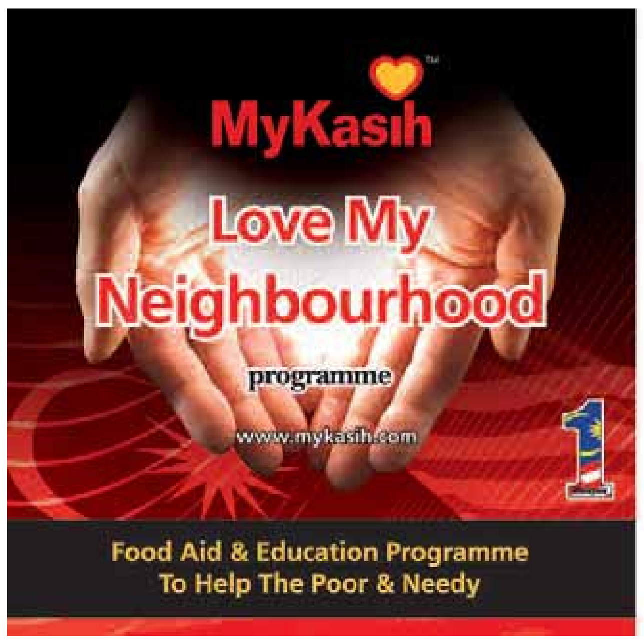

Supported by

DIALOG

DIALOG GROUP BERHAD
(178694-V)

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DIALOG GROUP BERHAD (178694-V)

Annual Report 2013

DIALOG

DIALOG GROUP BERHAD
(178694-V)

Annual Report 2013
Financial Statements

Delivering Results

CONTENTS

DIALOG's new head office in Malaysia.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries which serve a wide spectrum of the petroleum and petrochemical industry. The principal activities of the subsidiaries, as listed in Note 10 to the financial statements, are the provision of logistic services in tank terminals and supply base, upstream services, specialist products and services, engineering & construction, fabrication, plant maintenance & catalyst handling services and ePayment technology & solutions.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	185,307	99,769
Attributable to:		
Owners of the parent	193,298	99,769
Non-controlling interests	(7,991)	–
	185,307	99,769

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

(a) Final single tier dividend of 2.00 sen per ordinary share of RM0.10 each, amounting to RM47,990,349 in respect of the previous financial year was paid on 19 December 2012;

(b) Interim single tier dividend of 1.10 sen per ordinary share of RM0.10 each, amounting to RM26,487,741 in respect of the current financial year was paid on 27 June 2013; and

(c) Proposed final single tier dividend of 2.20 sen per ordinary share of RM0.10 each, amounting to approximately RM52,975,000 in respect of the current financial year as recommended by the Directors subsequent to the end of the reporting period for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM240,613,581 to RM243,081,113 by way of issuance of 24,675,325 new ordinary shares of RM0.10 each pursuant to the following:

(i) 22,092,411 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.39 to RM2.04 per ordinary share for cash;

(ii) 2,582,914 warrants exercised at an exercise price of RM2.40 each for cash which resulted in 2,582,914 ordinary shares of RM0.10 each being allotted and issued.

The newly issued ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company has not issued any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS which is in force for a period of ten years until 29 July 2017 ("the option period"). The main features of the ESOS are as follows:

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act, 1965 in Malaysia;

(b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(c) The option price under the ESOS shall be the five-day weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate, or at the par value of the shares, whichever is higher;

(d) The actual number of shares which may be offered to any eligible employee shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:

    (i) not more than 50% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors and senior management of the Company and its subsidiaries; and

    (ii) not more than 10% of the shares available under the ESOS shall be allocated to any individual Executive Director or eligible employee who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;

(e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10%-50% per year over the vesting periods of 3 to 5 years;

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The Company implements an ESOS which is in force for a period of ten years until 29 July 2017 ("the option period"). The main features of the ESOS are as follows (continued):

(f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and

(g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

The number of unissued ordinary shares of RM0.10 each under options at the respective option prices were as follows:

	------------------ Number of options over ordinary shares of RM0.10 each ------------------					
	Balance as at 1.7.2012	**Granted**	**Retracted***	**Exercised**	**Balance as at 30.6.2013^**	**Exercisable as at 30.6.2013**
Option price:						
RM0.93	1,319,308	–	–	(585,790)	733,518	733,518
RM1.04	16,767,064	–	(156,172)	(6,805,055)	9,805,837	3,138,868
RM0.81	5,792,569	–	(104,017)	(2,951,055)	2,737,497	606,735
RM0.39	4,981,734	–	(59,486)	(2,517,199)	2,405,049	425,262
RM0.47	6,711,320	–	–	(915,180)	5,796,140	1,220,240
RM0.64	14,553,112	–	(207,727)	(2,924,363)	11,421,022	1,898,868
RM0.94	29,612,030	–	(1,259,454)	(2,869,796)	25,482,780	1,288,371
RM1.37	5,346,680	–	(322,485)	(440,319)	4,583,876	404,593
RM2.04	47,667,088	–	(3,418,781)	(1,965,285)	42,283,022	2,501,535
RM1.78	2,968,665	–	(703,859)	(118,369)	2,146,437	168,036
RM2.11	–	19,500,000	(1,903,000)	–	17,597,000	–
RM2.13	–	1,500,000	(100,000)	–	1,400,000	–
	135,719,570	21,000,000	(8,234,981)	(22,092,411)	126,392,178	12,386,026

* Due to resignation or rejection of the options granted.
^ Exerciseable by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10% - 50% per year over vesting periods of 3 to 5 years.

Since the implementation of the ESOS until the end of the financial year, a total of 207,557,336 options had been granted to the eligible employees of the Group of which a total of 34,601,000 options had been granted to the Executive Directors of the Company and persons connected to the Executive Directors. A total of 52,177,507 options had been exercised since implementation of the ESOS until the end of the financial year of which 13,027,210 options had been exercised by the Executive Directors of the Company and persons connected to the Executive Directors.

During the financial year and since the implementation of the ESOS, the Executive Directors and senior management of the Company and its subsidiaries had been granted 22% of the total options available under the ESOS as at the end of the financial year.

The Company had been granted exemption by the Companies Commission of Malaysia vide its letter dated 9 September 2013 from having to disclose the list of option holders and the number of options granted to them during the financial year pursuant to Section 169 (11) of the Companies Act, 1965 in Malaysia except for information on employees who were individually granted in aggregate 1,900,000 options and above.

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

Other than those disclosed in the Directors' interests, the following employees are granted 1,900,000 options and above:

	- Number of options over ordinary shares of RM0.10 each -			
	Balance as at 1.7.2012	Granted	Exercised	Balance as at 30.6.2013
Loy Ah Wei	2,461,602	1,026,000	(315,076)	3,172,526
Mustaffa Kamal Bin Abu Bakar	1,713,125	–	(377,183)	1,335,942
Jamal Bin Kamaludin	1,358,382	–	(345,369)	1,013,013
Tan Lek Lek	1,335,722	101,000	(307,673)	1,129,049
Chong Chong Wooi	1,250,085	101,000	(366,941)	984,144

WARRANTS 2012/2017

On 15 February 2012, the Company listed and quoted 198,436,934 free detachable Warrants pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every two (2) Rights Shares subscribed.

The Warrants are constituted by the Deed Poll dated 15 December 2011 ("Deed Poll").

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ("Warrantholder(s)") to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM2.40 during the 5-year period expiring on 12 February 2017 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

Movements in the Warrants since the listing and quotation thereof are as follows:

	Number of Warrants
As of 15 February 2012	198,436,934
Exercised during the financial period	(366,468)
As of 30 June 2012	198,070,466
Exercised during the financial year	(2,582,914)
As of 30 June 2013	195,487,552
Exercised subsequent to 30 June 2013	(290)
As of 10 October 2013	195,487,262

DIRECTORS' REPORT

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 22 November 2012, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;

(ii) The amount to be utilised for the repurchase of own shares by the Company shall not exceed the total retained earnings and share premium of the Company at the time of purchase; and

(iii) The Directors may retain the shares so repurchased as treasury shares and may resell the treasury shares and/or distribute them as share dividend and/or cancel them in a manner they deem fit in accordance with the provisions of the Companies Act, 1965 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 2,430,811,130 (2012: 2,406,135,805) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2013, 22,834,971 (2012: 22,834,971) ordinary shares of RM0.10 each amounting to RM24,819,097 (2012: RM24,819,097) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.10 each in issue after deducting the treasury shares is 2,407,976,159 (2012: 2,383,300,834).

