



EVERSEND AI CORPORATION BERHAD
(Company No: 614060-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2012
SECOND QUARTER ENDED
30 JUNE 2012

DATED 30 AUGUST 2012

**SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	Individual Quarter ended		Cumulative Period ended	
	30 June 2012 RM'000 (Unaudited)	30 June 2011 RM'000 (Unaudited)	30 June 2012 RM'000 (Unaudited)	30 June 2011 RM'000 (Unaudited)
1 Revenue	257,699	258,145	506,660	465,995
2 Profit before tax	33,866	42,482	66,119	68,810
3 Profit for the period	32,303	40,843	62,065	66,320
4 Profit attributable to ordinary equity holders of the parent	30,492	34,034	57,741	56,593
5 Basic earnings per share (sen)	3.94	4.40	7.46	7.31
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at 30 June 2012 (Unaudited)		As at 31 December 2011 (Audited)	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	0.99		0.92	

CURRENCY: - MALAYSIAN RINGGIT (RM)Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

	Individual Quarter ended		Cumulative Period ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Revenue	257,699	258,145	506,660	465,995
Cost of Sales	(212,937)	(197,488)	(417,009)	(363,725)
Gross profit	44,762	60,657	89,651	102,270
Interest income	864	138	1,798	312
Other income	14,411	4,229	21,988	7,111
Operating and administrative expenses	(19,575)	(17,096)	(37,302)	(30,056)
Finance costs	(6,596)	(5,446)	(11,016)	(10,827)
Profit before taxation	33,866	42,482	65,119	68,810
Income tax expense	(1,563)	(1,639)	(3,054)	(2,490)
Profit for the period	32,303	40,843	62,065	66,320
Other comprehensive income				
Fair value adjustment of investment securities	(257)	-	564	-
Foreign currency translation	16,705	1,563	3,520	(2,570)
Total comprehensive income	48,751	42,406	66,149	63,750
Profit attributable to :				
Equity holders of the Company	30,492	34,034	57,741	56,593
Non-controlling interests	1,811	6,809	4,324	9,727
	32,303	40,843	62,065	66,320
Total comprehensive income attributable to :				
Equity holders of the Company	46,467	35,523	61,890	54,135
Non-controlling interests	2,284	6,883	4,259	9,615
	48,751	42,406	66,149	63,750
Basic/diluted earnings per share attributable to equity holders of the company (sen)*	3.94	4.40	7.46	7.31

* Basic earnings per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue post listing of 774,000,000.

These unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	As at 30 June 2012 (Unaudited) RM'000	As at 31 December 2011 (Restated) RM'000	As at 1 January 2011 (Restated) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	216,905	211,757	184,051
Goodwill	9,920	9,920	9,920
Deferred tax assets	248	246	133
Total non-current assets	227,073	221,923	194,104
Current assets			
Inventories	155,830	158,590	251,685
Amount due from customers on construction contracts	379,946	290,944	93,146
Trade contract receivables	310,552	360,234	280,882
Other receivables and deposits	33,511	36,385	24,973
Investment securities	154,496	151,483	-
Deposits and bank balances	180,669	198,650	194,308
Total current assets	1,215,004	1,196,286	844,994
Total Assets	1,442,077	1,418,209	1,039,098
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	387,000	387,000	28,000
Foreign currency translation reserve	(15,020)	(18,540)	(29,249)
Capital reserves	307	307	307
Share premium	191,515	191,515	-
Fair value adjustment reserve	218	(346)	-
Retained earnings	205,315	155,314	311,844
	769,335	715,250	310,902
Non-controlling interests	4,258	12,474	7,036
Total Equity	773,593	727,724	317,938

These unaudited condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D.)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

