

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	420,038	301,161	1,133,896	833,496
Operating expenses	(381,538)	(262,077)	(1,021,228)	(729,548)
Other operating income	4,769	3,957	11,175	9,475
Share of results of jointly controlled entities and associates	13,897	9,247	40,398	28,730
Finance costs	(1,164)	(785)	(3,157)	(2,129)
Profit before tax	56,002	51,503	161,084	140,024
Income tax expense	(10,931)	(10,370)	(30,531)	(27,114)
Profit for the period	45,071	41,133	130,553	112,910
Profit attributable to:				
Owners of the Company	41,393	38,339	127,387	107,428
Non-controlling interests	3,678	2,794	3,166	5,482
	45,071	41,133	130,553	112,910
Basic earnings per ordinary share of RM0.10 each (sen) (Note B14)	1.75	1.79	5.73	5.02
Diluted earnings per ordinary share of RM0.10 each (sen) (Note B14)	1.74	1.77	5.68	4.98

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2012**

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	<u>3 MONTHS ENDED</u>		<u>9 MONTHS ENDED</u>	
	<u>31/03/2012</u>	<u>31/03/2011</u>	<u>31/03/2012</u>	<u>31/03/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period (Note B15)	45,071	41,133	130,553	112,910
Other comprehensive income:				
Foreign currency translations	(5,526)	504	(187)	2,313
Cash flow hedge	529	(570)	453	(672)
Fair value of other investments	3,615	–	3,376	–
Other comprehensive income for the period	<u>(1,382)</u>	<u>(66)</u>	<u>3,642</u>	<u>1,641</u>
Total comprehensive income for the period	<u>43,689</u>	<u>41,067</u>	<u>134,195</u>	<u>114,551</u>
Total comprehensive income attributable to:				
Owners of the Company	39,916	38,127	131,443	108,190
Non-controlling interests	3,773	2,940	2,752	6,361
	<u>43,689</u>	<u>41,067</u>	<u>134,195</u>	<u>114,551</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	NOTE	31/03/2012 RM'000	30/06/2011 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		297,588	223,718
Development of tank terminals		52,991	–
Intangible assets		35,883	33,631
Interest in jointly controlled entities	B12	234,998	66,870
Investment in associates		87,828	81,092
Other investments		28,650	2,414
Deferred tax assets		15,926	13,887
		753,864	421,612
CURRENT ASSETS			
Inventories		83,165	65,091
Trade and other receivables	A16	380,038	313,080
Current tax assets		3,634	3,258
Cash and cash equivalents	A17	622,369	278,463
		1,089,206	659,892
TOTAL ASSETS		1,843,070	1,081,504
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		240,444	199,582
Treasury shares		(24,819)	(24,589)
Reserves		955,227	408,119
		1,170,852	583,112
Non-controlling interests		44,334	36,800
TOTAL EQUITY		1,215,186	619,912
NON-CURRENT LIABILITIES			
Borrowings	B8	211,655	58,421
Deferred tax liabilities		3,223	3,931
		214,878	62,352
CURRENT LIABILITIES			
Trade and other payables	A18	345,349	327,842
Borrowings	B8	50,550	51,629
Current tax payable		17,107	19,769
		413,006	399,240
TOTAL LIABILITIES		627,884	461,592
TOTAL EQUITY AND LIABILITIES		1,843,070	1,081,504

