

EVERSENDAI

EVERSENDAI CORPORATION BERHAD

(Company No. 614060-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2014

FIRST QUARTER ENDED 31 MARCH 2014

(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)

Dated 26 May 2014

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

Financial Year ending 31 December 2014

Summary of Key Financial Information for the First Quarter ended 31 March 2014

	First Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
1 Revenue	230,721	243,182
2 Profit before tax	11,308	25,464
3 Profit for the periods	10,349	25,079
4 Profit attributable to equity holders of the Company	10,991	23,679
5 Basic earnings per share (sen)	1.42	3.06
6 Proposed/declared dividend per share (sen)	-	-
	As at 31.03.2014 RM	As at 31.12.2013 RM (Audited)
7 Net assets per share attributable to the equity holders of the Company	1.10	1.09

EVERSENDAI CORPORATION BERHAD (614060-A)
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Financial Year ending 31 December 2014

Condensed Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2014

	First Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Revenue	230,721	243,182
Cost of sales	(197,720)	(203,979)
Gross profit	33,001	39,203
Other income	7,880	6,100
Operating and administrative expense	(24,869)	(16,583)
Operating profit	16,012	28,720
Finance costs	(5,057)	(4,268)
Share of associates' results	(326)	1,012
Gain on financial assets at fair value through profit or loss	679	-
Profit before tax	11,308	25,464
Income tax expense	(959)	(385)
Profit for the periods	10,349	25,079
Other comprehensive income/(expense):		
- Fair value adjustment of investment securities	11	(614)
- Foreign currency translation	(4,231)	16,464
Total comprehensive income	6,129	40,929

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Financial Year ending 31 December 2014

Condensed Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2014 (cont'd)

	First Quarter	
	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Profit/(loss) attributable to:		
- Equity holders of the Company	10,991	23,679
- Non-controlling interests	(642)	1,400
	<u>10,349</u>	<u>25,079</u>
Total comprehensive income/(expense) attributable to:		
- Equity holders of the Company	6,810	39,199
- Non-controlling interests	(681)	1,730
	<u>6,129</u>	<u>40,929</u>
Earnings per share attributable to equity holders of the Company		
- Basic (sen)	10	
		1.42 3.06

This condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013, and the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD (614060-A)
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Financial Year ending 31 December 2014

Condensed Consolidated Statement of Financial Position as at 31 March 2014

	Note	31.03.2014 RM'000	31.12.2013 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and machinery	11	365,427	362,352
Goodwill	12	10,757	10,757
Investment in associates		87,072	87,399
Derivative financial asset	15	12,860	12,181
Investment in structured deposit	15	24,000	24,000
Deferred tax assets		343	459
Total non-current assets		500,459	497,148
Current assets			
Inventories	13	114,779	133,262
Amount due from customers on construction contracts		491,197	364,531
Trade contract receivables		372,114	402,251
Other receivables and deposits		51,907	53,447
Tax recoverable		136	136
Investment securities	15	170,163	130,583
Deposit and bank balances	14	167,504	182,023
Total current assets		1,367,800	1,266,233
Total assets		1,868,259	1,763,381
Equity and Liabilities			
Current liabilities			
Trade payables		89,466	84,101
Other payables		191,925	213,568
Amount due to customers on construction contracts		182,481	46,283
Amount due to directors		1,148	1,167
Hire purchase payables		2,068	2,743
Borrowings	17	208,104	214,447
Provision for taxation		18,121	18,491
Dividend payables		3,261	3,293
Total current liabilities		696,574	584,093

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Condensed Consolidated Statement of Financial Position as at 31 March 2014 (cont'd)

	Note	31.03.2014 RM'000	31.12.2013 RM'000 (Audited)
Non-current liabilities			
Hire purchase payables	17	8,234	6,389
Borrowings	17	278,256	294,236
Employees' service benefits		29,627	28,891
Deferred tax liabilities		2,698	2,904
Total non-current liabilities		318,815	332,420
Total liabilities		1,015,389	916,513
Net assets		852,870	846,868
Equity attributable to equity holders of the Company			
Share capital	16	387,000	387,000
Share premium		191,515	191,515
Treasury shares		(91)	(2)
Capital reserve		307	307
Foreign currency translation reserve		(2,812)	1,418
Fair value adjustment reserve		(443)	(454)
Retained earnings	29	276,701	265,710
		852,177	845,494
Non-controlling interests		693	1,374
Total equity		852,870	846,868
Total equity and liabilities		1,868,259	1,763,381

This condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013, and the accompanying explanatory notes attached to these interim financial statements.