	As at 30 June 2012 (Unaudited) RM'000	As at 31 December 2011 (Restated) RM'000	As at 1 January 2011 (Restated) RM'000
Non-current liabilities			
Hire purchase payables	4,175	2,902	3,560
Bank borrowings	14,757	10,170	10,253
Other payables	-	-	782
Employees' service benefits	18,819	15,786	12,622
Deferred tax liabilities	2,123	1,352	1,986
Total Non-current liabilities	39,874	30,210	29,203
Current liabilities			
Trade payables	107,755	84,044	44,680
Other payables	237,423	166,553	137,897
Amount due to directors	10,237	11,472	14,690
Hire purchase payables	1,278	2,188	3,167
Bank borrowings	146,142	291,224	377,592
Amount due to customers on construction contracts	119,725	96,181	109,479
Provision for taxation	6,050	8,613	4,452
Total Current liabilities	628,610	660,275	691,957
Total liabilities	668,484	690,485	721,160
Total equity and liabilities	1,442,077	1,418,209	1,039,098
Net asset per share attributable to ordinary equity holders of the Company (RM)*	0.99	0.92	0.40

* Net asset per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue post listing of 774,000,000.

These unaudited condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD (614060-A)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	Attributable to equity holders of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable						
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
Balance as at 1 January 2011										
As previously stated	28,000	307	(29,249)	-	-	-	316,312	315,370	2,568	317,938
Prior year adjustments	-	-	-	-	-	-	(4,468)	(4,468)	4,468	-
As restated	28,000	307	(29,249)	-	-	-	311,844	310,902	7,036	317,938
Bonus issue **	275,985	-	-	-	(275,985)	-	-	-	-	-
New share issue	83,015	-	-	191,515	-	-	-	274,530	-	274,530
MFRS day-1 adjustment	-	-	-	-	275,985	-	(275,985)	-	-	-
Dividend ^^	-	-	-	-	-	-	-	-	(7,023)	(7,023)
Total comprehensive income for the year	-	-	10,709	-	-	(346)	119,455	129,818	12,461	142,279
Balance as at 31 December 2011	387,000	307	(18,540)	191,515	-	(346)	155,314	715,250	12,474	727,724

^^ - This relates to Dividend declared by Eversendai Engineering Qatar, WLL

Prior year adjustments relates to income tax and share of profits to non-controlling interest in the prior years. The adjustments have been applied retrospectively and comparatives have been restated accordingly.

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

	Attributable to equity holders of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable						
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
Balance as at 1 January 2012										
As previously stated	387,000	307	(18,540)	191,515	(275,985)	(346)	435,767	719,718	8,006	727,724
Prior year adjustment	-	-	-	-	-	-	(4,468)	(4,468)	4,468	-
MFRS day-1 adjustment**	-	-	-	-	275,985	-	(275,985)	-	-	-
As restated	387,000	307	(18,540)	191,515	-	(346)	155,314	715,250	12,474	727,724
Dividend	-	-	-	-	-	-	(7,740)	(7,740)	(12,474)	(20,214)
Fair value adjustment reserve	-	-	-	-	-	564	-	564	-	564
Total comprehensive income for the period	-	-	3,520	-	-	-	57,741	61,261	4,259	65,520
Balance as at 30 June 2012	387,000	307	(15,020)	191,515	-	218	205,315	769,335	4,259	773,594

** - The Bonus Issue was effected by way of capitalising RM275,985,000 from the Company's revaluation reserves of RM333,500,000 based on the Company's latest audited financial statements as at 31 December 2010. The negative reserve is reversed to retained earnings upon the adoption of new MFRS Framework.

Prior year adjustments relates to income tax and share of profits to non-controlling interest in the prior years. The adjustments have been applied retrospectively and comparatives have been restated accordingly.

