DIALOG GROUP BERHAD (178694-V)

(Incorporated in Malaysia)

Interim Financial Statements
For The Financial Period Ended
31 March 2018

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Revenue	867,371	913,605	2,503,453	2,423,939
Operating expenses	(756,289)	(838,814)	(2,214,867)	(2,222,890)
Other operating income	17,438	25,833	65,158	70,510
Fair value gain on disposal of a joint venture	-	-	65,590	-
Share of profit after tax of equity-accounted joint ventures and associates	31,752	28,556	97,734	78,694
Finance costs	(12,132)	(9,492)	(37,805)	(23,373)
Profit before tax	148,140	119,688	479,263	326,880
Tax expense	(25,772)	(21,865)	(72,446)	(54,646)
Profit for the period	122,368	97,823	406,817	272,234
Profit for the period attributable to:				
Owners of the parent	118,837	94,402	395,525	267,096
Non-controlling interests	3,531	3,421	11,292	5,138
	122,368	97,823	406,817	272,234
Basic earnings per ordinary share (sen) (Note B12)	2.11	1.74	7.02	5.00
Diluted earnings per ordinary share (sen) (Note B12)	2.11	1.72	7.02	4.94

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Profit for the period (Note B13)	122,368	97,823	406,817	272,234
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	(10,890)	(1,623)	(23,070)	32,020
Cash flow hedge	7,084	6,777	10,844	6,484
Share of other comprehensive (loss)/income of a joint venture	(4,352)	257	(15,347)	29,749
Other comprehensive (loss)/income for the period	(8,158)	5,411	(27,573)	68,253
Total comprehensive income for the period	114,210	103,234	379,244	340,487
Total comprehensive income attributable to:				
Owners of the parent	113,821	87,450	375,106	317,395
Non-controlling interests	389	15,784	4,138	23,092
	114,210	103,234	379,244	340,487

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTE	31/03/2018 RM'000	30/06/2017 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,198,747	584,139
Development of tank terminals		274,869	268,899
Intangible assets		380,985	173,913
Investments in joint ventures and associates	B11	1,922,295	1,961,606
Other investments		6,483	4,467
Deferred tax assets		65,060	64,574
		3,848,439	3,057,598
CURRENT ASSETS			
Inventories		85,336	83,857
Trade and other receivables	A16	1,021,741	1,233,934
Current tax assets		13,470	15,961
Cash and cash equivalents	A17	1,320,746	1,425,358
		2,441,293	2,759,110
TOTAL ASSETS		6,289,732	5,816,708
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		1,684,287	1,601,179
Treasury shares		(3,625)	(3,625)
Reserves		1,802,283	1,513,932
		3,482,945	3,111,486
Non-controlling interests		140,144	80,729
TOTAL EQUITY		3,623,089	3,192,215
NON-CURRENT LIABILITIES			
Borrowings	B7	1,099,372	1,008,611
Deferred tax liabilities		7,588	6,325
		1,106,960	1,014,936
CURRENT LIABILITIES			
Trade and other payables	A18	1,054,322	1,149,036
Borrowings	B7	436,321	415,104
Current tax liabilities		69,040	45,417
		1,559,683	1,609,557
TOTAL LIABILITIES		2,666,643	2,624,493
TOTAL EQUITY AND LIABILITIES		6,289,732	5,816,708
Net assets per share attributable to owners of the parent (sen)		61.8	57.8

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	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 2017	1,601,179	(3,625)	-	173,239	1,340,693	3,111,486	80,729	3,192,215
Total comprehensive income for the period	-	-	-	(20,419)	395,525	375,106	4,138	379,244
Appropriation : Final dividend for FY2017	-	-	-	-	(81,755)	(81,755)	-	(81,755)
Share options vested under ESOS	-	-	-	4,826	-	4,826	1,880	6,706
Share options exercised	83,109	-		(9,826)	-	73,283	(1,880)	71,403
Share issue expenses	(1)	-	-	-	-	(1)	-	(1)
Additional shares subscription from non-controlling interests	-	-	-	-		-	13,200	13,200
Acquisition of a subsidiary	-	-	-	-	-	-	42,077	42,077
Balance as at 31 March 2018	1,684,287	(3,625)	-	147,820	1,654,463	3,482,945	140,144	3,623,089
Balance as at 1 July 2016	526,949	(3,625)	571,542	220,089	1,099,782	2,414,737	68,618	2,483,355
Total comprehensive income for the period	-	-	-	50,299	267,096	317,395	23,092	340,487
Appropriation : Final dividend for FY2016	-	-	-	-	(64,203)	(64,203)	-	(64,203)
Share options vested under ESOS	-	-	-	26,063	-	26,063	929	26,992
Share options exercised	29,915	-	32,270	(11,135)	-	51,050	(2,247)	48,803
Warrants exercised	48,181	-	170,549	(57,068)	-	161,662	-	161,662
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,512)	(2,512)
Acquisition of shares from non-controlling interests	-	-	-	-	(834)	(834)	(2,667)	(3,501)
Acquisition of subsidiary	-	-	-	-	-	-	(2,874)	(2,874)
Share issue expenses	(3)	-	(9)	-	-	(12)	-	(12)
Transfer of reserves upon expiry	-	-	-	(2,179)	2,179	-	-	-
Transfer pursuant to Companies Act 2016 ***(Note 1)***	774,352	-	(774,352)	-	-	-	-	-
Balance as at 31 March 2017	1,379,394	(3,625)	-	226,069	1,304,020	2,905,858	82,339	2,988,197

