DIALOG GROUP BERHAD (178694-V)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Year Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2014

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	643,734	680,594	2,551,690	2,237,180
Operating expenses	(583,248)	(621,046)	(2,337,256)	(2,053,227)
Other operating income	3,021	4,616	20,639	17,383
Share of profit after tax of equity-accounted joint ventures and associates	5,362	6,177	53,435	41,875
Finance costs	(2,243)	(3,669)	(12,006)	(10,879)
Profit before tax	66,626	66,672	276,502	232,332
Tax expense	(11,436)	(14,683)	(47,729)	(47,025)
Profit for the year	55,190	51,989	228,773	185,307
Profit attributable to:				
Owners of the parent	52,236	52,235	215,869	193,298
Non-controlling interests	2,954	(246)	12,904	(7,991)
	55,190	51,989	228,773	185,307
Basic earnings per ordinary share of RM0.10 each (sen) (Note B14)	2.15	2.17	8.91	8.07
Diluted earnings per ordinary share of RM0.10 each (sen) (Note B14)	2.06	2.13	8.64	7.94

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Profit for the year (Note B15)	55,190	51,989	228,773	185,307
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	4,996	1,465	34,069	(6,560)
Cash flow hedge	1,216	(1,435)	2,003	(1,498)
Fair value of other investments	12,200	(4,851)	13,039	10,205
Other comprehensive income for the year	18,412	(4,821)	49,111	2,147
Total comprehensive income for the year	73,602	47,168	277,884	187,454
Total comprehensive income attributable to:				
Owners of the parent	70,801	47,544	263,300	195,995
Non-controlling interests	2,801	(376)	14,584	(8,541)
	73,602	47,168	277,884	187,454

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTE	30/06/2014 RM'000	30/06/2013 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		483,140	382,349
Development of tank terminals		409,268	285,432
Intangible assets		43,923	38,455
Interest in joint ventures and associates	B12	748,640	633,754
Other investments		62,782	41,478
Deferred tax assets		33,103	24,487
		1,780,856	1,405,955
CURRENT ASSETS			
Inventories		106,279	77,715
Trade and other receivables	A16	857,429	716,152
Current tax assets		2,506	6,555
Cash and cash equivalents	A17	503,242	630,898
		1,469,456	1,431,320
TOTAL ASSETS		3,250,312	2,837,275
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		245,884	243,081
Treasury shares		(24,819)	(24,819)
Reserves		1,338,463	1,134,174
		1,559,528	1,352,436
Non-controlling interests		51,219	38,493
TOTAL EQUITY		1,610,747	1,390,929
NON-CURRENT LIABILITIES			
Borrowings	B8	836,703	690,914
Deferred tax liabilities		4,418	5,390
		841,121	696,304
CURRENT LIABILITIES			
Trade and other payables	A18	635,876	620,105
Borrowings	B8	123,561	108,278
Share dividend payable	B10	21,194	-
Current tax liabilities		17,813	21,659
		798,444	750,042
TOTAL LIABILITIES		1,639,565	1,446,346
TOTAL EQUITY AND LIABILITIES		3,250,312	2,837,275
Net assets per share attributable to owners of the parent (sen)		64.4	56.5