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2012**

Attributable to owners of the Company

	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2011	199,582	(24,589)	21,503	5,829	380,787	583,112	36,800	619,912
Total comprehensive income for the period	–	–	–	4,056	127,387	131,443	2,752	134,195
Appropriation :								
Final dividend for FY2011	–	–	–	–	(35,691)	(35,691)	–	(35,691)
Share options granted under ESOS	–	–	–	8,596	–	8,596	504	9,100
Share options exercised	1,139	–	12,752	(3,246)	–	10,645	(263)	10,382
Rights shares issued	39,687	–	268,505	168,057	–	476,249	–	476,249
Warrants exercised	36	–	1,151	(308)	–	879	–	879
Share issue expenses	–	–	(4,151)	–	–	(4,151)	–	(4,151)
Shares repurchased	–	(230)	–	–	–	(230)	–	(230)
Ordinary shares contributed by non- controlling interests of a subsidiary	–	–	–	–	–	–	999	999
Dividend paid to non-controlling interest	–	–	–	–	–	–	(92)	(92)
Acquisition of a subsidiary	–	–	–	–	–	–	3,634	3,634
Balance as at 31 March 2012	<u>240,444</u>	<u>(24,819)</u>	<u>299,760</u>	<u>182,984</u>	<u>472,483</u>	<u>1,170,852</u>	<u>44,334</u>	<u>1,215,186</u>
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	<u>199,240</u>	<u>17,260</u>	<u>(24,589)</u>	<u>1,502</u>	<u>365,396</u>	<u>558,809</u>	<u>40,766</u>	<u>599,575</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

	31/03/2012	31/03/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	161,084	140,024
Adjustments for :		
Depreciation and amortisation expenses	20,515	14,106
Interest income and expense	(3,757)	(1,833)
Share of results of jointly controlled entities and associates	(40,398)	(28,730)
Share options granted under ESOS	9,100	2,813
Other non-cash items	(754)	(1,997)
Operating profit before working capital changes	145,790	124,383
Changes in working capital :		
Net change in inventories and receivables	(79,118)	25,258
Net change in payables	17,638	(20,615)
Cash generated from operations	84,310	129,026
Dividend and interest received	29,204	42,323
Interest paid	(1,619)	(1,186)
Tax paid	(37,574)	(23,170)
Tax refund	434	–
Net cash generated from operating activities	74,755	146,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	(2,832)	–
Investment in jointly controlled entities	(157,942)	(4,224)
Net change in deposits with licensed banks	281	321
Proceeds from disposal of property, plant and equipment	857	5,663
Purchase of property, plant and equipment	(93,610)	(24,177)
Development of tank terminals	(52,991)	–
Purchase of other investment	(22,910)	–
Net cash used in investing activities	(329,147)	(22,417)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012 (CONT'D)

	31/03/2012	31/03/2011
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,400)	(754)
Dividend paid to owners of the Company	(35,691)	(35,398)
Dividend paid to non-controlling interests	(92)	–
Ordinary shares contributed by non-controlling interests of a subsidiary	999	–
Net drawdown/(repayment) of bank borrowings	153,223	(953)
Proceeds from issuances of shares	487,510	10,916
Share issue expenses	(4,151)	(59)
Shares repurchased	(230)	(5,431)
Net cash generated from/(used in) financing activities	600,168	(31,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	345,776	92,897
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
As previously reported	274,326	258,075
Effects of exchange rate changes on cash and cash equivalents	(1,202)	3,088
As restated	273,124	261,163
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A17)	618,900	354,060

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2011 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 2011. 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 2011.

Convergence to Malaysian Financial Reporting Standards Framework

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”). The Group is required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2013. The Group is currently assessing the implication of adopting the MFRS Frameworks.

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 2011 except for the adoption of the following IC Interpretations and Amendments to FRSs issued by the MASB that are effective for the Group’s financial statements commencing 1 July 2011:-

FRSs/Interpretations

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Improvements to FRSs (2010)	Amendments to FRS 1,3,7,101,121, 128,131,132,134,139 & IC Interpretation 13
Amendments to IC Interpretation 14	FRS 119 - The Limit of Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above 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.

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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 for the current financial period ended 31 March 2012.

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:-

- (a) The issued and paid-up share capital has been increased from RM199,581,543 to RM240,444,463 by the allotment of 408,629,198 new ordinary shares of RM0.10 each pertaining to the following:
 - i. exercise of 11,388,880 share options under the Employees' Share Option Scheme;
 - ii. issue of 396,873,868 rights shares pursuant to the Company's Rights issue with Warrants; and
 - iii. exercise of 366,450 warrants.
- (b) The Company repurchased a total of 90,000 ordinary shares of RM0.10 each from the open market for a total consideration of RM229,669. 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 RM35,691,654 in respect of financial year ended 30 June 2011 was paid on 15 December 2011.

