DIALOG GROUP BERHAD
Company No. 178694 – V
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2011

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Revenue	301,161	282,774	833,496	867,196
Operating expenses	(262,077)	(251,930)	(729,548)	(782,908)
Other operating income	3,957	2,249	9,475	6,161
Share of results of jointly controlled entities and associates	9,247	8,554	28,730	23,316
Finance costs	(785)	(544)	(2,129)	(1,528)
Profit before tax	51,503	41,103	140,024	112,237
Income tax expense	(10,370)	(7,324)	(27,114)	(20,149)
Profit for the period	41,133	33,779	112,910	92,088
Profit attributable to:				
Owners of the Company	38,339	31,840	107,428	87,402
Non-controlling interests	2,794	1,939	5,482	4,686
	41,133	33,779	112,910	92,088
Basic earnings per ordinary share of RM0.10 each (sen)	1.95	1.61	5.47	4.45
Diluted earnings per ordinary share of RM0.10 each (sen)	1.93	1.61	5.43	4.44

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.)

DIALOG GROUP BERHAD
Company No. 178694 – V
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Profit for the period	41,133	33,779	112,910	92,088
Other comprehensive income:				
Currency translation difference arising from consolidation	504	(6,982)	2,313	(8,469)
Cash flow hedge	(570)	-	(672)	-
Other comprehensive income for the period	(66)	(6,982)	1,641	(8,469)
Total comprehensive income for the period	41,067	26,797	114,551	83,619
Total comprehensive income attributable to:				
Owners of the Company	38,127	26,657	108,190	80,705
Non-controlling interests	2,940	140	6,361	2,914
	41,067	26,797	114,551	83,619

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	NOTE	31/03/2011 RM'000	30/06/2010 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		157,776	153,711
Intangible assets		8,497	8,436
Interest in jointly controlled entities	B13	60,229	55,588
Investment in associates		74,557	87,541
Other investments		2,079	2,081
Other asset		338	349
Deferred tax assets		14,905	8,819
		318,381	316,525
CURRENT ASSETS			
Inventories		33,638	20,667
Trade and other receivables	A16	260,946	290,406
Current tax assets		3,402	5,054
Cash and cash equivalents	A17	356,727	261,062
		654,713	577,189
TOTAL ASSETS		973,094	893,714
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		199,240	198,052
Reserves		384,158	298,599
Treasury shares		(24,589)	(19,158)
		558,809	477,493
Non-controlling interests		40,766	34,688
TOTAL EQUITY		599,575	512,181
NON-CURRENT LIABILITIES			
Borrowings	B9	20,327	65,864
Deferred tax liabilities		7,749	6,134
		28,076	71,998
CURRENT LIABILITIES			
Trade and other payables	A18	270,697	287,077
Borrowings	B9	54,323	9,539
Current tax payable		20,423	12,919
		345,443	309,535
TOTAL LIABILITIES		373,519	381,533
TOTAL EQUITY AND LIABILITIES		973,094	893,714

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2011

	Attributable to owners of the Company							
	Share capital RM'000	**Share premium RM'000**	**Treasury shares RM'000**	**Other reserves RM'000**	**Retained profits RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 July 2010								
- as previously stated	198,052	2,051	(19,158)	3,155	293,393	477,493	34,688	512,181
- effect of adopting FRS 139	–	–	–	–	(27)	(27)	–	(27)
As restated	198,052	2,051	(19,158)	3,155	293,366	477,466	34,688	512,154
Total comprehensive income for the period	–	–	–	762	107,428	108,190	6,361	114,551
Appropriation:								
Final dividend for FY2010	–	–	–	–	(35,398)	(35,398)	–	(35,398)
Share options granted under ESOS	–	–	–	2,633	–	2,633	209	2,842
Share options exercised	1,188	15,268	–	(5,048)	–	11,408	(492)	10,916
Share issue expenses	–	(59)	–	–	–	(59)	–	(59)
Shares repurchased	–	–	(5,431)	–	–	(5,431)	–	(5,431)
Balance as at 31 March 2011	199,240	17,260	(24,589)	1,502	365,396	558,809	40,766	599,575
Balance as at 1 July 2009	141,321	25,043	(9,489)	7,873	275,848	440,596	30,816	471,412
Total comprehensive income for the period	–	–	–	(6,697)	87,402	80,705	2,914	83,619
Appropriation:								
Final dividend for FY2009	–	–	–	–	(24,951)	(24,951)	–	(24,951)
Share options granted under ESOS	–	–	–	3,134	–	3,134	–	3,134
Share option exercised	82	896	–	(246)	–	732	(9)	723
Share issue expense	–	(351)	–	–	–	(351)	–	(351)
Shares repurchased	–	–	(15,708)	–	–	(15,708)	–	(15,708)
Special share dividend	–	(24,877)	24,877	–	–	–	–	–
Bonus shares issued	56,560	–	–	–	(56,560)	–	–	–
Balance as at 31 March 2010	197,963	711	(320)	4,064	281,739	484,157	33,721	517,878