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to owners of the parent							
	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 2013	243,081	(24,819)	335,602	184,373	614,199	1,352,436	38,493	1,390,929
Total comprehensive income for the year	-	-	-	47,431	215,869	263,300	14,584	277,884
Appropriation :								
Final dividend for FY2013	-	-	-	-	(53,419)	(53,419)	-	(53,419)
Interim dividend for FY2014					(26,793)	(26,793)		(26,793)
Interim special share dividend payable for FY2014			(21,194)			(21,194)		(21,194)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,778)	(1,778)
Share options granted under ESOS	-	-	-	13,056	-	13,056	504	13,560
Share options exercised	2,647	-	36,235	(10,423)	-	28,459	(983)	27,476
Warrants exercised	156	-	4,902	(1,320)	-	3,738	-	3,738
Share issue expenses	-	-	(41)	-	-	(41)	-	(41)
Acquisition of a subsidiary	-	-	-	(14)	-	(14)	399	385
Balance as at 30 June 2014	245,884	(24,819)	355,504	233,103	749,856	1,559,528	51,219	1,610,747
Balance as at 1 July 2012	240,614	(24,819)	302,537	179,869	495,400	1,193,601	44,427	1,238,028
Total comprehensive income for the year	-	-	-	2,697	193,298	195,995	(8,541)	187,454
Appropriation :								
Final dividend for FY2012	-	-	-	-	(47,990)	(47,990)	-	(47,990)
Interim dividend for FY2013					(26,488)	(26,488)		(26,488)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,356)	(1,356)
Share options granted under ESOS	-	-	-	10,140	-	10,140	405	10,545
Share options exercised	2,209	-	25,060	(6,146)	-	21,123	(305)	20,818
Warrants exercised	258	-	8,127	(2,187)	-	6,198	-	6,198
Share issue expenses	-	-	(122)	-	-	(122)	-	(122)
Ordinary shares contributed by non-controlling interests of a subsidiary	-	-	-	-	-	-	2,898	2,898
Disposal of shares in a subsidiary	-	-	-	-	(21)	(21)	965	944
Balance as at 30 June 2013	243,081	(24,819)	335,602	184,373	614,199	1,352,436	38,493	1,390,929

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014

	30/06/2014 RM'000	30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	276,502	232,332
Adjustments for :		
Depreciation and amortisation expenses	38,340	37,217
Net interest expense/(income)	1,728	(2,700)
Share of results of joint ventures and associates	(53,435)	(41,875)
Share options granted under ESOS	13,232	10,356
Other non-cash items	7,935	(977)
Operating profit before working capital changes	284,302	234,353
Changes in working capital :		
Net change in inventories and receivables	(52,330)	(44,835)
Net change in payables	(9,313)	155,843
Cash generated from operations	222,659	345,361
Dividend and interest received	37,386	51,971
Tax paid	(63,087)	(55,400)
Tax refund	7,258	2,152
Net cash from operating activities	204,216	344,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	1,672	-
Additions of intangible assets	(5,480)	(2,198)
Development of tank terminals	(123,836)	(222,785)
Deposits paid for land acquisition	(84,000)	(110,817)
Investment in joint ventures	(93,039)	(291,543)
Net change in deposits with licensed banks	3,733	(2,798)
Net cash on disposal of a subsidiary	-	(265)
Proceeds from disposal of a joint venture	-	5,988
Proceeds from partial disposal of a subsidiary	-	944
Proceeds from disposal of property, plant and equipment	3,878	1,568
Purchase of property, plant and equipment	(124,508)	(92,121)
Purchase of other investment	(7,342)	(2,729)
Net cash used in investing activities	(428,922)	(716,756)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014 (CONT'D)

	30/06/2014 RM'000	30/06/2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(7,437)	(7,922)
Dividend paid	(80,213)	(74,478)
Dividend paid to non-controlling interests	(1,778)	(1,356)
Ordinary shares contributed by non-controlling interests of certain subsidiaries	-	2,898
Net drawdown of bank borrowings	157,479	472,726
Proceeds from issuances of shares	31,214	27,016
Share issue expenses	(41)	(122)
Net cash from financing activities	99,224	418,762
NET DECREASE IN CASH AND CASH EQUIVALENTS	(125,482)	46,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
As previously reported	624,799	578,384
Effects of exchange rate changes on cash and cash equivalents	3,691	325
As restated	628,490	578,709
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note A17)	503,008	624,799

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013. 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 2013.

A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2013 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") framework issued by MASB. As per requirements under MFRS, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2013 except as discussed below:

As of 1 July 2013, the Group has adopted the revised MFRS and Amendments of MFRS that have been issued by MASB as listed below:

MFRSs, Amendments to MFRSs		**Effective for financial year beginning on or after**
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurements*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1	*Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009-2012 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013

A EXPLANATORY NOTES PURSUANT TO MFRS 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 year ended 30 June 2014.

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 year.