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Financial Year ending 31 December 2014
Condensed Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2014

	← Attributable to equity holders of the Company →							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable reserves				→ Distributable reserve					
	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000			
At 01.01.2013	387,000	191,515	-	307	(44,243)	127	248,554	783,260	5,824	789,084
Profit for the period	-	-	-	-	-	-	23,679	23,679	-	23,679
Other comprehensive income/(expense)	-	-	-	-	16,464	(614)	-	15,850	1,730	17,580
Total comprehensive income/(expense)	-	-	-	-	16,464	(614)	23,679	39,529	1,730	41,259
At 31.03.2013	387,000	191,515	-	307	(27,779)	(487)	272,233	822,789	7,554	830,343
At 01.01.2014	387,000	191,515	(2)	307	1,418	(454)	265,710	845,494	1,374	846,868
Purchase of treasury shares	-	-	(89)	-	-	-	-	(89)	-	(89)
Profit for the period	-	-	-	-	-	-	10,991	10,991	(642)	10,349
Other comprehensive income/(expense)	-	-	-	-	(4,230)	11	-	(4,219)	(39)	(4,258)
Total comprehensive income/(expense)	-	-	-	-	(4,230)	11	10,991	6,772	(681)	6,091
At 31.03.2014	387,000	191,515	(91)	307	(2,812)	(443)	276,701	852,177	693	852,870

This condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013, and the accompanying explanatory notes attached to these interim financial statements.

EVERSENDAI CORPORATION BERHAD (614060-A)

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Financial Year ending 31 December 2014**Condensed Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2014**

	First Quarter 3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Operating activities		
Profit before taxation	11,308	25,464
Adjustments for:		
Depreciation of property, plant and equipment	7,796	6,906
Provision for employees' service benefits	1,797	1,528
Gain on disposal of property, plant and equipment	(65)	(8)
Fair value adjustment on investment securities	-	(614)
Gain on financial assets at fair value through profit or loss	(679)	-
Write back of impairment losses on receivables	(5,028)	-
Share of results of associate companies	326	(1,012)
Interest income	(458)	(643)
Dividend income from investment securities	(1,020)	(831)
Unrealised foreign exchange (gain)/loss	(42)	(2,618)
Interest expense	5,057	4,268
	<u>18,992</u>	<u>32,440</u>
Operating profit before working capital changes		
Working capital changes:		
Net changes in current assets	(71,279)	51,191
Net changes in current liabilities	119,921	(19,622)
	<u>67,634</u>	<u>64,009</u>
Cash generated from operations	67,634	64,009
Employees' service benefits paid	(778)	(608)
Taxes (paid)/refunded	(1,191)	494
Interest expense paid	(5,057)	(4,268)
	<u>60,608</u>	<u>59,627</u>
Net cash generated from operating activities		
Investing activities		
Purchase of property, plant and equipment	(11,243)	(36,623)
Proceeds from disposal of property, plant and equipment	361	14
Net changes in investment securities	(39,569)	(101,354)
Investment in associate	-	(118,212)
(Increase)/decrease in deposits pledged with financial institutions	(2,826)	(1,976)
Interest received	1,020	643
Dividend received	458	831
	<u>(51,799)</u>	<u>(256,677)</u>
Net cash used in investing activities		

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Condensed Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2014 (cont'd)

	First Quarter 3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Financing activities		
Drawdown/(repayment) of bank borrowings and bond	(19,840)	213,885
Dividends paid	(32)	-
Drawdown of hire purchase payables	1,170	1,057
Increase/(decrease) in amount due to a director	(19)	(8)
Purchase of treasury shares	(89)	-
Net cash (used in)/generated from financing activities	(18,810)	214,934
Net (decrease)/increase in cash and cash equivalents	(10,001)	17,884
Effect of changes in foreign exchange rate	(4,860)	13,982
Cash and cash equivalents at beginning of period	141,841	106,829
Cash and cash equivalents at end of period	126,980	138,695
Cash and cash equivalents at end of year comprised of:		
Cash and bank balances	167,504	183,364
Less: Bank overdrafts	(10)	(6,115)
Less: Deposits with financial institutions	(40,514)	(38,554)
	126,980	138,695

This condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013, and the accompanying explanatory notes to these interim financial statements.

