statements cannot be determined now until the process is completed.

MFRS 15 Revenue from Contracts with Customers

In May 2015, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contract 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 to 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. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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 are currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.

MFRS 16 Leases

MFRS 16 as issued by the MASB in April 2016 applies to annual reporting periods beginning on or after 1 January 2019 and specifies how the Group and the Company will recognise, measure, present and disclose leases then. This Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117 Leases.

The directors are currently assessing the impact of adoption of MFRS 16 on the amounts reported and the disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group and the Company complete 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 take 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation and Subsidiaries (cont'd)

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.

<u>Changes in the Group's ownership interest in existing subsidiaries</u>

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.

<u>Subsidiaries</u>

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

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.

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

<u>Rental income</u>
Rental income is accounted for on a straight line basis over the lease term.

<u>Interest income</u>
Interest income is recognised using the effective interest method.

<u>Dividend income</u>
Dividend income is recognised when the Company's right to receive payment is established.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax (cont'd)

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.

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 asset 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative Financial Instruments (cont'd)

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.

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, 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 37.

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, not withstanding that the collapse or defect is caused by sub-surface conditions or that the customer had approved the defective work. In the past, the Group has not been affected by any claims in relation to the Decennial Liability through mitigating measures taken by the management and accordingly, no provision has been made in the financial statements. However, there can be no assurance that the Group's exposure to Decennial Liability will not have any material adverse effect on the Group's results.

Consolidation of subsidiaries

The Group has entered into various legal shareholder agreements with its foreign partners in respect of certain subsidiaries in the United Arab Emirates and Thailand. As a result of these agreements, the Group has consolidated these foreign 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 foreign 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 0.8% (2015: 2.9%) variance in the Group's loss/profit for the year.

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 disclosed in Note 14.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key Sources of Estimation Uncertainty (cont'd)

Impairment of trade receivables and amount owing by customers under construction contracts

The Group makes allowance for impairment of trade receivables and amount owing by customers under construction contracts based on management's assessment of the recoverability of these receivables. Allowances are made where events and changes in circumstances indicate that the carrying amounts may not be recoverable.

In assessing the extent of irrecoverability of these receivables, management has given due consideration to all pertinent information relating to the ability of the customers to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying amount of these receivables.

The carrying amount of the Group's amount owing by customers under construction contracts and trade receivables at the reporting date is disclosed in Note 20 and Note 21 respectively.

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 from 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. For variations orders and claims which are in the process of negotiations, the management recognises the minimum amount which the Group estimate to secure when the negotiations are resolved.

The Group estimate costs to complete on fixed price, modified fixed price contracts and re-measurable contracts. Estimating costs to complete on contracts involves estimates of future costs to be incurred, such as the cost of potential claim by customers and the cost of meeting other contractual obligations. Revenue of the Group is disclosed in Note 5.

5. REVENUE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Construction contract revenue	1,582,428	1,788,804	-	-
Dividend income from subsidiaries	-	-	145,809	30,750
Dividend income from investment in securities	-	-	-	323
Interest income	-	-	35	29
Rental income	-	-	564	565
	1,582,428	1,788,804	146,408	31,667

6. OTHER INCOME

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales of scrap	10,955	6,691	-	-
Sundry income	2,068	-	-	-
Interest income	910	930	-	-
Gain on disposal of property, plant and equipment	187	283	-	-
Dividend income from investment in securities	12	1,473	-	-
Gain on foreign exchange:				
Unrealised	-	17,965	-	5,621
Realised	-	1,967	2	-
Waiver of external management fee	-	4,753	-	-
Gain on disposal of investment in securities	-	4	-	4

7. FINANCE COSTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Borrowings	14,349	21,332	70	142
Hire-purchase payables	396	348	6	9
Amount owing to subsidiaries (Note 23)	-	-	562	-
Profit rate on:				
Islamic medium-term notes	9,931	11,860	9,931	11,860
	24,676	33,540	10,569	12,011

8. (LOSS)/PROFIT BEFORE TAX

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (Note 9)	405,486	283,237	1,762	2,289
Impairment loss on financial assets at FVTPL:				
Investment in securities (Note 17)	93,442	-	93,442	-
Derivative financial assets (Note 16)	8,278	-	8,278	-
Allowance for doubtful debts:				
Trade receivables (Note 21)	48,740	4,638	-	-
Amount owing by customers under construction contracts (Note 20)	25,341	-	-	-

8. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment (Note 13)	42,139	35,239	665	670
Rental of:				
Premises	32,012	30,035	215	-
Others	1,309	1,762	-	-
Provision for foreseeable losses (Note 33)	17,900	-	-	-
Loss on foreign exchange:				
Unrealised	15,473	-	18,581	-
Realised	1,241	-	-	-
Provision for employee's service benefits (Note 31)	13,871	12,319	-	-
Auditors' remuneration:				
Audit fees	919	836	73	73
(Over)/Underprovision in prior year	(11)	331	(17)	-
Non-audit services	17	8	8	8
Non-executive directors' remuneration (Note 10)	254	254	254	254
Net loss on financial assets at FVTPL:				
Derivative financial assets (Note 16)	-	7,559	-	7,559
Investment in securities (Note 17)	-	1,968	-	1,968
Management fees	-	3,368	-	-

9. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive directors remuneration (Note 10)	13,405	12,317	948	1,225
Other employees remuneration:				
Cost of sales	320,664	219,328	-	-
Operating and administrative expenses	71,417	51,592	814	1,064
	392,081	270,920	814	1,064
Total employees benefits expense	405,486	283,237	1,762	2,289

Included in employee benefits expense is defined contribution plans amounting to RM24,397,000 (2015: RM19,472,000) and RM171,000 (2015: RM219,000) for the Group and the Company respectively.

10. DIRECTORS' REMUNERATION

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive directors:				
Salaries	13,171	12,049	861	1,120
Defined contribution plan	234	268	87	105
Executive directors' remuneration (Note 9)	13,405	12,317	948	1,225
Other emoluments	229	302	24	186
Total executive directors' remuneration	13,634	12,619	972	1,411
Non-executive directors:				
Fees	216	216	216	216
Other emoluments	38	38	38	38
Non-executive directors' remuneration (Note 8)	254	254	254	254
Total directors' remuneration	13,888	12,873	1,226	1,665

The directors' total remuneration within the Group and Company during the financial year is classified within the following bands:

	The Group		The Company	
	2016	2015	2016	2015
Executive Directors				
RM1 to RM50,000	-	-	1	-
RM100,001 to RM150,000	-	-	1	1
RM350,001 to RM400,000	-	-	-	2
RM400,001 to RM450,000	-	-	2	1
RM750,001 to RM800,000	1	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	-	-
RM1,250,001 to RM1,300,000	1	-	-	-
RM1,350,001 to RM1,400,000	1	-	-	-
RM1,400,001 to RM1,450,000	1	-	-	-
RM8,250,001 to RM8,300,000	-	1	-	-
RM8,750,001 to RM8,800,000	1	-	-	-
Non-Executive Directors				
RM50,001 to RM100,000	3	3	3	3

11. INCOME TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Estimated tax payable:				
Current year:				
Malaysian income tax	(176)	(2,833)	(72)	(128)
Foreign income tax	(6,765)	(5,577)	-	-
Overprovision in prior years	645	1,459	87	261
	(6,296)	(6,951)	15	133
Deferred tax (Note 18):				
Current year	(367)	3,132	-	-
Underprovision in prior years	(218)	(2,538)	-	-
	(585)	594	-	-
	(6,881)	(6,357)	15	133

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss/(Profit) before tax	267,208	(67,906)	(3,793)	(10,056)
Tax at applicable statutory tax rate of 24% (2015: 25%)	64,130	(16,977)	(910)	(2,514)
Difference in foreign tax rates	(67,930)	11,229	-	-
Tax effects of:				
Expenses not deductible for tax purposes	(44,444)	(6,031)	(33,385)	(6,711)
Income not subject to tax	40,936	4,875	34,223	9,097
Realisation of deferred tax assets not recognised previously	-	1,626	-	-
(Over)/Underprovision in prior years:				
Estimated tax payable	645	1,459	87	261
Deferred tax	(218)	(2,538)	-	-
	(6,881)	(6,357)	15	133

12. (LOSSES)/EARNINGS PER SHARE

(Losses)/Earnings per share is calculated by dividing the (loss)/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:

Basic

	The Group	
	2016	**2015**
(Loss)/Profit for the year attributable to equity holders of the Company (RM'000)	(278,883)	55,365
Weighted average number of ordinary shares in issue ('000 units of RM0.50 each)	773,899	773,899
Basic (losses)/earnings per share (cent)	(36.0)	7.2

Diluted

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

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 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
Balance as of 1 January 2016	145,097	218,240	265,453	48,314	21,611	13,592	201,102	913,409
Acquisition of subsidiary	2,826	3,628	5,714	2,038	-	896	-	15,102
Additions	-	-	23,309	8,164	2,895	1,748	47,964	84,080
Reclassifications	-	-	2,965	-	-	-	(2,965)	-
Disposals	-	-	(489)	(1,639)	-	(18)	-	(2,146)
Exchange differences	715	5,360	10,648	2,209	1,121	3,742	12,219	36,014
Balance as of 31 December 2016	148,638	227,228	307,600	59,086	25,627	19,960	258,320	1,046,459

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 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
Balance as of 1 January 2016	-	64,311	141,364	36,075	14,727	7,756	-	264,233
Acquisition of subsidiary	-	1,465	4,677	1,867	-	886	-	8,895
Charge for the year	-	9,674	21,534	5,643	2,559	2,729	-	42,139
Disposals	-	-	(24)	(1,524)	-	(4)	-	(1,552)
Exchange differences	-	3,502	5,282	1,643	693	2,135	-	13,255
Balance as of 31 December 2016	-	78,952	172,833	43,704	17,979	13,502	-	326,970
Net Book Value								
Balance as of 31 December 2016	148,638	148,276	134,767	15,382	7,648	6,458	258,320	719,489
Balance as of 31 December 2015	145,097	153,929	124,089	12,239	6,884	5,836	201,102	649,176

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 2015	11,582	397	2,867	14	231	15,091
Additions	-	-	101	15	71	187
Disposal	-	-	-	(1)	-	(1)
Balance as of 31 December 2015	11,582	397	2,968	28	302	15,277
Balance as of 1 January 2016	11,582	397	2,968	28	302	15,277
Additions	-	-	83	8	63	154
Balance as of 31 December 2016	11,582	397	3,051	36	365	15,431
Accumulated Depreciation						
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
Balance as of 1 January 2016	-	330	1,458	11	-	1,799
Charge for the year	-	67	592	6	-	665
Balance as of 31 December 2016	-	397	2,050	17	-	2,464
Net Book Value						
Balance as of 31 December 2016	11,582	-	1,001	19	365	12,967
Balance as of 31 December 2015	11,582	67	1,510	17	302	13,478

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Hire-purchase	12,412	1,003	-	-
Cash	71,668	166,458	154	187
	84,080	167,461	154	187

The Group has additions of capital work-in-progress amounting to RM36,354,000 (2015: RM107,112,000) and RM5,057,000 (2015: RM12,369,000) 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 2014 and is renewable for a further period of 25 years. The operating lease commitment is disclosed in Note 35.

Allocation of depreciation expenses

Depreciation has been allocated to profit or loss as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of sales	30,356	27,411	-	-
Operating and administrative expenses	11,783	7,828	665	670
	42,139	35,239	665	670

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 and hire-purchase payables are as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net book value				
Borrowings (Note 30)	463,383	83,167	-	11,582
Hire-purchase payables (Note 29)	13,619	10,207	-	67
	477,002	93,374	-	11,649

Assets acquired under hire purchase arrangements

As of 31 December 2016, the Group and the Company have property, plant and equipment acquired under hire purchase arrangements with carrying value amounting to RM13,619,000 (2015: RM10,207,000) and RMNil (2015: RM67,000) respectively.

14. GOODWILL

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	12,088	12,088
Additions (Note 15)	1,692	-
At end of year	13,780	12,088

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

	The Group	
	2016 RM'000	2015 RM'000
Eversendai Engineering L.L.C. Dubai	4,143	4,143
Eversendai Energia Sdn Bhd	5,777	5,777
Eversendai Oil & Gas (M) Sdn. Bhd.	837	837
Eversendai Constructions (M) Sdn. Bhd.	1,331	1,331
Eversendai S-Con Engineering Co.Ltd	1,692	-
	13,780	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:

	Growth Rate		Discount Rate	
Cash-generating units ("CGUs")	**2016**	**2015**	**2016**	**2015**
Eversendai Engineering L.L.C. Dubai	1%	1%	7%	7%
Eversendai Energia Sdn Bhd	1%	1%	9%	8%
Eversendai Oil & Gas (M) Sdn. Bhd.	1%	1%	9%	8%
Eversendai Constructions (M) Sdn. Bhd.	1%	1%	9%	8%
Eversendai S-Con Engineering Co.Ltd	1%	-	10%	-

Sensitivity to change in assumptions

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.

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost		
At beginning of year	656,250	647,951
Capitalisation of amount owing by subsidiaries	48,858	8,299
At end of year	705,108	656,250

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	
			2016 %	2015 %	2016 %	2015 %
Held by the Company						
Eversendai Energia 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 LLC ("Eversendai Dubai") ^ @	United Arab Emirates	Fabrication and erection of steel structures	49	49	100	100
Eversendai Engineering LLC Abu Dhabi ("Eversendai Abu Dhabi") ^ @	United Arab Emirates	Building, steel structures and general contracting	49	49	100	100
EVS Construction LLC ("EVSC") ^ @	United Arab Emirates	Engineering and contracting services	49	49	100	100

15. INVESTMENT IN SUBSIDIARIES (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	
			2016 %	2015 %	2016 %	2015 %
Held by the Company						
Eversendai Engineering Saudi LLC ("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
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

15. INVESTMENT IN SUBSIDIARIES (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	
			2016 %	2015 %	2016 %	2015 %
Held by Eversendai Singapore (cont'd)						
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 WLL ("Eversendai Qatar") ^ @	State of Qatar	Engineering, blasting, painting, fabrication, design and erection of mechanical and structural steel works	49	49	70	70
Eversendai S-Con Engineering Co Ltd ("ESECL") ^ #	Thailand	Carbon steel and stainless steel fabrication, mechanical construction and installation	49	N/A	70	N/A
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
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

@ Audited by member firms of Deloitte in the respective countries

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

^ 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 the financial year, the Company increased its investment in subsidiaries via capitalisation of amount owing by the respective subsidiaries for working capital purposes, as follows:

	The Company	
	2016 RM'000	**2015 RM'000**
EOSB	-	4,999
ECMSB	-	3,300
EVSC	48,858	-
	48,858	8,299

On 1 December 2015, the Company through its subsidiary, Eversendai Singapore, entered into a sale and purchase agreement to purchase 50,000 ordinary shares of THB100 each and 1,000 preference shares of THB100 each representing 49% equity interest in ESECL for a total consideration of approximately RM3,271,000. The acquisition was completed on 1 April 2016 with the subscription of 70% of the voting rights in ESECL and accordingly, ESECL became a subsidiary company of Eversendai Singapore.

The following summarised the consideration paid on the acquisition of ESECL, the fair value of assets acquired, liabilities assumed at the date of acquisition:

	2016 At cost RM'000	**2016 At fair value RM'000**
Assets		
Property, plant and equipment	6,207	6,207
Inventories	32	32
Trade and other receivables	4,859	4,859
Non-current assets	409	409
Cash and cash equivalents	99	99
	11,606	11,606
Liabilities		
Trade and other payables	7,639	7,639
Non-current liabilities	1,711	1,711
	9,350	9,350

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

	2016 At cost RM'000	2016 At fair value RM'000
Total identifiable net assets fair value	2,256	2,256
Share of assets for non-controlling interest	(677)	(677)
Total identifiable net assets fair value assumed by the Group	1,579	1,579
Goodwill on acquisition (Note 14)	1,692	1,692
Total purchase consideration	3,271	3,271

	2016 Cash flow on acquisition RM'000
Cash paid	(3,271)
Add: Cash and cash equivalents of subsidiary acquired	99
Net cash outflow on acquisition	(3,172)

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 RM'000		Accumulated non-controlling interests RM'000	
		2016	2015	2016	2015	2016	2015
Eversendai Qatar	State of Qatar	30%	30%	6,232	4,387	15,053	7,873
Eversendai O&G	Malaysia	52%	52%	173	1,694	1,054	881
ETPL	Singapore	30%	30%	-	-	926	908
ESECL	Thailand	30%	-	(2,056)	-	(1,412)	-
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	N/A	445	103	(1,407)	(1,844)
				4,794	6,184	14,214	7,818