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012**

	Cumulative Period ended	
	30 June 2012 RM'000	30 June 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,119	68,810
Adjustments for:		
Depreciation	12,547	11,293
Employees' service benefits	4,221	1,159
(Gain)/loss on disposal of property, plant and equipment	(17)	83
Property, plant and equipment written off	89	-
Write back of allowance	(9,388)	-
Write back of overprovision of trade payable	(115)	-
Fair value adjustment of investment securities	564	-
Interest income	(1,798)	(312)
Dividend income from investment securities	(2,450)	-
Interest expense	11,016	10,827
Operating profit before working capital changes	79,788	91,860
Working capital changes:-		
Net changes in current assets	(24,276)	(164,911)
Net changes in current liabilities	104,051	164,804
Cash generated from operations	159,563	91,753
Employees' service benefits paid	(1,379)	(537)
Taxes paid	(4,677)	(2,104)
Interest expense paid	(11,016)	(10,827)
Net cash generated from operating activities	142,491	78,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,741)	(26,472)
Proceeds from disposal of property, plant and equipment	90	95
Net changes in investment securities	(3,013)	-
Fixed deposits pledged	10,991	2,966
Interest and dividend received	4,248	312
Net cash used in investing activities	(5,425)	(23,099)

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD (614060-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012

	Cumulative Period ended	
	30 June 2012 RM'000	30 June 2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(134,035)	(106,012)
Drawdown of hire purchase payables	364	52
Amount due to directors	(1,235)	(920)
Dividend paid	(6,144)	-
Net cash used in financing activities	(141,050)	(106,880)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,984)	(51,694)
Effect of foreign exchange rate changes	3,454	(1,162)
Cash and cash equivalents at 31 December 2011/2010	139,406	141,852
CASH AND CASH EQUIVALENTS AT 30 JUNE 2012/2011	138,876	88,996
CASH AND CASH EQUIVALENTS AT 30 JUNE 2012/2011 COMPRISES :		
Cash and bank balance	180,669	76,826
less : Bank Overdraft	(686)	(6,186)
less : Deposit pledged to banks	(41,107)	18,356
	138,876	88,996

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012

EXPLANATORY NOTES PURSUANT TO MFRS 134

1. CORPORATE INFORMATION

Eversendai Corporation Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 August 2012.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

These unaudited condensed consolidated interim financial statements, for the period ended 30 June 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Selangor.

These unaudited condensed consolidated interim financial statements are the Group's first MFRS unaudited condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these unaudited condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Investments in subsidiaries

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

Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D.)

RECONCILIATIONS OF EQUITY

	FRS as at 1 January 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 1 January 2011 (RM'000)	FRS as at 30 June 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 30 June 2011 (RM'000)	FRS as at 31 December 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 31 December 2011 (RM'000)
Note									
Assets									
Non-current assets									
Property, plant and equipment	184,051	-	184,051	197,404	-	197,404	211,757	-	211,757
Goodwill	9,920	-	9,920	9,920	-	9,920	9,920	-	9,920
Deferred tax assets	133	-	133	207	-	207	246	-	246
	<u>194,104</u>	<u>-</u>	<u>194,104</u>	<u>207,531</u>	<u>-</u>	<u>207,531</u>	<u>221,923</u>	<u>-</u>	<u>221,923</u>
Current assets									
Inventories	251,685	-	251,685	213,561	-	213,561	158,590	-	158,590
Amounts due from customers on construction contracts	93,146	-	93,146	170,210	-	170,210	290,944	-	290,944
Trade contract receivables	280,882	-	280,882	402,287	-	402,287	360,234	-	360,234
Other receivables and deposits	24,973	-	24,973	30,021	-	30,021	36,385	-	36,385
Investments securities	-	-	-	-	-	-	151,483	-	151,483
Deposits and bank balances	194,308	-	194,308	144,178	-	144,178	198,650	-	198,650
	<u>844,994</u>	<u>-</u>	<u>844,994</u>	<u>960,257</u>	<u>-</u>	<u>960,257</u>	<u>1,196,286</u>	<u>-</u>	<u>1,196,286</u>
Total assets	<u>1,039,098</u>	<u>-</u>	<u>1,039,098</u>	<u>1,167,788</u>	<u>-</u>	<u>1,167,788</u>	<u>1,418,209</u>	<u>-</u>	<u>1,418,209</u>

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D.)