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011

	31/03/2011 RM'000	31/03/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	140,024	112,237
Adjustments for :		
Depreciation expenses	14,106	12,884
Share of results of jointly controlled entities and associates	(28,730)	(23,316)
Other non-cash items	816	3,218
Interest income and expense	(1,833)	78
Operating profit before working capital changes	124,383	105,101
Changes in working capital :		
Net change in current assets	25,258	(36,966)
Net change in current liabilities	(20,615)	86,512
Cash generated from operations	129,026	154,647
Dividend and interest received	41,137	28,404
Tax paid	(23,170)	(20,062)
Tax refund	-	39
Net cash generated from operating activities	146,993	163,028
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	103
Investment in jointly controlled entity	-	(13,200)
Additional purchase of other investment	-	(33)
Net advances to jointly controlled entities	(4,224)	(16,621)
Net change in deposits with licensed banks	321	1,156
Proceeds from disposal of property, plant and equipment	5,663	792
Purchase of property, plant and equipment	(24,177)	(14,033)
Net cash used in investing activities	(22,417)	(41,836)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011 (CONT'D)

	31/03/2011 RM'000	31/03/2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(754)	(1,482)
Dividend paid	(35,398)	(24,951)
Net (repayment)/drawdown of bank borrowings	(953)	14,923
Proceeds from issuances of shares	10,916	723
Share issue expenses	(59)	(351)
Shares repurchased	(5,431)	(15,708)
Net cash used in financing activities	(31,679)	(26,846)
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,897	94,346
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
As previously reported	258,075	174,568
Effects of exchange rate changes on cash and cash equivalents	3,088	(2,741)
As restated	261,163	171,827
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A17)	354,060	266,173

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa").

The interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010. The 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 financial year ended 30 June 2010.

A2 Changes in accounting policies

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2010 except for the adoption of the following new FRSs, IC Interpretations and Amendments to FRSs issued by the MASB that are effective for the Group's financial statements commencing 1 July 2010:-

A2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 July 2010, the Group adopted the following:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments : Recognition and Measurement
Improvements to FRSs (2009)	Amendment to FRS 5, 8, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 131, 134, 136, and 138
Amendments to FRS 1 and FRS 127	First-time adoption of Financial Reporting Standards; and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate
Amendments to FRS 2	Share-based Payments
Amendments to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments : Recognition and Measurement; Financial Instruments : Disclosures; and Reassessment of Embedded Derivatives
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 14	FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A2.2 Application of FRSs

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new FRSs, IC Interpretations and Amendments to FRSs are set out below:

a) FRS 101: Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes detail of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

b) FRS 139: Financial Instruments – Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 July 2010.

Financial assets

Under FRS 139, financial assets are classified as financial assets at Fair Value Through Profit or Loss, Loans and Receivables, or Held-To-Maturity investments, or Available-For-Sale financial assets, as appropriate.

The Group's financial assets include cash and deposits with licensed banks, loans and receivables, and other investments.

i) Loans and receivables

Prior to 1 July 2010, loans and receivables were stated at gross receivables less allowance for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. Gains and losses arising from derecognition of the loans and receivables, amortisation under the effective interest method and impairment losses are recognised in the income statement.

ii) Other investments

Prior to 1 July 2010, other investments consist of unquoted equity investments and club membership of the Group. These investments are stated at cost less allowance for diminution in value. Under FRS 139, unquoted equity investments are initially measured at fair value plus transaction cost and subsequently measured at cost less impairment. Club membership is not within the scope of FRS 139 and now reclassified as other assets in the statement of financial position.

