

# **EVERSENDAI**

**EVERSENDAI CORPORATION BERHAD**

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

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**FOURTH QUARTER ENDED 31 DECEMBER 2015**

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

Dated 29 February 2016

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

**Date: 29 February 2016**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

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

**Financial Year ended 31 December 2015**

**Summary of Key Financial Information for the Fourth Quarter ended 31 December 2015**

	<b>Fourth Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2015 RM'000</b>	<b>31.12.2014 RM'000</b>	<b>31.12.2015 RM'000</b>	<b>31.12.2014 RM'000</b>
1 Revenue	489,321	308,511	1,788,804	1,002,809
2 Profit before tax	12,761	22,764	68,197	45,789
3 Profit for the periods	10,431	16,444	62,185	36,441
4 Profit attributable to equity holders of the Company	7,823	16,205	55,900	37,404
5 Basic earnings per share (sen)	1.01	2.09	7.22	4.83
6 Proposed/declared dividend per share (sen)	0.50	1.25	0.50	1.25
			<b>As at 31.12.2015 (RM)</b>	<b>As at 31.12.2014 (RM) (Audited)</b>
7 Net assets per share attributable to the equity holders of the Company			1.45	1.18

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2015**

**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2015**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
<b>Revenue</b>		<b>489,321</b>	<b>308,511</b>	<b>1,788,804</b>	<b>1,002,809</b>
Cost of sales		(423,078)	(260,230)	(1,561,772)	(872,961)
<b>Gross profit</b>		<b>66,243</b>	<b>48,281</b>	<b>227,032</b>	<b>129,848</b>
Interest income		386	233	930	624
Dividend income		42	1,015	1,473	5,010
Other income		8,269	16,415	37,721	41,703
Operating and administrative expense		(42,535)	(33,915)	(155,892)	(111,132)
<b>Operating profit</b>		<b>32,405</b>	<b>32,029</b>	<b>111,264</b>	<b>66,053</b>
Finance costs		(11,163)	(7,046)	(33,540)	(24,419)
Share of associates' results		-	-	-	126
Net (loss)/gain on financial assets at fair value through profit or loss		(8,481)	(2,219)	(9,527)	4,029
<b>Profit before tax</b>	8	<b>12,761</b>	<b>22,764</b>	<b>68,197</b>	<b>45,789</b>
Income tax expense	9	(2,330)	(6,320)	(6,012)	(9,348)
<b>Profit for the period</b>		<b>10,431</b>	<b>16,444</b>	<b>62,185</b>	<b>36,441</b>
<b>Other comprehensive income/(expense) :</b>					
- Fair value adjustment of investment securities		300	185	453	26
- Foreign currency translation		(37,753)	41,818	166,532	34,547
<b>Other comprehensive income/(expense) for the period:</b>		<b>(37,453)</b>	<b>42,003</b>	<b>166,985</b>	<b>34,573</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>(27,022)</b>	<b>58,447</b>	<b>229,172</b>	<b>71,014</b>

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**Financial Year ended 31 December 2015**

**Condensed Consolidated Statement of Comprehensive Income for the Fourth Quarter ended 31 December 2015 (Cont'd)**

	Note	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
		31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Profit/(loss) for the period attributable to:					
- Equity holders of the Company		7,823	16,205	55,900	37,404
- Non-controlling interests		2,608	239	6,285	(963)
		<u>10,431</u>	<u>16,444</u>	<u>62,185</u>	<u>36,441</u>
Total comprehensive income/(expense) attributable to:					
- Equity holders of the Company		(29,344)	57,774	221,168	71,593
- Non-controlling interests		2,322	673	8,004	(579)
		<u>(27,022)</u>	<u>58,447</u>	<u>229,172</u>	<u>71,014</u>
<b>Earnings per share attributable to equity holders of the Company</b>					
- <b>Basic/diluted (sen)</b>	10	1.01	2.09	7.22	4.83

