



# **DIALOG GROUP BERHAD**

198901001388 (178694-V)  
(Incorporated in Malaysia)

Interim Financial Statements  
For The Financial Period Ended  
31 March 2023

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
 FOR THE PERIOD ENDED 31 MARCH 2023**

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		9 MONTHS ENDED	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
Revenue		802,790	593,426	2,311,495	1,643,371
Operating expenses		(750,435)	(528,591)	(2,164,585)	(1,443,529)
Other operating income		8,933	28,361	34,018	47,583
Share of profit of joint ventures and associates, net of tax		100,423	55,168	281,957	197,029
Finance costs		(20,475)	(6,903)	(54,346)	(20,832)
<b>Profit before tax</b>		141,236	141,461	408,539	423,622
Tax expense		(7,196)	(10,456)	(23,209)	(33,456)
<b>Profit for the period</b>		<u>134,040</u>	<u>131,005</u>	<u>385,330</u>	<u>390,166</u>
<b>Profit for the period attributable to:</b>					
Owners of the parent		130,808	133,065	383,744	389,756
Non-controlling interests		3,232	(2,060)	1,586	410
		<u>134,040</u>	<u>131,005</u>	<u>385,330</u>	<u>390,166</u>
Basic earnings per ordinary share (sen)	B13	<u>2.32</u>	<u>2.36</u>	<u>6.80</u>	<u>6.91</u>
Diluted earnings per ordinary share (sen)	B13	<u>2.32</u>	<u>2.36</u>	<u>6.80</u>	<u>6.91</u>

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

## INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2023

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		9 MONTHS ENDED	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	B14	134,040	131,005	385,330	390,166
<b>Other comprehensive income</b>					
<b>Items that may not be reclassified subsequently to profit or loss</b>					
Fair value gain/(loss) on other investment		3,765	(1,881)	11,061	2,886
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		24,283	16,080	35,969	15,320
Cash flow hedge		(5,083)	(54)	8,303	38
Share of other comprehensive gain of joint ventures		6,066	47,534	64,760	68,249
<b>Other comprehensive income for the period</b>		<u>29,031</u>	<u>61,679</u>	<u>120,093</u>	<u>86,493</u>
<b>Total comprehensive income for the period</b>		<u>163,071</u>	<u>192,684</u>	<u>505,423</u>	<u>476,659</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		159,268	193,851	502,270	474,922
Non-controlling interests		3,803	(1,167)	3,153	1,737
		<u>163,071</u>	<u>192,684</u>	<u>505,423</u>	<u>476,659</u>

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.)

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	NOTE	31/03/2023 RM'000	30/06/2022 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,710,730	2,710,580
Development of tank terminals		664,320	639,640
Intangible assets		913,254	807,094
Investments in joint ventures and associates	B12	1,975,853	1,535,590
Inventories	A16	258,212	237,805
Other investments		69,533	55,238
Deferred tax assets		64,542	65,183
		<u>6,656,444</u>	<u>6,051,130</u>
<b>CURRENT ASSETS</b>			
Inventories	A16	84,550	73,452
Trade and other receivables	A17	858,629	859,876
Current tax assets		39,546	17,290
Other investment		-	5,000
Cash and cash equivalents	A18	1,525,851	1,840,307
		<u>2,508,576</u>	<u>2,795,925</u>
<b>TOTAL ASSETS</b>		<u>9,165,020</u>	<u>8,847,055</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		1,698,323	1,698,303
Treasury shares		(3,625)	(3,625)
Reserves		3,735,152	3,359,720
		5,429,850	5,054,398
Perpetual Sukuk Wakalah	B8	498,940	498,940
Non-controlling interests		90,769	99,115
<b>TOTAL EQUITY</b>		<u>6,019,559</u>	<u>5,652,453</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank Borrowings	B7	1,346,285	1,526,934
Senior Sukuk Wakalah	B8	500,000	500,000
Lease liabilities		16,337	17,789
Deferred tax liabilities		3,566	1,484
		<u>1,866,188</u>	<u>2,046,207</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	A19	820,192	740,695
Bank Borrowings	B7	402,831	337,175
Lease liabilities		5,372	5,885
Current tax liabilities		50,878	64,640
		<u>1,279,273</u>	<u>1,148,395</u>
<b>TOTAL LIABILITIES</b>		<u>3,145,461</u>	<u>3,194,602</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,165,020</u>	<u>8,847,055</u>
<b>Net assets per share attributable to owners of the parent (sen)</b>		<u>93.4</u>	<u>89.6</u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2023

