



DIALOG GROUP BERHAD

198901001388 (178694-V)
(Incorporated in Malaysia)

Interim Financial Statements
For The Financial Period Ended
30 September 2023

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		3 MONTHS ENDED	
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
		RM'000	RM'000	RM'000	RM'000
Revenue		780,446	711,697	780,446	711,697
Operating expenses		(717,055)	(664,048)	(717,055)	(664,048)
Other operating income		14,992	12,037	14,992	12,037
Share of profit of joint ventures and associates, net of tax		93,940	84,104	93,940	84,104
Finance costs		(19,173)	(16,405)	(19,173)	(16,405)
Profit before tax		153,150	127,385	153,150	127,385
Tax expense		(10,958)	(7,176)	(10,958)	(7,176)
Profit for the period		142,192	120,209	142,192	120,209
Profit for the period attributable to:					
Owners of the parent		132,168	125,785	132,168	125,785
Non-controlling interests		10,024	(5,576)	10,024	(5,576)
		142,192	120,209	142,192	120,209
Basic earnings per ordinary share (sen)	B13	2.34	2.23	2.34	2.23
Diluted earnings per ordinary share (sen)	B13	2.34	2.23	2.34	2.23

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE
 INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		3 MONTHS ENDED	
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
		RM'000	RM'000	RM'000	RM'000
Profit for the period	B14	142,192	120,209	142,192	120,209
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Fair value (loss)/gain on other investment		(4,168)	3,358	(4,168)	3,358
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(12,821)	20,927	(12,821)	20,927
Cash flow hedge		(4,057)	15,622	(4,057)	15,622
Share of other comprehensive gain of joint ventures		10,819	50,498	10,819	50,498
Other comprehensive income for the period		<u>(10,227)</u>	<u>90,405</u>	<u>(10,227)</u>	<u>90,405</u>
Total comprehensive income for the period		<u>131,965</u>	<u>210,614</u>	<u>131,965</u>	<u>210,614</u>
Total comprehensive income attributable to:					
Owners of the parent		121,714	213,092	121,714	213,092
Non-controlling interests		10,251	(2,478)	10,251	(2,478)
		<u>131,965</u>	<u>210,614</u>	<u>131,965</u>	<u>210,614</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 2023 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	NOTE	30/09/2023 RM'000	30/06/2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		2,728,293	2,750,105
Development of tank terminals		692,396	685,837
Intangible assets		931,925	922,445
Investments in joint ventures and associates	B12	1,853,473	1,814,313
Inventories	A16	271,731	271,655
Other investments		45,489	49,077
Deferred tax assets		87,896	76,976
		6,611,203	6,570,408
CURRENT ASSETS			
Inventories	A16	52,055	70,853
Trade and other receivables	A17	763,079	904,614
Current tax assets		25,536	20,438
Other investment		16,890	24,702
Cash and cash equivalents	A18	1,773,027	1,720,621
		2,630,587	2,741,228
TOTAL ASSETS		9,241,790	9,311,636
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		1,698,323	1,698,323
Treasury shares		(3,625)	(3,625)
Reserves		4,000,360	3,881,431
		5,695,058	5,576,129
Perpetual Sukuk Wakalah	B8	498,940	498,940
Non-controlling interests		95,550	85,248
TOTAL EQUITY		6,289,548	6,160,317
NON-CURRENT LIABILITIES			
Bank Borrowings	B7	1,321,425	1,363,710
Senior Sukuk Wakalah	B8	500,000	500,000
Lease liabilities		16,806	16,914
Deferred tax liabilities		3,424	4,623
		1,841,655	1,885,247
CURRENT LIABILITIES			
Trade and other payables	A19	880,169	906,988
Bank Borrowings	B7	164,546	298,791
Lease liabilities		5,009	5,327
Current tax liabilities		60,863	54,966
		1,110,587	1,266,072
TOTAL LIABILITIES		2,952,242	3,151,319
TOTAL EQUITY AND LIABILITIES		9,241,790	9,311,636
Net assets per share attributable to owners of the parent (sen)		100.9	98.8