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Financial Year Ending 31 December 2014

Explanatory Notes to the Interim Financial Report for the First Quarter ended 31 March 2014

A. Explanatory Notes pursuant to Standard #134 of the Malaysian Financial Reporting Standards

1. Corporate Information

Eversendai Corporation Berhad (“ECB” or “the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited condensed consolidated interim financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 26 May 2014.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the financial period ended 31 March 2014 have been prepared in accordance with Standard #134 – Interim Financial Reporting of the Malaysian Financial Reporting Standards (“MFRS”), and Chapter 9 of the Main Market Listing Requirements of Bursa Securities. The unaudited condensed consolidated interim financial statements also comply with Standard #34 – Interim Financial Reporting of the International Accounting Standards issued by the International Accounting Standards Board (“IASB”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The accompanying explanatory notes provide explanations to events and transactions that are significant to the understanding of the changes in the financial position and performance of ECB and its subsidiaries (“the Group”) since the year ended 31 December 2013.

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 2013 except for the adoption of the following with effect from 1 January 2014:

<u>Description</u>	<u>Effective date</u>
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities.	1 January 2014
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities.	1 January 2014
- Amendments to MFRS 136: Recoverable Amount Disclosure for Non-Financial Assets.	1 January 2014
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
- IC Interpretation 21 Levies	1 January 2014

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3. Significant Accounting Policies (cont'd)

<u>Description</u>	<u>Effective date</u>
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
- Annual improvements to MFRSs 2010-2012 Cycle	1 July 2014
- Annual improvements to MFRSs 2011-2013 Cycle	1 July 2014
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced.
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced.
- MFRS 9: Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced.

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

4. Changes in Estimates

There were no changes in estimates adopted in the preparation of financial statements that have had a material effect in the current and comparative quarter.

5. Changes in Composition of the Group

On 13 March 2014, the Company entered into a sale and purchase agreement with Technics Oil & Gas Limited ("TOGL"), an associated company, for the purchase by the Company from TOGL 300,000 ordinary shares of RM1 each representing 30% equity interest in Eversendai Technics Sdn Bhd ("ETSB") for a total cash consideration of RM300,000. The acquisition was completed on 11 April 2014 and accordingly, ETSB and its wholly owned Eversendai Technics RMC FZE ("ETRF") have become wholly-owned subsidiaries of the Company. On 14 April 2014, ETSB changed its name to Eversendai Offshore Sdn Bhd. On 5 May 2014, ETRF changed its name to Eversendai Offshore RMC FZE.

Saved as disclosed, there is no change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary and long-term investments, restructuring, and discontinued operations during the current quarter under review.

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6. Segment Information

	Middle- East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments & elimination RM'000	Group RM'000
First Quarter ended 31.03.2014							
Revenue							
- External	145,715	19,388	65,618	-	230,721	-	230,721
- Internal	34,827	2,465	14,714	-	52,006	(52,006)	-
Total revenue	180,542	21,853	80,332	-	282,727	(52,006)	230,721
Gross profit	22,782	(530)	25,464	-	47,716	(14,715)	33,001
- Interest income							458
- Dividend income							1,020
- Other income						(272)	6,402
- Other expenses							(24,869)
- Finance costs							(5,057)
- Share of results of associates							(326)
- Fair value gain on derivative financial asset							679
Profit before tax							11,308
Income tax expense							(959)
Profit for the period							10,349

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6. Segment Information (cont'd)

	Middle- East RM'000	India RM'000	Malaysia RM'000	Others RM'000	Total RM'000	Adjustments & elimination RM'000	Group RM'000
First Quarter ended 31.03.2013							
Revenue							
- External	158,879	33,307	50,996	-	243,182	-	243,182
- Internal	47,180	3,031	-	-	50,211	(50,211)	-
Total revenue	206,059	36,338	50,996	-	293,393	(50,211)	243,182
Gross profit	33,748	658	4,797	-	39,203	-	39,203
- Interest income							643
- Dividend income							831
- Other income						(253)	4,626
- Other expenses							(16,583)
- Finance costs							(4,268)
Share of results of associate							1,012
Profit before tax							25,464
Income tax expense							(385)
Profit for the period							25,079

7. Seasonality of Operations

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

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8. Profit Before Tax

Included in the profit before tax are the following income/(expense):

