

EVERSENDAI

**EVERSENDAI CORPORATION BERHAD
(Company No: 614060-A)
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2013
THIRD QUARTER ENDED
30 SEPTEMBER 2013**

DATED 28 NOVEMBER 2013

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

SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Individual Quarter ended		Cumulative Period ended	
	30 Sept 2013 RM'000 (Unaudited)	30 Sept 2012 RM'000 (Unaudited)	30 Sept 2013 RM'000 (Unaudited)	30 Sept 2012 RM'000 (Unaudited)
1 Revenue	236,105	240,254	726,793	746,914
2 Profit before tax	675	25,754	43,060	90,873
3 Profit for the quarter/period	232	25,596	41,933	87,661
4 Profit attributable to ordinary equity holders of the parent	1,369	25,513	41,520	83,254
5 Basic earnings per share (sen)	0.18	3.30	5.36	10.76
6 Proposed/Declared dividend per share (sen)	-	2	2	2
	As at 30 Sept 2013 (Unaudited)		As at 31 December 2012 (Audited)	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	1.09		1.01	

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	Individual Quarter ended		Cumulative Period ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Revenue	236,105	240,254	726,793	746,914
Cost of Sales	(206,724)	(201,771)	(617,498)	(618,780)
Gross profit	29,381	38,483	109,295	128,134
Interest income	471	848	1,833	2,646
Dividend income	1,492	390	4,046	2,840
Other income	2,889	10,532	7,805	30,070
Operating and administrative expenses	(22,129)	(20,323)	(59,067)	(57,625)
Finance costs	(5,923)	(4,176)	(15,251)	(15,192)
	6,181	25,754	48,661	90,873
Share of associate's result	(5,506)	-	(5,601)	-
Profit before taxation	675	25,754	43,060	90,873
Income tax expense	(443)	(158)	(1,127)	(3,212)
Profit for the quarter/period	232	25,596	41,933	87,661
Other comprehensive income/(expense)				
Fair value adjustment of investment securities	166	12	(373)	576
Foreign currency translation	9,368	(20,601)	34,071	(17,081)
Total comprehensive income	9,766	5,007	75,631	71,156
Profit attributable to :				
Equity holders of the Company	1,369	25,513	41,520	83,254
Non-controlling interests	(1,137)	83	413	4,407
	232	25,596	41,933	87,661
Total comprehensive income/(expense) attributable to :				
Equity holders of the Company	10,697	5,325	74,456	67,215
Non-controlling interests	(931)	(318)	1,175	3,941
	9,766	5,007	75,631	71,156
Basic/diluted earnings per share attributable to equity holders of the company (sen)*	0.18	3.30	5.36	10.76

* Basic earnings per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue of 773,999,000 (30 September 2012: 774,000,000).

These unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT

	30 September 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	299,177	217,791
Investment in associate	113,585	-
Investment in structured deposit	24,000	25,284
Goodwill	9,920	9,920
Deferred tax assets	339	304
Total non-current assets	447,021	253,299
Current assets		
Inventories	144,439	185,839
Amount due from customers on construction contracts	388,807	307,062
Trade contract receivables	401,823	419,785
Other receivables and deposits	56,989	48,964
Tax recoverable	96	96
Investment securities	164,761	122,041
Deposits and bank balances	152,805	145,001
Total current assets	1,309,720	1,228,788
Total Assets	1,756,741	1,482,087
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	387,000	387,000
Foreign currency translation reserve	(10,172)	(44,243)
Treasury shares	(2)	-
Capital reserves	307	307
Share premium	191,515	191,515
Fair value adjustment reserve	(246)	127
Retained earnings	274,594	248,554
	842,996	783,260
Non-controlling interests	8,047	5,824
Total Equity	851,043	789,084

These unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D.)
AS AT

	30 September 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
Non-current liabilities		
Hire purchase payables	8,283	3,592
Borrowings	280,870	31,829
Employees' service benefits	25,065	20,742
Deferred tax liabilities	3,433	3,617
Total Non-current liabilities	317,651	59,780
Current liabilities		
Trade payables	90,166	110,492
Other payables	210,899	200,677
Amounts due to a director	28	172
Hire purchase payables	1,129	2,142
Borrowings	177,800	216,439
Amount due to customers on construction contracts	93,909	83,683
Provision for taxation	14,116	13,684
Dividend payable	-	5,934
Total Current liabilities	588,047	633,223
Total liabilities	905,698	693,003
Total equity and liabilities	1,756,741	1,482,087
Net asset per share attributable to ordinary equity holders of the Company (RM)*	1.09	1.01

* Net asset per share attributable to ordinary equity holders of the Company is based on number of ordinary shares in issue of 773,999,000 (31 December 2012: 774,000,000).

These unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	← 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	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
At 1 January 2012, as reported under FRS	387,000	307	(18,540)	191,515	(275,985)	(346)	435,767	719,718	8,006	727,724
Prior year adjustments	-	-	(227)	-	-	-	(3,370)	(3,597)	4,468	871
Effects of transition to MFRS	-	-	-	-	275,985	-	(275,985)	-	-	-
As reported under MFRS	387,000	307	(18,767)	191,515	-	(346)	156,412	716,121	12,474	728,595
Profit for the year	-	-	-	-	-	-	115,362	115,362	-	115,362
Other comprehensive income/(expense)	-	-	(25,476)	-	-	473	-	(25,003)	5,532	(19,471)
Total comprehensive income/(expense) for the year	-	-	(25,476)	-	-	473	115,362	90,359	5,532	95,891
Dividends	-	-	-	-	-	-	(23,220)	(23,220)	(12,182)	(35,402)
At 31 December 2012	387,000	307	(44,243)	191,515	-	127	248,554	783,260	5,824	789,084

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 adjusted accordingly.

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 (CONT'D.)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Attributable to equity holders of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
At 1 January 2013										
As reported under MFRS	387,000	307	(44,243)	191,515	-	127	248,554	783,260	5,824	789,084
Purchase of treasury shares					(2)			(2)		(2)
Non-controlling interests on incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,048	1,048
Profit for the year	-	-	-	-	-	-	41,520	41,520	-	41,520
Other comprehensive income for the year	-	-	34,071	-	-	(373)	-	33,698	1,175	34,873
Total comprehensive income for the year	-	-	34,071	-	-	(373)	41,520	75,218	1,175	76,393
Dividends	-	-	-	-	-	-	(15,480)	(15,480)	-	(15,480)
At 30 September 2013	387,000	307	(10,172)	191,515	(2)	(246)	274,594	842,996	8,047	851,043

These unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to these interim financial statements.

EVERSENDI CORPORATION BERHAD (614060-A)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013**

	Period ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	43,060	90,873
Adjustments for:		
Depreciation	21,401	19,538
Employees' service benefits	4,815	5,883
Gain on disposal of property, plant and equipment	(54)	(479)
Property, plant and equipment written off	172	28
Share of result of associates	5,601	-
Write back of impairment losses on receivables	(1,889)	(9,824)
Write back of overprovision of trade payables	-	(115)
Fair value adjustment of investment securities	1,284	576
Interest income	(1,833)	(2,646)
Dividend income from investment securities	(4,046)	(2,840)
Unrealised foreign exchange loss	4,178	(3,482)
Interest expense	15,251	15,192
Operating profit before working capital changes	87,940	112,704
Working capital changes:-		
Net changes in current assets	(31,431)	(113,994)
Net changes in current liabilities	(10,274)	130,689
Cash generated from operations	46,235	129,399
Employees' service benefits paid	(2,194)	(2,369)
Taxes paid	(1,591)	(4,878)
Interest expense paid	(15,251)	(15,192)
Net cash generated from operating activities	27,199	106,960

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to these interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (CONT'D.)**

	Period ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(96,219)	(24,347)
Proceeds from disposal of property, plant and equipment	655	548
Non-controlling interest arising from incorporation of subsidiaries	1,048	-
Net changes in investment securities	(43,093)	23,422
Investment in associate	(119,186)	-
Net changes in deposits pledged with financial institutions	47	15,393
Interest and dividend received	5,879	5,486
	(250,869)	20,502
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase payables	3,678	317
Drawdown/(repayment) of borrowings	211,318	(70,401)
Amount due to a director	(144)	(11,282)
Purchase of treasury shares	(2)	-
Dividend paid	(15,480)	(13,987)
	199,370	(95,353)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Effect of changes in foreign exchange rate	33,067	(14,209)
Cash and cash equivalents at beginning of the period	106,829	139,406
	115,596	157,306
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD COMPRISES :		
Cash and bank balance	152,805	198,295
less : Bank Overdraft	(678)	(4,284)
less : Deposit pledged with financial institutions	(36,531)	(36,705)
	115,596	157,306

These unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

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 28 November 2013.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 30 September 2013, 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.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the 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 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual statements for the financial year ended 31 December 2012 except for the adoption of the following with effect from 1 January 2013:

- Amendments to MFRS 101, Presentation of items of Other Comprehensive Income
- Amendments to MFRS 7, Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 10, MFRS 11, MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits
- MFRS 127, Separate Financial Statements
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128, Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- Annual Improvements 2009-2011 Cycle

The initial application of the above is not expected to have any material financial impact on the Group's results.