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 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			
Balance as at 1 July 2023	1,698,323	(3,625)	482,287	3,399,144	5,576,129	498,940	85,248	6,160,317
Total comprehensive income for the period	-	-	(10,454)	126,938	116,484	5,230	10,251	131,965
Share options granted under ESOS	-	-	2,445	-	2,445	-	51	2,496
Profit distribution payable to holders of Perpetual Sukuk Wakalah	-	-	-	-	-	(5,230)	-	(5,230)
Balance as at 30 September 2023	<u>1,698,323</u>	<u>(3,625)</u>	<u>474,278</u>	<u>3,526,082</u>	<u>5,695,058</u>	<u>498,940</u>	<u>95,550</u>	<u>6,289,548</u>
Balance as at 1 July 2022	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	-	-	87,307	120,555	207,862	5,230	(2,478)	210,614
Share options granted under ESOS	-	-	2,446	-	2,446	-	50	2,496
Profit distribution payable to holders of Perpetual Sukuk Wakalah	-	-	-	-	-	(5,230)	-	(5,230)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,432)	(1,432)
Additional shares subscription from non-controlling interest	-	-	-	-	-	-	5	5
Balance as at 30 September 2022	<u>1,698,303</u>	<u>(3,625)</u>	<u>348,254</u>	<u>3,221,774</u>	<u>5,264,706</u>	<u>498,940</u>	<u>95,260</u>	<u>5,858,906</u>

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	3 MONTHS ENDED	
	30/09/2023	30/09/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	153,150	127,385
Adjustments for:		
Depreciation and amortisation	78,034	56,339
Net interest expense	7,858	9,142
Share of profit of joint ventures and associates	(93,940)	(84,104)
Share options granted under ESOS	2,496	2,496
Other non-cash items	7,109	6,936
Operating profit before working capital changes	154,707	118,194
Changes in working capital :		
Net change in inventories and receivables	136,636	14,400
Net change in payables	(31,839)	(36,897)
Cash from operations	259,504	95,697
Dividends received	81,517	-
Interest received	10,806	7,181
Tax paid	(23,421)	(19,654)
Tax refunded	1,359	51
Net cash from operating activities	329,765	83,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of intangible assets	(45,278)	(35,953)
Additions of other investment	(355)	(2,836)
Development of tank terminals	(6,559)	(7,698)
Investments in joint ventures and associates	(15,500)	(179,735)
Net change in deposits with licensed banks	(669)	(1)
Proceeds from disposal of property, plant and equipment	704	176
Proceeds from disposal of other investments	-	5,000
Purchase of property, plant and equipment	(13,841)	(7,890)
Net cash used in investing activities	(81,498)	(228,937)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

	3 MONTHS ENDED	
	30/09/2023	30/09/2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(18,664)	(16,323)
Dividend paid to non-controlling interests	-	(1,432)
Additional shares subscription from non-controlling interest	-	5
Net (repayment)/drawdown of bank borrowings	<u>(177,937)</u>	<u>61,016</u>
Net cash (used in)/from financing activities	<u>(196,601)</u>	<u>43,266</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,666	(102,396)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
As previously reported	1,720,497	1,840,183
Effects of exchange rate changes on cash and cash equivalents	73	12,541
	<u>1,720,570</u>	<u>1,852,724</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A18)	<u><u>1,772,236</u></u>	<u><u>1,750,328</u></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2023 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 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 2023. 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 2023.

A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2023 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 2023 except as discussed below:

As of 1 July 2023, 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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The adoption of the above Standards and 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.

INTERIM FINANCIAL REPORT

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 30 September 2023.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in the 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 the current financial period.

A8 Dividends paid

There was no dividend paid by the Company during the current financial period.