Note 1
Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

	9 MONTHS ENDED	
	31/03/2018	**31/03/2017**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	479,263	326,880
Adjustments for :		
Depreciation and amortisation expenses	74,998	60,564
Net interest income	(11,719)	(4,531)
Share of results of joint ventures and associates	(97,734)	(78,694)
Share options vested under ESOS	6,706	26,693
Other non-cash items	(72,242)	(26,001)
Operating profit before working capital changes	379,272	304,911
Changes in working capital :		
Net change in inventories and receivables	(26,987)	(170,499)
Net change in payables	(160,858)	337,501
Cash from operations	191,427	471,913
Dividend and interest received	78,673	37,908
Tax paid	(52,572)	(45,183)
Tax refunded	7,008	2,679
Net cash from operating activities	224,536	467,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(50,887)	(8,065)
Acquisition of additional shares from non-controlling interests	-	(3,501)
Additions of intangible assets	(117,951)	(37,074)
Additions of other investment	(2,290)	-
Development of tank terminals	(5,971)	(16,500)
Investments in joint ventures and associates	(81,547)	(590,800)
Repayment of advances from joint venture	229,123	-
Net change in deposits with licensed banks	(10,093)	(2,389)
Proceeds from disposal of property, plant and equipment	17,943	28,304
Proceeds from disposal of other investment	-	554
Purchase of property, plant and equipment	(178,155)	(18,029)
Net cash used in investing activities	(199,828)	(647,500)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)

	9 MONTHS ENDED	
	31/03/2018	**31/03/2017**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(37,632)	(22,260)
Dividend paid	(81,755)	(64,203)
Dividend paid to non-controlling interests	-	(2,512)
Additional shares subscription from non-controlling interests	13,200	-
(Net repayment)/Net drawndown of bank borrowings	(56,646)	372,100
Proceeds from issuances of shares	48,211	210,453
Net cash (used in)/from financing activities	(114,622)	493,578
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(89,914)	313,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
As previously reported	1,413,536	943,125
Effects of exchange rate changes on cash and cash equivalents	(23,149)	21,991
	1,390,387	965,116
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A17)	1,300,473	1,278,511

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

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 2017. 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 2017.

A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2017 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 2017 except as discussed below:

As of 1 July 2017, the Group has adopted the revised MFRSs and Amendments of MFRSs that have been issued by MASB as listed below:

MFRSs, Amendments to MFRSs

Title		**Effective Date**
Amendments to MFRS 112	*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107	*Disclosure Initiative*	1 January 2017
Amendments to MFRS 12	*Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017

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.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

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 2018.

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

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for current financial period except for the exercise of 49,638,150 share options under the Employees' Share Option Scheme. The Employees' Share Option Scheme ("ESOS") had expired on 29 July 2017.

A8 Dividends paid

A final dividend of 1.45 sen per ordinary share, amounting to RM81,755,455 in respect of financial year ended 30 June 2017 was paid on 20 December 2017.