RECONCILIATIONS OF EQUITY (CONT'D.)

	Note	FRS as at 1 January 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 1 January 2011 (RM'000)	FRS as at 30 June 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 30 June 2011 (RM'000)	FRS as at 31 December 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 31 December 2011 (RM'000)
Equity and liabilities										
Equity attributable to equity holders of the company										
Share capital		28,000	-	28,000	306,650	-	306,650	387,000	-	387,000
Foreign currency translation reserve		(29,249)	-	(29,249)	(31,819)	-	(31,819)	(18,540)	-	(18,540)
Capital reserves		307	-	307	307	-	307	307	-	307
Share premium		-	-	-	-	-	-	191,515	-	191,515
Fair value adjustment reserve		-	-	-	-	-	-	(346)	-	(346)
Revaluation reserve		-	-	-	(275,985)	275,985	-	(275,985)	275,985	-
Retained earnings		311,844	-	311,844	368,437	(275,985)	92,452	431,299	(275,985)	155,314
		310,902	-	310,902	367,590	-	367,590	715,250	-	715,250
Non-controlling interests		7,036	-	7,036	16,651	-	16,651	12,474	-	12,474
Total equity		317,938	-	317,938	384,241	-	384,241	727,724	-	727,724
Non-current liabilities										
Hire purchase payables		3,560	-	3,560	3,472	-	3,472	2,902	-	2,902
Bank borrowings		10,253	-	10,253	12,059	-	12,059	10,170	-	10,170
Other payables		782	-	782	819	-	819	-	-	-

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D.)

RECONCILIATIONS OF EQUITY (CONT'D.)

	Note	FRS as at 1 January 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 1 January 2011 (RM'000)	FRS as at 30 June 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 30 June 2011 (RM'000)	FRS as at 31 December 2011 (RM'000)	Adjustments (RM'000)	MFRS as at 31 December 2011 (RM'000)
Equity and liabilities(cont'd)										
Employees' service benefits		12,622	-	12,622	13,616	-	13,616	15,786	-	15,786
Deferred tax liabilities		1,986	-	1,986	1,986	-	1,986	1,352	-	1,352
Total non-current liabilities		29,203	-	29,203	31,952	-	31,952	30,210	-	30,210
Current liabilities										
Trade payables		44,680	-	44,680	62,201	-	62,201	84,044	-	84,044
Other payables		137,897	-	137,897	189,662	-	189,662	166,553	-	166,553
Amount due to directors		14,690	-	14,690	11,105	-	11,105	11,472	-	11,472
Hire purchase payables		3,167	-	3,167	3,307	-	3,307	2,188	-	2,188
Bank borrowings		377,592	-	377,592	275,466	-	275,466	291,224	-	291,224
Amount due to customers on construction contracts		109,479	-	109,479	204,960	-	204,960	96,181	-	96,181
Provision for taxation		4,452	-	4,452	4,894	-	4,894	8,613	-	8,613
Total current liabilities		691,957	-	691,957	751,595	-	751,595	660,275	-	660,275
Total liabilities		721,160	-	721,160	783,547	-	783,547	690,485	-	690,485
Total equities and liabilities		1,039,098	-	1,039,098	1,167,788	-	1,167,788	1,418,209	-	1,418,209

EVERSENDI CORPORATION BERHAD (614060-A)
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012