A7 Debt and equity securities

During the financial year, the issued and paid-up share capital was increased from RM243,081,113 to RM245,884,275 by the allotment of 28,031,622 new ordinary shares of RM0.10 each pertaining to the following:

i. exercise of 26,473,723 share options under the Employees' Share Option Scheme.

ii. exercise of 1,557,899 warrants.

Subsequent to the end of the financial year, the Company has completed the followings on 25 July 2014:-

i. Distribution of 19,499,939 ordinary shares of RM0.10 each in the company held by the Company as special share dividend to the shareholders of the Company on the basis of one (1) treasury share for every (125) existing shares of RM0.10 each held on 18 July 2014 ("Entitlement Date");

ii. Bonus issue of 2,457,525,047 new shares, credited as fully paid-up at par, on the basis of one (1) bonus share for every one (1) existing ordinary share held on the Entitlement Date; and

iii. Increase in the authorised share capital of the Company from RM500,000,000 comprising of 5,000,000,000 shares to RM1,000,000,000 comprising of 10,000,000,000 shares by the creation of an additional 5,000,000,000 new shares.

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

A8 Dividends paid

The dividends paid during the financial year were as follows:-

i. A final single tier dividend of 2.2 sen per ordinary share of RM0.10 each, amounting to RM53,419,718 in respect of financial year ended 30 June 2013 was paid on 19 December 2013.

ii. An interim single tier dividend of 1.1 sen per ordinary share of RM0.10 each, amounting to RM26,793,197 in respect of financial year ended 30 June 2014 was paid on 26 June 2014.

A9 Property, plant and equipment

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

A10 Material events subsequent to the end of the financial year

There were no material events subsequent to the current financial year ended 30 June 2014 and up to the date of this report, which is likely to substantially affect the profits of the Group.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 - CONT'D

A11 Operating segments

The Group is principally involved in providing integrated technical services to the petroleum 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 as included in the internal management report reviewed by chief operating decision maker.

The Group's operating segments for the financial year ended 30 June 2014 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)	193,431	(2,551)	13,434	73,143	(955)	276,502
Included in the measure of segment profits/(losses)are:						
Revenue from external customers	*1,297,325*	*225,854*	*339,013*	*683,170*	*6,328*	2,551,690
Inter-segment revenue	*11,250*	*497,829*	*5,701*	*2,019*	-	516,799
Depreciation and amortisation	*13,458*	*5,714*	*7,256*	*11,496*	*416*	38,340
Interest expenses	*5,785*	*1,701*	*1,481*	*3,034*	*5*	12,006
Interest income	*9,718*	*168*	*67*	*325*	-	10,278
Share of results of joint ventures and associates	*53,134*	*24*	*277*	-	-	53,435
Segment assets	2,365,227	293,500	147,406	402,395	8,681	3,217,209
Deferred tax assets						33,103
Total assets						3,250,312
Included in the measure of segment assets are:						
Investment in joint ventures and associates	*740,769*	*2,894*	*4,977*	-	-	748,640
Additions to non-current assets:						
- Property, plant & equipment	*95,588*	*1,879*	*22,428*	*5,587*	*(974)*	124,508
- Intangible assets	*5,231*	*66*	*443*	*948*	-	6,688
- Development of tank terminals	*123,836*	-	-	-	-	123,836
- Joint ventures	*93,039*	-	-	-	-	93,039
Segment liabilities	1,176,686	165,209	77,620	204,598	11,034	1,635,147
Deferred tax liabilities						4,418
Total liabilities						1,639,565

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A12 Changes in the composition of the Group

a. On 11 October 2013, Dialog Upstream Services Sdn Bhd ("Dialog Upstream"), a wholly owned subsidiary of the Company, executed a Shareholders' Agreement ("SHA") with Ascent Energy Technology Limited ("Ascent") to manage the business operations of Dialog Ascent Energy Sdn Bhd (formerly known as Dialog Atlas Global Sdn Bhd) ("DAESB") which is involved in the marketing, promotion and supply of seismic technology and integrated field development services for upstream oil and gas activities in Malaysia and various other countries.

   The SHA with Ascent is following the disposal by Atlas Global Oil and Gas Services Limited ("ATG") of ATG's entire 45% equity interest representing 450,000 ordinary shares of RM1.00 each held in DAESB to Ascent on 30 September 2013.