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A2.2 Application of FRSs (cont'd)

b) FRS 139: Financial Instruments – Recognition and Measurement (cont'd)

Financial liabilities

Under FRS 139, financial liabilities are classified as financial liabilities at Fair Value Through Profit or Loss, or Other Financial Liabilities, as appropriate.

The Group's financial liabilities include trade and other payables, and borrowings, and are carried at amortised cost.

Derivative

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, derivatives are recognised at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities designated as hedged items and hedging financial derivatives are accounted for using the specified hedge accounting requirements of FRS 139.

Impact on opening balances

In accordance with the transitional provisions for first time adoption of FRS 139, the above changes in accounting policy have been accounted for prospectively and the comparatives are not restated. The effects arising from the adoption of FRS 139 on balances as at 1 July 2010 are as follow:

	Before effects of adopting FRS 139 RM'000	Effect of adopting FRS 139 RM'000	After effects of adopting FRS 139 RM'000
Assets			
Other investments	2,430	(349)	2,081
Other asset	–	349	349
Trade and other receivables	290,406	206	290,612
Liabilities			
Trade and other payables	287,077	233	287,310
Equity			
Retained profits	293,393	(27)	293,366

The adoption of FRS 139 does not have any significant impact on the profit for the financial period.

Other than the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A3 Auditors' report of preceding annual audited financial statements

The auditors' report on preceding year's audited financial statements was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations are not affected by seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial year, which have a material effect in the current financial period.

A7 Debt and equity securities

Changes in debt and equity securities during the current financial period were as follows:-

(i) The issued and paid-up share capital has been increased from RM198,052,323 to RM199,240,073 by the allotment of 11,877,500 new ordinary shares of RM0.10 each pertaining to the exercise of 11,877,500 share options under the Employees' Share Option Scheme; and

(ii) The Company repurchased a total of 4,488,300 ordinary shares of RM0.10 each from the open market for a total consideration of RM5,431,252. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

A8 Dividends paid

A final single tier dividend of 18% per ordinary share of RM0.10 each, amounting to RM35,398,441 in respect of financial year ended 30 June 2010 was paid on 15 December 2010.

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A9 Operating segments

The Group is principally involved in providing integrated technical services to the oil, gas and petrochemical industry in Malaysia and other areas of the world. Its operating segments are presented based on the geographical location of its customers. The performance of each segment is measured based on profit before tax, interest and depreciation as included in the internal management report reviewed by chief operating decision maker.

	Malaysia RM'000	Asia Pacific Countries RM'000	Other Countries RM'000	Total RM'000
Segment profit / (loss)	108,158	32,852	(986)	140,024
Included in the measure of segment profits are:				
Revenue from external customer	*427,133*	*390,611*	*15,752*	*833,496*
Inter-segment revenue	*2,931*	*24,423*	*-*	*27,354*
Depreciation	*4,725*	*8,813*	*568*	*14,106*
Interest expenses	*1,702*	*211*	*27*	*1,940*
Interest income	*5,035*	*93*	*2*	*5,130*
Share of profits in jointly controlled entities and associates	*28,726*	*4*	*-*	*28,730*
Segment assets	618,046	324,673	15,470	958,189
Deferred tax assets				14,905
Total assets				973,094
Included in measure of segment assets are:				
Investment in associates	*71,673*	*2,884*	*-*	*74,557*
Investment in jointly control entities	*60,053*	*176*	*-*	*60,229*
Addition to property, plant and equipment	*6,895*	*17,826*	*727*	*25,448*
Segment liabilities	222,636	124,491	18,643	365,770
Deferred tax liabilities				7,749
Total liabilities				373,519

A10 Property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A11 Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial period ended 31 March 2011 and up to the date of this report, which is likely to substantially affect the profits of the Group.

A12 Changes in the composition of the Group

There were no other changes in the composition of the Group during the current financial period.