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.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statements of financial position

	Eversendai Qatar RM'000	Eversendai O&G RM'000	ETPL RM'000	ESECL RM'000	Total RM'000
2016					
Current assets	506,708	37,406	3,101	8,963	556,178
Non-current assets	29,723	272	-	9,178	39,173
Total assets	536,431	37,678	3,101	18,141	595,351
Current liabilities	468,658	31,797	15	22,910	523,380
Non-current liabilities	9,088	31	-	-	9,119
Total liabilities	477,746	31,828	15	22,910	532,499
Net assets	58,685	5,850	3,086	(4,769)	62,852
Equity attributable to equity holders of the Company	43,632	4,796	2,160	(3,357)	47,231
Non-controlling interests	15,053	1,054	926	(1,412)	15,621
	58,685	5,850	3,086	(4,769)	62,852
2015					
Current assets	408,402	21,391	3,026	-	432,819
Non-current assets	31,246	334	-	-	31,580
Total assets	439,648	21,725	3,026	-	464,399
Current liabilities	365,425	16,112	-	-	381,537
Non-current liabilities	37,948	96	-	-	38,044
Total liabilities	403,373	16,208	-	-	419,581
Net assets	36,275	5,517	3,026	-	44,818
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
	36,275	5,517	3,026	-	44,818

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statements of profit or loss and other comprehensive income

	Eversendai Qatar RM'000	Eversendai O&G RM'000	ETPL RM'000	ESECL RM'000	Total RM'000
2016					
Revenue	349,389	44,213	-	9,066	402,668
Profit/(Loss) attributable to:					
- Equity holders of the Company	13,017	160	-	(4,799)	8,378
- Non-controlling interests	6,232	173	-	(2,056)	4,349
Profit/(Loss) for the year	19,249	333	-	(6,855)	12,727
Total comprehensive income/(loss) attributable to:					
- Equity holders of the Company	16,178	160	59	(4,906)	11,491
- Non-controlling interests	7,180	173	18	(2,089)	5,282
Total comprehensive income/(loss) for the year	23,358	333	77	(6,995)	16,773
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

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statements of cash flows

	Eversendai Qatar RM'000	Eversendai O&G RM'000	ETPL RM'000	ESECL RM'000	Total RM'000
2016					
Net cash inflow/(outflow) from operating activities	47,834	(1,953)	-	745	46,626
Net cash (outflow)/inflow from investing activities	(2,441)	15	-	(2,523)	(4,949)
Net cash (outflow)/inflow from financing activities	(40,197)	(202)	-	3,564	(36,835)
Net inflow/(outflow)	5,196	(2,140)	-	1,786	4,842
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)	9,136	(347)	-	-	8,789

16. DERIVATIVE FINANCIAL ASSETS

	The Group and the Company	
	2016 RM'000	2015 RM'000
At FVTPL		
Foreign quoted warrants	-	8,278

In 2015, the closing market value of the warrants was RM8,278,000 and the resulted loss amounting to RM7,559,000 was recognised in profit or loss in the previous year (Note 8). During the financial year, as a result of certain event as disclosed in the Note 17, the Company has recognised full impairment loss of RM8,278,000 to the financial statements (Note 8).

17. INVESTMENT IN SECURITIES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
At fair value				
Available-for-sale financial assets:				
- Unit trust fund	23	8,548	-	-
Non-Current				
At FVTPL				
Investment in quoted shares				
- Foreign equity investment	-	84,622	-	84,622

The movement of foreign equity investment is as follows:

	The Group and the Company	
	2016 RM'000	2015 RM'000
At beginning of year	84,622	87,847
Addition of investment in securities	8,820	-
Disposal of investment in securities	-	(1,257)
Impairment loss on financial assets at FVTPL (Note 8)	(93,442)	-
Net loss on financial assets at FVTPL (Note 8)	-	(1,968)
At end of year	-	84,622

On 4 April 2016, the Company had acquired an additional 23,438,100 ordinary shares in Technics Oil & Gas Limited ("TOGL"), representing 10.25% of TOGL's total shareholdings, with a total consideration of approximately RM8,820,000. Accordingly, the acquisition increased the Company's shareholdings in TOGL from 19.62% to 29.87%. On 22 June 2016, the Board of Directors of TOGL stepped down pursuant to the appointment of judicial managers to manage the affairs, business and property of TOGL. A judicial management involves managing TOGL into a more advantageous realisation than would be effected on a winding up. Consequentially, the Company has fully impaired the derivative financial assets (Note 16) and investment in securities in relation to TOGL.

18. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	2,574	508
Recognised in profit or loss (Note 11):		
Property, plant and equipment	(194)	146
Other payables and accrued expenses	66	108
Others	588	620
Unabsorbed capital allowances	(123)	123
Unused tax losses	(1,277)	1,227
	(940)	2,224
Exchange differences	132	(158)
At end of year	1,766	2,574

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

	The Group	
	2016 RM'000	2015 RM'000
Deferred tax assets (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	624	510
Other payables and accrued expenses	220	140
Others	1,233	620
Unabsorbed capital allowances	-	123
Unused tax losses	-	1,227
	2,077	2,620
Offsetting	(311)	(46)
Deferred tax assets (after offsetting)	1,766	2,574
Deferred tax liabilities (before offsetting):		
Temporary differences arising from property, plant and equipment	(311)	(46)
Offsetting	311	46
Deferred tax liabilities (after offsetting)	-	-

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

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

Deferred tax liabilities

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	(4,629)	(2,999)
Recognised in profit or loss (Note 11):		
Property, plant and equipment	500	(1,572)
Other payables and accrued expenses	(145)	(58)
	355	(1,630)
At end of year	(4,274)	(4,629)

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

	The Group	
	2016 RM'000	2015 RM'000
Deferred tax liabilities:		
Temporary differences arising from:		
Property, plant and equipment	(4,071)	(4,571)
Other payables and accrued expenses	(203)	(58)
	(4,274)	(4,629)

19. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
At cost:		
Materials at fabrication yard and on site	180,804	168,534

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, RM313,918,000 (2015: RM323,508,000) of inventories was recognised as an expense in cost of sales of the Group.

Certain inventories amounting to RM24,169,000 (2015: RM37,638,000) are pledged against borrowings as disclosed in Note 30.

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

	The Group	
	2016 RM'000	**2015 RM'000**
Aggregate costs incurred to date	8,589,886	6,637,566
Attributable profits less recognised losses	855,406	815,745
	9,445,292	7,453,311
Less: Allowance for doubtful debts (Note 8 and Note 21)	(25,341)	-
Less: Progress billings on contracts	(8,563,658)	(6,667,629)
Exchange difference	(2,125)	-
	854,168	785,682
Presented as:		
Amount owing by customers under construction contracts	962,487	849,435
Amount owing to customers under construction contracts	(108,319)	(63,753)
	854,168	785,682

Retention sums on construction contracts are included in trade receivables as disclosed in Note 21.

Included in amount owing by customers under construction contracts as of 31 December 2016 is an amount of approximately RM27,466,000 (2015: RM26,341,000) relating to contract works carried out for a customer who is involved in the construction of a tower at Dubai, UAE ("the Tower"). The construction of the Tower is currently on hold since 2012. The amount has been fully impaired during the year.

Included in amount owing by customers under construction contracts as of 31 December 2016 is an amount of approximately RM420,451,000 (2015: RM374,270,000) relating to contract works carried out on two liftboats at Ras Al Khaimah, UAE for a related company, Vahana Offshore (S) Pte. Ltd. In this regard, the Group have entered into two banking facilities amounting to approximately RM122,000,000 ("Murabaha Facility") and RM283,000,000 ("Ijarah Facility") for the purpose of financing the construction of one of the liftboat and to settle off Murabaha Facility upon construction completion of the said liftboat, respectively. The Ijarah facility allows the Group to shift the ownership of Ijarah Facility to Vahana Offshore (S) Pte. Ltd. subject to the mutual agreement between both parties and fulfillment of certain terms and conditions. As of the end of financial year, Murabaha Facility had been drawn down as disclosed in Note 30(c).

