



DIALOG GROUP BERHAD

198901001388 (178694-V)
(Incorporated in Malaysia)

Interim Financial Statements
For The Financial Period Ended
31 March 2024

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2024**

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		9 MONTHS ENDED	
		31/03/2024	31/03/2023	31/03/2024	31/03/2023
		RM'000	RM'000	RM'000	RM'000
Revenue		702,199	802,790	2,341,857	2,311,495
Operating expenses		(618,940)	(750,435)	(2,090,341)	(2,164,585)
Other operating income		48,450	8,933	80,803	34,018
Share of profit of joint ventures and associates, net of tax		59,292	100,423	225,870	281,957
Finance costs		(13,008)	(20,475)	(49,907)	(54,346)
Profit before tax		177,993	141,236	508,282	408,539
Tax expense		(17,315)	(7,196)	(48,131)	(23,209)
Profit for the period		160,678	134,040	460,151	385,330
Profit for the period attributable to:					
Owners of the parent		156,161	130,808	436,617	383,744
Non-controlling interests		4,517	3,232	23,534	1,586
		160,678	134,040	460,151	385,330
Basic earnings per ordinary share (sen)	B13	2.77	2.32	7.74	6.80
Diluted earnings per ordinary share (sen)	B13	2.77	2.32	7.74	6.80

(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.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

	NOTE	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 MONTHS ENDED		9 MONTHS ENDED	
		31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Profit for the period	B14	160,678	134,040	460,151	385,330
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Fair value (loss)/gain on other investment		(4,227)	3,765	(9,782)	11,061
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		10,772	24,283	3,709	35,969
Cash flow hedge		408	(5,083)	(9,915)	8,303
Share of other comprehensive gain of joint ventures		19,743	6,066	7,171	64,760
Other comprehensive income/(loss) for the period		26,696	29,031	(8,817)	120,093
Total comprehensive income for the period		187,374	163,071	451,334	505,423
Total comprehensive income attributable to:					
Owners of the parent		182,047	159,268	426,972	502,270
Non-controlling interests		5,327	3,803	24,362	3,153
		187,374	163,071	451,334	505,423

(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 31 MARCH 2024**

	NOTE	31/03/2024 RM'000	30/06/2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		2,800,374	2,750,105
Development of tank terminals		706,621	685,837
Intangible assets		962,068	922,445
Investments in joint ventures and associates	B12	1,719,785	1,814,313
Inventories	A16	278,380	271,655
Other investments		40,226	49,077
Deferred tax assets		77,595	76,976
		6,585,049	6,570,408
CURRENT ASSETS			
Inventories	A16	86,853	70,853
Trade and other receivables	A17	962,964	904,614
Current tax assets		28,101	20,438
Other investment		11,323	24,702
Cash and cash equivalents	A18	1,499,841	1,720,621
		2,589,082	2,741,228
TOTAL ASSETS		9,174,131	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		4,204,537	3,881,431
		5,899,235	5,576,129
Perpetual Sukuk Wakalah	B8	498,940	498,940
Non-controlling interests		57,540	85,248
TOTAL EQUITY		6,455,715	6,160,317
NON-CURRENT LIABILITIES			
Bank Borrowings	B7	1,081,887	1,363,710
Senior Sukuk Wakalah	B8	500,000	500,000
Lease liabilities		20,353	16,914
Deferred tax liabilities		3,497	4,623
		1,605,737	1,885,247
CURRENT LIABILITIES			
Trade and other payables	A19	945,330	906,988
Bank Borrowings	B7	110,923	298,791
Lease liabilities		6,957	5,327
Current tax liabilities		49,469	54,966
		1,112,679	1,266,072
TOTAL LIABILITIES		2,718,416	3,151,319
TOTAL EQUITY AND LIABILITIES		9,174,131	9,311,636
Net assets per share attributable to owners of the parent (sen)		104.6	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.)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2024**

	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 (loss)/income for the period	-	-	(9,645)	436,617	426,972	-	24,362	451,334
Appropriation:								
Final dividend for FY2023	-	-	-	(135,422)	(135,422)	-	-	(135,422)
Share options granted under ESOS	-	-	7,377	-	7,377	-	111	7,488
Dividend paid to non-controlling interests	-	-	-	-	-	-	(50)	(50)
Profit distribution paid to holders of Perpetual Sukuk Wakalah	-	-	-	(10,460)	(10,460)	-	-	(10,460)
Acquisition of shares from non-controlling interests	-	-	-	34,639	34,639	-	(52,131)	(17,492)
Balance as at 31 March 2024	<u>1,698,323</u>	<u>(3,625)</u>	<u>480,019</u>	<u>3,724,518</u>	<u>5,899,235</u>	<u>498,940</u>	<u>57,540</u>	<u>6,455,715</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	-	-	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 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)
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	5	5
Balance as at 31 March 2023	<u>1,698,323</u>	<u>(3,625)</u>	<u>384,316</u>	<u>3,350,836</u>	<u>5,429,850</u>	<u>498,940</u>	<u>90,769</u>	<u>6,019,559</u>