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

4. SEGMENT INFORMATION

	Middle East		India		Malaysia		Others		Total		Adjustments & Eliminations		Group	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Revenue														
External	478,604	514,945	79,693	115,635	168,496	116,334	-	-	726,793	746,914	-	-	726,793	746,914
Internal	140,035	170,450	8,260	9,360	-	20,770	-	25,935	148,295	226,515	(148,295)	(226,515)	-	-
	618,639	685,395	87,953	124,995	168,496	137,104	-	25,935	875,088	973,429	(148,295)	(226,515)	726,793	746,914
Gross profit	87,454	114,580	(3,654)	10,704	25,495	22,753	-	25,935	109,295	173,972	-	(45,838)	109,295	128,134
Interest income													1,833	2,646
Dividend income													4,046	2,840
Other income											(772)	(867)	7,805	30,070
Other expenses													(59,067)	(57,625)
Finance costs													(15,251)	(15,192)
Share of results of associate													48,661	90,873
													(5,601)	-
Profit before tax													43,060	90,873
Taxation													(1,127)	(3,212)
Profit for the financial period													41,933	87,661

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

4. SEGMENT INFORMATION (CONT'D.)

Gross profit for the Group in current nine months period ended 30 September 2013 was lower by RM18.8 million or 14.7% against last year due mainly to lower contributions from our businesses in the Middle East and India, cushioned by higher profit registered in Malaysia.

Middle East

This segment registered a lower gross profit of RM87.5 million for the nine month period ended 30 September 2013 against last year's corresponding period by 23.7%, due mainly to timing of some major projects that are near completion and the new major projects are still at an initial stage.

The on-going projects in this region are the steel fabrication contracts for the following projects:

- * Capital Market Authority Tower in Saudi Arabia;
- * King Abdul Aziz International Airport Railway Station in Saudi Arabia;
- * King Abdullah Petroleum Studies & Research Centre in Saudi Arabia;
- * National Museum of Qatar;
- * Qatar Foundation Research & Development Complex;
- * Lusail Multipurpose Hall in Qatar;
- * Duhail Multipurpose Sports Hall and Admin Offices in Qatar;
- * Abu Dhabi International Airport;
- * Abu Dhabi National Oil Company Head Quarter; and
- * Crescent City project in Azerbaijan.

India

This segment registered a gross loss of RM 3.7 million, when compared to last year's gross profit of RM10.7 million, due mainly to downward revision of budgeted profits of a few projects in view of the un-finalised variation claims with our clients.

Malaysia

This segment registered a higher gross profit of RM 25.5 million against last year's RM 2.0 million (net of dividend income from subsidiary). This is mainly contributed by the Manjung 4 and Tanjung Bin 4 Power Plant projects.

We will continue to see Malaysia contributing higher revenue and gross profit to the Group in the coming year due to the current order book spread, mainly arising from the power plant projects. The growth of the Group will still continue to be mainly driven by the Middle East segment.

5. CHANGES IN ESTIMATES

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

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

6. CHANGES IN COMPOSITION OF THE GROUP

During the current financial period under review, Eversendai Corporation Berhad (“ECB”) has:

- a) on 29 January 2013 completed the acquisition of additional 21,193,000 shares in Technics Oil & Gas Limited (“TOG”) for a total cash consideration of SGD22,265,759, which when combined with the prior shareholding of 23,923,000, represents an equity interest of 20.1%. Accordingly, the results of TOG have been equity accounted for in the Group’s financial consolidation effective 1 February 2013. TOG is listed on the Stock Exchange of Singapore, and is a leading full service integrator of compression systems and process modules for the global oil and gas industry;
- b) on 5 March 2013 incorporated Eversendai Technics Pte Ltd (“ETPL”) in Singapore. ETPL has authorised share capital of 1,000,000 ordinary shares and an initial paid up share capital of SGD1,000,000 in which 699,999 was subscribed by ECB and 300,000 by TOG, both at subscription price of SGD1 per share;
- c) on 15 March 2013 divested 510,000 ordinary shares of RM1 each or 51% equity interest in the previously wholly owned Vahana Construction Sdn Bhd (“VCSB”) for total cash consideration of RM510,000. Subsequent to the divestment, VCSB was reclassified as an associated company and accordingly has been equity accounted for in the financial consolidation of the Group. The principal business activities of VCSB is civil engineering and contracting services;
- d) on 10 April 2013 incorporated Eversendai Technics Sdn Bhd (“ETSB”). ETSB has authorised share capital of 5,000,000 ordinary shares of RM1 each, and an initial paid up share capital of 10 ordinary shares in which 7 shares were subscribed by ECB and the balance 3 shares by TOG. On 5 June 2013, ECB and TOG have subscribed for additional new shares of 699,993 and 299,997 respectively in ETSB;
- e) on 19 April 2013 incorporated a wholly owned subsidiary, namely ECB Properties Sdn Bhd (“EPSB”). EPSB has authorised share capital of 5,000,000 ordinary shares of RM1 each and issued and paid up capital of RM100,000. The principal business activities of EPSB are to carry on the business of real property and development.
- f) on 18 October 2013 subscribed for 84,000 new ordinary shares of RM1 each, representing an equity interest of 60% in Perisai Kuasa Sdn Bhd (“PKSB”), for a total cash consideration of RM84,000. The principal business activities of PKSB are in the provision of engineering, procurement, construction and commissioning services to the oil and gas industry.

In addition, ETSB had on 21 May 2013 incorporated a wholly owned subsidiary, namely Eversendai Technics RMC FZE (“ETRF”) in Ras Al-Khaimah of the United Arab Emirates. The principal business activities of ETRF are the engineering, procurement and commissioning of equipment, structural building and platform for the oil and gas industry.

The above investment activities will pave the way for the expansion plan of the Group into the oil and gas, property development and investment, and civil construction industry.

Except as disclosed above there were no other material changes in the composition of the Group.

7. SEASONALITY OF OPERATIONS

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

EVERSENDAI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

8. PROFIT BEFORE TAX

Included in the profit before tax are the following:

	Individual Quarter ended		Period ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Interest income	(471)	(848)	(1,833)	(2,646)
Dividend income from investment securities	(1,492)	(390)	(4,046)	(2,840)
Sale of scraps	(829)	(2,328)	(3,911)	(7,994)
Other expenses/(income)	(2,069)	(10,431)	(826)	(24,868)
Interest expense	5,923	4,176	15,251	15,192
Depreciation of property, plant and equipment	7,500	6,991	21,401	19,538
Allowance for impairment of receivables and bad debts written off	-	-	-	1
(Gain)/loss on fair value changes in investment in structured deposit	1,284	-	1,284	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-	(483)	-
Write-back of over provision in trade payables	-	-	-	(115)
Negative goodwill on consolidation	-	-	-	-
Impairment of goodwill	-	-	-	-
Property, plant and equipment written off	9	(61)	172	28
Inventories written off	-	-	-	-
Employee benefits expenses	1,706	1,662	4,877	5,883
Gain on disposal of property, plant and equipment	(37)	(462)	(54)	(479)
Net foreign exchange loss/ (gain)	(1,238)	2,689	(3,814)	3,386

EVERSENDI CORPORATION BERHAD (614060-A)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

9. INCOME TAX EXPENSE

	Individual Quarter ended		Period ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Current tax:				
Malaysian Income tax	978	306	1,530	566
Foreign Tax	(535)	(148)	(403)	2,646
	<u>443</u>	<u>158</u>	<u>1,127</u>	<u>3,212</u>

	Individual Quarter ended		Period ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
Effective tax rate	<u>65.63%</u>	<u>0.61%</u>	<u>2.61%</u>	<u>3.53%</u>

The Group's effective tax rate for the current financial period ended 30 September 2013 is lower than Malaysian statutory tax rate as the subsidiaries in the UAE are not subject to any taxation, while a tax rate of 20% for operations in Saudi 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 773,999,000 (30 September 2012: 774,000,000).

	Individual Quarter Ended		Period Ended	
	30 Sept 2013 (Unaudited)	30 Sept 2012 (Unaudited)	30 Sept 2013 (Unaudited)	30 Sept 2012 (Unaudited)
Profit net of tax, attributable to equity holders of the Company (RM'000)	1,369	25,513	41,520	83,254
Number of ordinary shares in issue post listing ('000)	773,999	774,000	773,999	774,000
Basic earnings per share (sen per share)	<u>0.18</u>	<u>3.30</u>	<u>5.36</u>	<u>10.76</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 601,000 were disposed-off by the Group during the nine months period ended 30 September 2013 (30 September 2012: RM 70,000), resulting in a gain on disposal of RM 54,000 (30 September 2012: RM 479,000), recognised and included in other income in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	Goodwill RM'000
Cost:	
1 January 2013	9,920
Accumulated amortisation and impairment:	
At 1 January 2013	-
At 30 September 2013	-
Net Carrying amount:	
At 1 January 2013	9,920
At 30 September 2013	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 September 2013, 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.