4. SEGMENT INFORMATION

	Middle East		India		Malaysia		Others		Total		Adjustments & Eliminations		Group	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Revenue														
External	366,993	426,811	72,353	20,215	67,314	18,969	-	-	506,660	465,995	-	-	506,660	465,995
Internal	111,482	110,171	5,804	7,589	-	10,882	25,731	-	143,017	128,642	(143,017)	(128,642)	-	-
	478,475	536,982	78,157	27,804	67,314	29,851	25,731	-	649,677	594,637	(143,017)	(128,642)	506,660	465,995
Gross profit	77,000	95,080	7,206	3,425	4,833	3,765	25,731	-	114,770	102,270	(25,119)	-	89,651	102,270
Interest income													1,799	312
Other income											(611)		21,987	7,111
Other expenses													(37,302)	(30,056)
Finance costs													(11,016)	(10,827)
Profit before tax													65,119	68,810
Taxation													(3,054)	(2,490)
Profit for the financial period													62,065	66,320

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4. SEGMENT INFORMATION (CONT'D.)

Gross profit for the Group in current period ended 30 June 2012 has decreased by 12.3% as compared to period ending 30 June 2011. The lower gross profit was contributed by the following segments:

Middle East

Middle East segment recorded a slight decrease of gross profit by 19.0%. The decrease is mainly due to the timing difference of projects that has been completed such as Cleveland Clinic and Masdar Institute of Science & Technology projects in Abu Dhabi as well as New Doha International Airport and Doha Convention Center & Tower projects in Qatar and the commencement of new projects which are still at the preliminary stages such as King Abdul Aziz International Airport and KAPSARC projects in Saudi Arabia, Qatar National Museum project and Qatar Foundation Headquarter project in Doha.

India

India segment recorded a sharp increase of gross profit by 110.4%. The growth in this market was mainly contributed by the EMCO Power Plant project in Warora and Worli Mixed-Use Development project in Mumbai.

Malaysia

Gross profit in Malaysia segment has increased by 28.4% as compared to the previous corresponding quarter. This is mainly contributed by the KLIA2, Manjung Power Plant, Tanjung Bin Power Plant and Polycrystalline Silicon Manufacturing Plant projects.

With the current order book spread, India and Malaysia are expected to contribute higher revenue and gross profit to the Group in the coming future as compared to corresponding period last year. The growth of the Group will continue to be mainly driven by the Middle East segment.

5. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current and previous interim results.

6. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group in the current and previous interim results.

7. SEASONALITY OF OPERATIONS

The business operations of the Group are not materially affected by any significant seasonal or cyclical factors.

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8. PROFIT BEFORE TAX

Included in the profit before tax are the following:

	Individual Quarter ended		Cumulative Period ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Interest income	(863)	(138)	(1,798)	(312)
Dividend income from investment securities	(1,527)	-	(2,450)	-
Sale of scraps	(3,081)	(3,985)	(5,666)	(5,027)
Other income	(9,731)	(286)	(14,437)	(539)
Interest expense	6,596	5,446	11,016	10,827
Depreciation of property, plant and equipment	6,846	5,979	12,547	11,293
Allowance for impairment of receivables and bad debts written off	-	-	1	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-	-	-
Write-back of over provision in trade payables	(1)	-	(115)	-
Impairment of goodwill	-	-	-	-
Property, plant and equipment written off	89	-	89	-
Inventories written off	-	-	-	-
Employee benefits expenses	1,655	137	4,221	1,159
(Gain)/loss on disposal of property, plant and equipment	(3)	148	(17)	83
Net foreign exchange loss/(gain)	(70)	268	697	(1,505)

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9. INCOME TAX EXPENSE

	Individual Quarter ended		Cumulative Period ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Current tax:				
Malaysian Income tax	130	48	260	229
Foreign Tax	1,433	1,591	2,794	2,261
	<u>1,563</u>	<u>1,639</u>	<u>3,054</u>	<u>2,490</u>

	Individual Quarter ended		Cumulative Period ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Effective tax rate	<u>4.62%</u>	<u>3.86%</u>	<u>4.69%</u>	<u>3.62%</u>

The Group's effective tax rate for the current financial period ended 30 June 2012 is lower than Malaysian statutory tax rate as the subsidiaries in the UAE are not subject to any taxation and the subsidiary in Qatar has a flat rate of 10% applicable on the Group's portion of 70% of its taxable profits.