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2015**

**Condensed Consolidated Statement of Financial Position as at 31 December 2015**

	Note	31.12.2015 RM'000	31.12.2014 RM'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	649,359	449,421
Goodwill	12	12,088	12,088
Derivatives financial assets	15	8,278	15,838
Investment in securities	15	84,622	87,847
Deferred tax assets		2,628	508
<b>Total non-current assets</b>		<b>756,975</b>	<b>565,702</b>
<b>Current assets</b>			
Inventories	13	168,286	148,543
Amount due from customers on construction contracts		863,491	394,831
Trade contract receivables		625,523	466,142
Other receivables and deposits		125,808	77,655
Tax recoverable		166	136
Investment in securities	15	8,549	94,630
Deposit and bank balances	14	134,817	242,702
<b>Total current assets</b>		<b>1,926,640</b>	<b>1,424,639</b>
<b>Total assets</b>		<b>2,683,615</b>	<b>1,990,341</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade payables		222,747	151,230
Other payables		364,338	193,242
Amount due to customers on construction contracts		67,053	124,899
Amount due to directors		2,357	1,508
Hire purchase payables	17	2,226	3,098
Borrowings	17	513,350	248,077
Provision for taxation		31,276	25,436
<b>Total current liabilities</b>		<b>1,203,347</b>	<b>747,490</b>

**EVERSENDAI CORPORATION BERHAD** (614060-A)  
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**Financial Year ended 31 December 2015**

**Condensed Consolidated Statement of Financial Position as at 31 December 2015 (Cont'd)**

	Note	31.12.2015 RM'000	31.12.2014 RM'000 (Audited)
<b>Equity and liabilities (cont'd)</b>			
<b>Non-current liabilities</b>			
Hire purchase payables	17	7,096	6,275
Borrowings	17	287,122	288,795
Employees' service benefits		52,138	34,806
Deferred tax liabilities		3,152	2,999
<b>Total non-current liabilities</b>		<b>349,508</b>	<b>332,875</b>
<b>Total liabilities</b>		<b>1,552,855</b>	<b>1,080,365</b>
<b>Net assets</b>		<b>1,130,760</b>	<b>909,976</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	16	387,000	387,000
Share premium	16	191,515	191,515
Treasury shares	16	(91)	(91)
Capital reserve		307	307
Foreign currency translation reserve		202,484	35,952
Fair value adjustment reserve		25	(428)
Retained earnings	29	341,601	295,375
		1,122,841	909,630
Non-controlling interests		7,919	346
<b>Total equity</b>		<b>1,130,760</b>	<b>909,976</b>
<b>Total equity and liabilities</b>		<b>2,683,615</b>	<b>1,990,341</b>

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDI CORPORATION BERHAD (614060-A)**

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**Financial Year ended 31 December 2015**
**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2015**

	← 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	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			
<b>At 1.1.2014</b>	<b>387,000</b>	<b>191,515</b>	<b>(2)</b>	<b>307</b>	<b>1,418</b>	<b>(454)</b>	<b>265,710</b>	<b>845,494</b>	<b>1,374</b>	<b>846,868</b>
Purchase of treasury shares	-	-	(89)	-	-	-	-	(89)	-	(89)
NCI arising from increase in stake in subsidiaries	-	-	-	-	-	-	-	-	(449)	(449)
Profit for the period	-	-	-	-	-	-	37,404	37,404	(963)	36,441
Other comprehensive income	-	-	-	-	34,534	26	-	34,560	384	34,944
Total comprehensive income/(expense)	-	-	-	-	34,534	26	37,404	71,964	(579)	71,385
Dividend	-	-	-	-	-	-	(7,739)	(7,739)	-	(7,739)
<b>At 31.12.2014</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>35,952</b>	<b>(428)</b>	<b>295,375</b>	<b>909,630</b>	<b>346</b>	<b>909,976</b>



**EVERSENDAI CORPORATION BERHAD (614060-A)**

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**Financial Year ended 31 December 2015**
**Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter ended 31 December 2015 (Cont'd)**