DIRECTORS OF THE COMPANY

The Directors who have held office since the date of the last report are as follows:

Dr Ngau Boon Keat	
Chan Yew Kai	
Datuk Oh Chong Peng	
Chew Eng Kar	
Kamariyah Binti Hamdan	
Zainab Binti Mohd Salleh	
Ja'afar Bin Rihan	
Siti Khairon Binti Shariff	(Appointed with effect from 1 April 2013)
Dato' Mohamed Zakri Bin Abdul Rashid	(Retired with effect from 1 April 2013)

In accordance with Article 96 of the Company's Articles of Association, Kamariyah Binti Hamdan and Zainab Binti Mohd Salleh retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Siti Khairon Binti Shariff who was appointed to the Board since last Annual General Meeting, retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 30 June 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	------ Number of ordinary shares of RM0.10 each ------			
	Balance as at 1.7.2012	Bought	Sold	Balance as at 30.6.2013
Shares in the Company				
Direct interests				
Dr Ngau Boon Keat	37,220,572	3,878,620	(10,000,000)	31,099,192
Chan Yew Kai	7,494,214	779,101	–	8,273,315
Chew Eng Kar	2,291,634	599,984	(100,000)	2,791,618
Kamariyah Binti Hamdan	886,731	–	–	886,731
Zainab Binti Mohd Salleh	2,211,058	361,364	(150,000)	2,422,422
Indirect interests				
Dr Ngau Boon Keat	599,246,170	10,178,457	(74,500,000)	534,924,627
Chew Eng Kar	4,294,735	–	(350,000)	3,944,735
Kamariyah Binti Hamdan	122,663	–	–	122,663

	- Number of options over ordinary shares of RM0.10 each -			
	Balance as at 1.7.2012	Granted	Exercised	Balance as at 30.6.2013
Share options in the Company				
Direct interests				
Dr Ngau Boon Keat	18,325,388	–	(3,878,620)	14,446,768
Chan Yew Kai	10,170,587	–	(779,101)	9,391,486
Chew Eng Kar	4,388,935	–	(599,984)	3,788,951
Zainab Binti Mohd Salleh	3,309,523	–	(361,364)	2,948,159
Indirect interests				
Dr Ngau Boon Keat	1,024,992	248,000	(178,457)	1,094,535

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants 2012/2017			
	Balance as at 1.7.2012	Bought	Sold	Balance as at 30.6.2013
Warrants in the Company				
Direct interests				
Dr Ngau Boon Keat	3,142,416	–	–	3,142,416
Chan Yew Kai	632,746	–	–	632,746
Chew Eng Kar	193,430	–	–	193,430
Kamariyah Binti Hamdan	74,884	–	–	74,884
Zainab Binti Mohd Salleh	100	–	–	100
Indirect interests				
Dr Ngau Boon Keat	50,592,652	–	–	50,592,652
Chew Eng Kar	166,860	–	–	166,860
Kamariyah Binti Hamdan	10,352	–	–	10,352

By virtue of Dr Ngau Boon Keat's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

(a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests, and
(b) certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 39 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as mentioned in Note 37 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss, statements of other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not been any item, transaction or event of a material or unusual nature which has arisen and which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dr Ngau Boon Keat
Director

Datuk Oh Chong Peng
Director

Petaling Jaya
10 October 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 14 to 124 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 46 to the financial statements on page 125 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dr Ngau Boon Keat
Director

Datuk Oh Chong Peng
Director

Petaling Jaya
10 October 2013

STATUTORY DECLARATION

I, Zainab Binti Mohd Salleh, being the Director primarily responsible for the financial management of Dialog Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Petaling Jaya this 10 October 2013

Before me:

PESURUHJAYA SUMPAH
NO. B 390
S. AROKIADASS A.M.N
MALAYSIA

No. 34A (Tkt 1), Jalan SS2/67
47300 Petaling Jaya
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

to the Members of Dialog Group Berhad

Report on the Financial Statements

We have audited the financial statements of Dialog Group Berhad, which comprise statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 124.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Report on Other Legal and Regulatory Requirements (continued)

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 3 to the financial statements, Dialog Group Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss, statements of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/14 (J)
Chartered Accountant

Kuala Lumpur
10 October 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Note	Group 30.6.2013 RM'000	Group 30.6.2012 RM'000	Group 1.7.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	382,349	330,441	220,847
Development of tank terminals	8	285,432	62,647	–
Intangible assets	9	38,455	38,844	36,502
Investments in associates	11	3,006	3,067	3,037
Interests in jointly controlled entities	12	630,748	368,872	144,925
Other investments	13	41,478	31,105	2,414
Deferred tax assets	14	24,487	16,706	13,887
		1,405,955	851,682	421,612
Current assets				
Inventories	16	77,715	97,816	65,091
Trade and other receivables	17	597,884	429,274	299,269
Amounts owing by associates	19	148	–	552
Amounts owing by jointly controlled entities	20	118,120	86,566	13,259
Current tax assets		6,555	4,932	3,258
Cash and cash equivalents	21	630,898	579,550	278,463
		1,431,320	1,198,138	659,892
TOTAL ASSETS		2,837,275	2,049,820	1,081,504
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	22	243,081	240,614	199,582
Treasury shares	22	(24,819)	(24,819)	(24,589)
Reserves	23	1,134,174	977,806	408,119
		1,352,436	1,193,601	583,112
Non-controlling interests		38,493	44,427	36,800
TOTAL EQUITY		1,390,929	1,238,028	619,912

	Note	Group 30.6.2013 RM'000	Group 30.6.2012 RM'000	Group 1.7.2011 RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	24	690,914	254,788	58,421
Deferred tax liabilities	14	5,390	2,794	3,931
		696,304	257,582	62,352
Current liabilities				
Trade and other payables	27	618,393	462,015	326,185
Amounts owing to associates	19	775	743	739
Amounts owing to jointly controlled entities	20	937	2,021	918
Borrowings	24	108,278	69,105	51,629
Current tax liabilities		21,659	20,326	19,769
		750,042	554,210	399,240
TOTAL LIABILITIES		1,446,346	811,792	461,592
TOTAL EQUITY AND LIABILITIES		2,837,275	2,049,820	1,081,504

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Note	Company 30.6.2013 RM'000	Company 30.6.2012 RM'000	Company 1.7.2011 RM'000
ASSETS				
Non-current assets				
Investments in subsidiaries	10	694,856	472,445	246,753
Investments in associates	11	–	–	4
Interests in jointly controlled entities	12	81,202	80,424	75,169
Amount owing by a subsidiary	15	213,200	81,116	–
		989,258	633,985	321,926
Current assets				
Trade and other receivables	17	115	1,976	29
Amounts owing by subsidiaries	15	92,550	95,097	40,666
Amounts owing by jointly controlled entities	20	2	2	15
Current tax assets		565	–	5
Cash and cash equivalents	21	226,977	301,121	27,834
		320,209	398,196	68,549
TOTAL ASSETS		1,309,467	1,032,181	390,475
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	22	243,081	240,614	199,582
Treasury shares	22	(24,819)	(24,819)	(24,589)
Reserves	23	725,301	665,038	174,456
TOTAL EQUITY		943,563	880,833	349,449
Non-current liabilities				
Borrowings	24	333,800	130,000	40,000
Current liabilities				
Trade and other payables	27	922	910	536
Amounts owing to subsidiaries	28	31,182	20,357	490
Current tax liabilities		–	81	–
		32,104	21,348	1,026
TOTAL LIABILITIES		365,904	151,348	41,026
TOTAL EQUITY AND LIABILITIES		1,309,467	1,032,181	390,475