	Attributable to owners of the parent					Perpetual Sukuk Wakalah RM'000	Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000			
<b>Balance as at 1 July 2022</b>	1,698,303	(3,625)	258,501	3,101,219	5,054,398	498,940	99,115	5,652,453
Total comprehensive income for the period	-	-	118,526	378,514	497,040	5,230	3,153	505,423
Appropriation:								
Final dividend for FY2022	-	-	-	(118,494)	(118,494)	-	-	(118,494)
Share options granted under ESOS	-	-	7,289	-	7,289	-	121	7,410
Dividend paid to non-controlling interests	-	-	-	-	-	-	(5,405)	(5,405)
Profit distribution paid/payable to holders of Perpetual Sukuk Wakalah	-	-	-	(10,403)	(10,403)	(5,230)	-	(15,633)
Share options exercised	20	-	-	-	20	-	-	20
Disposal of a subsidiary	-	-	-	-	-	-	(5,240)	(5,240)
Reclass subsidiary to joint venture	-	-	-	-	-	-	(980)	(980)
Additional shares subscription from non-controlling interest	-	-	-	-	-	-	5	5
<b>Balance as at 31 March 2023</b>	<b>1,698,323</b>	<b>(3,625)</b>	<b>384,316</b>	<b>3,350,836</b>	<b>5,429,850</b>	<b>498,940</b>	<b>90,769</b>	<b>6,019,559</b>
<b>Balance as at 1 July 2021</b>	1,697,751	(3,625)	110,916	2,792,626	4,597,668	498,940	102,255	5,198,863
Total comprehensive income for the period	-	-	85,166	389,756	474,922	-	1,737	476,659
Appropriation:								
Final dividend for FY2021	-	-	-	(107,209)	(107,209)	-	-	(107,209)
Share options granted under ESOS	-	-	5,670	-	5,670	-	271	5,941
Issuance of ordinary shares pursuant to ESOS exercised	553	-	(89)	-	464	-	(1)	463
Share issue expenses	(1)	-	-	-	(1)	-	-	(1)
Distribution paid to holders of Perpetual Sukuk Wakalah	-	-	-	(10,403)	(10,403)	-	-	(10,403)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,761)	(1,761)
Additional shares subscription from non-controlling interest	-	-	-	-	-	-	980	980
<b>Balance as at 31 March 2022</b>	<b>1,698,303</b>	<b>(3,625)</b>	<b>201,663</b>	<b>3,064,770</b>	<b>4,961,111</b>	<b>498,940</b>	<b>103,481</b>	<b>5,563,532</b>

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2023**

	<b>9 MONTHS ENDED</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	408,539	423,622
Adjustments for:		
Depreciation and amortisation	181,015	172,120
Net interest expense	29,768	7,922
Share of profit of joint ventures and associates	(281,957)	(197,029)
Share options granted under ESOS	7,410	5,941
Other non-cash items	6,846	(3,228)
Operating profit before working capital changes	351,621	409,348
Changes in working capital :		
Net change in inventories and receivables	(25,807)	(186,870)
Net change in payables	77,989	40,196
<b>Cash from operations</b>	<b>403,803</b>	<b>262,674</b>
Dividends received	95,470	206,327
Interest received	23,950	12,682
Tax paid	(58,980)	(52,410)
Tax refunded	56	19,955
<b>Net cash from operating activities</b>	<b>464,299</b>	<b>449,228</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of intangible assets	(168,176)	(32,497)
Additions of other investment	(2,910)	(3,913)
Development of tank terminals	(24,680)	(43,911)
Investments in joint ventures and associates	(192,714)	(6,860)
Redemption of redeemable preference shares from an associate	9,801	102,969
Net change in deposits with licensed banks	1	44
Net cash on disposal of a subsidiary	(70)	-
Proceeds from disposal of property, plant and equipment	360	12,283
Proceeds from disposal of other investments	5,000	12,193
Purchase of property, plant and equipment	(41,986)	(85,345)
Purchase of properties for development	(15,748)	(251,509)
<b>Net cash used in investing activities</b>	<b>(431,122)</b>	<b>(296,546)</b>