21. TRADE RECEIVABLES

	The Group	
	2016 RM'000	**2015 RM'000**
Trade receivables	323,133	370,581
Retention sum receivables	335,346	293,118
	658,479	663,699
Less: Allowance for impairment losses	(76,236)	(27,406)
	582,243	636,293

21. TRADE RECEIVABLES (CONT'D)

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 (2015: 30 to 90 days). Trade receivables are non-interest bearing.

Included in trade receivables and retention sum receivables is a specific receivable amount which is from a customer involved in the construction of the Tower that was on hold since 2012.

	The Group	
	2016 RM'000	**2015 RM'000**
Contract receivable	29,788	28,568
Retention receivable	7,477	7,171
Contract work-in-progress (Note 20)	27,466	26,341
	64,731	62,080
Less allowance for doubtful debts on:		
Amount owing by customers under construction contracts (Note 20)	(25,341)	-
Trade receivables	(32,469)	(10,481)
Exchange difference	(6,921)	(2,401)
	-	49,198

In 2015, 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. During the financial year, there is no indication of recommencement and accordingly the Group has decided to fully impaired the amount owing by the said customer amounting to RM64,731,000 (2015: RM12,882,000).

<u>Ageing of trade receivables not impaired:</u>

	The Group	
	2016 RM'000	**2015 RM'000**
Not past due	225,019	481,362
Past due 1 - 30 days	47,371	22,319
Past due 31 - 60 days	70,151	67,590
Past due more than 60 days	239,702	65,022
Net	582,243	636,293

21. 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 re-negotiated 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 recovered.

Movement in the allowance for doubtful debts:

	The Group	
	2016 RM'000	**2015 RM'000**
At beginning of year	27,406	20,561
Charge for the year (Note 8)	48,740	4,638
Write back of allowance	(4,072)	-
Written-off	(229)	-
Exchange difference	4,391	2,207
At end of year	76,236	27,406

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.

22. OTHER RECEIVABLES, REFUNDABLE DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Other receivables	28,253	41,067	29	5
Downpayments to suppliers	59,257	46,853	-	-
Refundable deposits	24,050	25,867	38	38
Prepaid expenses	10,077	9,461	120	399
GST receivables	11,073	2,261	7	23
	132,710	125,509	194	465

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 upon issuance.

Included in refundable deposits are security deposits amounting to RM11,370,000 (2015: RM11,775,000) 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 RM6,699,000 (2015: RM6,374,000) relating to the working permit which are refundable in the respective countries.

23. 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.

Amounts owing by/(to) subsidiaries and other related companies, which arose mainly from trade transactions and payments on behalf, are unsecured, interest-free and repayable on demand, except for net advances amounting to approximately RM12,113,000 (2015: RMNil) from subsidiaries which bear interest of 4.75% (2015: Nil) per annum and are 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:

	2016 RM'000	2015 RM'000
The Group		
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	1,225	1,095
Transactions with other related companies		
Provision of services for engineering and fabrication by a subsidiary to Vahana Offshore (S) Pte. Ltd., a subsidiary of the holding company	99,640	338,587
Provision of consultancy services by a subsidiary from Hi-tech and Contracting Company Limited, a shareholder of Eversendai Saudi	2,966	1,993
Purchase of goods and services by a subsidiary from Qatari Investors Industrial Group, a shareholder of Eversendai Qatar	2,249	1,982
Transactions with a shareholder of a foreign subsidiary to the Group		
Lease of labour quarters	-	1,965
The Company		
Transactions with subsidiaries		
Rental charged to a subsidiary	564	564
Interest charged to subsidiaries	13	-
Loan processing fees charged by subsidiary	(6,881)	-
Interest charged by subsidiaries (Note 7)	(562)	-

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.

24. CASH AND BANK BALANCES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with financial institutions	40,212	32,584	30	30
Cash and bank balances	346,483	102,234	2,410	582
	386,695	134,818	2,440	612

The weighted average effective interest rate as at the end of the reporting period for the Group was 2.50% (2015: 1.57%) per annum.

Deposits with financial institutions of the Group amounting to RM29,109,000 (2015: RM30,559,000) are pledged as securities for borrowing facilities granted to the subsidiaries as disclosed in Note 30. The maturity period of the Group's deposits with financial institutions at the reporting date range from 30 to 365 days (2015: 30 to 365 days) with those above 90 days being excluded from cash and 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	386,695	134,818	2,440	612
Less: Bank overdrafts (Note 30)	(19,674)	(4,303)	-	-
	367,021	130,515	2,440	612
Less: Deposits with financial institutions (> 90 days)	(29,109)	(30,559)	-	-
Cash and cash equivalents	337,912	99,956	2,440	612

25. ISSUED CAPITAL

	The Group and The Company			
	No. of shares			
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised				
Ordinary shares of RM0.50 each:				
At beginning and end of year	1,000,000	1,000,000	500,000	500,000
Issued and fully paid				
Ordinary shares of RM0.50 each:				
At beginning and end of year	774,000	774,000	387,000	387,000

26. 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			
	No. of shares			
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
At Cost:				
At beginning and end of year	101	101	91	91

Capital reserve

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 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
	307	307	120	120

(i) Legal reserve

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

(ii) Preference shares redemption reserve

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

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.

27. 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.

28. DIVIDENDS

	The Group and the Company	
	2016 RM'000	**2015 RM'000**
Dividends on ordinary shares:		
Final single-tier dividend of 0.50 cent per share on 773,899,000 ordinary shares declared on 27 May 2016 and paid on 14 July 2016	3,870	-
Final single-tier dividend of 1.25 cent per share on 773,899,000 ordinary shares declared on 29 June 2015 and paid on 24 July 2015	-	9,674

29. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Minimum lease payments:				
Not later than one year	7,394	3,699	58	58
Later than one year but less than five years	12,163	6,756	53	112
Total minimum lease payments	19,557	10,455	111	170
Less: Future finance charges	(1,454)	(1,134)	(5)	(12)
Present value of minimum lease payments	18,103	9,321	106	158
Present value of payments:				
Payable not later than one year	6,843	2,899	54	52
Payable later than one year but less than five years	11,260	6,422	52	106
Present value of minimum lease payments	18,103	9,321	106	158

Interest rates for hire-purchase of the Group and the Company, which are fixed at inception, range from 2.40% to 12.50% (2015: 2.29% to 12.50%) per annum and 2.48% (2015: 2.48%) per annum respectively.

The hire-purchase payables are secured by a charge over the property, plant and equipment as disclosed in Note 13.

30. BORROWINGS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Secured (d):				
Repayable not later than one year:				
Bank overdrafts (a) (Note 24)	19,674	4,303	-	-
Bills payable (b)	374,304	424,118	-	-
Term loans (c)	536,941	72,346	-	1,157
	930,919	500,767	-	1,157
Non-current				
Secured (d):				
Repayable later than one year but less than five years:				
Term loans (c)	239,432	49,705	-	3,336
Islamic medium-term notes ("Sukuk") (e)	-	250,000	-	250,000
	239,432	299,705	-	253,336
	1,170,351	800,472	-	254,493

(a) Bank overdrafts of the Group bears interest of 12.50% (2015: 12.50%) per annum.

(b) Bills payable are obtained for purchase of steel materials for short-term financing. The bills payable carry interest in the range of 2.32% to 6.29% (2015: 2.32% to 6.29%) per annum and are repayable up to 90 days (2015: 90 days) from the date of disbursement.

(c) In 2015, the term loans of the Company bore interest at 1.5% per annum above the bank's base rate and was subject to monthly repayment of up to RM113,000 for 43 months. The term loans of the Company has been fully repaid during the year.

The term loans of the subsidiaries bear interest at variable rates ranging from 1.68% to 12.50% (2015: 4.90% to 14.40%) per annum and are repayable in equal monthly instalments over a period of 12 months to 48 months (2015: 12 months to 48 months).

In October 2016, the Group had obtained a term loan amounting to RM537,895,000 for the purpose of settlement of Sukuk (item "e" below) and working capital of the Group. The term loan is subject to certain financial covenants as of the end of each financial year beginning 2016 to 2020. The Group has not met these financial covenants during the financial year. Hence, the scheduled repayment of RM511,000,000 which is more than one year have been re-classified as current liabilities as of 31 December 2016 in accordance with MFRS 101 *Presentation of Financial Statements* paragraph 74. The Group is in the process of requesting for indulgence in compliance with current year financial covenants.

In December 2016, the Group had drawn down the Murabaha Facility which amounts to RM122,000,000 (2015: RMNil) for the purpose of financing the construction of one of the liftboat as disclosed in Note 20.