	← 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	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			
<b>At 1.1.2015</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>35,952</b>	<b>(428)</b>	<b>295,375</b>	<b>909,630</b>	<b>346</b>	<b>909,976</b>
Profit for the period	-	-	-	-	-	-	55,900	55,900	6,285	62,185
Other comprehensive income	-	-	-	-	166,532	453	-	166,985	1,288	168,273
Total comprehensive income	-	-	-	-	166,532	453	55,900	222,885	7,573	230,458
Dividend	-	-	-	-	-	-	(9,674)	(9,674)	-	(9,674)
<b>At 31.12.2015</b>	<b>387,000</b>	<b>191,515</b>	<b>(91)</b>	<b>307</b>	<b>202,484</b>	<b>25</b>	<b>341,601</b>	<b>1,122,841</b>	<b>7,919</b>	<b>1,130,760</b>

These condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes attached to these interim financial statements.

**EVERSENDI CORPORATION BERHAD (614060-A)**

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**Financial Year ended 31 December 2015**

**Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2015**

	<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2015 RM'000</b>	<b>31.12.2014 RM'000</b>
<b>Operating activities</b>		
Profit before taxation	68,197	45,789
Adjustments for:		
Depreciation of property, plant and equipment	31,919	31,454
Provision for employees' service benefits	12,391	7,219
Gain on disposal of property, plant and equipment	(283)	(323)
Property, plant and equipment written off	-	6
Net loss/(gain) on financial assets at fair value through profit or loss	9,527	(4,029)
Share of associates' results	-	(126)
Allowance for impairment losses on trade receivables	-	9,792
Write back of impairment losses on receivables	-	(22,503)
Gain on disposal of investment in securities	-	(45)
Interest income	(930)	(624)
Dividend income from investment in securities	(1,473)	(5,010)
Unrealised foreign exchange gains	(17,950)	(9,636)
Interest expense	33,540	24,419
	<b>134,938</b>	<b>76,383</b>
<b>Operating profit before working capital changes</b>		
Working capital changes:		
Net changes in current assets	(481,957)	(120,338)
Net changes in current liabilities	94,685	126,179
Cash (used in)/generated from operations	(252,334)	82,224
Employees' service benefits paid	(4,096)	(3,385)
Taxes paid	(4,228)	(2,357)
Interest expense paid	(33,540)	(24,419)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(294,198)</b>	<b>52,063</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(126,435)	(100,209)
Proceeds from disposal of property, plant and equipment	416	925
Acquisition of a subsidiary, net of cash received	-	(520)
Net changes in investment in securities	89,265	36,093
Proceeds from disposal of investment securities	-	454
Upliftment of structured deposit	-	24,024
Subscription of derivative financial assets	-	(827)
Uplift deposits with financial institutions	5,779	1,350
Interest received	930	624
Dividend received	-	5,010
<b>Net cash flows used in investing activities</b>	<b>(30,045)</b>	<b>(33,076)</b>

**EVERSENDI CORPORATION BERHAD (614060-A)**

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**Financial Year ended 31 December 2015****Condensed Consolidated Statement of Cash Flows for the Fourth Quarter ended 31 December 2015  
(Cont'd)**

	<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Acquisition of non-controlling interest	-	(300)
Subscription of treasury shares	-	(89)
Drawdown of bank borrowings	259,296	28,189
Dividends paid	(9,674)	(11,032)
Repayment of hire purchase payables	(51)	(3,810)
Advance of amounts due to directors	849	341
	<hr/>	<hr/>
<b>Net cash flows generated from financing activities</b>	<b>250,420</b>	<b>13,299</b>
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(73,823)</b>	<b>32,286</b>
	<hr/>	<hr/>
Effect of changes in foreign exchange rate	(32,586)	32,237
Cash and cash equivalents at beginning of year	206,364	141,841
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>99,955</b>	<b>206,364</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year comprised of:</b>		
Cash and bank balances	134,817	242,702
Less: Bank overdrafts	(4,303)	-
Less: Deposits with financial institutions	(30,559)	(36,338)
	<hr/>	<hr/>
	<b>99,955</b>	<b>206,364</b>
	<hr/>	<hr/>

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014, and the accompanying explanatory notes to these interim financial statements.