A13 Commitments

	31/03/2011 RM'000
i) Capital commitments	
Capital expenditure in respect of property, plant and equipment :	
- approved but not contracted for	128,925
- contracted but not provided for	88,037
	216,962
Capital commitments of the Group to jointly control entities in respect of tank terminal business	9,400
Capital commitments in respect of proposed acquisition of a subsidiary	28,553
ii) Operating lease commitments	
a) The Group as lessee	
- not later than one year	10,632
- later than one year and not later than five years	5,147
- after five years	7,547
	23,326
b) The Group as lessor	
- not later than one year	253
- later than one year and not later than five years	184
	437

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM344,476,000 (as at 30.06.10: RM348,288,569) to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of banking facilities utilised by these subsidiaries totalling RM114,943,836 (as at 30.06.10: RM93,720,876).

The Company has also given corporate guarantees amounting to RM52,610,000 (as at 30.06.10: RM40,340,000) to third parties for supply of goods and warehouse licenses for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties totalling RM12,362,266 (as at 30.06.10: RM20,093,306).

In addition, the Company also provides a Letter of Undertaking to a jointly controlled entity for the provision of cash flow deficiency support up to RM37.4 million (as at 30.06.10: RM37.4 million) for banking facilities secured by a subsidiary company of this jointly controlled entity.

A15 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current period ended 31 March 2011 are set out below. The relationship of the related parties are disclosed in the annual audited financial statements for the financial year ended 30 June 2010 and the approved shareholders' mandate in the circular dated 28 October 2010 for recurrent related party transactions.

	9 months ended 31/03/2011 RM'000
Transactions with associates:	
Subcontracts works received	785
Dividend received	37,800
Transactions with jointly controlled entities:	
Subcontract works received	88,316
Interest receivable	1,714
Commission received	445
Dividend received	957
Retainer fees received	544
Purchases and services received	(1,209)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	3,176
Subcontracts works	2,113
Management services	3,324
Provision of intellectual property right	465

A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A16 Trade and other receivables

	31/03/2011 RM'000
Amount due from customers for contract works	39,451
Trade receivables	171,231
Other receivables, deposits and prepayments	18,897
Amount due from associates	3,523
Amount due from jointly controlled entities	27,683
Hedge derivative assets	161
	260,946

As at the date of this report, the Group has subsequently collected RM69.2 million from the trade receivables which represents 40% of its total outstanding balance.

A17 Cash and cash equivalents

	31/03/2011 RM'000
Deposits, cash and bank balances	356,727
Less: Deposits pledged to licensed banks	(2,667)
	354,060

A18 Trade and other payables

	31/03/2011 RM'000
Amount due to customers for contract works	47,568
Trade payables	176,341
Accruals and other payables	45,180
Amount due to an associate	673
Amount due to jointly controlled entities	136
Hedge derivative liabilities	799
	270,697

A19 Employees' Share Option Scheme ("ESOS")

The Company has implemented an ESOS scheme to attract and retain qualified and experienced employees. The scheme was approved by the shareholders at an Extraordinary General Meeting held on 25 July 2007 and shall be in force for a period of ten years until 29 July 2017.

In compliance with Financial Reporting Standard, FRS 2 on Share-based payment, a total ESOS cost for share options amounted to RM2,813,300 was charged to income statements for the current financial period (FY2010 corresponding period: RM3,134,046).

INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

For the current reporting quarter, the Group recorded a 7% increase in revenue to RM301.2 million and profit after tax rose by 22% to RM41.1 million against RM282.8 million revenue and RM33.8 million profit after tax registered in same period last year.

The outstanding results were mainly attributable to higher contribution from Engineering & Construction and Plant Maintenance activities in Malaysia and Singapore. The provision of specialist product & services for International operation also recorded better performance in the current reporting quarter. In addition, the commencement of operation by Langsat Terminal (One) Sdn Bhd in Tanjung Langsat, Johor in September 2009 for its Phase 1 and in April 2010 for its Phase 2, had also contributed positively to the Group's financial results in the current financial quarter.