	First Quarter	
	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Interest income	458	643
Dividend income from investment securities	1,020	831
Sales of scrap	1,541	2,192
Interest expense	(5,057)	(4,268)
Depreciation of property, plant and equipment	(7,796)	(6,906)
Write back of impairment losses on receivables	5,028	-
Provision for or write off of inventories	-	-
Gain on disposal of property, plant and equipment	65	8
Gain/(loss) on disposal of quoted or unquoted investment	-	-
Impairment of assets	-	-
Unrealised foreign exchange (loss)/gain	(42)	2,618
Gain on financial assets at fair value through profit or loss	679	-
Exceptional items	-	-

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9. Income Tax Expense

	First Quarter	
	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Current income tax:		
Malaysian income tax	968	315
Foreign income tax	(9)	70
Under/(over) provision in previous years	-	-
	<u>959</u>	<u>385</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Under/(over) provision in previous years	-	-
	<u>-</u>	<u>-</u>
Total income tax expense	<u>959</u>	<u>385</u>
Profit before taxation	11,308	25,464
Effective tax rate	8%	2%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) on the estimated taxable profit for the period. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the current quarter of 8% was lower than the statutory tax rate of 25% in Malaysian is due mainly to significant profits of the Group were generated in a country in which business profit is not subject to income tax.

10. Earnings per Share

Basic/diluted

Basic and diluted earnings per share for the current quarter under review is calculated by dividing profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issued (excluding treasury shares) during the financial period.

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10. Earnings per Share (cont'd)

	First Quarter	
	3 months ended	
	31.03.2014	31.03.2013
Profit for the period attributable to equity holders of the Company (RM'000)	10,991	23,679
Weighted average number of ordinary shares in issue, excluding treasury shares ('000 units)	773,899	774,000
Basic earnings per share (sen)	1.42	3.06

Diluted earnings per share is not presented as the Company does not have any potentially dilutive shares. Other than share buy-back as disclosed in Note 16, there have been no other transactions involving ordinary share or potential ordinary shares between the reporting date and the date of this interim financial report.

11. Property, plant and equipment

During the current quarter, the Group disposed-off assets with carrying value of RM361,000 (2013: RM5,000), resulting in a gain of RM65,000 (2013: RM8,000), recognized and included in other income in the statement of comprehensive income.

As at the end of the current quarter under review, the Group does not have any material commitment for the acquisition or disposal of property, plant and equipment.

12. Intangible Assets

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:

- a) Budgeted gross margin
The basis used to determine the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increase for expected efficiency improvements and after considering current economic conditions.
- b) Discount rate
The discount rates used are pre-tax and reflect cost of borrowings of the subsidiaries.
- c) 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 cash-generating units.

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12. Intangible Assets (cont'd)

The Group considers the relationship between its budgeted gross margins, discount rate, growth rate and the carrying value of the goodwill, amongst other factors when reviewing indicators of impairment. As at 31 March 2014, 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

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

Certain inventories of the Group are pledged against bank borrowings.

14. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31.03.2014	31.03.2013
	RM'000	RM'000
Cash and bank balances	114,659	55,045
Deposits with financial institutions	52,845	128,319
Total cash and bank balances	167,504	183,364
Less:		
Bank overdrafts	(10)	(6,115)
Deposits pledged with financial institutions	(40,514)	(38,554)
Total cash and cash equivalents	126,980	138,695

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 the financial instruments or 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.

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15. Fair value hierarchy (cont'd)

As at the end of the current quarter under review, the Group held the following financial assets that are measured at fair value:

	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
At 31 March 2014			
Non-current asset			
Derivative financial asset	12,860	-	12,860
Investment in structured deposit	-	24,000	24,000
Current asset			
Investment securities	170,163	-	170,163
Total	183,023	24,000	207,023
At 31 March 2013			
Current asset			
Investment in structured deposit	-	25,284	25,284
Investment securities	223,395	-	223,395
Total	223,395	25,284	248,679

Investment securities are investments in unit trust fund and quoted shares. On 29 January 2013, the investment in quoted shares to RM76,862,000 has been reclassified to investment in an associate. As at 31 March 2014, the investment securities wholly comprised of investment in unit trust fund and the fair value of this financial asset is measured based on the market price.

Derivative financial asset is an investment in the quoted warrants of an associated company. The fair value of this class of financial asset is measured based on the quoted market price, with the fair value gains or losses through profit or loss.