DIALOG GROUP BERHAD

Company No. 178694 – V

(Incorporated in Malaysia)

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.

The Group's operating segments for the financial period ended 31 March 2012 is as follows:

	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Other Asia RM'000	Other Countries RM'000	Total RM'000
Segment profits/(losses)	133,667	10,378	8,850	12,792	(4,603)	161,084
<i>Included in the measure of segment profits/(losses) are:</i>						
<i>Revenue from external customer</i>	543,337	82,100	217,867	282,591	8,001	1,133,896
<i>Inter-segment revenue</i>	1,749	71,428	776	1,529	–	75,482
<i>Depreciation and amortisation</i>	5,993	5,230	5,119	3,571	602	20,515
<i>Interest expenses</i>	2,045	544	372	46	12	3,019
<i>Interest income</i>	6,359	153	43	221	–	6,776
<i>Share of results in jointly controlled entities and associates</i>	40,015	(8)	391	–	–	40,398
Segment assets	1,279,230	230,503	122,646	183,070	11,695	1,827,144
Deferred tax assets						15,926
Total assets						<u>1,843,070</u>
<i>Included in measure of segment assets are:</i>						
<i>Investment in associates</i>	84,811	3,017	–	–	–	87,828
<i>Investment in jointly control entities</i>	230,976	–	4,022	–	–	234,998
<i>Addition to property, plant and equipment</i>	21,824	2,117	11,492	57,980	197	93,610
Segment liabilities	371,634	71,590	40,554	120,052	20,831	624,661
Deferred tax liabilities						3,223
Total liabilities						<u>627,884</u>

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A10 Property, plant and equipment

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

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 2012 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

- i) In July 2011, the Group through its wholly owned subsidiary, Dialog Upstream Services Sdn Bhd ("DUS", formerly known as Corak Merah Sdn Bhd), incorporated Dialog Atlas Global Sdn Bhd ("DAG") with an initial issued and paid-up share capital of RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

In February 2012, DUS entered into a shareholders' agreement with Atlas Global Oil and Gas Services Limited ("ATG") to subscribe for a total of 999,000 new ordinary shares of RM1.00 each in DAG which will result in the enlarged issued share capital of DAG being held by DUS (55%) and ATG (45%). DAG is now a jointly controlled entity of the Group which will market, promote and supply seismic technology and services for upstream oil and gas activities in Malaysia and certain other countries.

- ii) In July 2011, Pengerang Terminals Sdn Bhd ("PTS"), a 51% owned jointly controlled entity, entered into a shareholders' agreement with the State Secretary, Johor (Incorporated) ("SSI") to invest in Pengerang Independent Terminals Sdn. Bhd. ("PITSB"). PTS holds 90% equity stake in PITSB and the balance 10% equity stake is held by SSI.

PITSB shall undertake the first phase of the design and development of an independent deepwater petroleum terminal at Pengerang, Johor.

- iii) In August 2011, Dialog D & P Sdn Bhd ("Dialog D & P"), together with Roc Oil Malaysia (Holdings) Sdn Bhd ("Roc Oil") and PETRONAS Carigali Sdn Bhd ("PCSB"), signed a Small Field Risk Service Contract ("SFRSC") with Petrolia Nasional Berhad ("PETRONAS").

Subsequently in September 2011, Dialog D & P entered into a shareholders' agreement with Roc Oil and PCSB to invest in BC Petroleum Sdn Bhd ("BCP"). The participating interests in BCP are Dialog D & P 32%, Roc Oil 48% and PCSB 20%.

The SFRSC has been novated to BCP to carry out the management, operation and development of the SFRSC including the funding for the cost of development and production of petroleum from Balai Cluster Fields, located offshore in Bintulu, Sarawak.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D**A12 Changes in the composition of the Group (Cont'd)**

- iv) In September 2011, Dialog Systems (Asia) Pte Ltd ("DSAPL"), a wholly-owned subsidiary of the Company, completed its acquisition of 51% equity interest in Anewa Engineering Private Limited ("Anewa"), India, for a total cash consideration of Rs117,145,000 (equivalent to RM7,685,000).