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

	<b>9 MONTHS ENDED</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(53,718)	(20,604)
Share issue expenses	-	(1)
Dividends paid	(118,494)	(107,209)
Profit distribution to Sukuk holders	(10,403)	(10,403)
Dividend paid to non-controlling interests	(5,405)	(1,761)
Additional shares subscription from non-controlling interest	5	980
Net repayment of bank borrowings	(170,804)	(39,212)
Net proceeds from issuance of Senior Sukuk Wakalah	-	499,470
Proceeds from issuances of shares	20	463
<b>Net cash (used in)/from financing activities</b>	<b>(358,799)</b>	<b>321,723</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(325,622)</b>	<b>474,405</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
As previously reported	1,840,183	1,453,252
Effects of exchange rate changes on cash and cash equivalents	11,168	1,425
	<u>1,851,351</u>	<u>1,454,677</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A18)</b>	<b><u>1,525,729</u></b>	<b><u>1,929,082</u></b>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

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## INTERIM FINANCIAL REPORT

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### 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 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 2022. 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 2022.

##### A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2022 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 2022 except as discussed below:

As of 1 July 2022, 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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 Onerous Contracts - <i>Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of the above Amendments of MFRSs did not have any material impact to the condensed financial statements.

##### A3 Auditors’ report of preceding annual audited financial statements

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



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## INTERIM FINANCIAL REPORT

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### **A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED**

#### **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 2023.

#### **A6 Material changes in estimates**

There were no changes in estimates of amounts reported in the prior financial period, 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 the current financial period except for exercise of 8,400 share options under the Employees' Share Option Scheme.

#### **A8 Dividends paid**

A final dividend of 2.10 sen per ordinary share, amounting to RM118,493,965 in respect of financial year ended 30 June 2022 was paid on 20 December 2022.

#### **A9 Property, plant and equipment**

There was 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 period**

There were no material events subsequent to the current financial period ended 31 March 2023 and up to the date of this report, which is likely to substantially affect the profits of the Group.

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 - CONTINUED**

**A11 Operating segments**

The Group is principally involved in providing integrated technical services to the energy sectors 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 the chief operating decision maker.

The Group's operating segments for the financial period ended 31 March 2023 are as follows:

	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Other Asia RM'000</b>	<b>Australia &amp; New Zealand RM'000</b>	<b>Middle East RM'000</b>	<b>Other Countries RM'000</b>	<b>Total RM'000</b>
<b>Segment profits before tax</b>	280,503	69,084	17,479	20,217	20,618	638	408,539
<i>Included in the measure of segment profits are:</i>							
Revenue from external customers	1,329,440	192,217	221,915	328,087	237,600	2,236	2,311,495
Inter-segment revenue	558	-	10,828	4,785	-	-	16,171
Depreciation and amortisation	159,938	432	3,166	11,195	6,284	-	181,015
Interest expense	48,908	214	3,493	1,103	-	-	53,718
Interest income	22,651	-	1,050	5	244	-	23,950
Share of profit/(loss) of joint ventures and associates	218,210	63,791	(44)	-	-	-	281,957
<b>Segment assets</b>	7,771,655	271,716	366,174	438,108	252,825	-	9,100,478
Deferred tax assets							64,542
<b>Total assets</b>							<u>9,165,020</u>
<i>Included in the measure of segment assets are:</i>							
Investments in joint ventures and associates	1,785,722	190,131	-	-	-	-	1,975,853
<i>Changes to non-current assets:</i>							
- Property, plant and equipment	11,863	180	1,373	27,239	1,331	-	41,986
- Intangible assets	168,038	-	135	3	-	-	168,176
- Development of tank terminals	24,680	-	-	-	-	-	24,680
- Joint ventures and associates	2,590	180,763	(440)	-	-	-	182,913
- Other investments	-	-	2,910	-	-	-	2,910
<b>Segment liabilities</b>	2,825,779	3,431	189,797	75,535	47,353	-	3,141,895
Deferred tax liabilities							3,566
<b>Total liabilities</b>							<u>3,145,461</u>

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED**

**A12 Changes in the composition of the Group**

In August 2022, the Group completed the acquisition of the entire equity interest in Pan Orient Energy Corp. (“POEC”), for a cash consideration of USD39,200,000 (equivalent to approximately RM174,000,000). Pursuant to that, POEC is now an indirect wholly owned subsidiary of the Company. POEC through its wholly owned subsidiary Pan Orient Petroleum Pte. Ltd. (“POPS”), holds 50.01% equity interest in Pan Orient Energy (Siam) Ltd. (“POES”), which is the concessionaire and operator of Concession L53/48, onshore Thailand.