30. BORROWINGS (CONT'D)

(d) The borrowings are secured by:

(i) Joint and several guarantees by certain directors of the Company;

(ii) Third party legal charges over certain properties belonging to certain directors of the Company;

(iii) Deed of Legal Agreement cum Assignment of all the contract proceeds relating to projects undertaken by certain subsidiaries;

(iv) Pledge on certain inventories as disclosed in Note 19;

(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 24, respectively.

(e) 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 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. The Company has fully repaid the Sukuk during the year using the new term loan obtained as mentioned in (c).

31. EMPLOYEES' SERVICE BENEFITS

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.

31. EMPLOYEES' SERVICE BENEFITS (CONT'D)

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

	The Group	
	2016	**2015**
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	
	2016 RM'000	**2015 RM'000**
At beginning of year	52,138	34,806
Additions during the year (Note 8)	13,871	12,319
Employees' service benefits paid	(3,803)	(4,096)
Exchange differences	3,375	9,109
At end of year	65,581	52,138

32. TRADE PAYABLES

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Trade payables	234,295	222,745	-	239
Retention sum payables	18,692	15,891	-	-
	252,987	238,636	-	239

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2015: 30 to 90) days.

Included in trade payables is an amount of RM2,000,000 (2015: RMNil) relating to payables for litigation settlement as disclosed in Note 38(iii).

33. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables and accrued expenses	147,545	160,455	440	3,921
Advances from customers	236,919	183,951	-	-
GST payable	5,619	1,779	-	-
	390,083	346,185	440	3,921

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

Advances from customers represent advances received from construction contracts.

Included in other payables and accrued expenses as of 31 December 2016 are provisions for foreseeable losses in respect of the construction of two liftboats at Ras Al Khaimah, UAE carried out for Vahana Offshore (S) Pte. Ltd., a related party incorporated in Singapore, and of the construction of a project in India amounting to approximately RM5,509,000 (2015: RMNil) and RM12,391,000 (2015: RMNil) respectively.

34. AMOUNT OWING TO DIRECTORS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company	5,854	42	5,854	16
Directors of the subsidiaries	13,751	2,315	-	-
	19,605	2,357	5,854	16

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

35. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

	2016 RM'000	2015 RM'000
The Group		
Contracted but not provided for:		
Factory building and labour accommodation	38,197	21,424
Plant and machineries	6,413	-
Office building	7,695	-
Computer systems and others	1,734	5,583
	54,039	27,007

35. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating lease commitments in relation to lease of land (Note 13)

	The Group	
	2016 RM'000	2015 RM'000
Within one year	32,656	22,885
After one year but not more than five years	91,415	77,119
More than five years	258,813	235,264
	382,884	335,268

(c) Corporate guarantees

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
Performance guarantee secured by certain deposits with financial institutions	1,047,861	301,187	-	-
Unsecured:				
Utilised portion	-	-	1,170,351	800,472
Unutilised portion	-	-	5,624,895	4,501,691
	1,047,861	301,187	6,795,246	5,302,163

The Company has provided corporate guarantees for credit facilities to the suppliers of subsidiaries as follows:

	The Company	
	2016 RM'000	2015 RM'000
Unsecured	10,300	-

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 2016.

36. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

36.1 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 year.

The Group and the Company monitor capital using a gearing ratio, which is total borrowings divided by total equity. Under the 250IMTN as disclosed in Note 30, the Company has committed to amongst others, a consolidated gearing ratio of 1.35 times throughout the five years tenure of the program. The Company has fully repaid the 250IMTB during the year. The Group and the Company believe that the level of shareholders' funds and total borrowings as at the reporting date is sufficient to support the Group's and the Company's existing and expected level of business operations. The details of capital, which is made up of equity attributable to the equity holders of the Company, and total borrowings are as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bank borrowings	1,170,351	550,472	-	4,493
250IMTN	-	250,000	-	250,000
Hire-purchase payables	18,103	9,321	106	158
Total borrowings	1,188,454	809,793	106	254,651
Equity attributable to the equity holders of the Company	869,394	1,122,287	597,622	597,684
Gearing (Debt/equity) ratio	1.37	0.72	0.00	0.43

36.2 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.

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

36.3 Categories of Financial Instruments

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Loans and receivables:				
- Trade receivables	582,243	636,293	-	-
- Other receivables and refundable deposits (Note 22)	52,303	66,934	67	43
- Amount owing by subsidiaries	-	-	181,690	101,155
Available-for-sale:				
- Investment in securities	23	8,548	-	-
Fair value through profit or loss:				
- Derivative financial assets	-	8,278	-	8,278
- Investment in securities	-	84,622	-	84,622
Cash and bank balances	386,695	134,818	2,440	612
Financial liabilities				
Other financial liabilities:				
- Hire-purchase payables (Note 29)	18,103	9,321	106	158
- Borrowings (Note 30)	1,170,351	800,472	-	254,493
- Trade payables	252,987	238,636	-	239
- Other payables and accrued expenses (Note 33)	147,545	160,455	440	3,921
- Amount owing to subsidiaries	-	-	298,427	8,438
- Amount owing to directors	19,605	2,357	5,854	16

36.4 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.

36.5 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.

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

36.5 Interest Rate Risk Management (cont'd)

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

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

An increase/decrease of 0.10% in the floating interest rates with all other variables held constant would decrease/increase the profits of the Group and the Company by approximately RM1,170,000 (2015: RM55,000) and RMNil (2014: RM4,000) respectively.

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

The Group 2016	**Floating interest rate RM'000**	**Fixed interest rate RM'000**	**Non-interest bearing RM'000**	**Total RM'000**
Financial assets				
Trade receivables	-	-	582,243	582,243
Other receivables and refundable deposits	-	-	52,303	52,303
Investment in securities	-	-	23	23
Cash and bank balances	-	40,212	346,483	386,695
Total financial assets	-	40,212	981,052	1,021,264
Financial liabilities				
Trade payables	-	-	252,987	252,987
Other payables and accrued expenses	-	-	147,545	147,545
Amount owing to directors	-	-	19,605	19,605
Borrowings and hire-purchase payables	1,170,351	18,103	-	1,188,454
Total financial liabilities	1,170,351	18,103	420,137	1,608,591
Net financial (liabilities)/assets	(1,170,351)	22,109	560,915	(587,327)
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	-	-	160,455	160,455
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	401,448	1,211,241
Net financial (liabilities)/assets	(550,472)	(226,737)	505,461	(271,748)

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

36.5 Interest Rate Risk Management (cont'd)

The Company 2016	**Floating interest rate RM'000**	**Fixed interest rate RM'000**	**Non-interest bearing RM'000**	**Total RM'000**
Financial assets				
Amount owing by subsidiaries	-	125	181,565	181,690
Other receivables and refundable deposits	-	-	67	67
Cash and bank balances	-	30	2,410	2,440
Total financial assets	-	155	184,042	184,197
Financial liabilities				
Other payables and accrued expenses	-	-	440	440
Amount owing to directors	-	-	5,854	5,854
Amount owing to subsidiaries	-	12,238	286,189	298,427
Borrowings and hire-purchase payables	-	106	-	106
Total financial liabilities	-	12,344	292,483	304,827
Net financial liabilities	-	(12,189)	(108,441)	(120,630)
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)

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

36.6 Foreign Currency Risk Management (cont'd)

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:

	Carrying amount RM'000	Foreign currency risk +5% RM'000	-5% RM'000
The Group			
2016			
USD Impact			
Financial Assets			
Trade receivables	42,549	2,127	(2,127)
Cash and bank balances	14,186	709	(709)
Financial Liability			
Trade payables	27,427	(1,371)	1,371
Total increase/(decrease)		1,465	(1,465)
The Group			
2015			
USD Impact			
Financial Assets			
Trade receivables	98,478	4,924	(4,924)
Cash and bank balances	1,428	71	(71)
Financial Liability			
Trade payables	20,997	(1,050)	1,050
Total increase/(decrease)		3,945	(3,945)

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.