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 30 September 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 30 September 2023 are as follows:

	Malaysia	Thailand	Other	Australia &	Middle	Other	Total
	RM'000	RM'000	Asia	New Zealand	East	Countries	RM'000
			RM'000	RM'000	RM'000	RM'000	
Segment profits before tax	104,138	18,151	(3,410)	11,860	22,094	317	153,150
<i>Included in the measure of segment profits are:</i>							
<i>Revenue from external customers</i>	394,763	61,948	84,930	135,948	100,098	2,759	780,446
<i>Inter-segment revenue</i>	3,975	-	340	76	-	-	4,391
<i>Depreciation and amortisation</i>	67,937	146	1,223	3,764	4,964	-	78,034
<i>Interest expense</i>	17,927	-	409	328	-	-	18,664
<i>Interest income</i>	9,261	-	1,332	27	186	-	10,806
<i>Share of profit of joint ventures and associates</i>	82,053	11,887	-	-	-	-	93,940
Segment assets	7,707,708	273,030	440,493	464,044	268,619	-	9,153,894
Deferred tax assets							87,896
Total assets							<u>9,241,790</u>
<i>Included in the measure of segment assets are:</i>							
<i>Investments in joint ventures and associates</i>	1,644,049	209,424	-	-	-	-	1,853,473
<i>Changes to non-current assets:</i>							
- <i>Property, plant and equipment</i>	12,275	-	81	1,415	70	-	13,841
- <i>Intangible assets</i>	45,269	-	9	-	-	-	45,278
- <i>Development of tank terminals</i>	6,559	-	-	-	-	-	6,559
- <i>Joint ventures and associates</i>	15,500	-	-	-	-	-	15,500
- <i>Other investments</i>	-	-	355	-	-	-	355
Segment liabilities	2,665,106	5,066	119,587	83,371	75,688	-	2,948,818
Deferred tax liabilities							3,424
Total liabilities							<u>2,952,242</u>

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED

A12 Changes in the composition of the Group

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

A13 Commitments

	30/09/2023
	RM'000
Capital commitments	
Capital expenditure in respect of property, plant and equipment:	
- approved but not contracted for	264,200
- contracted but not provided for	33,700
	<u>297,900</u>
Commitments of the Group in respect of upstream business	<u>130,000</u>

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM1,663.7 million (as at 30.06.2023: RM1,841.6 million) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM1,307.0 million as at 30.09.2023 (as at 30.06.2023: RM1,465.3 million).

The Company also provides corporate guarantees up to a total amount of RM39.5 million (as at 30.06.2023: RM 39.5 million) to licensed banks for banking facilities granted to certain joint ventures. The amount of the banking facilities utilised by the said joint ventures totalled RM27.2 million as at 30.09.2023 (as at 30.06.2023: RM 26.5 million).

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 30 September 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 2023.

	3 MONTHS ENDED 30/09/2023 RM'000
Transaction with associate and joint ventures:	
Dividend income	81,517
Subcontract works	10,452

A16 Inventories

	30/09/2023 RM'000
Non-current assets:	
Land held for development	271,731
Current assets:	
Construction materials	8,905
Trading inventories	43,150
	<u>52,055</u>
	<u><u>323,786</u></u>

A17 Trade and other receivables

	30/09/2023 RM'000
Trade receivables	403,056
Amounts due from customers for contract works	246,486
Amounts due from joint ventures and associates	49,000
Other receivables, deposits and prepayments	49,604
Hedge derivative assets	14,933
	<u>763,079</u>

A18 Cash and cash equivalents

	30/09/2023 RM'000
Bank balances and deposits with licensed banks	1,773,027
Less: Bank balances and deposits pledged to licensed banks	(791)
	<u><u>1,772,236</u></u>

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED

A19 Trade and other payables

	30/09/2023
	RM'000
Trade payables	681,693
Amounts due to customers for contract works	14,186
Accruals and other payables	184,290
	<u>880,169</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 RM2,496,000 was charged to the statement of profit or loss in the current financial period (Q1 FY2023: RM2,496,000).