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	30	2,237,180	1,633,808	94,910	93,200
Cost of sales and services		(2,016,217)	(1,441,067)	–	–
Gross profit		220,963	192,741	94,910	93,200
Other operating income		17,383	15,721	15,355	10,048
Marketing and distribution costs		(3,791)	(3,837)	–	–
Administration expenses		(31,155)	(28,877)	(1,064)	(1,285)
Other operating expenses		(2,064)	(1,957)	–	–
Finance costs		(10,879)	(4,170)	(8,988)	(3,214)
Share in results of jointly controlled entities and associates, net of tax		41,875	55,297	–	–
Profit before tax	31	232,332	224,918	100,213	98,749
Tax expense	33	(47,025)	(43,082)	(444)	(1,264)
Profit for the financial year		185,307	181,836	99,769	97,485
Profit for the financial year attributable to:					
Owners of the parent		193,298	177,001	99,769	97,485
Non-controlling interests		(7,991)	4,835	–	–
		185,307	181,836	99,769	97,485

Earnings per ordinary share attributable to equity holders of the Company:

	Note	Group 2013	Group 2012
Basic earnings per ordinary share of RM0.10 each (sen)	34	8.07	7.67
Diluted earnings per ordinary share of RM0.10 each (sen)	34	7.94	7.60

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the financial year		185,307	181,836	99,769	97,485
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(6,560)	1,535	–	–
Fair value (loss)/gain on cash flow hedge		(1,498)	92	–	–
Fair value gain/(loss) on available-for-sale financial assets	13	10,205	(1,950)	–	–
Other comprehensive income/(loss) for the financial year, net of tax		2,147	(323)	–	–
Total comprehensive income for the financial year		187,454	181,513	99,769	97,485
Total comprehensive income attributable to:					
Owners of the parent		195,995	176,717	99,769	97,485
Non-controlling interests		(8,541)	4,796	–	–
		187,454	181,513	99,769	97,485

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

		---- Attributable to owners of the parent ----											
GROUP	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Warrants reserve RM'000**	**Exchange translation reserve RM'000**	**Hedging reserve RM'000**	**Available -for-sale reserve RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 July 2011		199,582	(24,589)	21,503	6,373	–	(531)	(13)	–	380,787	583,112	36,800	619,912
Convergence to MFRS	45	–	–	–	–	–	531	–	–	(531)	–	–	–
As restated		199,582	(24,589)	21,503	6,373	–	–	(13)	–	380,256	583,112	36,800	619,912
Profit for the financial year		–	–	–	–	–	–	–	–	177,001	177,001	4,835	181,836
Foreign currency translations		–	–	–	–	–	1,580	–	–	–	1,580	(45)	1,535
Fair value gain on cash flow hedge		–	–	–	–	–	–	86	–	–	86	6	92
Fair value loss on available-for-sale financial assets		–	–	–	–	–	–	–	(1,950)	–	(1,950)	–	(1,950)
Total comprehensive income		–	–	–	–	–	1,580	86	(1,950)	177,001	176,717	4,796	181,513
Transactions with owners													
Previous financial year: Final dividend		–	–	–	–	–	–	–	–	(35,692)	(35,692)	–	(35,692)
Current financial year: Interim dividend	35	–	–	–	–	–	–	–	–	(26,216)	(26,216)	–	(26,216)
Share options granted under ESOS		–	–	–	10,698	–	–	–	–	–	10,698	478	11,176
Ordinary shares issued pursuant to:													
– ESOS	22	1,308	–	15,534	(4,651)	–	–	–	–	–	12,191	(300)	11,891
– rights issue	22	39,687	–	268,505	–	168,056	–	–	–	–	476,248	–	476,248
– warrants exercised	22	37	–	1,153	–	(310)	–	–	–	–	880	–	880
Shares repurchased	22	–	(230)	–	–	–	–	–	–	–	(230)	–	(230)
Issuance of shares by a subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	–	–	999	999
Acquisition of subsidiaries	10	–	–	–	–	–	–	–	–	–	–	3,634	3,634
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(329)	(329)
Dilution of interest in a subsidiary		–	–	–	–	–	–	–	–	51	51	(51)	–
Disposal of a subsidiary	10	–	–	–	–	–	–	–	–	–	–	(1,600)	(1,600)
Total transactions with owners		41,032	(230)	285,192	6,047	167,746	–	–	–	(61,857)	437,930	2,831	440,761
Share issue expenses **		–	–	(4,158)	–	–	–	–	–	–	(4,158)	–	(4,158)
Balance as at 30 June 2012		240,614	(24,819)	302,537	12,420	167,746	1,580	73	(1,950)	495,400	1,193,601	44,427	1,238,028