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

36.7 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

				Contractual cash flows		
	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	On demand and within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2016						
Trade payables	252,987	-	252,987	252,987	-	-
Other payables and accrued expenses	147,545	-	147,545	147,545	-	-
Amount owing to directors	19,605	-	19,605	19,605	-	-
Borrowings and hire-purchase payables - secured	1,188,454	1.68 - 12.50	1,244,649	982,341	262,308	-
	1,608,591		1,664,786	1,402,478	262,308	-
2015						
Trade payables	238,636	-	238,636	238,636	-	-
Other payables and accrued expenses	160,455	-	160,455	160,455	-	-
Amount owing to directors	2,357	-	2,357	2,357	-	-
Borrowings and hire-purchase payables - secured	809,793	2.29 - 14.40	868,510	540,471	328,039	-
	1,211,241		1,269,958	941,919	328,039	-

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

36.7 Liquidity risk management (cont'd)

The Company

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Contractual cash flows: On demand and within 1 year RM'000	Contractual cash flows: 1 - 5 years RM'000	Contractual cash flows: More than 5 years RM'000
2016						
Other payables and accrued expenses	440	-	440	440	-	-
Amount owing to subsidiaries	286,189	-	286,189	286,189	-	-
Amount owing to subsidiaries	12,238	4.75	12,819	12,819	-	-
Amount owing to directors	5,854	-	5,854	5,854	-	-
Secured:						
Hire-purchase payables	106	2.48	108	55	53	-
	304,827		305,410	305,357	53	-
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 and hire-purchase payables	254,651	2.48 - 5.15	267,769	1,275	266,494	-
	267,265		280,383	13,889	266,494	-

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

36.8 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 did not impose requirement for collateral on their trade receivables.

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 67% (2015: 45%) of the Group's trade receivables were owing by 10 (2015: 36) major customers who are reputable and located in UAE.

The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management.

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 monitor the credit risks on a regular basis.

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 ongoing basis.

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

The Group	**Receivables* RM'000**	**Cash and bank balances RM'000**	**Investment in securities and derivative financial assets RM'000**
2016			
By country:			
Qatar	243,265	27,499	-
United Arab Emirates	1,008,294	270,852	-
Malaysia	118,850	52,592	23
India	133,476	25,675	-
Saudi	72,667	9,058	-
Singapore	5,270	178	-
Azerbaijan	7,492	64	-
Thailand	7,719	777	-
	1,597,033	386,695	23

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

36.8 Credit Risk Management (cont'd)

The Group

	Receivables* RM'000	Cash and bank balances RM'000	Investment in securities and derivative financial assets RM'000
2015			
By country:			
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	-
	1,552,662	134,818	101,448

The Company

	Receivables* RM'000	Cash and bank balances RM'000	Investment in securities and derivative financial assets RM'000	Amount owing by subsidiaries RM'000
2016				
By country:				
Qatar	-	-	-	354
United Arab Emirates	-	-	-	22,373
Malaysia	67	2,440	-	112,990
India	-	-	-	585
Saudi	-	-	-	103
Singapore	-	-	-	45,083
Azerbaijan	-	-	-	202
	67	2,440	-	181,690
2015				
By country:				
Qatar	-	-	-	252
United Arab Emirates	-	-	-	50,085
Malaysia	43	612	-	5,425
India	-	-	-	421
Saudi	-	-	-	80
Singapore	-	-	92,900	44,690
Azerbaijan	-	-	-	202
	43	612	92,900	101,155

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

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

36.9 Fair values

Financial instruments measured at fair values

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

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The valuations of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making valuation adjustment, the Group follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

In addition, the Group continuously enhances its design and validation methodologies and processes used to produce valuations. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

Determination of fair value

MFRS 7 Financial Instruments: Disclosures 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.

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 as of 2016 RM'000**	**2015 RM'000**	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
The Group						
Derivative financial asset (Notes 16)	Nil	8,278	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 17)	23	93,170	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

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

36.9 Fair values (cont'd)

Financial assets	Fair value as of 2016 RM'000	Fair value as of 2015 RM'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
The Company						
Derivative financial asset (Notes 16)	Nil	8,278	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 17)	23	84,622	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

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 floating rates which reflects the current market rates, 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:

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

36.9 Fair values (cont'd)

	2016		2015	
	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
Hire-purchase payables	18,103	16,414	9,321	8,551
The Company				
Financial liabilities				
Islamic medium-term notes	-	-	250,000	224,707
Hire-purchase payables	106	103	158	150

37. 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 industry 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) Thailand - ESECL
- (e) 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.

37. SEGMENT INFORMATION (CONT'D)

Segment Revenue and Results (cont'd)

The Group 2016	Structural Steel & Construction: Middle East and CIS RM'000	Structural Steel & Construction: India RM'000	Structural Steel & Construction: Malaysia RM'000	Structural Steel & Construction: Others RM'000	Structural Steel & Construction: Thailand RM'000	Oil & Gas RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
Revenue:									
External	977,151	158,278	225,719	-	9,066	212,214	1,582,428	-	1,582,428
Internal	281,203	98	1,514	146,373	-	-	429,188	(429,188)	-
Total revenue	1,258,354	158,376	227,233	146,373	9,066	212,214	2,011,616	(429,188)	1,582,428
Results:									
Interest income	1,011	419	396	22	-	-	1,848	(938)	910
Dividend income from investment in securities	-	-	12	-	-	-	12	-	12
Gain on disposal of property, plant and equipment	184	3	-	-	-	-	187	-	187
Unrealised foreign exchange (loss)/gain	(553)	(236)	1,025	(15,420)	5	(294)	(15,473)	-	(15,473)
Impairment loss on financial assets at fair value through profit or loss	-	-	-	(101,720)	-	-	(101,720)	-	(101,720)
Depreciation on property, plant and equipment	(20,663)	(6,428)	(7,171)	(665)	(494)	(6,718)	(42,139)	-	(42,139)
Finance costs	(12,761)	(39)	(1,336)	(10,008)	(345)	(1,125)	(25,614)	938	(24,676)
Income tax expense	(3,820)	(2,163)	(1,015)	(604)	-	157	(7,445)	564	(6,881)
Segment (loss)/profit	(2,319)	5,996	1,885	3,952	(6,855)	(133,820)	(131,161)	(142,928)	(274,089)
Assets:									
Property, plant and equipment	196,928	71,617	54,324	124,741	9,178	262,701	719,489	-	719,489
Other assets*	2,352,006	203,426	265,743	1,242,253	8,962	589,862	4,662,252	(2,400,155)	2,262,097
Segment liabilities^	(1,834,965)	(165,689)	(242,878)	(481,950)	(22,910)	(820,727)	(3,569,119)	1,471,141	(2,097,978)

* 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.

37. SEGMENT INFORMATION (CONT'D)

Segment Revenue and Results (cont'd)

The Group

2015	← Structural Steel & Construction			→				
	Middle East and CIS RM'000	India RM'000	Malaysia RM'000	Others RM'000	Oil & Gas RM'000	Total RM'000	Adjustments and elimination RM'000	Group RM'000
Revenue:								
External	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)/gain	(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.

38. 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 has fixed the latest trial dates as follows:

(a) 17 April - 20 April 2017;

(b) 5 June - 8 June 2017; and

(c) 13 June - 15 June 2017.

(ii) Berger International Sdn Bhd against Eversendai Energia

On 18 December 2015, Eversendai Energia received a signed and sealed Writ of Summons and statements 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.

On the 18 August 2016, Eversendai Energia and the plaintiff has entered into a Settlement Agreement. Following the Settlement Agreement, Eversendai Energia is to pay the plaintiff a settlement sum of RM100,000 as full and final settlement of the plaintiff's claim. Eversendai Energia has accordingly made full payment of the settlement sum to the plaintiff and the plaintiff's solicitors have filed a Notice of Discontinuance of the matter in Court.

(iii) Poratha Corporation Sdn Bhd against Eversendai Energia

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 the supply and delivery of paint materials for flue gas desulfurisation (FSD) ducting, miscellaneous piping works and firefighting piping, 5% interest per annum on the judgement amount (calculated from the judgement date until the date of full settlement) and other incidental costs.

Subsequent to year end, both parties have reached a settlement whereby Eversendai Energia is to pay the Plaintiff a sum of RM2,000,000 over three instalments as full and final settlement. The Plaintiff has duly filed the Notice of Discontinuance in Court without liberty to file afresh and no order as to costs. The sum of RM2,000,000 had been provided for in the trade payables balances (Note 32).

39. EVENTS AFTER REPORTING PERIOD

(i) Incorporation of Eversendai Steel-S Limited ("ESSL").