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

**Financial Year Ended 31 December 2015**

**Explanatory Notes to the Interim Financial Report for the Fourth Quarter ended 31 December 2015**

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting**

**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 Malaysia”).

These unaudited condensed consolidated interim financial statements and the accompanying explanatory notes were approved by the Board of Directors of the Company on 29 February 2016.

**2. Basis of Preparation**

These unaudited condensed consolidated interim financial statements for the financial year ended 31 December 2015 have been prepared in accordance with MFRS 134, Interim Financial Reporting and Chapter 9 of the Main Market Listing Requirements of Bursa Malaysia. These unaudited condensed consolidated interim financial statements also comply with International Accounting Standard (IAS) 34 issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

**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 2014 except for the adoption of the following with effect from 1 January 2015:

<b><u>Description</u></b>	<b><u>Effective date</u></b>
- 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

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**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**

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**

	Structural Steel & Plant Construction				Oil & Gas	Total	A & E *	Group
	Middle-East	India	Malaysia	Others				
	RM'000	RM'000	RM'000	RM'000				
<b>12 months ended 31.12.2015</b>								
Revenue								
- External	911,250	151,867	318,826	38	406,823	1,788,804	-	1,788,804
- Internal	301,899	2,245	16,036	30,750	3,031	353,961	(353,961)	-
<b>Total revenue</b>	<b>1,213,149</b>	<b>154,112</b>	<b>334,862</b>	<b>30,788</b>	<b>409,854</b>	<b>2,142,765</b>	<b>(353,961)</b>	<b>1,788,804</b>
<b>Profit before tax</b>	<b>55,575</b>	<b>(14,207)</b>	<b>9,451</b>	<b>20,301</b>	<b>27,827</b>	<b>98,947</b>	<b>(30,750)</b>	<b>68,197</b>
<b>12 months ended 31.12.2014</b>								
Revenue								
- External	593,614	93,350	236,261	530	79,054	1,002,809		1,002,809
- Internal	183,264	3,977	-	14,714	-	201,955	(201,955)	-
<b>Total revenue</b>	<b>776,878</b>	<b>97,327</b>	<b>236,261</b>	<b>15,244</b>	<b>79,054</b>	<b>1,204,764</b>	<b>(201,955)</b>	<b>1,002,809</b>
<b>Profit before tax</b>	<b>36,486</b>	<b>1,802</b>	<b>12,234</b>	<b>8,404</b>	<b>1,450</b>	<b>60,376</b>	<b>(14,587)</b>	<b>45,789</b>

\* Consolidation adjustment &amp; eliminations

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**6. Segment Information (Cont'd)**

The steel fabrication and erection for building and infrastructure construction businesses in the Middle-East region continued to contribute a lion share of the Group's revenue of 50.9% and pre-tax profit of RM55.6 million in the current financial period-to-date.

The operations in Malaysia had contributed 17.8% to the Group's revenue. Its revenue rose from RM236.3 million to RM318.8 million mainly from Tanjung Bin 4 coal-fired power plant contract, PKT Logistics Warehouse project and Reliance BKC DAICEC project.

The revenue from operations in India has also increased to RM151.9 million with a contribution of 8.5% of the Group revenue, mainly contributed by the progressive completion of projects, i.e. Reliance J3 project, Atmosphere Sky Bridge and Reliance BKC DAICEC project.

The oil and gas business has expanded further and contributed to 22.8% of the Group's revenue, as compared to corresponding period in 2014 of 7.9%. The increase is mainly contributed by the fruitful new ventures in oil and gas sector via Eversendai Offshore RMC FZE and Eversendai Oil & Gas (M) Sdn Bhd in Middle East and Malaysia, respectively. Its profit has also increased from RM1.5 million in previous corresponding period to RM27.8 million for the current period.