** Included an amount of non-audit fee of RM50,000 paid to the auditors of the Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

GROUP	Note	------ Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share options reserve RM'000	Warrants reserve RM'000	Attributable to owners of the parent Exchange translation reserve RM'000	Hedging reserve RM'000	Available -for-sale reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000 ------	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2012		240,614	(24,819)	302,537	12,420	167,746	1,580	73	(1,950)	495,400	1,193,601	44,427	1,238,028
Profit for the financial year		–	–	–	–	–	–	–	–	193,298	193,298	(7,991)	185,307
Foreign currency translations		–	–	–	–	–	(6,016)	–	–	–	(6,016)	(544)	(6,560)
Fair value loss on cash flow hedge		–	–	–	–	–	–	(1,492)	–	–	(1,492)	(6)	(1,498)
Fair value gain on available-for-sale financial assets	13	–	–	–	–	–	–	–	10,205	–	10,205	–	10,205
Total comprehensive income		–	–	–	–	–	(6,016)	(1,492)	10,205	193,298	195,995	(8,541)	187,454
Transactions with owners													
Previous financial year: Final dividend	35	–	–	–	–	–	–	–	–	(47,990)	(47,990)	–	(47,990)
Current financial year: Interim dividend	35	–	–	–	–	–	–	–	–	(26,488)	(26,488)	–	(26,488)
Share options granted under ESOS		–	–	–	10,140	–	–	–	–	–	10,140	405	10,545
Ordinary shares issued pursuant to:													
– ESOS	22	2,209	–	25,060	(6,146)	–	–	–	–	–	21,123	(305)	20,818
– warrants exercised	22	258	–	8,127	–	(2,187)	–	–	–	–	6,198	–	6,198
Issuance of shares by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	–	–	2,898	2,898
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(1,356)	(1,356)
Dilution of interest in a subsidiary		–	–	–	–	–	–	–	–	(21)	(21)	965	944
Total transactions with owners		2,467	–	33,187	3,994	(2,187)	–	–	–	(74,499)	(37,038)	2,607	(34,431)
Share issue expenses		–	–	(122)	–	–	–	–	–	–	(122)	–	(122)
Balance as at 30 June 2013		243,081	(24,819)	335,602	16,414	165,559	(4,436)	(1,419)	8,255	614,199	1,352,436	38,493	1,390,929

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

COMPANY	Note	Share capital RM'000	Treasury shares RM'000	----------- Non-distributable ----------- Share premium RM'000	Share options reserve RM'000	Warrants reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011		199,582	(24,589)	21,468	6,904	–	146,084	349,449
Convergence to MFRS	45	–	–	–	–	–	–	–
As restated		199,582	(24,589)	21,468	6,904	–	146,084	349,449
Profit for the financial year		–	–	–	–	–	97,485	97,485
Other comprehensive income, net of tax		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	97,485	97,485
Transactions with owners								
Previous financial year:								
Final dividend		–	–	–	–	–	(35,692)	(35,692)
Current financial year:								
Interim dividend	35	–	–	–	–	–	(26,216)	(26,216)
Share options granted under ESOS		–	–	–	11,176	–	–	11,176
Ordinary shares issued pursuant to:								
– ESOS	22	1,308	–	15,534	(4,951)	–	–	11,891
– rights issue	22	39,687	–	268,505	–	168,056	–	476,248
– warrants exercised	22	37	–	1,153	–	(310)	–	880
Shares repurchased	22	–	(230)	–	–	–	–	(230)
Total transactions with owners		41,032	(230)	285,192	6,225	167,746	(61,908)	438,057
Share issue expenses **		–	–	(4,158)	–	–	–	(4,158)
Balance as at 30 June 2012		240,614	(24,819)	302,502	13,129	167,746	181,661	880,833