In December 2022, Dialog (Labuan) Ltd (“DLL”), a wholly owned indirect subsidiary, disposed off its entire 60% equity interest in Dialog Services Saudi Arabia Company Limited (“DSSA”), for a total cash consideration of SAR6,600,000 (equivalent to RM8,501,213). Following the disposal, DSSA ceased to be a subsidiary of the Group.

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

**A13 Commitments**

	<b>31/03/2023</b> <b>RM'000</b>
Capital commitments	
Capital expenditure in respect of property, plant and equipment:	
- approved but not contracted for	88,800
- contracted but not provided for	25,400
	114,200
Commitments of the Group in respect of upstream business	91,000

**A14 Changes in contingent liabilities and contingent assets**

The Company provides corporate guarantees up to a total amount of RM2,119.5 million (as at 30.06.2022: RM2,257.3 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 RM1,504.1 million (as at 30.06.2022: RM1,669.3 million).

The Company also provides corporate guarantees up to a total amount of RM32.6 million (as at 30.06.2022: RM Nil) to licensed bank for banking facilities granted to a joint venture. Consequently, the company is contingently liable for the amounts of banking facilities utilised by a joint venture totalling RM17.0 million (as at 30.06.2022: RM Nil).

The Company has also provided a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of SGD9.8 million, equivalent to RM32.6 million (as at 30.06.2022: SGD32.0 million, equivalent to RM101.4 million) for project financing secured by a joint venture.

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED**

**A15 Significant related party transactions**

Significant related party transactions which were entered into on agreed terms and prices for the financial period ended 31 March 2023 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2022.

	<b>9 MONTHS ENDED 31/03/2023 RM'000</b>
Transaction with associate and joint ventures:	
Dividend income	95,470
Subcontract works received	58,667

**A16 Inventories**

	<b>31/03/2023 RM'000</b>
Non-current assets:	
Land held for development	258,212
Current assets:	
Construction materials	17,757
Trading inventories	66,793
	<u>84,550</u>
	<u><u>342,762</u></u>

**A17 Trade and other receivables**

	<b>31/03/2023 RM'000</b>
Trade receivables	455,340
Amounts due from customers for contract works	303,935
Amounts due from joint ventures and associates	38,729
Other receivables, deposits and prepayments	49,032
Hedge derivative assets	11,593
	<u>858,629</u>

**A18 Cash and cash equivalents**

	<b>31/03/2023 RM'000</b>
Bank balances and deposits with licensed banks	1,525,851
Less: Bank balances and deposits pledged to licensed banks	<u>(122)</u>
	<u><u>1,525,729</u></u>

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**INTERIM FINANCIAL REPORT**

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**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED**

**A19 Trade and other payables**

	<b>31/03/2023</b>
	<b>RM'000</b>
Trade payables	603,156
Amounts due to customers for contract works	57,281
Accruals and other payables	159,755
	<u>820,192</u>

**A20 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 the Annual General Meeting held on 14 November 2018 and came into effect on 3 December 2018. The ESOS shall be in force for a period of ten (10) years until 2 December 2028.

In compliance with Malaysian Financial Reporting Standard, MFRS 2 on Share-based Payment, a total ESOS cost for share options amounted to RM7,410,000 was charged to the statement of profit or loss in the current financial period (YTD Q3 FY2022: RM5,941,000).

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## INTERIM FINANCIAL REPORT

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

#### **B1 Performance analysis**

For the 3<sup>rd</sup> quarter ended 31<sup>st</sup> March 2023, the Group recorded a revenue of RM802.8 million with a net profit after tax of RM134.0 million, higher by 35.3% and 2.3%, respectively against the corresponding quarter last year. For the current financial year-to-date against corresponding period last year, the Group's revenue of RM2.31 billion was higher by 40.7%, whilst its net profit after tax dropped by 1.2% to RM385.3 million from RM390.2 million. The growth in revenue was contributed by both the Malaysian and International operations which saw increases in business activities. However, the Group's net profit after tax margin for the current financial quarter and financial year-to-date was lower, caused mainly by higher project and operation costs.