   Simultaneously with the signing of the SHA, Dialog Upstream acquired an additional 20% equity interest in DAESB from Ascent at a total consideration of approximately HKD1,555,556 (i.e. RM637,934 based on the exchange rate of RM41.01/HKD 100).

   Dialog Upstream now holds a 75% equity stake in DAESB and the balance 25% equity stake is held by Ascent.

b. On 28 October 2013, the Company incorporated a wholly owned subsidiary in Malaysia known as Dialog Equity (Two) Sdn Bhd ("DEquity 2") with the principal activity of investment holding for the future phases of Pengerang Terminal ("Pengerang Terminal") Project.

   DEquity 2 was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each of which 2 ordinary shares had been issued and fully paid-up. The paid-up capital was subsequently increased to RM200,000.

c. On 6 January 2014, the Company incorporated a wholly owned subsidiary in Malaysia known as Dialog Resources Sdn Bhd ("DRSB") with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each of which 2 ordinary shares had been issued and fully paid-up. The paid-up capital was subsequently increased to RM100,000.

   The intended business activities of DRSB is to undertake upstream oil and gas activities.

d. On 9 January 2014, the Company incorporated two wholly owned subsidiaries in Malaysia namely Pengerang Terminals (Five) Sdn Bhd ("PT-5") and Pengerang Terminals (Six) Sdn Bhd ("PT-6"). PT-5 and PT-6 were respectively incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each of which 2 ordinary shares had been issued and fully paid-up.

   The intended business activities of PT-5 and PT-6 is to undertake terminal storage facilities for petroleum and petrochemicals in Pengerang, Johor.

e. On 22 May 2014, Pengerang Marine Operations Sdn Bhd ("PMOSB"), a wholly owned subsidiary of the Company, changed its shareholdings structure with the divestment of 30,000 ordinary shares of RM1.00 each for cash consideration of RM30,000, representing 30% equity interest in PMOSB to Vopak Terminal Pengerang BV, which is part of the Royal Vopak group ("VOPAK"). As a result of the divestment, the Group's equity interest in PMOSB has changed from 100% to 70%. PMOSB was set up to be the common operator and manager of marine services for Pengerang Terminal.

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

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A13 Commitments

		30/06/2014 RM'000
i)	Capital commitments	
	Capital expenditure in respect of property, plant and equipment :	
	- approved but not contracted for	49,300
	- contracted but not provided for	3,300
		52,600
	Commitments of the Group in respect of tank terminal business	231,300
ii)	Operating lease commitments	
	a) The Group as lessee	
	- not later than one year	26,520
	- later than one year and not later than five years	8,416
	- after five years	9,310
		44,246
	b) The Group as lessor	
	- not later than one year	191
	- later than one year and not later than five years	162
		353

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM622.1 million (as at 30.06.2013: RM673.4 million) 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 RM466.5 million (as at 30.06.2013: RM489.8 million).

The Company has also given corporate guarantees amounting to RM1.1 million (as at 30.06.2013: RM1.1 million) to a third party 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 party totalling RM1.1 million (as at 30.06.2013: RM1.1 million).

In addition, the Company also provides sponsor's undertakings on a several basis to financial institutions of up to USD30.8 million, SGD175.7 million and RM147.6 million, equivalents to a total of RM697.9 million (as at 30.06.2013: USD51.8 million, SGD60.6 million and RM49.7 million, equivalents to a total of RM364.8 million) in relation to loan facilities granted by the financial institutions to certain joint ventures.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A15 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current financial year ended 30 June 2014 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2013 and the approved shareholders' mandate in the circular dated 29 October 2013 for recurrent related party transactions.