Anewa is an outsourcing company which provides engineering design to customers, mainly multinational companies in India, Middle East and South East Asia in the oil, gas and petrochemical industry.

The fair value of the net assets acquired and cash flow arising from the acquisition are as follows:

	RM'000
Property, plant and equipment	1,082
Trade and other receivables	2,973
Cash and cash equivalents	4,853
Trade and other payables	(1,284)
Borrowings	(115)
Deferred tax liabilities	(93)
	<hr/>
Total identified net assets	7,416
Non-controlling interests	(3,634)
Goodwill arising from acquisition	3,903
	<hr/>
Total purchase consideration	7,685
Cash and cash equivalents on the subsidiary acquired	(4,853)
	<hr/>
Net cash outflow of the Group on acquisition	<u>2,832</u>

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

If the acquisition had occurred on 1 July 2011, the Group's revenue and profit after tax for the financial period ended 31 March 2012 would have been RM1,134,421,000 and RM130,566,000 respectively.

- v) In September 2011, a subsidiary, PT. Dialog Sistemindo, Indonesia ("PTDS"), has increased its issued and paid up share capital to USD400,000 from USD340,000 by way of issuing 60 new shares of USD1,000 each at par for cash. As a result of the said enlarged issued and paid up share capital, the Group's equity interest in PTDS has changed from 95% to 90%.
- vi) In October 2011, DSAPL incorporated Dialog Services (Vietnam) Company Limited ("Dialog Vietnam"), in Ho Chi Minh City, Vietnam with an initial registered capital of USD100,000 (equivalent to RM318,000). Dialog Vietnam shall be involved in the provision of technical services in the oil, gas and petrochemical industry.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A12 Changes in the composition of the Group (Cont'd)

- vii) In October 2011, Centralised Terminals Sdn Bhd ("CTSB"), a 55% owned jointly control entity, incorporated Langsat Terminal (Three) Sdn Bhd ("LgT-3") with an initial issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. Please refer to Note B6 for the status and intended activities of LgT-3.
- viii) In October 2011, DSAPL incorporated Dialog Systems (Labuan) Ltd. ("DSLL") in the Federal Territory of Labuan, Malaysia with an issued and paid-up capital of USD2.00 (equivalent to RM6) comprising of 2 ordinary shares. DSLL shall be involved in the provision of specialist products and services in the oil, gas and petrochemical industry.
- ix) In December 2011, Dialog (Labuan) Ltd, a wholly-owned subsidiary of the Company, together with Sedres Maritime Co. Ltd incorporated Dialog Jubail Supply Base Company Ltd ("DJSB"), in Jubail, the Kingdom of Saudi Arabia.

DJSB has a capital of SAR2,000,000 with shareholding proportion of Dialog (Labuan) Ltd (60%) and Sedres Maritime Co. Ltd (40%).

DJSB has been incorporated specifically to take over the development of Jubail Supply Base in Jubail Commercial Port, Kingdom of Saudi Arabia which was announced in August 2009.

The construction of Jubail Supply Base was completed in Q3 FY2012. This base will serve as a one-stop integrated offshore logistic hub and resources centre for oilfield services, equipment and supplies, supporting the active and growing offshore oil and gas activities in the Arabian Gulf.

- x) In February 2012, Dialog Pengerang Sdn Bhd ("DPSB") a wholly-owned subsidiary of the Company, incorporated Pengerang LNG Sdn Bhd ("PgLNG") and PengerangTerminals (Two) Sdn Bhd ("PT-2") with an initial issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each, respectively.

The intended business activities of PgLNG is to undertake Liquefied Natural Gas ("LNG") terminal storage facilities, regasification of LNG into natural gas and handling services, whereas PT-2 is to undertake terminal storage facilities for petroleum and petrochemicals.