10. EARNINGS PER SHARE

Basic/Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the Company by the number of ordinary shares in issue post listing of 774,000,000.

	Individual Quarter ended		Cumulative period ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Profit net of tax, attributable to equity holders of the Company (RM'000)	30,492	34,034	57,741	56,593
Number of ordinary shares in issue post listing ('000)	774,000	774,000	774,000	774,000
Basic earnings per share (sen per share)	<u>3.94</u>	<u>4.40</u>	<u>7.46</u>	<u>7.31</u>

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

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11. PROPERTY, PLANT AND EQUIPMENT

Assets with a carrying amount of RM 73,000 were disposed-off by the Group during the six months period ended 30 June 2012 (30 June 2011: RM 178,000), resulting in a gain on disposal of RM 17,000 (30 June 2011: loss of RM 83,000), recognised and included in other income in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	Goodwill
	RM'000
Cost:	
At 1 January 2011/31 December 2011/ 1 January 2012	9,920
Accumulated amortisation and impairment:	
At 1 January 2011/31 December 2011/ 1 January 2012	-
At 30 June 2012	-
Net Carrying amount:	
At 1 January 2011	9,920
At 31 December 2011	9,920
At 30 June 2012	9,920

Goodwill

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill is based on the followings:

- (i) Budgeted gross margin
The basis used to determine the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.
- (ii) Discount rate
The discount rates used are pre-tax and reflect cost of borrowings of the subsidiaries.
- (iii) Growth rate
The growth rates are based on projects tendered and awarded and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

The Group considers the relationship between its budgeted gross margin, growth rate, discount rate and its book value, among other factors when reviewing indicators of impairment. As at 30 June 2012, the Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

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13. INVENTORIES

Due to the nature of the Group's business, its procurement policies and rate of inventory turnover, the Group is not exposed to the risk of old or obsolete inventory. Accordingly, no allowance has been made for impairment of inventories. Any shortfall which may arise on subsequent realisation will be recognised in the profit and loss as and when incurred.

The inventories are pledged against certain bank borrowings.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Deposits with financial institutions	108,134	143,138	65,413
Cash and bank balances	72,535	55,512	128,895
Total cash and bank balances	<u>180,669</u>	<u>198,650</u>	<u>194,308</u>

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

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash and bank balances	180,669	198,650	194,308
Less: Bank overdrafts	(686)	(7,146)	(494)
	<u>179,983</u>	<u>191,504</u>	<u>193,814</u>
Less: Deposits pledged to banks	(41,107)	(52,098)	(51,962)
Cash and cash equivalents	<u>138,876</u>	<u>139,406</u>	<u>141,852</u>

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15. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs that are based on observable market data, either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair Value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 June 2012				
Financial assets measured at fair value:				
Investment securities	<u>154,496</u>	<u>154,496</u>	<u>-</u>	<u>-</u>
31 December 2011				
Financial assets measured at fair value:				
Investment securities	<u>151,483</u>	<u>151,483</u>	<u>-</u>	<u>-</u>
1 January 2011				
Financial assets measured at fair value:				
Investment securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

16. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period.

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17. GROUP BORROWINGS AND DEBT SECURITIES

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Current			
Hire purchase	1,278	2,188	3,167
Bank borrowings	146,142	291,224	377,592
	<u>147,420</u>	<u>293,412</u>	<u>380,759</u>
Non-current			
Hire purchase	4,175	2,902	3,560
Bank borrowings	14,757	10,170	10,253
	<u>18,932</u>	<u>13,072</u>	<u>13,813</u>

Included in the borrowings as at 30 June 2012 are borrowing denominated in foreign currency:

	Foreign Currency '000	Malaysian Currency RM'000
United Arab Emirates Dirhams (AED)	85,208	74,036
Qatari Riyal (QR)	62,012	54,311
Indian Rupees (INR)	329,218	18,692
		<u>147,039</u>

18. DIVIDENDS

No interim ordinary dividend has been declared for the financial period ended 30 June 2012 (30 June 2011: Nil)

At the Annual General Meeting held on 19 June 2012, a final tax exempt (single-tier) dividend in respect of the financial year ending 31 December 2011, of 1 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM7,740,000 has been approved by the shareholders. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 9 July 2012 and payable on 23 July 2012. The financial statements for the current financial period have reflected this dividend in equity as appropriation of retained earnings in the financial period ending 30 June 2012.

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19. COMMITMENT AND CONTINGENCIES

Capital expenditure commitments

Capital expenditure commitments contracted but not provided for in the interim financial statements as at the end of the financial period are as follows:-

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Factory building	7,684	2,961	10,208
Land	2,807	-	-
Computer systems	1,421	693	-
Plant & Machineries	5,759	62	-
	<u>17,671</u>	<u>3,716</u>	<u>10,208</u>
Approved but not contracted for:			
Factory building	<u>14,721</u>	<u>35,630</u>	<u>-</u>

Operating lease commitments

Operating lease commitments not provided for in the interim financial statements as at the end of the financial period are as follows:-

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Future minimum lease payments:			
- not later than 1 year	6,185	6,340	3,369
- later than 1 year and not later than 5 years	11,153	6,281	7,373
- later than 5 years	1,050	419	2,025
	<u>18,388</u>	<u>13,040</u>	<u>12,767</u>

Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as at 30 June 2012:-

	RM'000
Eversendai Engineering LLC	1,177,414
Eversendai Engineering FZE	438,284
EVS Construction LLC	8,212
Eversendai Engineering Qatar WLL	245,154
Eversendai Construction Private Limited	112,912
Shineversendai Engineering (M) Sdn Bhd	98,901
	<u>2,080,877</u>

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20. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2012 and 30 June 2011 as well as the balances with the related parties as at 30 June 2012 and 31 December 2011:

	2012	2011
	RM'000	RM'000
Transactions with certain directors and key management personnel of the Group:		
Personal guarantee provided by a director	<u>1,458,597</u>	<u>1,441,065</u>
Personal guarantee provided by a director and a key management of the Company	<u>5,678</u>	<u>5,818</u>
Rental of office from the in-laws of our General Manager for the Infrastructure Division of Eversendai Construction Private Limited	<u>9</u>	<u>14</u>
Rental of staff accommodations from our Executive Chairman and Group Managing Director	<u>54</u>	<u>186</u>
Transactions with a foreign partner of the Group:		
Lease of labour quarters	<u>607</u>	<u>1,003</u>

21. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

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EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

22. REVIEW OF PERFORMANCE

For the quarter ended 30 June 2012, the Group reported a sustainable revenue and profit after tax of RM257.70 million and RM32.30 million respectively as compared to the revenue and profit after tax of the Group for the three months ended 30 June 2011 of RM258.15 million and RM40.84 million respectively. For the period ended 30 June 2012, the Group's revenue and profit after tax stood at RM506.66 million and RM62.07 million respectively as compared to RM466.00 million and RM66.32 million respectively for the period ended 30 June 2011. The increase in revenue of 8.73% is mainly due to increase in projects undertaken in Malaysia and India while the slight decrease in profit after tax is due to higher finance costs for recently secured contracts in current period as well as foreign exchange losses.

72.4% of the Group's revenue was from its Middle East operations in UAE, Saudi Arabia and Qatar. The current major projects of the Group in the Middle East include the King Abdullah Petroleum Studies & Research Center (KAPSARC) and CMA Towers in Saudi Arabia, Qatar Faculty of Islamic Studies, National Museum of Qatar and Qatar Foundation Headquarter in Qatar, Al-Jalila Children's Specialty Hospital in Dubai and Yas Mall Phase 2 in Abu Dhabi. The Group's India and Malaysia operations contributed 14.3% and 13.3% respectively to the Group Revenue.