B2 Variation of results against preceding quarter

The Group's current quarter revenue of RM301.2 million and profit before tax of RM51.5 million recorded an increase by 12% and 10% respectively, against the preceding quarter. Higher contributions were seen from Plant Maintenance activities in Malaysia and Engineering & Construction activities in Singapore. The provision of specialist product & services for International operation also recorded better performance in the current reporting quarter.

B3 Prospects

For the remainder of FY2011, the Group will continue to grow its core businesses with recurring income, such as, its Specialist Products and Services, and Plant Maintenance Services while at the same time focusing resources on the expansion of the Group's Logistics business.

The Group has obtained approval from the Department of Environment for the Detailed EIA for the Pengerang Independent Deepwater Terminal project and expects to commence the construction work soon after receiving approvals from all the partners and other relevant authorities.

Following the recent acquisition of Fitzroy Engineering Group Limited, one of New Zealand's largest heavy fabrication and multi-disciplined engineering company with about 400 employees, the Group is able to take on bigger fabrication jobs and grow this core business.

The Group together with international partners are presently tendering for upstream oil and gas prospects in Malaysia.

The Group will continue to strengthen its presence in existing markets while penetrating new ones internationally. In line with the growing opportunities in the global oil and gas business, the Group will continue to focus on developing and growing its human capital and talent pool to cater for rapid expansion.

Barring any unforeseen circumstances, the Group is optimistic that its performance will be favourable for the financial year ending 30 June 2011.

B4 Profit forecast and profit guarantee

The Group did not announce any profit forecast nor profit guarantee for the current financial year.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B5 Taxation

	3 months ended 31/03/2011 RM'000	9 months ended 31/03/2011 RM'000
Current tax	4,907	28,803
Deferred tax	5,857	(1,661)
Under provision in prior year	(394)	(28)
Total tax expense	10,370	27,114

The effective tax rate of the Group for the current quarter and current year are lower than the statutory tax rate of 25% due to lower tax rates in certain foreign jurisdictions.

B6 Unquoted investment and properties

In preceding financial quarter, the Group's subsidiary company, Tempo Setara Sdn. Bhd., disposed off a piece of leasehold land in Pekan Bukit Kepayang, Negeri Sembilan for a total consideration of RM5,297,297. The disposal was completed in the preceding financial quarter and the Group registered a gain of RM333,005 from the disposal of said leasehold land.

There were no other disposals of unquoted investment and/or properties during the current financial period.

B7 Quoted securities

There were neither purchases nor disposal of quoted securities during the current financial period.

B8 Status of corporate proposals / contracts

MEMORANDUM OF UNDERSTANDING WITH THE STATE GOVERNMENT OF JOHOR DARUL TA'ZIM AND THE STATE SECRETARY, JOHOR (INCORPORATED), AND VOPAK ASIA PTE. LTD.

The Company had on 8 June 2009 and 20 July 2009, entered into a Memorandum of Understanding ("MOU") with the State Government of Johor Darul Ta'zim ("the Johor State Government") and the State Secretary, Johor (Incorporated) ("S.S.I.") and Vopak Asia Pte. Ltd., which is part of the Royal Vopak group ("VOPAK"), respectively.

The MOUs are to facilitate the Company together with the Johor State Government, S.S.I. and VOPAK to conduct a feasibility study and an environmental impact assessment with the aim of developing an independent deepwater petroleum terminal with harbor port, jetty and other marine facilities with water depth up to 26 meters capable of handling Ultra Large Crude Carriers, Very Large Crude Carriers and other vessels, and with tankage facilities for the handling, storage, processing and distribution of crude oil, petroleum, petrochemicals and chemical products in Tanjung Ayam and Tanjung Kapal, Pengerang in Johor.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B8 Status of corporate proposals / contracts (cont'd)

In October 2010, the State Government of Johor Darul Ta'zim had approved to award DIALOG the exclusivity to develop an independent deepwater petroleum terminal at Pengerang, Johor for a period of 60 years.

The technical part of the feasibility study has been completed and concluded that the site is suitable for reclamation and the construction of the proposed terminal. In April 2011, we have obtained approval from the Department of Environment for the Detailed EIA. We expect to commence the construction work soon after receiving approvals from all the partners and other relevant authorities.

There were no other corporate proposals announced but not completed as at the date of this announcement.