- xi) In March 2012, DSAPL incorporated Dialog Systems International FZE ("DSIF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates with an initial capital of AED1,000,000 (equivalent to RM833,000) comprising of 1 ordinary share of AED1,000,000 each. DSIF shall be involved in the provision of specialist products in the oil, gas and petrochemical industry.
- xii) LMK Resources (Malaysia) Sdn Bhd ("LMK"), a dormant associate company which the Company held 40% equity stake, has voluntarily applied to be struck-off from the Register of Companies Commission of Malaysia. In March 2012, LMK had been struck-off from the Register.

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

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D

A13 Commitments

	31/03/2012 RM'000
i) Capital commitments	
Capital expenditure in respect of property, plant and equipment :	
- approved but not contracted for	105,406
- contracted but not provided for	49,452
	154,858
Equity commitments of the Group to jointly control entities in respect of tank terminal business	248,000
Equity commitment in respect of investment in a subsidiary	1,842
ii) Operating lease commitments	
a) The Group as lessee	
- not later than one year	10,238
- later than one year and not later than five years	7,514
- after five years	7,097
	24,849
b) The Group as lessor	
- not later than one year	105
- later than one year and not later than five years	79
	184

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM516,731,000 (as at 30.06.2011: RM346,441,000) 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 RM203,374,000 (as at 30.06.2011: RM106,078,000).

The Company has also given corporate guarantees amounting to RM53,290,000 (as at 30.06.2011: RM52,610,000) 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 RM31,415,000 (as at 30.06.2011: RM32,686,000).

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 30.06.2011: RM37.4 million) for banking facilities secured by a subsidiary company of this jointly controlled entity.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D**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 2012 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2011 and the approved shareholders' mandate in the circular dated 28 October 2011 for recurrent related party transactions.

	9 months ended 31/03/2012 RM'000
Transactions with associates:	
Subcontracts works provided	621
Dividend received	24,000
Transactions with jointly controlled entities:	
Subcontract works provided	65,502
Interest receivable	1,886
Commission received	377
Retainer fees received	544
Purchases and services received	(1,110)
Tank rental expenses	(1,536)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	3,987
Subcontracts works	2,129
Management services	765
Provision of intellectual property right	682

A16 Trade and other receivables

	31/03/2012 RM'000
Amount due from customers for contract works	78,670
Trade receivables	210,270
Other receivables, deposits and prepayments	22,174
Amount due from associates	288
Amount due from jointly controlled entities	68,129
Hedge derivative assets	507
	<u>380,038</u>

As at the date of this report, the Group has subsequently collected RM99.0 million from the trade receivables which represents 47% of its total outstanding balance.

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A EXPLANATORY NOTES PURSUANT TO FRS 134 – CONT'D**A17 Cash and cash equivalents**

	31/03/2012
	RM'000
Deposits, cash and bank balances	622,369
Bank overdraft	(2,322)
Deposits pledged to licensed banks	(1,147)
	<hr/>
	618,900

A18 Trade and other payables

	31/03/2012
	RM'000
Amount due to customers for contract works	43,600
Trade payables	230,627
Accruals and other payables	68,717
Amount due to associates	864
Amount due to jointly controlled entities	1,344
Hedge derivative liabilities	197
	<hr/>
	345,349

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 RM9,100,000 was charged to income statements for the current financial period (FY2011: RM2,813,000).

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

B1 Performance analysis

The Group's revenue for the current quarter and financial year-to-date grew by 39% and 36% respectively when compared to the same periods last year. The consolidation of the revenue of the newly acquired fabrication and multi-disciplined engineering company, Fitzroy Engineering Group Limited, based in New Zealand contributed to the increase in the Group's revenue.

In addition, contribution from Malaysia and Asia operation such as Brunei, Thailand, Middle East and China, also increased significantly mainly due to higher revenue of Specialist Products & Services recorded.

Singapore operation had however registered lower revenue mainly affected by lesser works undertaken for its engineering & construction and plant maintenance activities.

In line with the higher revenue, the Group's net profit for the current financial quarter and year-to-date was up by 10% and 16% to RM45.1 million and RM130.6 million, respectively when compared to last year same periods.