	12 months ended 30/06/2014 RM'000
Transactions with joint ventures:	
Dividend income	34,313
Interest income	2,636
Subcontract works received	162,964
Purchases and cost of services rendered	(1,153)
Tank rental and related expenses	(3,722)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	6,196
Provision of subcontract works	5,624
Provision of management services	2,145
Rental of office premises	76

A16 Trade and other receivables

	30/06/2014 RM'000
Amount due from customers for contract works	192,792
Trade receivables	415,138
Other receivables, deposits and prepayments	176,499
Amount due from joint ventures and associates (trade)	72,883
Hedge derivative assets	117
	857,429

The Group has subsequently collected a total of RM184.6 million (44%) from the outstanding trade receivables as at the date of this report.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A17 Cash and cash equivalents

	30/06/2014 RM'000
Deposits, cash and bank balances	503,242
Deposits pledged to licensed banks	(234)
	503,008

A18 Trade and other payables

	30/06/2014 RM'000
Amount due to customers for contract works	9,498
Trade payables	498,402
Accruals and other payables	125,707
Amount due to joint ventures and associates	1,483
Hedge derivative liabilities	786
	635,876

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 Malaysian Financial Reporting Standard, MFRS 2 on Share-based payment, a total ESOS cost for share options amounted to RM 13,232,000 was charged to statement of profit or loss for the current financial year (FY2013: RM 10,356,000).

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

B1 Performance analysis

The Group closed its Financial Year 2014 with another record revenue of RM2,551.7 million and net profit after tax of RM228.8 million. This represents an increase of 14.1% in revenue and 23.5% in net profit after tax from last financial year. As for the current reporting quarter, the revenue of RM643.7 million was lower by 5.4% against corresponding quarter last year while net profit after tax increased by 6.2% to RM55.2 million.

Revenue for Malaysia operation for the current quarter and financial year under review was higher mainly contributed by the engineering and construction (E & C) activities, i.e. the Independent Deepwater Terminal project in Pengerang and Bitumen Terminal project in Tanjung Langsat. In addition, higher sales of specialist products & services and increased fabrication and plant maintenance activities had also contributed to the better performance by Malaysia operation in the current quarter and financial year under review.

Revenue from International operation for the current financial year increased mainly contributed by stronger sales of specialist products and services in Middle East, India, Africa and Thailand. Higher fabrication activities in New Zealand and E & C activities in Singapore also contributed to the better results for International operation in the current financial year. However, for current quarter, revenue decreased against corresponding quarter last financial year as a result of lower plant maintenance and E & C activities in Singapore.

The Group’s profit attributable to owners of the Company for the current financial year was RM215.9 million, increased by 11.7% when compared to last financial year. This was achieved following the better performance from both Malaysia and International operation and overall increase in contribution from joint venture companies.

B2 Variation of results against preceding quarter

The Group’s profit before tax for the current financial quarter of RM66.6 million was 4.9% higher against RM63.5 million recorded in the preceding quarter. This was mainly due to better performance by Malaysia operation in particular the plant maintenance, fabrication and specialist products and services.

B3 Prospects

The oil and gas sector in Malaysia is expected to remain a main growth driver for the Malaysian economy contributing some 20% of the nation’s Gross Domestic Product. Out of the total cumulative amount of RM218 billion of announced Economic Transformation Programme projects, more than RM80 billion (RAPID Project) will be invested in Pengerang. All these translate into a robust industry outlook and more upstream and downstream opportunities for oil and gas service providers.

As an integrated technical services provider to the petroleum and petrochemical industry, the Group is poised to benefit from the positive industry outlook as the Group strategically grow the core business comprising Upstream Services, Logistics Services – Tank Terminals and Supply Base, Specialist Products and Services, E&C, Fabrication, Plant Services and e-Payment Technology and Solutions.

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

B3 Prospects – cont'd.

The demand for tank storage facilities is expected to increase while further development of the Pengerang Terminal will provide increased opportunities for the Group's E&C services. The Group will also benefit from long-term recurring income once the terminal's tank facilities become operational.

Phase 1A of the first terminal developed by Pengerang Independent Terminals Sdn Bhd ("PITSB"), a joint venture between Dialog, Vopak and the State Secretary, Johor Inc achieved mechanical completion on 31 March 2014 and received the first oil shipment on 12 April 2014. For this phase, there will be 25 storage tanks with a combined capacity of 432,000 cubic metres that is capable of storing Clean Petroleum Products. The construction work for phase 1B (Clean Petroleum Products) has been completed and is now being commissioned for start-up. Phase 1C (Crude oils) construction is on schedule and due for mechanical completion by Q4 2014. The Group is now working towards securing new potential partners for subsequent phases, which include the development of more petroleum, petrochemical and LNG storage terminals.