** Included an amount of non-audit fee of RM50,000 paid to the auditors of the Company

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2013

COMPANY	Note	Share capital RM'000	Treasury shares RM'000	------------ Non-distributable ----------- Share premium RM'000	Share options reserve RM'000	Warrants reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2012		240,614	(24,819)	302,502	13,129	167,746	181,661	880,833
Profit for the financial year		–	–	–	–	–	99,769	99,769
Other comprehensive income, net of tax		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	99,769	99,769
Transactions with owners								
Previous financial year:								
Final dividend	35	–	–	–	–	–	(47,990)	(47,990)
Current financial year:								
Interim dividend	35	–	–	–	–	–	(26,488)	(26,488)
Share options granted under ESOS		–	–	–	10,545	–	–	10,545
Ordinary shares issued pursuant to:								
– ESOS	22	2,209	–	25,060	(6,451)	–	–	20,818
– warrants exercised	22	258	–	8,127	–	(2,187)	–	6,198
Total transactions with owners		2,467	–	33,187	4,094	(2,187)	(74,478)	(36,917)
Share issue expenses		–	–	(122)	–	–	–	(122)
Balance as at 30 June 2013		243,081	(24,819)	335,567	17,223	165,559	206,952	943,563

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		232,332	224,918	100,213	98,749
Adjustments for:					
Amortisation of intangible assets	9	2,428	3,178	–	–
Depreciation of property, plant and equipment	7	34,789	24,791	–	–
Dividend income from subsidiaries	30	–	–	(94,910)	(93,200)
(Gain)/Loss on disposals of:					
– a jointly controlled entity	12	(168)	–	–	–
– property, plant and equipment		(825)	(404)	–	–
– a subsidiary	10	6	–	–	–
Impairment losses on receivables	17	121	486	–	–
Interest expense		10,036	3,958	8,988	3,214
Interest income		(12,736)	(10,705)	(15,648)	(9,953)
Investment in an associate written off		–	–	–	4
Property, plant and equipment written off	7	177	40	–	–
Reversal of impairment losses on receivables	17	(223)	(29)	–	–
Share options granted under ESOS		10,356	11,030	–	–
Share in results of jointly controlled entities and associates		(41,875)	(55,297)	–	–
(Gain)/Loss on foreign exchange – unrealised		(65)	(351)	365	(315)
Operating profit/(loss) before working capital changes		234,353	201,615	(992)	(1,501)
Decrease/(Increase) in inventories		19,997	(32,415)	–	–
(Increase)/Decrease in trade and other receivables		(54,744)	(104,746)	1,861	(1,947)
Increase in amounts owing by associates		(117)	(224)	–	–
(Increase)/Decrease in amounts owing by jointly controlled entities		(9,971)	(67,660)	–	13
Increase in trade and other payables		155,843	131,580	12	327
Cash generated from/(used in) operations		345,361	128,150	881	(3,108)
Interest received		12,085	8,243	15,648	9,953
Interest paid		(2,114)	(2,098)	(8,988)	(3,214)
Dividend received		42,000	45,250	94,910	93,200
Tax paid		(55,400)	(50,629)	(1,090)	(1,178)
Tax refunded		2,152	438	–	–
Net cash from operating activities		344,084	129,354	101,361	95,653