In the current financial quarter and year-to-date, the Malaysian downstream team remained busy with various engineering, construction, fabrication, and plant maintenance projects. The unprecedented challenges brought on by the COVID-19 pandemic, conflict in Ukraine, inflationary pressures and manpower constraints continue to impact our on-going projects. These unexpected circumstances have caused severe supply chain disruption, higher material price and labour cost. Despite these challenges, the Group's main priority is still to complete and deliver the committed projects, which have inevitably resulted in cost overruns and some project losses.

The Malaysia midstream activities continued to contribute a stable revenue stream to the Group from the operation of DIALOG Terminals Langsat and DIALOG Terminals Pengerang (5). The profit contributions from these terminals for the current financial quarter and year-to-date were however lower due to higher financing costs.

The upstream business also reported a higher revenue in the current financial quarter and year-to-date due to the offshore project implementation activities at Bayan field. The profit margin from upstream business was however lower due to higher operation costs.

The Group's international operations reported higher revenue and profit contributions for the current financial quarter and year-to-date with higher sales of specialist products and services in various countries, together with increased engineering, construction and maintenance activities in Singapore, and fabrication activities in New Zealand.

The Group has successfully completed the acquisition of 50.01% equity interest in Pan Orient Energy (Siam) Ltd., a concessionaire and operator of Concession L53/48, onshore Thailand oilfield in August 2022. This has contributed to a higher share of joint ventures results to the Group in the financial quarter and year-to-date.

#### **B2 Variation of results against preceding quarter**

There was no significant variation noted in the Group's revenue and profit before tax for the current financial quarter against the preceding quarter.

The Group's revenue for the 3<sup>rd</sup> quarter of RM802.8 million and profit before tax of RM141.2 million were 0.7% and 0.9% higher compared to RM797.0 million and RM139.9 million respectively, reported in the preceding quarter.

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## INTERIM FINANCIAL REPORT

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### **B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA – CONTINUED**

#### **B3 Prospects**

As a leading integrated technical service provider that is diversified across the upstream, midstream, and downstream businesses of the energy sector, DIALOG will remain focused and steadfast in the pursuit of its key long-term strategies. With our dedicated management team, we remain confident that our business model is well structured to manage and sustain the Group through periods of economic uncertainty, oil price volatility and currency movements.

In the Upstream business, in line with DIALOG's strategy to expand and diversify across its business streams, the Group made a significant step in August 2022 when it successfully completed the acquisition of 50.01% equity interest in Pan Orient Energy (Siam) Ltd., the concessionaire and operator of Concession L53/48 onshore Thailand oilfield.

In January 2023, the Group signed a Small Field Asset Production Sharing Contract with PETRONAS and Petroleum Sarawak Exploration and Production ("PSEP") to take 70% participating interest including operatorship in Baram Junior Cluster. PSEP holds the remaining 30% participating interest.

These ventures are in line with the Group's strategy of generating long term recurring income and expected to be the catalyst for further expansion and growth in the Upstream business, focusing on development and producing assets. Moving forward, we will continue to look for opportunities to enhance our development and production services and assets, while adopting new technologies to manage greenhouse gas emissions.

Looking ahead our focus will continue to be on the Midstream business, the ongoing development of Pengerang Deepwater Terminals ("PDT") into the largest petroleum and petrochemical hub for Asia Pacific region. Phase 3 of PDT has been designated for the development of more dedicated petroleum and petrochemical storage terminals for medium to long-term customers, potentially comprising energy traders, multinational energy companies, refineries, and petrochemical plants. This will support the further development of various downstream operations including those of the refinery and petrochemical plants within the Pengerang Integrated Petroleum Complex.

With approximately another 500 acres available for development, PDT's ideal location and one-stop integrated hub offering provides a compelling value proposition to energy players interested in Asia Pacific's demand growth over the next 30 years. In addition to Pengerang, the Group has another 17 acres of available land at DIALOG Terminals Langsat.

Today, DIALOG is the 2<sup>nd</sup> largest independent terminal owner cum operator in Southeast Asia with a current operating capacity of 5.1 million m<sup>3</sup>. The Group will continue to invest in phased capacity expansions for dedicated long-term customers across the Group midstream terminals business portfolio, in line with the Group's longer-term strategy to grow its sustainable and recurring income.