In the upstream services, BC Petroleum Sdn Bhd ("BCP"), a 32% owned joint venture, commenced oil production from the Phase 1 of Bentara field development in May 2014, while production enhancement and re-development activities continue in Bayan by Halliburton Bayan Petroleum Sdn Bhd ("HBP"), a 50% owned joint venture. In May 2014, the Group accepted a letter of Intent from ROC Oil (Sarawak) Sdn Bhd ("ROC") for a farm out of 20% of ROC's participating interest in the Production Sharing Contract ("PSC") for the three fields D35, D21 and J4, located offshore Sarawak, which will reduce ROC's participating interest in the PSC to 30%. These activities are expected to pave the way forward in creating a robust platform that will generate long term sustainable income for the Group.

The Group continues to proactively enhance its human capital development to support the anticipated technical challenges ahead.

Barring unforeseen circumstances, the Group is confident that it will continue to deliver a healthy performance for the financial year ending 30 June 2015.

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 – CONT'D

B5 Taxation

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 months ended 30/06/2014 RM'000	**12 months ended 30/06/2014 RM'000**
Current tax	4,127	55,312
Deferred tax	6,544	(8,577)
Under provision in prior year	765	994
Total tax expense	11,436	47,729
Effective tax rate on profit before tax excluding share of results of joint ventures and associates	18.7%	21.4%

B6 Status of corporate proposals

(i) Memorandum of Understanding with Concord Energy Pte. Ltd. ("Concord Energy")

Dialog Pengerang Sdn Bhd ("DPSB"), a wholly owned subsidiary of the Company, had on 21 November 2013 entered into a Memorandum of Understanding ("MOU") with Concord Energy Pte. Ltd. ("Concord Energy") to carry out a feasibility study for the proposed development of a dedicated crude oil and petroleum product storage terminal at Pengerang, State of Johor. Concord Energy is one of the leading crude oil and refined products trading company in Singapore and South East Asia.

The proposed development under the MOU is a new phase of the Pengerang Terminal ("Pengerang Terminal") project at Pengerang, State of Johor where the Company has been granted the land rights and development rights under a Development Cum Joint Venture Agreement.

The Company and Concord Energy are currently in discussion as to the form and structure of the joint venture to be established and the services and facilities which are expected to be provided or received by the respective parties.

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

B6 Status of corporate proposals – cont'd.

(ii) Letter of Intent from Roc Oil (Sarawak) Sdn Bhd

On 30 May 2014, Dialog Resources Sdn Bhd ("Dialog Resources"), a wholly owned subsidiary of the Company had accepted a Letter of Intent from ROC Oil (Sarawak) Sdn Bhd ("ROC") for a farm-out of 20% of ROC's participating interest in the Production Sharing Contract for the three fields D35, D21 and J4, located offshore Sarawak, Malaysia to Dialog Resources, which will reduce ROC's participating interest in the PSC to 30%.

The farm-out is subject to the satisfactory completion of due diligence, the completion of documentation and PETRONAS' approval as well as joint venture approval.

(iii) Voluntary Dissolution Of Dialog Services (Vietnam) Company Limited

As announced on 20 June 2014, Dialog Services (Vietnam) Company Limited ("DSVCL"), an indirect wholly owned subsidiary incorporated in Vietnam, will be wound up by way of a voluntary dissolution. DSVCL has been dormant since its incorporation. The voluntary dissolution process will take approximately 6 months to complete.

There is no other corporate proposal announced but not completed as at date of this report.