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.

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14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	30 September 2013 RM'000	31 December 2012 RM'000
Deposits with financial institutions	50,790	64,981
Cash and bank balances	102,015	80,020
Total cash and bank balances	152,805	145,001

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

	30 September 2013 RM'000	31 December 2012 RM'000
Cash and bank balances	152,805	145,001
Less: Bank overdrafts	(678)	(1,594)
	152,127	143,407
Less: Deposits pledged with financial institutions	(36,531)	(36,578)
Cash and cash equivalents	115,596	106,829

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
30 September 2013			
Financial assets measured at fair value:			
Investment in structured deposit	24,000	-	24,000
Investment securities	164,761	164,761	-
	<u>188,761</u>	<u>164,761</u>	<u>24,000</u>
31 December 2012			
Financial assets measured at fair value:			
Investment in structured deposit	25,284	-	25,284
Investment securities	122,041	122,041	-
	<u>147,325</u>	<u>122,041</u>	<u>25,284</u>

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15. FAIR VALUE HIERARCHY (CONT'D)

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

During the three months ended 30 September 2013, the Company repurchased 1,000 of its issued ordinary shares from the open market at a price of RM1.46 per share. The total consideration paid for the repurchase including transaction costs was RM1,502 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

17. GROUP BORROWINGS AND DEBT SECURITIES

	30 September 2013 RM'000	31 December 2012 RM'000
Current		
Hire purchase	1,129	2,142
Bank borrowings	177,800	216,439
	<u>178,929</u>	<u>218,581</u>
Non-current		
Hire purchase	8,283	3,592
Bank borrowings	30,870	31,829
Islamic Medium Term Notes ("SUKUK")	250,000	-
	<u>289,153</u>	<u>35,421</u>

Included in the borrowings as at 30 September 2013 are borrowing denominated in foreign currency:

	Foreign Currency '000	Malaysian Currency RM'000
United Arab Emirates Dirhams (AED)	101,127	88,817
Qatari Riyal (QR)	53,666	47,564
Indian Rupees (INR)	1,119,489	57,456
		<u>193,837</u>

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18. DIVIDENDS

At the Annual General Meeting held on 19 June 2013, a final tax exempt (single-tier) dividend in respect of the financial year ending 31 December 2012, of 2 sen per share on 774,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM15,480,000 has been approved by the shareholders. In respect of the deposited securities, entitlement to dividends were determined on the basis of the record of depositors as at 9 July 2013 and paid on 23 July 2013. 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 September 2013.

No interim ordinary dividend has been declared for the financial period ended 30 September 2013 (30 September 2012: 2 sen)

19. COMMITMENT AND CONTINGENCIESCapital expenditure commitments

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

	30 September 2013 RM'000	31 December 2012 RM'000
Factory building	6,587	5,855
Land	44,440	26,090
Plant & Machineries	-	7,453
Computer systems and others	1,473	2,736
	52,500	42,134
Approved but not contracted for:		
Factory building	30,300	2,390
Plant and machineries	18,718	-
	49,018	2,390

Operating lease commitments

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

	30 September 2013 RM'000	31 December 2012 RM'000
Future minimum lease payments:		
- not later than 1 year	6,134	4,473
- later than 1 year and not later than 5 years	6,290	6,678
- later than 5 years	106	394
	12,530	11,545

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Corporate guarantees

The Company has provided corporate guarantees for banking facilities to the following subsidiaries as at 30 September 2013:-

	RM'000
Eversendai Engineering LLC	2,127,856
Eversendai Engineering Qatar WLL	652,579
Eversendai Construction Private Limited	125,126
Shineversendai Engineering (M) Sdn Bhd	108,563
	<u>3,014,124</u>

20. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions which have been entered into with related parties during the nine-month period ended 30 September:

	2013 RM'000	2012 RM'000
Transactions with certain directors and key management personnel of the Group:		
Personal guarantee provided by a director	564,863	1,194,378
Personal guarantee provided by a director and a key management of the Company	5,132	5,750
Rental of office from the parents-in-laws of our General Manager for the Infrastructure Division of Eversendai Construction Private Limited	-	13
Rental of staff accommodations and office building from our Executive Chairman and Group Managing Director	424	82
Transactions with a foreign partner of the Group:		
Lease of labour quarters	953	913

21. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting date.