B2 Variation of results against preceding quarter

Against the preceding quarter, the Group's revenue and profit before tax increased by 17% and 8% respectively. This favourable result was mainly attributable to Malaysia operation arising from its provision of specialist products & services, engineering & construction activities and fabrication works.

B3 Prospects

The development under Economic Transformation Programme in both upstream and downstream sectors will generate tremendous opportunities for the local oil and gas players. In this connection, being an integrated specialist technical services provider to the oil, gas and petrochemical industry, the Group will benefit from such opportunities.

The development of the Independent Deepwater Terminal in Pengerang will not only bring in short to medium term contribution from engineering and construction activities in Malaysia, but also long term recurring income when the tank facilities are operational. In addition, the Group is investing in the upstream oil and gas opportunities, including the development and production of petroleum under the Small Field Risk Service Contract.

The Group continues to grow its technical services, such as, its specialist products & services, engineering, procurement, commissioning & construction and plant maintenance services.

Barring any unforeseen circumstances, the Group is optimistic that its performance will be favourable for the financial year ending 30 June 2012.

INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D**B4 Profit forecast and profit guarantee**

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

B5 Taxation

	3 months ended 31/03/2012 RM'000	9 months ended 31/03/2012 RM'000
Current tax	14,218	35,874
Deferred tax	(3,131)	(4,198)
Over provision in prior year	(156)	(1,145)
Total tax expense	<u>10,931</u>	<u>30,531</u>
Effective tax rates (excluding share of results of jointly controlled entities and associates)	25.9	25.3

B6 Status of corporate proposals

In October 2011, Centralised Terminals Sdn Bhd ("CTSB"), a 55% owned jointly controlled entity of the Group, entered into a Shareholders' Agreement ("SHA") with China Aviation Oil (Singapore) Corporation Ltd ("CAO") to establish a joint venture company known as Langsat Terminal (Three) Sdn Bhd ("LgT-3") to undertake the proposed design, development, operation, management and maintenance of an oil storage tank terminal facility with a storage capacity of 380,000 m³ within the vicinity of Tanjung Langsat Port, Johor. The project is expected to commence by early 2012 and is expected to complete by end 2013. The total development cost of the project is estimated at RM371 million.

CTSB will hold 74% equity stake in LgT-3 and the balance 26% equity stake will be held by CAO.

LgT-3 has an initial issued and paid-up share capital of RM2.00. The completion of the SHA is pending satisfaction of the condition precedents as set out in the SHA. The period for the conditions precedent to be fulfilled has been further extended to 5 June 2012.

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

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INTERIM FINANCIAL REPORT**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D****B7 Status of utilisation of proceeds**

On 15 February 2012, the Rights Issue with Warrants has been completed with the listing of Rights Shares and Warrants on the Main Market of Bursa Malaysia Securities Berhad. As at 4 May 2012, the status utilisation of the proceeds raised is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
i) Upstream oil and gas activities, including risk services contract	330,725	63,030	36 months
ii) Development of Pengerang independent deepwater tank terminals	100,062	35,000	36 months
iii) Working capital	40,062	20,000	24 months
iv) Defraying estimated expenses	5,400	4,153	Immediate
Total	<u>476,249</u>	<u>122,183</u>	

B8 Borrowings and debt securities

As at 31 March 2012, the Group's borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
Indian Rupees	461	28
Sterling Pound	1,540	7,454
New Zealand Dollars	570	1,438
Singapore Dollars	480	1,177
United States Dollars	3,300	10,106
Thai Baht	9,332	1,007
Ringgit Malaysia		4,840
Unsecured:		
Singapore Dollars	10,000	24,500
		<u>50,550</u>
Long term borrowings:		
Secured:		
Indian Rupee	973	60
Sterling Pound	18	90
New Zealand Dollars	24	60
Singapore Dollars	119	291
Saudi Riyal	85,000	70,285
Ringgit Malaysia		32,869
Unsecured:		
Ringgit Malaysia		108,000
		<u>211,655</u>
		<u>262,205</u>