On 10 February 2017, the Company incorporated ESSL in England and Wales as a private limited company, through its wholly-owned subsidiary, Eversendai Construction (S) Pte Ltd, a company incorporated in Singapore. The authorised and issued paid up share capital of ESSL is RM5,600,000 and RM5,600 respectively. The principal activities of ESSL is involvement in the provision of businesses relating to building development, construction of commercial, domestic and other civil engineering projects.

(ii) Incorporation of Eversendai Steel-A Pty Ltd ("ESAPL")

On 10 March 2017, the Company incorporated ESAPL in Australia as a proprietary limited company, through its wholly-owned subsidiary, Eversendai Construction (S) Pte Ltd, a company incorporated in Singapore. The issued paid up share capital of ESAPL is RM336. The principal activities of ESAPL is involvement in the provision of businesses relating to engineering, fabrication, design and erection of structural steel works and construction of commercial, domestic and other civil engineering projects.

(iii) The Companies Act, 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

40. 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 2016 into realised and unrealised profits, pursuant to the directive is as follows:

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings of the Company and its subsidiaries				
Realised profits	434,368	682,174	37,659	23,046
Unrealised (losses)/profits	(17,981)	6,382	(18,581)	(3,906)
	416,387	688,556	19,078	19,140
Less: Consolidation adjustments	(358,074)	(347,490)	-	-
Total retained earnings as per statements of financial position	58,313	341,066	19,078	19,140

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 **EVERSENDAI CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 56 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2016 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 40 on page 130, 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 in accordance with
a resolution of the Directors,

TAN SRI NATHAN A/L ELUMALAY

NADARAJAN ROHAN RAJ

Petaling Jaya,
10 April 2017

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 10th day of April 2017.

Before me,

COMMISSIONER FOR OATHS

LIST OF GROUP PROPERTIES AS AT 31 DECEMBER 2016

	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 / -	< 7 years	2007	^29,226
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	< 17 years	1999	1,799

	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 / worker accommodation	29,572 / 36,400	Leasehold 30 years expiring 13 July 2038	< 11 years	2006	20,886
7	Plot no. 264-573, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	1 block of 3-storey concrete building with 263 rooms / worker accommodation	93,570 / 39,811	Leasehold 99 years expiring 4 August 2109	< 10 years	2007	10,766
8	Plot no. 264-488, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot for worker accommodation	60,000	Leasehold 99 years expiring 29 January 2107	< 10 years	2007	2,321
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	< 10 years	2007	20,738
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 / -	< 42 years	2010	682

	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)							
11	No.199/4, 8, 472/1A, 1B, 2,3,4,5,6&7A Siruganur Village, Manachanallur Talu, Trichy District, Tamil Nadu & No.266/3A, 3B, 3C&3D, 267/2A,2B, 2C, 3 &4, 268/1, 2,269/6.7A, 7B, 8,9&10, Reddimangudi Village, Lalgudi Taluk, Trichy District, Tamil Nadu	Land/ Work shop (U-shaped industrial sheds) with office buildings, paint shop, canteen buildings, open yard storage / steel fabrication, painting, storage of temporary support steel structure and scaffolding, lifting tools and tackles, and industrial	676,166 & 1,004,427	Freehold / -	< 3 years	2011	11,371 & 17,415
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	< 11 years	2013	19,920
Eversendai Engineering FZE, Sharjah							
13	Plot no. 1F-18, 2D-03, 04, 14, 15 and 18, 2E-01, 02, 04, 05, 06, 07, 09 and 10, 2J-07A, 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/ 2,379,651	Leasehold 5 to 15 years expiring between 4 July 2017 and 4 July 2030	< 12 years	2005	39,920

	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 S-Con Engineering Co Ltd, Thailand							
14	Title deed no. 5697, Land no. 9, Survey Page no. 3080 at Khu Mi Sub-District, Sanam Chai Khet District, Chachoengsao	Fabrication factory, open yard painting, storage, office building and canteen	439,813 / 843,632	Freehold / -	< 12 years	2005	5,500

Note:

^ *Comprised of 3 pieces of freehold industrial land with total net book value of RM6,971,976 owns by the Company, and a 2-strorey office building and a 1-storey factory building with total net book value of RM22,253,664 owns by Eversendai Energia Sdn Bhd.*

ANALYSIS OF SHAREHOLDINGS SUMMARY

AS AT 31 MARCH 2017

Total number of Issued Shares	774,000,000*Ordinary Shares
Class of Shares	Ordinary Shares
Voting Rights	1 Vote per Ordinary Share

* Includes 101,000 ordinary shares held in treasury

Distribution of Shareholdings as per the Record of Depositors

Number of Size of Shareholdings	Number of shareholders	%	Number of shares held	%
Less than 100	23	0.51	450	0.00
100 to 1,000	528	11.79	420,700	0.05
1,001 to 10,000	2,394	53.44	14,056,250	1.82
10,001 to 100,000	1,352	30.19	44,062,540	5.69
100,001 to less than 5% of the issued shares	179	4.00	119,710,100	15.47
5% and above of issued shares	3	0.07	595,648,960	76.97
Total*	**4,479**	**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.		555,363,360	71.76
	Shares held in the name of :			
	Own account	485,363,360		
	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd.	70,000,000		
2	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 Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
Tan Sri Nathan A/L Elumalay*	-	0.00	555,363,360	71.76
Nadarajan Rohan Raj	500,000	0.06	-	0.00
Narla Srinivasa Rao	500,000	0.06	-	0.00
Datuk Ng Seing Liong	70,000	0.01	-	0.00

(Excluding 101,000 ordinary shares held in treasury)

* Indirect interest pursuant to Section 8(4) of the Companies Act, 2016

Tan Sri A K Nathan 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.

Thirty Largest Securities Account Holders as per the Record of Depositors

(without aggregate the securities from different securities accounts to the same Depositors)

	Name	No. of Shares Held	%
1	Vahana Holdings Sdn. Bhd.	485,363,360	62.72
2	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Deutsche Bank AG Singapore for Vahana Holdings Sdn Bhd (Maybank Sg)	70,000,000	9.05
3	Lembaga Tabung Haji	40,285,600	5.21
4	CIMB Group Nominees (Tempatan) Sdn. Bhd. Yayasan Hasanah (AUR-VCAM)	11,358,500	1.47
5	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Sung Pang	8,092,000	1.05
6	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Koon Yew Yin	6,684,200	0.86
7	Roaring Achievement Sdn. Bhd.	5,636,300	0.73
8	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	4,632,200	0.60
9	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	4,349,000	0.56
10	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	4,300,000	0.56
11	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	4,294,800	0.55
12	Cartaban Nominees (Asing) Sdn. Bhd. Daiwa Capital Mkts Sg For Hanwa Co Ltd	3,900,000	0.50
13	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling	3,000,000	0.39
14	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Parmjit Singh A/L Meva Singh	2,290,000	0.30
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Ngia Ngia @ Mak Yoke Lum	2,154,500	0.28
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng	2,145,600	0.28
17	Low Chu Mooi	1,940,000	0.25
18	Public Invest Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	1,594,500	0.21
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	1,457,500	0.19
20	Ang Kheng Thong	1,223,400	0.16
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng	1,109,400	0.14
22	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Sung Pang	1,048,800	0.14
23	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Chee Young	1,045,000	0.14
24	Maybank Nominees (Tempatan) Sdn Bhd Muhammad Iqbal Bin Idham	1,001,700	0.13
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Allan Gan Chin Yong	1,000,000	0.13
26	HSBC Nominees (Asing) Sdn Bhd Exempt An For Bank Julius Baer & Co. Ltd. (Singapore Bch)	1,000,000	0.13
27	Liew Sze Fook	1,000,000	0.13
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Huat Eng	1,000,000	0.13
29	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sia Boon Huat	1,000,000	0.13
30	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Koon Yew Yin	906,000	0.12
		674,812,360	**87.20**

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Eversendai Corporation Berhad (the "Company") will be held at **Safir I, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 25 May 2017 at 3.00 p.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 2016 and the Reports of the Directors and Auditors thereon.	**Note 7**
2	To approve payment of Directors' fees.	**Resolution 1** **Note 8**
3	To re-elect the following Director who retires by rotation in accordance with Article 128 of the Company's Constitution and being eligible, offer himself for re-election:	
	Tan Sri A K Nathan Elumalay	**Resolution 2**
4	To re-appoint Encik Mohammad Nizar Bin Idris as Director of the Company.	**Resolution 3** **Note 10**
5	To re-appoint Deloitte as the Company's Auditors and to authorize the Directors to fix their remuneration.	**Resolution 4** **Note 11**

AS SPECIAL BUSINESS

6 **Authority to Issue and Allot Shares Pursuant to Section 75 of the Companies Act 2016** — **Resolution 5** **Note 12**

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

"THAT, subject always to the Constitution of the Company and the approvals of the relevant Regulatory Authorities, pursuant to Section 75 of the Companies Act 2016, the Directors of the Company be and are hereby empowered to issue and allot 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 and allotted 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 and allotted on the Bursa Malaysia Securities Berhad."