In the Downstream business, we will continue to leverage on our strengths and established track record in integrated technical services comprising Engineering, Procurement, Construction & Commissioning, Plant Maintenance & Catalyst Handling Services, and Specialist Products and Services. With the completion of PDT Phase 2, Phase 3A, and the refinery projects at RAPID, we are also now actively involved in the plant maintenance services for these completed projects, in addition to other external and existing projects.

In the Sustainable and Renewable business, the Group's newly incorporated joint venture company, Dialog Diyou PCR Sdn. Bhd. ("Dialog Diyou") is scheduled to be operational by August 2023. Dialog Diyou is principally to build, own and operate a food grade recycled polyethylene terephthalate ("recycled PET") pellets production facility using recycled PET flakes as raw material to produce food grade recycled PET pellets for sale. The Group also incorporated Dialog Eseco Sdn. Bhd. to provide innovative solutions for waste management and support the implementation of recycling to promote circular economy.

## INTERIM FINANCIAL REPORT

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

#### B3 Prospects – continued

In response to growing investor interest in low-carbon fuel alternatives, DIALOG marks its first venture into storage facilities for renewable fuel products under DIALOG Terminals Langsung (3). This venture will serve potential users such as biofuel production companies, energy trading houses and multinational energy companies. The 24,000 m<sup>3</sup> storage facilities will be connected to truck loading bays and existing marine facilities and is expected to commence operations by end-2024.

In addition, the Group invested in Hiringa Energy Limited, a company based in New Zealand which is involved in the production of green hydrogen and the operation of hydrogen filling stations. These ventures are a continuation of the initiatives by the Group to achieve business sustainability and fulfil its Environmental, Social and Governance agenda through commercially viable ventures.

As the economic environment is expected to remain extremely challenging in the short to medium-term, we will continue to build and strengthen our competencies by investing and multi-skilling our workforce to ensure we remain efficient and competitive. Alongside the investment in our people is also our investment in technology. DIALOG has long leveraged on technology to differentiate ourselves from our competitors. In this regard, our ongoing digital transformation initiatives have been progressing well and we will continue these initiatives to reinforce our competitiveness.

Barring any unforeseen circumstances, the Group remains optimistic of its positive performance in the financial year ending 30 June 2023.

#### B4 Profit forecast and profit guarantee

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

#### B5 Taxation

	<b>INDIVIDUAL PERIOD</b>	<b>CUMULATIVE PERIOD</b>
	<b>3 MONTHS ENDED 31/03/2023 RM'000</b>	<b>9 MONTHS ENDED 31/03/2023 RM'000</b>
Current tax	7,022	26,763
Deferred tax	(350)	(2,732)
Over provision in prior years	524	(822)
Total tax expense	<u>7,196</u>	<u>23,209</u>
Effective tax rate on profit before tax excluding share of profit of joint ventures and associates	<u>17.6%</u>	<u>18.3%</u>

The effective tax rates for the quarter and financial period ended 31<sup>st</sup> March 2023 were lower than the statutory rate of 24% mainly due to non-taxable income recognised during the period and lower tax rates in foreign tax jurisdictions.



## INTERIM FINANCIAL REPORT

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA – CONTINUED****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., a wholly owned subsidiary of the Company, had signed a Memorandum of Understanding with the State Government of Johor Darul Ta'zim and SSI to outline the understanding between the said parties for Dialog Terminals Pengerang CTF Sdn. Bhd., which is currently an indirect wholly owned subsidiary of the Company, to develop common tankage facilities (including shared infrastructure) and deepwater marine facilities to support and promote the petroleum and petrochemicals 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 investment cost of RM2.5 billion. The Group, State Government of Johor Darul Ta'zim and SSI are currently finalising the terms of the joint venture.

There are no other corporate proposals announced but not completed as at date of this report.

**B7 Borrowings and debt securities**

As at 31 March 2023, the Group's bank borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
New Zealand Dollar	1,488	4,099
Ringgit Malaysia	-	8,000
Singapore Dollar	22,000	73,040
Unsecured:		
Ringgit Malaysia	-	267,862
Sterling Pound	813	4,436
United States Dollar	10,278	45,394
		402,831
Long term borrowings:		
Secured:		
New Zealand Dollar	6,733	18,554
Ringgit Malaysia	-	170,000
Singapore Dollar	328,269	1,089,853
Unsecured:		
Ringgit Malaysia	-	67,878
		1,346,285
		1,749,116

Included in the bank borrowings of the Group is RM1,303.6 million (30.06.2022: RM1,476.4 million) obtained under Islamic financing facilities.