INTERIM FINANCIAL REPORT

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

B1 Performance analysis

For the 1st quarter ended 30th September 2023 against the corresponding quarter last year, the Group recorded a 9.7% higher in revenue from RM711.7 million to RM780.4 million, and 18.3% higher in net profit after tax from RM120.2 million to RM142.2 million. The better performance was mainly contributed by international operations and higher share of results from joint ventures and associates.

In the current financial quarter, the Group's international operations reported higher revenue and higher net profit after tax from increased sales of specialist products and services in various countries, and increased activities at Jubail Supply Base, Saudi Arabia. The engineering, construction, fabrication and plant maintenance activities in Singapore and New Zealand also contributed positively to the Group's performance due to the improved business environment.

The share of results from joint ventures and associates for the current financial quarter was also higher compared to the corresponding quarter last year, attributable to increased contributions from terminals operations due to higher tank storage occupancy rate.

On the Malaysia front, the team remained busy with the downstream, midstream, and upstream activities. The net profit after tax achieved for the current financial quarter was however lower mainly attributable to the downstream project cost overruns and losses caused by the unprecedented challenges brought on by the COVID-19 pandemic, conflict in Ukraine, inflationary pressures, and manpower constraints. These unexpected circumstances have caused severe supply chain disruption, higher material prices and labour costs. Despite these challenges, the Group's main priority is to complete and deliver the committed projects.

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 quarter was, however, lower due to higher financing costs.

The lower net profit after tax contributions from the Malaysia downstream and midstream activities was mitigated by better performance from the upstream activities due to higher production at both Bayan and D35/D21/J4 fields.

B2 Variation of results against preceding quarter

The Group's profit before tax for the current reporting quarter of RM153.2 million was 5.4% higher when compared to RM145.3 million reported in the preceding quarter. This is in line with the higher revenue registered in the current financial quarter of RM780.4 million against RM690.0 million reported in the preceding quarter.

INTERIM FINANCIAL REPORT

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, the general outlook of the oil market continues to see an improvement following the disruption to demand caused by the global events. Against this backdrop, the Group will continue to grow its existing upstream business through the rejuvenation, redevelopment, and operatorship of producing and mature oilfields. In line with DIALOG's diversification strategy, the increased upstream activity provides the opportunity to participate in other parts of the value chain in the field redevelopment cycle, particularly in the provision of engineering and specialist technical services.

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 2nd largest independent terminal owner cum operator in Southeast Asia with a current operating capacity of 5.1 million m³. The Group will continue to invest in phased capacity expansions for dedicated long-term customers across the Group's 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.

The Group via its joint venture company, Morimatsu Dialog (Malaysia) Sdn. Bhd. ("MDMSB"), is expanding its fabrication facilities in Pengerang with an investment value of approximately RM250 million to further grow the one-stop engineering and fabrication services to serve both local and international customers. This will support MDMSB in meeting the demands and opportunities in the region and beyond.

To expand our downstream business, the Group is building its first own and operate specialty chemical plant producing malic acid located at BASF PETRONAS Chemical Complex in Gebeng, Kuantan. Malic acid is a specialty chemical that is mainly used as a food additive in the food and beverage industry, which has steady market demand growing along with the gross domestic product. The plant will focus on serving the Southeast Asia market and is expected to commence operation in 2026. This represents DIALOG's first foray into production of specialty chemicals and acts as a catalyst for DIALOG to expand its footprint in this sector by producing high value specialty chemical products.

INTERIM FINANCIAL REPORT

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

B3 Prospects – continued

In the Sustainable and Renewable business, the Group's joint venture company, Dialog Diyou PCR Sdn. Bhd. ("Dialog Diyou") has commissioned its plant in October 2023. Dialog Diyou builds, owns and operates 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.