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024**

	9 MONTHS ENDED	
	31/03/2024	31/03/2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	508,282	408,539
Adjustments for:		
Depreciation and amortisation	252,685	181,015
Net interest expense	15,206	29,768
Share of profit of joint ventures and associates	(225,870)	(281,957)
Share options granted under ESOS	7,488	7,410
Other non-cash items	12,330	6,846
Operating profit before working capital changes	570,121	351,621
Changes in working capital :		
Net change in inventories and receivables	(88,638)	(25,807)
Net change in payables	11,191	77,989
Cash from operations	492,674	403,803
Dividends received	394,336	95,470
Interest received	33,781	23,950
Tax paid	(64,949)	(58,980)
Tax refunded	1,482	56
Net cash from operating activities	857,324	464,299
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of shares from non-controlling interests	(17,492)	-
Additions of intangible assets	(169,760)	(168,176)
Additions of other investment	(355)	(2,910)
Development of tank terminals	(20,784)	(24,680)
Investments in joint ventures and associates	(31,507)	(192,714)
Advances to a joint venture	(38,000)	-
Redemption of redeemable preference shares from an associate	5,556	9,801
Net change in deposits with licensed banks	(677)	1
Net cash on disposal of a subsidiary	-	(70)
Proceeds from disposal of property, plant and equipment	2,585	360
Proceeds from disposal of other investments	-	5,000
Purchase of property, plant and equipment	(120,721)	(41,986)
Additions of properties development	(4,195)	(15,748)
Net cash used in investing activities	(395,350)	(431,122)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE PERIOD ENDED 31 MARCH 2024 (CONTINUED)**

	9 MONTHS ENDED	
	31/03/2024	31/03/2023
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(48,987)	(53,718)
Dividends paid	(135,422)	(118,494)
Profit distribution to Sukuk holders	(10,460)	(10,403)
Dividend paid to non-controlling interests	(50)	(5,405)
Additional shares subscription from non-controlling interest	-	5
Net repayment of bank borrowings	(495,085)	(170,804)
Proceeds from issuances of shares	-	20
Net cash used in financing activities	(690,004)	(358,799)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(228,030)	(325,622)
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	6,588	11,168
	<u>1,727,085</u>	<u>1,851,351</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A18)	<u>1,499,055</u>	<u>1,525,729</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 31 March 2024.

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

A final dividend of 2.40 sen per ordinary share, amounting to RM135,421,871 in respect of financial year ended 30 June 2023 was paid on 21 December 2023.

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 2024 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 2024 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	372,921	42,909	(4,005)	23,917	69,896	2,644	508,282
<i>Included in the measure of segment profits are:</i>							
<i>Revenue from external customers</i>	1,268,766	207,645	218,242	331,459	300,371	15,374	2,341,857
<i>Inter-segment revenue</i>	11,474	-	762	457	-	-	12,693
<i>Depreciation and amortisation</i>	228,056	446	3,220	11,796	9,167	-	252,685
<i>Interest expense</i>	47,443	36	609	899	-	-	48,987
<i>Interest income</i>	28,703	-	4,023	139	916	-	33,781
<i>Share of profit of joint ventures and associates</i>	195,697	30,173	-	-	-	-	225,870
Segment assets	7,610,053	290,601	495,065	453,672	247,145	-	9,096,536
Deferred tax assets							77,595
Total assets							<u>9,174,131</u>
<i>Included in the measure of segment assets are:</i>							
<i>Investments in joint ventures and associates</i>	1,510,105	209,680	-	-	-	-	1,719,785
<i>Changes to non-current assets:</i>							
- <i>Property, plant and equipment</i>	111,929	56	3,939	4,242	555	-	120,721
- <i>Intangible assets</i>	169,748	1	11	-	-	-	169,760
- <i>Development of tank terminals</i>	20,784	-	-	-	-	-	20,784
- <i>Joint ventures and associates</i>	63,951	-	-	-	-	-	63,951
- <i>Inventories</i>	-	-	-	4,195	-	-	4,195
- <i>Other investments</i>	-	-	355	-	-	-	355
Segment liabilities	2,461,745	11,753	117,249	64,789	59,383	-	2,714,919
Deferred tax liabilities							3,497
Total liabilities							<u>2,718,416</u>

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED

A12 Changes in the composition of the Group

In November 2023, the Company has acquired the entire equity interest in Tarpon Platform Systems Malaysia Sdn. Bhd. (“Tarpon Malaysia”) and all assets of Tarpon Systems International II, LLC for a cash consideration of USD 1,186,200 (equivalent to RM 5,530,200). Subsequently in December 2023, Tarpon Malaysia changed its name to Dialog Tarpon Offshore Platforms Sdn. Bhd.