Structure deposit is an investment placed with a licensed financial institution, and with returns that linked to market indices. The fair value of this class of financial asset is measured based on the market observable inputs, with the fair value gains or losses through profit or loss.

The Group does not have any financial instruments measured at fair value using significant unobservable inputs. There were no transfers between any levels of the fair value hierarchy took place during the current quarter and comparative period. The Group also does not hold any credit enhancement or collateral to mitigate credit risk and therefore, the carrying amount of financial assets represents the potential credit risk.

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16. Share Capital, Share Premium and Treasury Shares

During the current quarter under review, the Company repurchased 100,000 of its issued ordinary shares from the open market at an average price of RM0.89 per share. The total consideration paid for the repurchase including transaction costs was RM89,751, financed wholly by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Except as disclosed, there was no issue or repurchase or repayment of equity during the current quarter under review.

17. Group Borrowings and Debt Securities

	31.03.2014	31.03.2013
	RM'000	RM'000
Current:		
Hire purchase	2,068	1,322
Bank borrowings	208,104	182,016
Total current	210,172	183,338
Non-current:		
Hire purchase	8,234	5,469
Bank borrowings	28,256	34,657
Islamic medium-term notes	250,000	250,000
Total non-current	286,490	290,126
Total group borrowings and debt securities	496,662	473,464

Total borrowings including hire purchase payables of the Group as at 31 March 2014 in their respective foreign currencies are as follows:

	Foreign currency in '000	RM'000 equivalent
United Arab Emirates Dirham	98,320	87,318
Qatari Riyal	76,818	68,815
Indian Rupees	1,232,821	67,238

18. Dividends Paid

There was no payment of dividends by the Company during the current quarter under review.

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19. Commitments and Contingencies

a) Capital expenditure commitments

	31.03.2014	31.03.2013
	RM'000	RM'000
Contracted but not provided for:		
Land	468	26,200
Factory building	2,487	6,885
Plant and machinery	-	7,784
Computer systems and others	1,395	3,854
	4,350	44,723
Approved by not contracted for:		
Factory building	24,423	-
Plant and machinery	18,633	-
	43,056	-

b) Operating lease commitments

	31.03.2014	31.03.2013
	RM'000	RM'000
Within one year	15,600	4,631
After one year but not more than five years	43,445	6,888
More than five years	183,231	-
	242,276	11,519

c) Contingencies

At the end of the current quarter under review, the Group does not have any pending litigation or financial guarantee issued in favour of a third party that will result in potential financial liability to the Group.

Corporate guarantees

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

	31.03.2014	31.03.2013
	RM'000	RM'000
Eversendai Engineering LLC	2,116,403	2,027,375
Eversendai Engineering Qatar WLL	659,594	434,783
Eversendai Construction Private Limited	146,058	119,290
Shineversendai Engineering (M) Sdn Bhd	103,767	107,234
	3,025,822	2,688,682

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20. Related Party Transactions

Related parties include key management personnel of the Group and companies in which they are principal owners. The following table provides information on the transactions which have been entered into with related parties during the cumulative quarters under review:

	First Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Transactions with certain directors and key management personnel of the Group:		
Rental of staff accommodation and office building from a director	233	27

21. Events After the Reporting Period

On 8 May 2014, the Company announced that it has acquired 1,000,000 ordinary shares of RM1 each representing 20% equity interest in Vahana Construction Sdn Bhd ("VCSB") for a total cash consideration of RM1,000,000. Upon the completion of the said acquisition, the Company's equity interest in VCSB has increased from 49% to 69% and accordingly, VCSB has become a subsidiary of the Company.

Saved as disclosed above and in Note 5 to this Interim Financial Report, there were not material events subsequent to the end of the current quarter under review that have not been reflected in this interim financial report.

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B. Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A of the Main Market Listing Requirements of Bursa Malaysia**22. Review of Group with Comparison to Last Year's Corresponding Periods**

During the first quarter, the Group has secured to following contracts:

- a) A structural steel fabrication and erection contract for the New Jet Propulsion Centre in Jeddah, the Kingdom of Saudi Arabia for a total contract value of approximately RM40.9 mil;
- b) A structural steel fabrication and erection contract for the Al Ain Mosque in Abu Dhabi, UAE for a total contract value of approximately RM27.1 mil;
- c) A structural steel fabrication and erection contract for the Dubai Frame in Dubai, UAE for a total contract value of approximately RM11.9 mil;
- d) A structural steel fabrication and erection contract for the Lusail Expressway Artscape in Doha, Qatar for a total contract value of approximately RM14.0 mil; and
- e) A contract for construction of composite structure for the Kshijit building at Paramanadwadi, Mumbai at a total contract value of approximately RM57.4 mil.