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 interim period

There were no material events subsequent to the current financial period ended 31 March 2018 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 period ended 31 March 2018 is as follows:

	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Middle East RM'000	Other Countries RM'000	Total RM'000
Segment profits before tax	418,022	8,254	4,703	33,570	14,714	479,263
Included in the measure of segment profits are:						
Revenue from external customers	*1,868,531*	*72,533*	*191,884*	*188,573*	*181,932*	2,503,453
Inter-segment revenue	*158*	*15,429*	*4,714*	*298*	*3,665*	24,264
Depreciation and amortisation	*56,220*	*2,038*	*8,672*	*7,096*	*972*	74,998
Interest expense	*34,134*	*6*	*1,122*	*2,371*	-	37,633
Interest income	*47,749*	*1,476*	*18*	*88*	*21*	49,352
Share of results of joint ventures and associates	*97,734*	-	-	-	-	97,734
Segment assets	5,230,480	324,430	140,352	340,612	188,798	6,224,672
Deferred tax assets						65,060
Total assets						6,289,732
Included in the measure of segment assets are:						
Investments in joint ventures and associates	*1,922,295*	-	-	-	-	1,922,295
Additions to non-current assets:						
- Property, plant & equipment	*169,493*	*3,311*	*4,004*	*1,082*	*265*	178,155
- Intangible assets	*117,945*	-	*6*	-	-	117,951
- Development of tank terminals	*5,971*	-	-	-	-	5,971
- Joint ventures and associates	*81,547*	-	-	-	-	81,547
Segment liabilities	2,377,627	74,613	58,175	106,430	42,210	2,659,055
Deferred tax liabilities						7,588
Total liabilities						2,666,643

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A12 Changes in the composition of the Group

In September 2017, the Company had acquired from MISC Berhad ("MISC") the remaining 45% equity interest, representing 4,500,000 ordinary shares and 10,800 redeemable preference shares in Centralised Terminals Sdn. Bhd. ("CTSB") for a total cash consideration of RM137,015,577. In addition, the Company also repaid MISC and take over its portion of shareholders loan, including principal and accrued interest, amounting to RM55,984,423. Pursuant to that, CTSB became a wholly owned subsidiary of the Group. The Group then changed CTSB's name to Dialog Terminals Sdn. Bhd. ("DTSB"). In February 2018, DTSB incorporated wholly owned subsidiary, namely Pengerang CTF Sdn. Bhd. ("PCTF"). PCTF has an initial share capital of RM1,000 divided into 1,000 ordinary shares. The intended business activity of PCTF is to build, own and operate common tankage facilities including jetty and shared infrastructure to support the petroleum and petrochemical storage terminals in Pengerang Deepwater Terminals. Subsequently in April 2018, the share capital has been increased to RM200,000 comprising of 200,000 shares.

In November 2017, Dialog Services, Inc ("DSI"), a dormant indirect wholly owned subsidiary, had obtained approval on application for a voluntary dissolution. DSI had been dissolved and ceased to be an indirect wholly owned subsidiary of the Group. The financial results of DSI are insignificant to the Group.

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

A13 Commitments

		31/03/2018 RM'000
i)	Capital commitments	
	Capital expenditure in respect of property, plant and equipment :	
	- approved but not contracted for	12,700
	- contracted but not provided for	1,700
		14,400
	Commitments of the Group in respect of tank terminal business	88,000
	Commitments of the Group in respect of upstream business	8,300
ii)	Operating lease commitments	
	a) The Group as lessee	
	- not later than one year	8,599
	- later than one year and not later than five years	12,980
	- after five years	12,014
		33,593
	b) The Group as lessor	
	- not later than one year	2,866
	- later than one year and not later than five years	536
		3,402

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM1,120.3 million (as at 30.06.2017: RM1,527.2 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 RM778.2 million (as at 30.06.2017: RM957.0 million).

The Company has also provided a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of SGD136.1 million, equivalents to RM401.5 million (as at 30.06.2017: SGD156.3 million, equivalent to RM487.8 million) for project financing secured by a joint venture.

A15 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current financial period ended 31 March 2018 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2017.

	9 MONTHS ENDED 31/03/2018 RM'000
Transactions with joint ventures and associate:	
Dividend income	30,000
Interest income	30,844
Subcontract works received	1,374,835
Tank rental and related expenses	685
Transactions with related parties:	
Provision of IT and related services	3,024
Rental of office premises	411

A16 Trade and other receivables

	31/03/2018 RM'000
Trade	
Trade receivables	322,983
Amounts due from customers for contract works	328,545
Amounts due from joint ventures and associates	295,364
	946,892
Others	
Other receivables, deposits and prepayments	65,112
Hedge derivative assets	9,737
	74,849
	1,021,741

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A17 Cash and cash equivalents

	31/03/2018 RM'000
Bank balances and deposits with licensed banks	1,320,746
Bank balances and deposits pledged to licensed banks	(20,273)
	1,300,473

A18 Trade and other payables

	31/03/2018 RM'000
Amounts due to customers for contract works	76,031
Trade payables	769,022
Accruals and other payables	209,269
	1,054,322

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

B1 Performance analysis

The Group closed its 3rd quarter ended 31st March 2018 with another strong financial performance. While the revenue of RM867.4 million recorded in the current reporting quarter was lower by 5.1%, the net profit after tax was higher by 25.1% to RM122.4 million against the corresponding quarter last year. Year to date revenue and net profit after tax for the current financial year were RM2.5 billion and RM406.8 million, higher by 3.3% and 49.4%, respectively against same periods last year. The current year to date net profit after tax included a RM65.6 million fair value gain recorded on a disposal of a jointly controlled entity in September 2017.