In November 2023, Dialog Petroleum Technical Services (Beijing) Limited (“DPTSBL”), an inactive indirect wholly-owned subsidiary, had been deregistered under Article 180, Chapter 10 of the Company Law of the People’s Republic of China and ceased to be an indirect wholly owned subsidiary of the Group.

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

A13 Commitments

	31/03/2024 RM'000
Capital commitments	
Capital expenditure in respect of property, plant and equipment:	
- approved but not contracted for	274,900
- contracted but not provided for	23,800
	298,700
Commitments of the Group in respect of upstream business	75,000

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM1,221.6 million (as at 30.06.2023: RM 1,841.6 million) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM 1,019.2 million as at 31.03.2024 (as at 30.06.2023: RM1,465.3 million).

The Company also provides corporate guarantees up to a total amount of RM39.6 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 RM29.4 million as at 31.03.2024 (as at 30.06.2023: RM 29.4 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 31 March 2024 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.

	9 MONTHS ENDED 31/03/2024 RM'000
Transaction with associate and joint ventures:	
Dividend income	442,086
Subcontract works	45,637

A16 Inventories

	31/03/2024 RM'000
Non-current assets:	
Land held for development	278,380
Current assets:	
Construction materials	3,051
Trading inventories	83,802
	86,853
	365,233

A17 Trade and other receivables

	31/03/2024 RM'000
Trade receivables	570,405
Amounts due from customers for contract works	279,259
Amounts due from joint ventures and associates	59,206
Other receivables, deposits and prepayments	45,007
Hedge derivative assets	9,087
	962,964

A18 Cash and cash equivalents

	31/03/2024 RM'000
Bank balances and deposits with licensed banks	1,499,841
Less: Bank balances and deposits pledged to licensed banks	(786)
	1,499,055

INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONTINUED

A19 Trade and other payables

	31/03/2024
	RM'000
Trade payables	683,486
Amounts due to customers for contract works	84,649
Accruals and other payables	177,195
	<u>945,330</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 RM7,488,000 was charged to the statement of profit or loss in the current financial period (YTD Q3 FY2023: RM7,410,000).

INTERIM FINANCIAL REPORT

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

B1 Performance analysis

For the 3rd quarter ended 31st March 2024, the Group registered a net profit after tax of RM160.7 million, representing a 19.9% increase against RM134.0 million reported in the corresponding quarter last year. The Group's revenue for the reporting quarter of RM702.2 million was however lower by 12.5% when compared to RM802.8 million achieved in same quarter last year. The cumulative nine months period ended 31st March 2024 revenue and net profit after tax of RM2,342 million and RM460.2 million, were higher by 1.3 % and 19.4 %, respectively against same period last year. The better performances were contributed by both Malaysia and International operations.

In the current financial quarter, the Malaysia operation recorded higher profit after tax mainly attributable to increased production from the upstream activities.

The 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 contribution from these activities for the current quarter has improved compared to the corresponding quarter last year due to the increased tank storage occupancy rate.

The downstream team remained busy completing various EPCC and plant maintenance projects and reported losses for the current financial quarter caused by project cost overruns. The Group is facing many challenges brought on by the COVID-19 pandemic, conflict in Ukraine and Gaza, inflationary pressures, supply chain disruption, higher material prices 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 project losses.

On the International front, the Group reported higher revenue and profit after tax from increased activities at Jubail Supply Base, Saudi Arabia. The higher sales of specialist products and services in various countries has also contributed positively to the Group's better performance in the current financial quarter.

B2 Variation of results against preceding quarter

There was no significant variation noted in the Group's profit before tax for the current financial quarter of RM178.0 million compared to RM177.1 million reported in the preceding quarter.

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.

INTERIM FINANCIAL REPORT

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

B3 Prospects – continued

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, development, 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 development cycle, particularly in the provision of engineering and specialist technical services.