B7 Utilisation of Right Issue proceeds

As at 21 August 2014, the utilisation of the proceeds raised from the Rights Issue with Warrants completed in the financial year ended 30 June 2012 is as follows:

	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	250,568	36 months
ii)	Development of Pengerang independent deepwater tank terminals	100,062	100,062	36 months
iii)	Working capital	40,062	40,062	24 months
iv)	Defraying estimated expenses	5,400	4,276	Immediate
	Total	476,249	394,968	

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

B8 Borrowings and debt securities

As at 30 June 2014, the Group's borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
Indian Rupees	144	8
Ringgit Malaysia	-	20,224
Singapore Dollars	113	291
Sterling Pound	6	35
Unsecured:		
New Zealand Dollars	3,001	8,407
Saudi Riyal	5,000	4,283
Singapore Dollars	12,594	32,367
Thai Baht	15,000	1,619
Ringgit Malaysia	-	2,525
United States Dollars	15,573	50,027
Sterling Pound	691	3,775
		123,561
Long term borrowings:		
Secured:		
Ringgit Malaysia	-	97,778
Singapore Dollars	57	146
Sterling Pound	16	85
Unsecured:		
New Zealand Dollars	5,332	14,936
Ringgit Malaysia	-	638,003
Saudi Riyal	95,000	81,384
Thai Baht	45,500	4,371
		836,703
		960,264

The borrowings of the Group are mainly to part finance its investment in tank terminals, logistic business and trade financing in respect of specialist products and services.

Included in the borrowings for the current financial year is RM85.7 million (30.06.2013: RM88.2 million) of Islamic financing facility.

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

B9 Material litigation

As at the date of this announcement, there was no material litigation since the last audited annual statement of financial position except for the following:-

Dialog E & C Sdn Bhd ("DECSB"), a wholly owned subsidiary of the Company had on 9 April 2014, received a Notice of Arbitration dated 7 April 2014 from Tanjung Langsat Port Sdn Bhd ("TLP") for arbitral proceedings pursuant to the provisions of the Engineering, Procurement, Construction and Commissioning Contract dated 18 October 2006 ("EPCC Contract") and a Settlement Agreement dated 13 May 2011. The arbitration is referred to the Kuala Lumpur Regional Centre for Arbitration.

TLP and DECSB entered into the EPCC Contract for the engineering, procurement, construction and commissioning of a 100,000 cubic metres oil terminal project ("Facility") at Tanjung Langsat Port, Johor, Malaysia for a contract price of RM89.5 million. The terminal commenced operations after DECSB had completed the project and in accordance with the agreed scope of the contract, which also saw handover of the completed project to TLP. However, there was an unfortunate fire incident that took place at the terminal on 17 August 2008 leading to TLP's Notice of Arbitration.

TLP is claiming that the fire incident was caused by DECSB's breaches of its obligations under the EPCC Contract and alleging that it is entitled to the following sums:

1. RM22,431,934.40 for repair and reconstruction costs of the Facility incurred by TLP;
2. RM2,291,596.71 for repair and reconstruction costs of the Facility payable by TLP;
3. All costs and expenses to be incurred by TLP in remedying and rectifying the defective design and/or construction of the Facility, which is currently estimated at RM8,000,000.00;
4. RM76,744,788.54 for loss of profits had the Facility been approved by Platts or alternatively, RM62,144,788.54 for loss of profits if the Facility remained unapproved by Platts;
5. An indemnity against all of TLP's liability towards TLP's dedicated user, which includes but is not limited to: (i) USD20,747,275.20 for value of the loss of product stored in the Facility; (ii) USD2,108,497.00 for additional costs, fees and expenses incurred; and (iii) USD118,374,250.00 for the dedicated user's loss of use of the Facility;
6. Interest on the sums referred to above until full settlement;
7. Costs; and
8. Such other reliefs as the tribunal deems fit.

The matter is pending arbitration process. The Company is of the opinion that the arbitration proceeding is not expected to have any impact on the operational and financial position of the Group for the financial year ending 30 June 2015.

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

B10 Dividends

a) The Board recommends a final single tier cash dividend of 1.1 sen per ordinary share based on the enlarged share capital after the 1-for-1 bonus issue in July 2014 (previous corresponding year: 2.2 sen) in respect of the current financial year for approval of the shareholders at the forthcoming Annual General Meeting.

b) The total dividend for the current financial year of 3.1 sen per ordinary share amounting to approximately RM102.1 million comprises of the following:-

(i) Interim single tier cash dividend of 1.1 sen per ordinary share amounted to RM26.8 million based on 2.436 billion shares.