B9 Borrowings and debt securities

As at 31 March 2011, the Group's borrowings are denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
Sterling Pound	1,316	6,435
Singapore Dollar	628	1,513
Ringgit Malaysia		6,375
Unsecured:		
Ringgit Malaysia		40,000
		54,323
Long term borrowings:		
Secured:		
Sterling Pound	35	170
Singapore Dollar	636	1,532
Ringgit Malaysia		18,625
		20,327
		74,650

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B10 Derivative financial instruments

With the adoption of FRS 139, financial derivative are recognised on their respective contract dates. The related accounting policies are disclosed in note A2.2 (b) above.

As at 31 March 2011, the Group has the following outstanding forward foreign exchange contract with maturity less than 1 year:

	Contract Value		Fair value – net gains or (losses)
	FC'000	RM'000	RM'000
Forward foreign exchange contract:			
United States Dollar	7,813	24,493	(667)
Singapore Dollar	1,501	3,597	(22)
Sterling Pound	987	4,881	50

These forward contracts are to hedge the foreign currency risk associated with its trade receivables, other receivables and trade payables.

There is no change to the credit risk, market risk and liquidity risk associated with the forward foreign exchange contract as disclosed in audited financial statements for financial year ended 30 June 2010.

There is no cash requirement for the above forward foreign exchange contract.

There has been no change by the Group in the policy as disclosed in the audited financial statements for the year ended 30 June 2010, to mitigate or control those risks associated with the above mentioned derivatives.

The basis of fair value measurement is the difference between the contracted rates and the market forward rates. This resulted the Group recorded a gain when the rates moved favourable against the Group or recorded a loss when the rates moved unfavourable against the Group.

B11 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceeding that might materially affect the financial position or business of the Group.

B12 Dividends

a) The Board of Directors declared an interim single tier dividend of 13% (previous corresponding period: 13% less 25% tax) per ordinary share in respect of the financial year ending 30 June 2011.

   The entitlement to the interim dividend will be determined based on the shareholders registered in the record of depositors as at 6 June 2011 and the date of payment will be on 20 June 2011.

b) The total dividend for the current financial period to date is 13% per ordinary shares of RM0.10 each.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B13 Advances to a jointly controlled entity

Included in the interest in jointly controlled entities was unsecured advances amounted to RM54.4 million given to a jointly controlled entity. The advances bear interest at rate of 4.5% per annum and not repayable within the next twelve months. The advances together with the interest receivable thereon amounted to RM58.5 million as at 31 March 2011.

The Company also provided a financial guarantee amounted to RM37.4 million as disclosed in A14.

B14 Retained Profits

The breakdown of retained profits of the Group as at date of statement of financial position, into realised and unrealised is as follow:

	As at 31/03/2011 RM'000
Total retained profits of the Company & its subsidiaries	
- Realised	372,750
- Unrealised	2,135
	374,885
Total share of retained profits from associates	
- Realised	81,805
- Unrealised	(22,168)
Total share of retained profits from jointly controlled entities	
- Realised	5,652
- Unrealised	(2,203)
Total before consolidation adjustments	
- Realised	460,207
- Unrealised	(22,236)
	437,971
Less: Consolidation adjustments	(72,575)
Total retained profits as per consolidated accounts	365,396

The above consolidation adjustments arisen mainly from issuance of bonus shares in FY2010, share of results by non-controlling interests and unrealised profits from E&C works provided to jointly controlled entities.

The determination of realised and unrealised profits is based on the Guidance of 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B15 Earnings per share

The basic earnings per share for the current period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares after deducting treasury shares.

	31/03/2011	31/03/2010
Profit for the financial period attributable to owners of the Company (RM'000)	107,428	87,402
Weighted average number of ordinary shares in issue ('000)	1,963,281	1,965,418

Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue and issuable. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial period. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the period and exercise price.

	31/03/2011	31/03/2010
Profit for the financial period attributable to owners of the Company (RM'000)	107,428	87,402
Weighted average number of ordinary shares in issue ('000)	1,963,281	1,965,418
Weighted average number of ordinary shares deemed to have been issued for no consideration upon exercise ('000)	16,681	2,112
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,979,962	1,967,530

Date: 11 May 2011