As the 2nd largest independent terminal owner cum operator in Southeast Asia with a current operating capacity of 5.1 million m³, midstream business continues to be a core area of emphasis for DIALOG. The Group will continue to invest in phased capacity expansions for dedicated long-term customers across the Group's midstream terminals business portfolio, with the focus on our ongoing development of Pengerang Deepwater Terminals ("PDT") into the largest petroleum and petrochemical hub for Asia Pacific region. This is 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 ("EPCC"), Plant Maintenance & Catalyst Handling Services, and Specialist Products and Services. Given the current market uncertainties and challenges, including geopolitical conflicts in Ukraine and Gaza, inflationary pressures, supply chain disruptions, and increasing material and labor costs, the Group will conduct thorough risk assessments for new projects and strategically pursue opportunities that align with our risk management framework and strategic goals. The Group will exercise caution and selectivity, particularly in the bidding process for lump-sum EPCC contracts.

The Group via its associate company, Morimatsu Dialog (Malaysia) Sdn. Bhd. ("MDMSB"), is expanding its fabrication facilities in Pengerang with an investment value of approximately RM250 million to provide one-stop technical & fabrication solutions for specialized process modules & skids for the energy, chemical & fine chemical and pharmaceutical industries. This will support MDMSB in meeting the demands and opportunities in the region and beyond.

To expand its 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. This represents DIALOG's first foray into the production of specialty chemicals and can be a catalyst for DIALOG to expand its footprint in this sector.

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.

INTERIM FINANCIAL REPORT

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

B3 Prospects – continued

As the economic environment is expected to remain 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. In addition to the investment in our people, we are also stepping up our digital transformation initiatives which will reinforce our competitiveness.

Barring any unforeseen circumstances, the Group is 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 31/03/2024 RM'000	9 MONTHS ENDED 31/03/2024 RM'000
Current tax	1,473	40,065
Deferred tax	13,078	959
Under provision in prior years	2,764	7,107
Total tax expense	17,315	48,131
Effective tax rate on profit before tax excluding share of profit of joint ventures and associates	14.6%	17.0%

The effective tax rates for the quarter and financial period ended 31st March 2024 were lower than the statutory rate of 24% mainly due to 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 2024, the Group's bank borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
New Zealand Dollar	1,368	3,877
Ringgit Malaysia	-	9,000
Singapore Dollar	22,000	77,000
Unsecured:		
Ringgit Malaysia	-	16,712
United States Dollar	918	4,334
		<u>110,923</u>
Long term borrowings:		
Secured:		
New Zealand Dollar	2,520	7,143
Ringgit Malaysia	-	161,000
Singapore Dollar	242,279	847,978
Unsecured:		
Ringgit Malaysia	-	65,766
		<u>1,081,887</u>
		<u>1,192,810</u>

Included in the bank borrowings of the Group is RM859.1 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 declared an interim dividend of 1.50 sen (previous corresponding period: 1.30 sen) per ordinary share in respect of the financial year ending 30 June 2024.

The entitlement of the interim dividend will be determined based on the shareholders registered in the record of depositors as at 13 June 2024 and the date of payment will be on 27 June 2024.

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 2024, the Group has the following outstanding derivatives:

	Contract/Notional Value		Net fair value
	FC'000	RM'000	income/ (losses) RM'000
<u>Forward foreign exchange contracts</u>			
With maturity less than 1 year:			
Australian Dollar	125	380	0
Euro	6,323	32,340	(124)
New Zealand Dollar	264	747	3
Singapore Dollar	28	100	(7)
Japanese Yen	20,166	683	(83)
United States Dollar	1,815	8,533	(55)
<u>Interest rate swap contracts</u>			
With maturity from 1 to 2 years:			
Singapore Dollar	153,000	535,500	9,064

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		9 MONTHS ENDED	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
Profit for the financial period attributable to owners of the Company (RM'000)	156,161	130,808	436,617	383,744
Weighted average number of ordinary shares in issue ('000)	5,642,578	5,642,571	5,642,578	5,642,570

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	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
Profit for the financial period attributable to owners of the Company (RM'000)	156,161	130,808	436,617	383,744
Weighted average number of ordinary shares in issue ('000)	5,642,578	5,642,571	5,642,578	5,642,570
Effect of dilution due to:				
- ESOS ('000)	-	45	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,642,578	5,642,616	5,642,578	5,642,570

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 31/03/2024 RM'000	9 MONTHS ENDED 31/03/2024 RM'000
This is arrived at after crediting / (charging):		
Depreciation and amortisation	(83,967)	(252,685)
Dividend income	40,213	47,750
Fair value loss of other investment	(7,042)	(13,465)
Foreign exchange gain	225	3,373
Gain on disposal of property, plant and equipment	1,013	1,208
Interest expense	(12,810)	(48,987)
Interest income	11,794	33,781
Property, plant and equipment written off	(9)	(72)
Rental income	728	3,108
Other miscellaneous income	1,528	5,120

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

Date: 13 May 2024