**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):

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Interest income	386	233	930	624
Dividend income from investment in securities	42	1,015	1,473	5,010
Sales of scrap	1,442	1,695	6,677	8,811
Interest expense	(11,163)	(7,046)	(33,540)	(24,419)
Depreciation of property, plant and equipment	(9,401)	(8,921)	(31,919)	(31,454)
Write back of impairment losses on receivables	-	4,505	-	22,503
Gain on disposal of property, plant and equipment	94	42	283	323
Gain on disposal of quoted investment in associates	-	-	-	45
Allowance for impairment of losses on receivables	-	(9,792)	-	(9,792)
Unrealised foreign exchange (loss)/ gain	(613)	9,843	17,950	9,636
Net (loss)/ gain on financial assets at fair value through profit or loss	(8,481)	(2,195)	(9,527)	4,029
Employee benefits expense	(3,026)	(1,947)	(12,391)	(7,219)
Property, plant and equipment written off	-	(1)	-	(6)



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**9. Income Tax Expense**

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
<b>Current income tax:</b>				
Malaysian income tax	388	908	2,401	3,792
Foreign income tax	1,942	5,412	3,611	5,556
	<b>2,330</b>	<b>6,320</b>	<b>6,012</b>	<b>9,348</b>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	-	-	-
<b>Total income tax expense</b>	<b>2,330</b>	<b>6,320</b>	<b>6,012</b>	<b>9,348</b>
Profit before taxation	12,761	22,764	68,197	45,789
Effective tax rate	18%	28%	9%	20%

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 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 year ended 31 December 2015 of 9% was lower than the 25% statutory tax rate in Malaysian mainly due to significant portion of the Group's pre-tax profit were generated in the Middle East region where business profits in many of the jurisdictions are not subject to income tax.

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**10. Earnings per Share**

**Basic/diluted**

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

	Fourth Quarter 3-month ended		Cumulative Quarter 12-month ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit for the period (RM'000)	7,823	16,205	55,900	37,404
Number of ordinary shares in issue ('000)	773,899	773,899	773,899	773,899
<b>Basic earnings per share (sen)</b>	<b>1.01</b>	<b>2.09</b>	<b>7.22</b>	<b>4.83</b>

**11. Property, Plant and Equipment**

During the current cumulative 12 months period under review, the Group disposed-off assets with carrying value of RM135,000 (2014: RM602,000), resulting in a gain of RM283,000 (2014: RM323,000), 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 the weighted average cost of capital of the Group.
- 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.

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 December 2015, 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**

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:

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM’000</b>	<b>RM’000</b>
		<b>(Audited)</b>
Cash and bank balances	102,234	156,726
Deposits with financial institutions	32,583	85,976
<b>Total cash and bank balances</b>	<b>134,817</b>	<b>242,702</b>
Less:		
Bank overdrafts	(4,303)	-
Deposits pledged with financial institutions	(30,559)	(36,338)
<b>Total cash and cash equivalents</b>	<b>99,955</b>	<b>206,364</b>

**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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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### 15. Fair Value Hierarchy (Cont'd)

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

	<b>Level 1</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 31.12.15</b>		
<b>Non-current asset</b>		
Derivative financial asset	8,278	8,278
Investment in securities	84,622	84,622
<b>Current asset</b>		
Investment in securities	8,549	8,549
<b>Total</b>	<b>101,449</b>	<b>101,449</b>
<b>At 31.12.14</b>		
<b>Non-current asset</b>		
Derivative financial asset	15,838	15,838
Investment in securities	87,847	87,847
<b>Current asset</b>		
Investment in securities	94,630	94,630
<b>Total</b>	<b>198,315</b>	<b>198,315</b>

Investment in securities are investments in unit trust fund and quoted shares. Derivative financial asset is an investment in the quoted warrants. 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.

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.

### 16. Share Capital, Share Premium and Treasury Shares

There was no share buy-back during the current quarter under review.