AS SPECIAL BUSINESS (CONT'D)

7 **Proposed Renewal of Shareholders' Mandate For Existing Recurrent Related Party Transactions And The Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 6** **Note 13**

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

"THAT subject to the provisions of Bursa Malaysia Securities Berhad 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 Part A, Section 2.4 of the Circular to Shareholders dated 28 April 2017 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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 authorized by this resolution."

8 **Proposed Renewal of Authority on Share Buy-Back**

Resolution 7

To consider and, if thought fit, to pass the following Ordinary Resolution: **Note 14**

"THAT subject to the Companies Act 2016, the Company's Constitution, 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 authorized to purchase such amount of ordinary shares 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 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;

AS SPECIAL BUSINESS (CONT'D)

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

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the Company's share, 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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 authorized 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, 2016, 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, finalize 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."

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

BY ORDER OF THE BOARD

CHEOK KIM CHEE
Company Secretary

Rawang,

28 April 2017

Notes:

1 Voting at the forthcoming Fourteenth Annual General Meeting of the Company will be conducted by poll. Poll Administrator and Independent Scrutineer will be appointed respectively to conduct polling-voting process and to verify the results of the poll.

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 authorized. Any alteration to the instrument appointing proxy must be initialed.

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.

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 **Agenda 1**

Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 340(1)(a) of the Companeis Act 2016 for discussion only. They do not require a formal approval and/or adoption by the shareholders of the Company and hence, will not be put forward for voting.

8 **Proposed Ordinary Resolution 1**

Proposed ordinary resolution 1 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. Section 230(1) of the Companies Act 2016 provides that the fees of the directors payable to the directors of a public company; or of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of proposed Directors' Fees for Non-Executive Directors is RM254,000.00.

9. Tan Sri Rastam Bin Mohd Isa, who is subject to retire pursuant to Article 128 of the Company's Constitution, had indicated that he does not wish to seek for re-election at the forthcoming Fourteenth Annual General Meeting of the Company.

10 **Proposed Ordinary Resolution 3**

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for the directors.

At the Thirteenth Annual General Meeting held on 27 May 2016 Encik Mohammad Nizar Bin Idris who is above the age of 70 was re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until conclusion of the Fourteenth Annual General Meeting. His term of office as Director of the Company will end at the conclusion of the Fourteenth Annual General Meeting and he has offered himself for re-appointment.

The proposed ordinary resoluiton, if passed, will enable Encik Mohammad Nizar Bin Idris to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date.

10 **Proposed Ordinary Resolution 3 (cont'd)**

The Nominating Committee of the Company has assessed the performance and contribution of Encik Mohammad Nizar Bin Idris and recommended for his re-appointment. The Board has endorsed the Nominating Committee's recommendation that he be re-appointed as Director of the Company.

11 **Proposed Ordinary Resolution 4**

The Audit Committee undertook an annual assessment of the suitability and independence of Deloitte the Independent Auditors. In the assessment, the Audit Committee considered several factors including the following:

(a) their performance;
(b) experience and competency of professional staff assigned to the audit;
(c) adequacy of resources;
(d) independence; and
(e) level of non-audit services rendered to the Group.

The Audit Committee is satisfied with the suitability of Deloitte in term of quality of audit, performance, competency and sufficiency of resources and recommend to the Board to seek the approval of the shareholders at the forhtcoming Fourteenth Annual General Meeting. The Board approved the Audit Committee's recommendation.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

12 **Ordinary Resolution 5 - Authority to Issue and Allot Shares Pursuant to Section 75 of the Companies Act 2016**

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 Thirteenth Annual General Meeting held on 27 May 2016. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 5 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Section 75 of the Companies Act 2016. The proposed Ordinary Resolution 5, if passed, will empower the Directors to issue and allot shares 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 and allot new shares. If there should be a decision to issue and allot new shares after the general mandate is approved by the shareholders at the forthcoming Fourteenth 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.

13 **Ordinary Resolution 6 - Proposed Renewal Of Shareholders' Mandate For Existing Recurrent Related Party Transactions And The Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

Please refer to the Circular to Shareholders dated 28 April 2017.

14 **Ordinary Resolution 7 - Proposed Renewal Of Authority On Share Buy-Back**

Please refer to the Circular to Shareholders dated 28 April 2017.

Members Entitled to Attend Fourteenth Annual General Meeting

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 18 May, 2017. 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.

Annual Report 2016

The Company issues to shareholders its Annual Repot 2016 in CD-ROM. A full version of the Annual Report in print form shall be provided to shareholders within four (4) market days from the date of receipt of the written request. Shareholders who wish to receive the full version of the Annual Report 2016 in printed form, kindly send the duly completed form to 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.

Registration

Registration of members/proxies attending the meeting will start from 2.00 p.m. and shall remain open until 3.00 p.m. on the day of the Meeting. At the close thereof, no person will be allowed to register for the Meeting nor enter the Meeting venue. Members/proxies are required to produce identification documents for registration.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Fourteenth Annual General Meeting and/or any adjournment thereof, a member of the Company:

1 consent to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

2 warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) the member has obtained the prior consent of such proxy(ies) and/or prepresentative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

3 Agrees that the member will indemnify the Company and its officers in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

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 Fourteenth Annual General Meeting of the Company.

(Statement relating to general mandate for issue of shares in accordance to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of the general mandate to issue shares in the Company pursuant to Section 75 of the Companies Act 2016 are set out in the Explanatory Note 12 of the Notice of Fourteenth Annual General Meeting.

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EVERSENDAI CORPORATION BERHAD

(614060-A)

FORM OF PROXY

CDS Account No.

*I/We ____ *NRIC/Passport/Company No.______________________________
(FULL NAME IN BLOCK LETTER)

of ____
(FULL ADDRESS)

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

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

of ____
(FULL ADDRESS)

and/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 Fourteenth Annual General Meeting of the Company, to be held on Thursday, 25 May 2017 at 3.00 p.m. and at any adjournment thereof.

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

No.		Resolution	For	Against
1	To approve Directors' fees	1		
2	To re-elect Tan Sri A K Nathan Elumalay	2		
3	To re-elect Encik Mohammad Nizar Bin Idris	3		
4	To re-appoint Deloitte as the Company's auditors	4		
5	Authority to Directors to Issue and Allot Shares pursuant to Section 75 of the Companies Act, 2016	5		
6	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions And The Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions Of A Renenue Or Trading Nature	6		
7	Proposed Renewal Of Authority On Share Buy-Back	7		

** Strike out whichever not applicable*

Signed this _________ day of _________________________, 2017.

____
Signature of Member(s)/Common Seal

No. of Shares Held

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.

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5 Voting at the forthcoming Fourteenth Annual General Meeting of the Company will be conducted by poll. Poll Administrator and Independent Scrutineer will be appointed respectively to conduct polling-voting process and to verify the results of the poll.

6 Only members whose names appear on the Record of Depositors on 18 May 2017 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the Meeting or appoint proxy to attend and/or vote on his behalf.

7 Registration of members/proxies attending the meeting will start from 2.00 p.m. and shall remain open until 3.00 p.m. on the day of the Meeting. At the close thereof, no person will be allowed to register for the Meeting nor enter the Meeting venue. Members/proxies are required to produce identification documents for registration.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Fourteenth Annual General Meeting dated 28 April 2017.

Fold this for sealing

Affix
Stamp

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

2nd fold here

1st fold here

EVERSENDAI

Malaysia | Singapore | India | Dubai | Abu Dhabi | Sharjah
Ras Al Khaimah | Qatar | Saudi Arabia | Azerbaijan | Thailand

www.eversendai.com

Multimedia versions of our annual report:

- You can view or download our annual report via this link:
  http://ir.chartnexus.com/eversendai/docs/ar/ar2016.pdf

- You can also scan the QR Code with your smartphone or tablet to download this annual report onto your device.