(ii) Interim special single tier share dividend of 0.9 sen per ordinary share based on the basis of one (1) treasury share of every 125 existing ordinary shares of RM0.10 each held, totaling 19.5 million shares amounting to RM21.2 million (determined based on weighted average cost of the treasury shares). The special share dividend was distributed to the entitled shareholders on 25 July 2014. The market value of the share dividend at distribution date was RM71.4 million.

(iii) Proposed final single tier cash dividend of 1.1 sen per ordinary share of approximately RM54.1 million based on enlarged share capital of 4.915 billion shares after the 1-for-1 bonus issue which was completed in July 2014.

The total dividend for the previous financial year of 3.3 sen per ordinary share amounted to RM79.9 million.

B11 Derivative financial instruments

As at 30 June 2014, the Group has the following outstanding forward foreign exchange contracts.

	Contract Value FC'000	Contract Value RM'000	Fair value – net gains or (losses) RM'000
With maturity less than 1 year:			
Australian Dollar	567	1,714	-
Euro	2,158	9,823	(348)
New Zealand Dollar	297	787	(61)
Singapore Dollar	748	1,939	(6)
Sterling Pound	808	4,443	(17)
United States Dollar	7,100	23,233	(223)

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

There is no significant change to the financial derivatives in respect of the following since the last financial year ended 30 June 2013:

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.

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

B12 Interest in joint ventures and associates

Included in the interest in joint ventures and associates was unsecured advances amounted to RM59.0 million given to a joint venture. The advances bear interest at rates ranging from 4.26% to 4.5% per annum and are not repayable within the next twelve months. The advances together with the interest receivable thereon amounted to RM64.8 million as at 30 June 2014.

The Company also provided sponsor's undertakings to certain joint ventures 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 30/06/2014 RM'000	**As at 30/06/2013 RM'000**
Total retained profits of the Company & its subsidiaries		
- Realised	803,903	657,189
- Unrealised	16,990	12,422
	820,893	669,611
Total share of retained profits from associates		
- Realised	60	(22)
- Unrealised	(2)	-
Total share of retained profits from joint ventures		
- Realised	118,693	98,992
- Unrealised	(21,564)	(16,141)
Total before consolidation adjustments		
- Realised	922,656	756,159
- Unrealised	(4,576)	(3,719)
	918,080	752,440
Less: Consolidation adjustments	(168,224)	(138,241)
Total retained profits as per consolidated accounts	749,856	614,199

The above consolidation adjustments are mainly on adjustment for issuance of bonus shares in FY2010, non-controlling interests' share of equity and unrealised profits from E&C works provided to joint ventures.

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 Listing Requirements of Bursa Malaysia, 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 – CONT'D

B14 Earnings per share

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

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Profit for the financial year attributable to owners of the Company (RM'000)	52,236	52,235	215,869	193,298
Weighted average number of ordinary shares in issue ('000)	2,431,138	2,403,884	2,422,265	2,395,221

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

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Profit for the financial year attributable to owners of the Company (RM'000)	52,236	52,235	215,869	193,298
Weighted average number of ordinary shares in issue ('000)	2,431,138	2,403,884	2,422,265	2,395,221
Effect of dilution due to:				
- Warrant ('000)	67,107	21,710	45,278	9,674
- ESOS ('000)	34,761	30,145	31,163	28,704
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	2,533,006	2,455,739	2,498,706	2,433,599

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

B15 Profit for the year

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 months ended 30/06/2014 RM'000	**12 months ended 30/06/2014 RM'000**
This is arrived at after (charging)/crediting:		
Interest income	1,135	10,278
Interest expense	(2,243)	(12,006)
Depreciation and amortisation	(10,771)	(38,340)
Foreign exchange gain/(loss)	(139)	4,037
Loss on forward exchange contract	25	(40)
Gain on disposal of joint venture	-	877
Gain on disposal of plant and equipment	746	1,292
Property, plant and equipment written off	(135)	(156)
Rental income	316	1,908
Other miscellaneous income	895	2,247

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

Date: 21 August 2014