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## 17. Group Borrowings and Debt Securities

	<b>31.12.2015</b> <b>RM'000</b>	<b>31.12.2014</b> <b>RM'000</b> <b>(Audited)</b>
<b>Current:</b>		
Hire purchase	2,226	3,098
Bank borrowings	513,350	248,077
<b>Total current</b>	<b>515,576</b>	<b>251,175</b>
<b>Non-current:</b>		
Hire purchase	7,096	6,275
Bank borrowings	37,122	38,795
Islamic medium-term notes	250,000	250,000
<b>Total non-current</b>	<b>294,218</b>	<b>295,070</b>
<b>Total group borrowings and debt securities</b>	<b>809,794</b>	<b>546,245</b>

Included in the Group's borrowings as at 31 December 2015 are bank borrowings denominated in foreign currencies as follows:

	<b>Value in</b> <b>foreign</b> <b>currency</b> <b>31.12.2015</b> <b>'000</b>	<b>Equivalents in</b> <b>value of</b> <b>Malaysian</b> <b>currency</b> <b>31.12.2015</b> <b>RM'000</b>
United Arab Emirates Dirham	326,196	382,097
Qatari Riyal	58,276	68,852
Indian Rupees	1,150,393	74,770

## 18. Dividends Paid

A final tax exempt (single-tier) dividend of 1.25 sen 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 RM9,673,738 for the preceding financial year ended 31 December 2014, has been approved by the shareholders of the Company during the Annual General Meeting held on 29 June 2015. The Company paid the said dividend on 24 July 2015 and accounted the appropriation of earnings in the statement of changes in equity during the second quarter ended 30 June 2015.

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**19. Commitments and Contingencies**

**a) Capital expenditure commitments**

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contracted but not provided for:</b>		
Factory building & labour accommodation	26,555	19,658
Plant and machinery	-	165
Computer systems and others	452	1,937
	<u><b>27,007</b></u>	<u><b>21,760</b></u>
<b>Approved but not contracted for:</b>		
Plant and machinery	-	2,931
	<u><b>-</b></u>	<u><b>2,931</b></u>

**b) Operating lease commitments**

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	22,885	17,072
After one year but not more than five years	77,119	54,860
More than five years	235,264	176,355
	<u><b>335,268</b></u>	<u><b>248,287</b></u>

**c) Contingencies**

The Group does not have any pending litigation except as disclosed in Note 27 of this interim financial report.

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**19. Commitments and Contingencies (Cont'd)**

**c) Contingencies (Cont'd)**

Corporate guarantees

At the end of the current quarters under review, the Group has provided corporate guarantees for banking facilities; which will not result in potential financial liability to the Group, as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Eversendai Engineering LLC	3,238,576	2,160,377
Eversendai Offshore RMC FZE	543,915	317,977
Eversendai Engineering Qatar WLL	940,761	666,336
Eversendai Construction Private Limited	277,724	186,186
Shineversendai Engineering (M) Sdn Bhd	301,187	75,726
	<b>5,302,163</b>	<b>3,406,602</b>

**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:

	<b>Cumulative quarter</b>	
	<b>12 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with certain directors and key management personnel of the Group:</b>		
Rental of staff accommodation and office building from a director	1,095	1,019
Provision of services for engineering and fabrication by a subsidiary to a company where the Company deemed related to one of the director by virtue of his direct interest in the ultimate holding Company of the Group	338,587	58

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**21. Events After the Reporting Period**

The Company investment classified as Investment in securities and derivative financial assets in Technics Oil & Gas Limited (“TOGL”) amounting to RM92,900,000 as at 31 December 2015, which is listed on the Singapore Exchange. These investments are classified as financial assets measured at fair value using the fair value hierarchy of Level 1.

TOGL shares was trading at S\$0.62 and its warrants was trading at S\$0.15 before suspension. On 6 January 2016, the shares of TOGL had been suspended from trading on Singapore Exchange. The reason for suspension was to give itself more time to negotiate a major disposal. On 15 February 2016, the shares and warrants resumed trading and closed at S\$0.12 and S\$0.15 respectively.