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 Langsat (3). This venture will serve potential users such as biofuel production companies, energy trading houses and multinational energy companies. The 24,000 m³ 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 very 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 2024.

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	3 MONTHS ENDED
	30/09/2023	30/09/2023
	RM'000	RM'000
Current tax	15,692	15,692
Deferred tax	(10,439)	(10,439)
Under provision in prior years	5,705	5,705
Total tax expense	10,958	10,958
Effective tax rate on profit before tax excluding share of profit of joint ventures and associates	18.5%	18.5%

The effective tax rates for the current quarter period ended 30th September 2023 was lower than the statutory rate of 24% mainly due to non-taxable income 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 30 September 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	4,196
Ringgit Malaysia	-	8,000
Singapore Dollar	22,000	75,680
Unsecured:		
Ringgit Malaysia	-	62,251
Sterling Pound	-	-
United States Dollar	3,080	14,419
		<u>164,546</u>
Long term borrowings:		
Secured:		
New Zealand Dollar	5,989	16,895
Ringgit Malaysia	-	166,000
Singapore Dollar	317,269	1,091,404
Unsecured:		
Ringgit Malaysia	-	47,126
		<u>1,321,425</u>
		<u>1,485,971</u>

Included in the bank borrowings of the Group is RM1,097.6 million (30.06.2023: RM1,234.4 million) obtained under Islamic financing facilities.

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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

The Board of Directors, pursuant to the Company's Constitution, recommends a final cash dividend of 2.40 sen (previous corresponding year: 2.10 sen) per ordinary share in respect of the previous financial year for approval of the shareholders at the forthcoming Annual General Meeting.

Subject to the approval, the entitlement of the final dividend will be determined based on the shareholders registered in the record of depositors as at 4 December 2023 and the date of payment will be on 21 December 2023.

INTERIM FINANCIAL REPORT

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

B11 Derivative financial instruments

As at 30 September 2023, the Group has the following outstanding derivatives:

	Contract/Notional Value		Net fair value income/ (losses) RM'000
	FC'000	RM'000	RM'000
<u>Forward foreign exchange contracts</u>			
With maturity less than 1 year:			
Australian Dollar	272	838	9
Euro	148	743	(7)
Singapore Dollar	866	2,864	116
Japanese Yen	22,341	754	(51)
United States Dollar	2,999	13,904	21
<u>Interest rate swap contracts</u>			
With maturity from 2 to 3 years:			
Singapore Dollar	164,000	564,160	14,976

There has been no significant changes to the financial derivatives in respect of the following since the last financial year ended 30 June 2023:

- 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 provides corporate guarantees to joint ventures 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		3 MONTHS ENDED	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Profit for the financial period attributable to owners of the Company (RM'000)	132,168	125,785	132,168	125,785
Weighted average number of ordinary shares in issue ('000)	5,642,578	5,642,569	5,642,578	5,642,502

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		3 MONTHS ENDED	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Profit for the financial period attributable to owners of the Company (RM'000)	132,168	125,785	132,168	125,785
Weighted average number of ordinary shares in issue ('000)	5,642,578	5,642,569	5,642,578	5,642,502
Effect of dilution due to:				
- ESOS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,642,578	5,642,569	5,642,578	5,642,502

INTERIM FINANCIAL REPORT

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

B14 Profit for the period

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 30/09/2023 RM'000	3 MONTHS ENDED 30/09/2023 RM'000
This is arrived at after crediting / (charging):		
Depreciation and amortisation	(78,034)	(78,034)
Dividend income	6,475	6,475
Fair value loss of other investment	(7,731)	(7,731)
Foreign exchange gain	1,972	1,972
Gain on disposal of property, plant and equipment	118	118
Interest expense	(18,664)	(18,664)
Interest income	10,806	10,806
Property, plant and equipment written off	(22)	(22)
Rental income	1,285	1,285
Other miscellaneous income	2,089	2,089

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

Date: 14 November 2023