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

22. REVIEW OF PERFORMANCE

The Group registered total revenue of RM236.1 million and RM 726.8 million for the current quarter and nine months period ended 30 September 2013, which when compared to last year, were marginally lower due mainly to timing of some major projects are near completion and the new major projects are still at an initial stage.

Out of the total revenue for the nine months period, 65.8% were derived from our businesses in the Middle East region from projects such as

- * Capital Market Authority Tower in Saudi Arabia;
- * King Abdul Aziz International Airport Railway Station in Saudi Arabia;
- * King Abdullah Petroleum Studies & Research Centre in Saudi Arabia;
- * Qatar National Museum;
- * Qatar Foundation Research & Development Complex;
- * Erhama Bin Jaber Al Jalahma Shipyard - Nakilat Phase 4A in Doha;
- * Abu Dhabi National Oil Company Head Quarter;
- * Masdar Headquarter Abu Dhabi;
- * Abu Dhabi International Airport;
- * Salalah International Airport in Oman; and
- * Crescent City project in Azerbaijan.

Business in Malaysia and India shared 23.1% and 11.0% respectively of the Group's revenue during the period.

The lower revenue for the quarter and the nine months period has resulted in a lower profit after tax of RM0.2 million and RM41.9 million respectively when compared to last year. The lower profits were due to downward revision in budgeted profits of some contracts in India and Qatar in view of the un-finalised variation claims; and the start-up costs for the diversification of the Group into new business ventures that are synergistic to the existing core strength of the Group such as steel fabrication for oil and gas industry in the Middle East and Malaysia, as well as civil engineering and construction industry in Malaysia.

The profit for the current financial quarter was arrived at after expensing RM59.1 million of operating and administration expenses and RM15.3 million of finance cost. Total expenditure for the financial quarter was mainly from staff related expenses and lease rental of RM26.1 million and RM7.6 million respectively.

23. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The lower profit before tax of RM 0.7 million in the current quarter ended 30 September 2013 when compared to the preceding quarter ended 30 June 2013's profit before tax of RM 16.6 million was due mainly to the downward revision in budgeted profits of some contracts in India and Qatar in view of the un-finalised variation claims, start-up costs for new business ventures and higher operating and administrative expenses. Details of the comparison and explanation by business segment are disclosed in Note 4 of this Interim Financial Report.

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24. COMMENTARY ON PROSPECTS

To-date in 2013, the Group has replenished its order book by securing some major contracts, i.e. Abu Dhabi Airport Project of RM327 million and Crescent City project in Azerbaijan of RM88 million. Our order book as at 30 September 2013 stood at RM1.2 billion.

The increase in competition in the current business segment will continue to pose challenges to the Group. However, the Group has taken positive measures to diversify into inter-related new business ventures such as steel fabrication for the oil and gas industry in the Middle East and Malaysia and civil engineering and construction in Malaysia and this is expected to enhance our financial performance in the coming year.

In addition, 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, country and or client.

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.

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	126.0	126.0	24 months	-	-
Business expansion	80.0	80.0	24 months	-	-
Working capital	58.4	60.7	12 months	(2.3)	Excess from unutilised portion of listing expenses
Listing expenses	8.8	6.5	1 month	2.3	Excess used for working capital purpose
	273.2	273.2			

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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 September 2013 or the previous financial year ended 31 December 2012.

32. RISKS AND POLICIES OF DERIVATIVES

The Group did not enter into any derivatives during the period ended 30 September 2013 or the previous financial year ended 31 December 2012.

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 September 2013 and 31 December 2012.

34. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 September 2013 and 31 December 2012 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 Sept 2013 RM'000	31 December 2012 RM'000
Total retained profits of the Company and its subsidiaries, as reported under MFRS		
- Realised	621,797	650,862
- Unrealised	6,773	10,229
	<u>628,570</u>	<u>661,091</u>
Less: Consolidation adjustments	(353,976)	(412,537)
Total group retained profits as per financial statements	<u>274,594</u>	<u>248,554</u>

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35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2012 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 28 November 2013.

BY ORDER OF THE BOARD

**TAN SRI NATHAN A/L ELUMALAY
EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR
EVERSENDI CORPORATION BERHAD
28 NOVEMBER 2013**