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**INTERIM FINANCIAL REPORT**

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

**B8** In September 2020, the Company had obtained approval for an Islamic notes issuance programme of up to an aggregate amount of RM3.0 billion in nominal value based on the Shariah principle of Sukuk Programme with the Securities Commission Malaysia. The Sukuk Programme, which has a perpetual programme tenure, provides the Company the flexibility to issue, from time to time, senior Islamic medium term notes (“Senior Sukuk Wakalah”) and/or subordinated perpetual Islamic notes (“Perpetual Sukuk Wakalah”) subject to the aggregate outstanding nominal amount not exceeding RM3.0 billion at any point in time.

In November 2020, the Company had completed the first issuance of RM500 million Perpetual Sukuk Wakalah in nominal value with tenure of perpetual non-callable 7 years with a periodic distribution rate 4.15% per annum. The net nominal value after transaction costs is RM498.9 million.

In January 2022, the Company issued another RM500 million Senior Sukuk Wakalah in nominal value with tenure of 10 years with a periodic distribution rate 4.53% per annum.

**B9 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.

**B10 Dividends**

- a) The Board of Directors declared an interim dividend of 1.30 sen (previous corresponding period: 1.30 sen) per ordinary share in respect of the financial year ending 30 June 2023.

The entitlement of the interim dividend will be determined based on the shareholders registered in the record of depositors as at 13 June 2023 and the date of payment will be on 27 June 2023.

- b) The total dividend for current period to date is 1.30 sen per ordinary share.

## INTERIM FINANCIAL REPORT

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

#### B11 Derivative financial instruments

As at 31 March 2023, the Group has the following outstanding derivatives:

	Contract/Notional Value		Net fair value
	FC'000	RM'000	income/ (losses) RM'000
<b><u>Forward foreign exchange contracts</u></b>			
With maturity less than 1 year:			
Australian Dollar	168	498	(3)
Euro	175	822	22
Singapore Dollar	2,439	8,152	(148)
Sterling Pound	27	145	1
Japanese Yen	37,566	1,267	(23)
United States Dollar	3,295	14,552	(245)
<b><u>Interest rate swap contracts</u></b>			
With maturity from 2 to 4 years:			
Singapore Dollar	175,000	581,000	11,987

There has been no significant changes to the financial derivatives in respect of the following since the last financial year ended 30 June 2022:

- 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 in the Group recording a gain when the rates moved in its favour and recording a loss when the rates moved unfavourably against the Group.

#### B12 Investments in joint ventures and associates

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

**INTERIM FINANCIAL REPORT**

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF**

**B13 Earnings per share**

The basic and 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 after deducting treasury shares.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Profit for the financial period attributable to owners of the Company (RM'000)	130,808	133,065	383,744	389,756
Weighted average number of ordinary shares in issue ('000)	5,642,571	5,642,569	5,642,570	5,642,480

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		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Profit for the financial period attributable to owners of the Company (RM'000)	130,808	133,065	383,744	389,756
Weighted average number of ordinary shares in issue ('000)	5,642,571	5,642,569	5,642,570	5,642,480
Effect of dilution due to:				
- ESOS ('000)	45	140	-	11
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,642,616	5,642,709	5,642,570	5,642,491

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**INTERIM FINANCIAL REPORT**

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**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF**

**B14 Profit for the period**

	<b>INDIVIDUAL PERIOD</b>	<b>CUMULATIVE PERIOD</b>
	<b>3 MONTHS ENDED 31/03/2023 RM'000</b>	<b>9 MONTHS ENDED 31/03/2023 RM'000</b>
This is arrived at after crediting / (charging):		
Depreciation and amortisation	(65,112)	(181,015)
Dividend income	-	3,773
Foreign exchange (loss)/gain	(1,457)	1,546
Gain on disposal of property, plant and equipment	9	262
Impairment loss on receivables	-	(1,677)
Impairment loss on property, plant and equipment	-	(7,102)
Interest expense	(20,299)	(53,718)
Interest income	8,787	23,950
Property, plant and equipment written off	(55)	(55)
Rental income	670	1,924
Other miscellaneous income	979	2,618
	<b>979</b>	<b>2,618</b>

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia

Date: 18 May 2023