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

B9 Derivative financial instruments

As at 31 March 2012, the Group has the following outstanding forward foreign exchange contracts with maturity less than 1 year:

	Contract Value		Fair value – net gains or (losses)
	FC'000	RM'000	RM'000
Forward foreign exchange contracts:			
United States Dollar	16,652	50,701	482
New Zealand Dollar	3,922	9,775	(109)
Singapore Dollar	163	392	(6)
Euro	586	2,443	(41)
Australian Dollar	169	529	(16)
Sterling Pound	100	492	1

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

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 30 June 2011:

- a) the credit risk, market risk, and liquidity risk associated with these financial derivatives;
- b) the cash requirement of the financial derivatives; and
- c) the policy in place for mitigating or controlling the risk associated with these financial 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.

B10 Material litigation

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

B11 Dividends

- a) The Board of Directors declared an interim single tier dividend of 11% (previous corresponding period: 13%) per ordinary share in respect of the financial year ending 30 June 2012. The interim single tier dividend of 11% per ordinary share is based on the enlarged share capital after reflecting the rights issue of 2 for 10 which was completed on 15 February 2012.

The entitlement to the interim dividend will be determined based on the shareholders registered in the record of depositors as at 15 June 2012 and the date of payment will be on 29 June 2012.

- b) The total dividend for the current financial period to date is 11% per ordinary share of RM0.10 each.

INTERIM FINANCIAL REPORT

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

B12 Advances to a jointly controlled entity

Included in the interest in jointly controlled entities was unsecured advances amounted to RM56.8 million given to a jointly controlled entity. The advances bear interest at rates ranging from 3.94% to 4.5% per annum and are not repayable within the next twelve months. The advances together with the interest receivable thereon amounted to RM63.5 million as at 31 March 2012.

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

B13 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 31/03/2012 RM'000	As at 30/06/2011 RM'000
Total retained profits of the Company & its subsidiaries		
- Realised	483,696	400,528
- Unrealised	6,493	297
	<u>490,189</u>	<u>400,825</u>
Total share of retained profits from associates		
- Realised	91,853	86,631
- Unrealised	(18,991)	(20,520)
Total share of retained profits from jointly controlled entities		
- Realised	16,244	7,472
- Unrealised	(51)	(680)
Total before consolidation adjustments		
- Realised	591,793	494,631
- Unrealised	(12,549)	(20,903)
	579,244	473,728
Less: Consolidation adjustments	<u>(106,761)</u>	<u>(92,941)</u>
Total retained profits as per consolidated accounts	<u>472,483</u>	<u>380,787</u>

The above consolidation adjustments have 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.

INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D**B14 Earnings per share**

The basic 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 after deducting treasury shares (adjusted for bonus element on right issue of 10 for 2 for the previous corresponding period).

	31/03/2012	31/03/2011
Profit for the financial period attributable to owners of the Company (RM'000)	<u>127,387</u>	<u>107,428</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,223,459</u>	<u>2,139,584</u>

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 outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares (adjusted for bonus element on right issue of 10 for 2 in previous corresponding period). The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS and warrants are exercised at the beginning of the financial period. The ordinary shares to be issued under ESOS and warrants are based on the assumed proceeds on the difference between average share price for the financial period and exercise price.

	31/03/2012	31/03/2011
Profit for the financial period attributable to owners of the Company (RM'000)	<u>127,387</u>	<u>107,428</u>
Weighted average number of ordinary shares in issue ('000)	2,223,459	2,139,584
Effect of dilution due to:		
- ESOS	17,717	18,179
- Warrants	<u>2,448</u>	<u>–</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	<u>2,243,624</u>	<u>2,157,763</u>

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D**B15 Profit for the period**

	3 months ended 31/03/2012 RM'000	9 months ended 31/03/2012 RM'000
This is arrived at after (charging)/crediting:		
Interest income	3,994	6,776
Interest expense	(1,112)	(3,019)
Depreciation and amortisation	(7,001)	(20,515)
Foreign exchange (loss)/gain	(161)	673
Loss on forward exchange contract	(103)	(121)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

Date: 10 May 2012