For the current reporting quarter, both Malaysia and International operations reported higher profits against corresponding period last year. The better performance in Malaysia was contributed by the midstream and downstream activities in particular its engineering, construction and plant maintenance services for various projects. In addition, the Group's financial performance for the current quarter included the consolidation of Langsat Terminals since they became subsidiaries in September 2017. The upstream activities had also contributed to the better financial results following the recent increase in the oil price. On the International front, the higher profits in the current reporting quarter against same period last year was mainly contributed by the increased activities at Jubail Supply Base, Saudi Arabia and higher sales of specialist products and services in Middle East, Thailand and India.

The Group's share of joint ventures and associates results for the current reporting quarter was also higher mainly contributed by its associate company, Pengerang LNG (Two) Sdn Bhd which achieved its commercial operation and received the first commercial Liquefied Natural Gas (LNG) cargo at its newly-commissioned regasification terminal at the Pengerang Deepwater Terminals in November 2017.

B2 Variation of results against preceding quarter

The Group's profit before tax for the current financial quarter of RM148.1 million was 2.3% higher when compared to RM144.8 million recorded in the preceding quarter. This was in line with the increase in revenue recorded for the current reporting quarter.

B3 Prospects

As a leading integrated technical services provider to the upstream, midstream and downstream sectors in the oil, gas and petrochemical industry, DIALOG remains confident that its business model is well structured and can withstand the current oil price volatility and currency movements. The Group's financial track record has proven that DIALOG's business is well risk-managed and sustainable.

The on-going operations of 1.3 million m^3 Pengerang Deepwater Terminals Phase 1 is now being expanded by an additional 430,000 m^3. The construction of Phase 2 is partially completed and full completion is scheduled in early 2019. The Group had recently signed a Memorandum of Understanding ("MOU") with State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI") to invest and develop common tankage facilities (including shared infrastructure) and deepwater marine facilities ("Jetty 3") to support and promote the petroleum and petrochemical storage and handling tank terminal business. Phase 3 will be developed on approximately 300 acres of the land located next to Phase 2 within Pengerang Deepwater Terminals with an indicative initial investment cost of RM2.5 billion. The land reclamation activities have started and we are in discussion with potential customers for Phase 3.

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

B3 Prospects – cont'd.

The development of the Pengerang Deepwater Terminals Phase 3 as above and future phases which will be developed on the remaining approximately 500 acres comprising reclaimable land and the buffer zone will provide more opportunities for services to be provided by the Group's engineering, construction, fabrication and plant maintenance divisions.

The Group had increased its stake in Langsat Terminal (One) and Langsat Terminal (Two), both engaged in the provision of centralised tankage and terminal facilities in Tanjung Langsat, Johor. The Group is planning to expand Langsat Terminal (Three) into a 300,000 m^3 storage facilities in line with the Group's strategy to grow sustainable and recurring income thereby further enhancing shareholders' value in the long term.

In the upstream sector, the Group is actively developing new reserves from the existing contracts. At the same time, the Group is also on the lookout for viable production assets, which may become available for possible acquisition.

Moving forward, the Group will continue to grow its core businesses with recurring income especially in expanding its logistics businesses, which includes storage tank terminals.

Barring any unforeseen circumstances, the Group is optimistic that its performance will remain strong for the financial year ending 30 June 2018.

B4 Profit forecast and profit guarantee

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

B5 Taxation

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 31/03/2018 RM'000	9 MONTHS ENDED 31/03/2018 RM'000
Current tax	25,164	74,974
Deferred tax	4,471	1,725
(Under) provision in prior years	(3,863)	(4,253)
Total tax expense	25,772	72,446
Effective tax rate on profit before tax excluding share of results of joint ventures and associates	22.1%	19.0%

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

B6 Status of corporate proposals

Memorandum of Understanding with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI")

In April 2018, Dialog Pengerang Sdn Bhd ("DPgSB"), a wholly owned subsidiary of the Company, had signed a Memorandum of Understanding ("MOU") with State Government of Johor Darul Ta'zim and SSI to outline the understanding between the said parties for Pengerang CTF Sdn Bhd ("PCTF"), which is currently an indirect wholly owned subsidiary of the Company, to develop common tankage facilities (including shared infrastructure) and deepwater marine facilities ("Jetty 3") to support and promote the petroleum and petrochemical storage and handling tank terminal business to be constructed and carried out as Pengerang Deepwater Terminals Phase 3.