Total revenue registered in the first quarter was RM230.7 mil, derived mainly from the following major contracts on hand:

- a) The Abu Dhabi International Airport project in Doha, Qatar;
- b) The King Abdul Aziz International Airport Railway Station project in Saudi Arabia;
- c) The Pearl Mansion project in Doha, Qatar;
- d) The Hub-Zero City project in Dubai, UAE;
- e) The Worli Mixed Use Development project in Mumbai, India;
- f) The Manjung 4 coal-fired power plant project in Perak, Malaysia; and
- g) The Tanjung Bin 4 coal-fired power plant in Johor, Malaysia.

Out of the total revenue of RM230.7 mil, 63% was contributed by the businesses in the Middle-East region (including the Commonwealth of Independent States), 29% by operations in Malaysia and the remaining 8% by projects in India.

Profit before tax for the first quarter was RM11.3 mil, which when compared to last year's RM25.5 mil, was lower by 56% due mainly to lower revenue and costs incurred on the development of new businesses. The Group is in progress to extend and expand its core operation strengths into the steel fabrication and plant construction segments of the oil & gas industry.

23. Material Change in Profit Before Taxation in Current Quarter as Compared to Preceding Quarter

The Group's profit before tax of RM11.3 mil for the first quarter of current financial year ending 31 December 2014 was generated by its core operations. In the preceding quarter ended 31 December 2013, the Group's result was a loss of RM3.6 mil due mainly to a provision of impairment loss of RM26.2 mil on its investment in the quoted securities of an associated company.

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24. Prospects of the Group

The Group recorded a profit before tax of RM11.3 mil in the first quarter ended 31 March 2014 against a loss in the preceding quarter ended 31 December 2013 which was due mainly to an impairment loss on the investment in an associated company.

As at 31 March 2014, the Group's order book stood at approximately RM1.1 billion at the back of a tender book of RM15.5 billion. Approximately 61% of the order book came from the Group's traditional stronghold in the Middle East region and the Commonwealth of Independent States, while the remaining 25% and 14% will be executed by the operations in Malaysia and India respectively.

In addition, the Group's extension and expansion of its core strengths in the steel engineering, fabrication and erection for the building construction and power plant industry, into the related segments like process module, structural platform and petrochemical plant construction in the oil and gas industry which started in the middle of year 2013, is expected to contribute positively in the current financial year.

The Board is of the opinion that the Group will perform better in the current financial year.

25. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Company or the Group for the current quarter under review.

26. Corporate Proposals

There is no corporate proposal announced but not completed as at 19 May 2014, being a date not earlier than seven days from the date of issuance of this interim financial report.

27. Changes in Material Litigation

During the current quarters under review and up to 19 May 2014, being a date no earlier than seven days from the date of this interim financial report, there was no material litigation against the Group.

28. Dividend Payable

The Board of Directors has proposed a final tax exempt (single-tier) dividend of RM0.01 per share on 773,899,000 ordinary shares (excluded treasury share of 101,000 shares) of RM0.50 each, amounting to total dividend payable of RM7,738,990 for the preceding financial year ended 31 December 2013. Such dividend, if approved by the shareholders at the forthcoming annual general meeting of the Company, will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the third quarter of the current financial year ending 31 December 2014.

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29. Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group as at 31 March 2014 and 31 December 2013 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia dated 25 March 2010 and 20 December 2010, and 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.

	31.03.2014	31.12.2013
	RM'000	RM'000
		(Audited)
Total retained profits of the Group as reported under MFRS		
- Realised	599,409	587,456
- Unrealised	31,203	30,487
	<u>630,612</u>	<u>617,943</u>
Total share of retained earnings/(accumulated losses) from:-		
Associated companies:		
- Realised	(6,351)	(6,025)
Less: Consolidation adjustments	(347,560)	(346,208)
	<u>276,701</u>	<u>265,710</u>
Total retained profits of the Group as per consolidated financial statements	276,701	265,710

30. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

By order of the Board of Directors

Tan Sri Nathan a/I Elumalay

Executive Chairman and Group Managing Director

Eversendai Corporation Berhad

26 May 2014