In accordance with paragraph 21 of MFRS 110, , the financial effect based on the closing price of TOGL shares and warrants on 25 February 2016 at S\$0.11 and S\$0.002, the net loss on financial assets at fair value through profit or loss (“FVTPL”) amounting to approximately RM78 million.

From the perspective of the Malaysian Financial Reporting Standards 110 Events After the Reporting Period paragraph 3, the above falls under non-adjusting event, which is an event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

Except as disclosed, there were no 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 fourth quarter under review, the Group has secured the following key contracts worth RM271.1 million:

- i) A structural steel and fabrication project for Riyadh Metro Elevated Station in KSA;
- ii) A design, fabrication, supply, installation, testing, commissioning of structural steel works for Top Glove, Malaysia;
- iii) A contract for supply, fabrication and delivery of structural steel for Toyo Engineering & Construction Sdn Bhd for Petronas Rapid Package 5 project; and
- iv) 2 contracts for module fabrication work and supply of TEG unit for the ADGAS Das Island project in Abu Dhabi;

which together with the following contracts win in the first 3 quarters, has added total contract worth over RM1.7 billion to the order book of the Group in the current cumulative 12 months period under review:

- i) A structural steel fabrication and erection contract for the Nas Arena contract in Dubai;
- ii) A structural steel fabrication contract for the construction of Dhirubhai Ambani International Convention and Exhibition Centre (DAICEC) in Mumbai, India;
- iii) A contract for the construction of the 12 Waves, in Batu Kawan, Penang, Malaysia;
- iv) A structural steel fabrication and erection contract for the Al Wahda Arches and Visitors Centre in Doha, Qatar;
- v) 2 structural steel fabrication and erection contracts in Kingdom of Saudi Arabia.
- vi) A contract for the erection package of the Dhirubhai Ambani International Convention and Exhibition Centre in India;
- vii) A general construction contract for a high-end, luxury residential project, located on a one acre land in Worli, India;
- viii) A connection design, fabrication, metal decking, supply, erection and fireproofing of steel works contract for a Theme Park in Abu Dhabi;
- ix) A contract for the fabrication of skid shoes at Gas Treatment Platform in Abu Dhabi;
- x) A turnkey supply, fabrication, painting, delivery and erection of structural steel contract for a rubber manufacturing plant;
- xi) An engineering, procurement, construction and commissioning of structural steel works for the Pengerang Co-Generation Plant at the Rapid Complex in Pengerang, Johor;
- xii) A contract for supply, fabrication, painting and erection of structural steel works for the Statue of Unity in Gujarat, India
- xiii) A design, fabrication, supply, installation, testing, commissioning of structural steel roof and maintenance contract for a Theme Park in Doha, Qatar; and
- xiv) Two contracts for supply, fabrication and delivery of structural steel for Petronas Rapid Package 3 & 5 projects.

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**22. Review of Group with Comparison to Last Year's Corresponding Periods (Cont'd)**

The Group recorded total revenue of RM1,788.8 million in the first 12 months of the year, which when compared to last year's RM1,002.8 million, was higher by 78.4%.

Out of the total revenue of RM1,788.8 million, 70.7% was contributed by the businesses in the Middle-East region (including the Commonwealth of Independent States), 20.8% by operations in Malaysia and the remaining 8.5% by projects in India.

Profit before tax for the fourth quarter and cumulative 12 month periods were RM12.8 mil and RM68.2 mil, as compared to last year's RM22.8 mil and RM45.8 mil respectively. The increase was mainly due to higher value of contract executions.

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

The Group's profit before tax of RM12.8 million during the fourth quarter, which when compared to the preceding quarter's RM22.8 million, was lower by 43.9%. This was mainly due to higher finance costs and loss on financial assets at fair value through profit and loss.

**24. Prospects of the Group**

During the current financial period ended 31 December 2015, the Group has secured approximately RM1.7 billion new contracts. Approximately 73.6% 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 will be executed by the operations in Malaysia (15.7%) and India (10.7%).