Phase 3 will be developed on the land located next to Phase 2 within Pengerang Deepwater Terminals of approximately 300 acres and the indicative initial cost of investment is approximately RM2.5 billion.

The Company, State Government of Johor Darul Ta'zim and SSI are currently in discussion to establish the joint venture.

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

B7 Borrowings and debt securities

As at 31 March 2018, the Group's borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
New Zealand Dollar	627	1,757
Ringgit Malaysia	-	69,703
Unsecured:		
New Zealand Dollar	4,286	12,010
Ringgit Malaysia	-	298,500
Saudi Riyal	20,000	20,634
United States Dollar	8,735	33,717
		436,321
Long term borrowings:		
Secured:		
New Zealand Dollar	4,044	11,335
Ringgit Malaysia	-	200,394
United States Dollar	128,365	495,489
Unsecured:		
New Zealand Dollar	1,096	3,070
Ringgit Malaysia	-	337,500
Saudi Riyal	50,000	51,584
		1,099,372
		1,535,693

The borrowings are mainly to part finance the Group's investment in tank terminals and logistic business. Included in the borrowings for the current financial period is RM1,111.4 million (30.06.2017: RM895.1 million) obtained under Islamic financing facilities.

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

B8 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.

B9 Dividends

a) The Board of Directors declared an interim dividend of 1.4 sen (previous corresponding period: 1.2 sen) per ordinary share in respect of the financial year ending 30 June 2018.

   The entitlement of the interim dividend will be determined based on the shareholders registered in the record of depositors as at 14 June 2018 and the date of payment will be on 28 June 2018.

b) The total dividend for current period to date is 1.4 sen per ordinary share.

B10 Derivative financial instruments

As at 31 March 2018, the Group has the following outstanding forward foreign exchange contracts.

	Contract Value		Net fair value gains or (losses)
	FC'000	**RM'000**	**RM'000**
With maturity less than 1 year:			
Australian Dollar	47	141	1
Euro	321	1,571	(45)
New Zealand Dollar	6	16	1
Singapore Dollar	420	1,257	8
Sterling Pound	32	177	(5)
United States Dollar	14,675	58,417	(685)

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

There is no significant change to the financial derivatives in respect of the following since the last financial year ended 30 June 2017:

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.

As at the end of the reporting period, the Group has entered into interest rate swap contracts to swap notional principals amounts of RM157,264,994 (2017:RM71,594,000) and USD121,600,000 (2017:USD119,000,000) from floating interest rate to fixed rate to hedge against interest rate fluctuations. The effective periods for these interest rate swaps are from March 2014 to October 2021 and January 2018 to January 2023 respectively.

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

B11 Investments in joint ventures and associates

The investments in joint ventures and associates included unsecured advances amounted to RM572.4 million which bear interest at rate 6.50% per annum.

The Company also provided sponsor's undertaking to a joint venture as disclosed in A14.

B12 Earnings per share

The basic earnings per ordinary 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.

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**
Profit for the financial period attributable to owners of the Company (RM'000)	118,837	94,402	395,525	267,096
Weighted average number of ordinary shares in issue ('000)	5,638,307	5,416,269	5,634,937	5,340,836

Diluted earnings per ordinary 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. 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 financial period and exercise price.

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**
Profit for the financial period attributable to owners of the Company (RM'000)	118,837	94,402	395,525	267,096
Weighted average number of ordinary shares in issue ('000)	5,638,307	5,416,269	5,634,937	5,340,836
Effect of dilution due to:				
- ESOS ('000)	-	70,078	-	66,115
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,638,307	5,486,347	5,634,937	5,406,951

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

B13 Profit for the period

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 31/03/2018 RM'000	9 MONTHS ENDED 31/03/2018 RM'000
This is arrived at after (charging)/crediting:		
Interest income	14,476	49,352
Interest expense	(12,797)	(37,633)
Depreciation and amortisation	(28,180)	(74,998)
Foreign exchange (loss)/gain	(537)	1,140
Gain on disposal of property, plant and equipment	36	5,965
Property, plant and equipment written off	-	(72)
Rental income	3,103	7,031
Other miscellaneous income	360	1,742

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

Date: 16 May 2018