The profit for the current financial quarter was arrived at after expensing RM19.58 million of operating and administration expenses and RM6.60 million of finance cost. Total expenditure for the financial quarter was mainly from staff related expenses and lease rental of RM11.19 million and RM2.01 million respectively.

23. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The profit before taxation margin for the second quarter ended 30 June 2012 is 8.4% higher than the immediate preceding quarter due to higher other income from sales of scrap and reversal of previous financial year's provision for contract claims.

24. COMMENTARY ON PROSPECTS

The Group's strategic positioning is reflected with the securing of few major contracts in the first half year of 2012 and is optimistic on its prospects based on the order book in excess of RM1.7 billion in hand.

The wide geographical spread, number of projects, repeat clients and large client base of the current order book minimizes the risk profile of the Group substantially, as it is not dependent solely on any specific sector and or client.

As a result of the above, the Group is expected to maintain sustainable profitability and continued excellent performance in FY 2012 and going forward.

25. COMMENTARY ON PROGRESS TO ACHIEVE REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

This is not applicable to the Group as the Group had not issued any profit estimate, forecast, projection or internal targets.

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26. STATEMENT BY DIRECTORS ON ACHIEVABILITY OF REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

This is not applicable to the Group as the Group had not issued any statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets.

27. STATUS OF CORPORATE PROPOSALS

Listing

The entire enlarged issued and paid-up share capital of RM387,000,000 comprising 774,000,000 ordinary shares of the Company of RM0.50 each was listed on the Main Market of Bursa Securities on 1 July 2011.

Status of utilisation proceeds raised from Initial Public Offering

Purpose	Proposed utilisation RM'mil	Actual utilisation RM'mil	Intended timeframe for utilisation within	Deviation RM'mil	Explanations
Capital expenditure	126.00	50.78	24 months	-	-
Business expansion	80.00	-	24 months	-	-
Working capital	58.39	60.70	12 months	(2.31)	Excess from unutilised portion of listing expenses
Listing expenses	8.80	6.49	1 month	2.31	Excess used for working capital purpose
	273.19	73.26			

28. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation as at the date of this report.

29. DIVIDEND PAYABLE

Please refer to Note 18 for details.

30. DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES

There were no outstanding derivatives as at the end of the reporting period.

31. RATIONALE FOR ENTERING INTO DERIVATIVES

The Group did not enter into any derivatives during the period ended 30 June 2012 or the previous financial year ended 31 December 2011.

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32. RISKS AND POLICIES OF DERIVATIVES

The Group did not enter into any derivatives during the period ended 30 June 2012 or the previous financial year ended 31 December 2011.

33. DISCLOSURE OF GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2012 and 31 December 2011.

34. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 June 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared 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.

	30 June 2012 RM'000	31 December 2011 RM'000
Total retained profits of the Company and its subsidiaries, as previously stated		
- Realised	596,494	496,068
- Unrealised	4,563	3,077
	<u>325,072</u>	<u>499,145</u>
Less: Prior year adjustments	-	(4,468)
Less: MFRS day-1 adjustment	-	(275,985)
Total retained profits of the Company and its subsidiaries, as restated	325,072	218,692
Less: Consolidation adjustments	(119,757)	(63,378)
Total group retained profits as per financial statements	<u>205,315</u>	<u>155,314</u>

35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue in accordance with the resolution passed at the Board of Directors' Meeting held on 30 August 2012.

BY ORDER OF THE BOARD

DATO' NATHAN A/L ELUMALAY
EXECUTIVE CHAIRMAN / GROUP MANAGING DIRECTOR
EVERSENDI CORPORATION BERHAD
30 AUGUST 2012