On top of sustaining inflows of contracts from its established core businesses in the steel engineering, fabrication and erection for the building construction industry, the Group's extension and expansion of its core strengths into the related segments in the oil and gas industry which started in the middle of year 2013, have been successful with the procurement of contracts for the construction of both onshore and offshore oil & gas processing plant, production supporting facilities and equipment.

Barring unforeseen circumstances, and notwithstanding the gestation period of new businesses in the oil & gas industry, the Board is confident that the Group's prospects remain positive based on the long term underlying fundamentals.

**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.

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**26. Corporate Proposals**

On 2 December 2015, the Company announced that that Eversendai Construction (S) Pte Ltd (“ECSPL”), a wholly-owned subsidiary of the Company, has on 1 December 2015 entered into a shareholders’ agreement with Mr Anuchart Suphannarat (“Anuchart”), who is the founder and owner of S-CON, together with Mr Anirudh Suphannarat and a conditional share subscription agreement with Anuchart and S-CON, to subscribe 70% of the total voting rights in S-CON for THB 30 million cash (“the Subscription”). Upon completion of the subscription, S-CON shall be a subsidiary company of ECSPL.

Except as disclosed, there is no corporate proposal announced but not completed as at 22 February 2016, being a date not earlier than seven days from the date of issuance of this interim financial report.

**27. Changes in Material Litigation**

(i) During the current quarters under review and up to 22 February 2016, being a date no earlier than seven days from the date of this interim financial report, a supplier known as Linsun Engineering Sdn Bhd had on 14 November 2014, served a Writ of Summons against the company’s subsidiary, Shineversendai Engineering (M) Sdn Bhd for certain supply of manpower for scaffolding erection and dismantling works at the Project known as Manjung 4 Power Plant for an alleged claim of RM8,222,465 plus interest which is disputed by the company. The company is of the view that it has a very good defence against the alleged claim.

As of 1 February 2016, the Court has agreed to the solicitor’s request to file the Expert Report by 17 February and the company to reply on the report by 9 March 2016.

The trial dates remain which are from 4-6 April and 18-20 April 2016.

(ii) On 18 December 2015, Shin Eversendai Engineering (M) Sdn Bhd (“Shin EV”) had also received a signed and sealed Writ Summons and Statement of Claim dated 10 December 2015 from Berger International Sdn Bhd (“the Plaintiff”) claiming for a total sum of RM791,834.00 for the supply and delivery of paint materials for the PCSB-Sabah Oil & Gas Terminal project from August 2011 until October 2012, 5% interest per annum on the judgement amount (calculated from the judgement date until the date of full settlement) and other incidental costs.

As of 22 February 2016, the parties informed the Court that, Shin EV does not have any objection towards the Plaintiff’s application to set aside the Judgment in Default and the Plaintiff does not have any objection towards Shin EV’s application to transfer the matter to the High Court.

The High Court directed Shin EV to file its written submissions for the transfer application by 26 February 2016 and the Hearing of the transfer application is fixed on 4 March 2016.

**28. Dividend Payable**

The Board of Directors has proposed a final tax exempt (single-tier) dividend of 0.5 sen per share on 773,899,000 ordinary shares (excluded treasury share of 101,000) of RM0.50 each, amounting to total dividend payable of RM3,869,495 for the current financial year ended 31 December 2015. 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 financial year ending 31 December 2016.

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**29. Realised and Unrealised Profits or Losses**

The breakdown of the retained profits of the Group as at 31 December 2015 and 31 December 2014 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.

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
Total retained profits of the Group as reported under MFRS		
- Realised	692,924	660,229
- Unrealised	(3,729)	(23,548)
	<u>689,195</u>	<u>636,681</u>
Less: Consolidation adjustments	(347,594)	(341,306)
<b>Total retained profits of the Group as per consolidated financial statements</b>	<b><u>341,601</u></b>	<b><u>295,375</u></b>

**30. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

By order of the Board of Directors

**Tan Sri Nathan a/l Elumalay**

Executive Chairman and Group Managing Director

**Eversendai Corporation Berhad**

29 February 2016