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2013 (continued)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions/Additions of:					
– subsidiaries, net of cash acquired	10	–	(2,832)	–	–
– interests in subsidiaries		–	–	(219,684)	(219,613)
– interests in jointly controlled entities		(291,543)	(215,253)	(651)	(5,109)
Development of tank terminals		(222,785)	(62,647)	–	–
Deposits paid for land acquisition	17	(110,817)	(21,587)	–	–
Disposal of shares in a subsidiary	10	944	–	–	–
Purchases of:					
– property, plant and equipment	7	(92,121)	(131,078)	–	–
– intangible assets	9	(2,198)	(973)	–	–
– other investments	13	(2,729)	(30,469)	–	–
Proceeds from:					
– disposals of property, plant and equipment		1,568	1,048	–	–
– disposal of a subsidiary, net of cash and cash equivalent disposed	10	(265)	–	–	–
– disposal of a jointly controlled entity	12	5,988	–	–	–
Advances to subsidiaries		–	–	(117,837)	(115,318)
(Placements)/Upliftment of deposits with licensed banks		(2,798)	262	–	–
Net cash used in investing activities		(716,756)	(463,529)	(338,172)	(340,040)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(7,922)	(1,860)	–	–
Dividends paid to non-controlling interests		(1,356)	(329)	–	–
Dividends paid to ordinary shareholders of the Company		(74,478)	(61,908)	(74,478)	(61,908)
Issuance of shares by subsidiaries to non-controlling interests		2,898	999	–	–
Proceeds from ordinary shares issued pursuant to:					
– rights issue		–	476,248	–	476,248
– warrants		6,198	880	6,198	880
– ESOS		20,818	11,891	27,269	16,842
Repayments of hire purchase creditors		(1,466)	(1,735)	–	–
Drawdown of loans, net		474,192	217,129	203,800	90,000
Share issue expenses paid		(122)	(4,158)	(122)	(4,158)
Shares repurchased	22	–	(230)	–	(230)
Net cash from financing activities		418,762	636,927	162,667	517,674
Net increase/(decrease) in cash and cash equivalents		46,090	302,752	(74,144)	273,287
Effect of exchange rate changes on cash and cash equivalents		325	1,306	–	–
Cash and cash equivalents at beginning of financial year		578,384	274,326	301,121	27,834
Cash and cash equivalents at end of financial year	21	624,799	578,384	226,977	301,121

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2013

1. CORPORATE INFORMATION

Dialog Group Berhad ('The Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 109, Block G, Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2013 comprise the Company and its subsidiaries and the Group's interests in associates and jointly controlled entities. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 October 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries which serve a wide spectrum of the petroleum and petrochemical industry. The principal activities of the subsidiaries, as listed in Note 10 to the financial statements, are the provision of logistic services in tank terminals and supply base, upstream services, specialist products and services, engineering & construction, fabrication, plant maintenance & catalyst handling services and ePayment technology & solutions.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 14 to 124 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965, in Malaysia.

These are the first financial statements of the Group and of the Company prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 July 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2012 in these financial statements have been restated to give effect to these changes, and Note 45 to the financial statements discloses the impact of the transition to MFRS on the Group and Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 46 to the financial statements set out on page 125 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

The Group also assesses the existence of control where it does not have more than half of the voting power of an investee but is able to govern the financial and operating policies by virtue of de facto control. De facto control arises in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders provides the Group with the power to govern the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are modified to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 July 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.9(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 July 2011.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates used are as follows:

Leasehold land	up to 99 years
Buildings	15 – 50 years
Vessel	15 years
Furniture, fittings and office equipment	15% – 50%
Plant, machinery, equipment and cabin	5% – 20%
Motor vehicles	20%
Renovation and electrical installation	15% – 33%

Freehold land has unlimited useful life and is not depreciated.

Property, plant and equipment under construction represent building and plant and equipment under construction. Property, plant and equipment under construction are not depreciated until such time when the assets are available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

4.5 Development of tank terminals

Development of tank terminals comprises land reclamation, dredging, site preparation cost and other expenditure that is directly attributable to the development of tank terminals. Development of tank terminals are stated at cost less any accumulated impairment losses.

Development of tank terminals is reclassified as property, plant and equipment when it is determined for own use or investment in jointly controlled entities when the investors to the jointly controlled entity are identified.

At the end of each reporting period, the carrying amount of development of tank terminals is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

4.6 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in the profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(c) Leases of land

For leases of land, the leases are classified as operating or finance leases in the same way as leases of other assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4.8 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Advances by the Company to the subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are for the purposes of providing the subsidiaries with a long term source of additional capital. It is, in substance, an addition to the Company's investment in the subsidiaries and accordingly, is accounted for under MFRS 127 as part of investments in subsidiaries.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investments (continued)

(b) Associates (continued)

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. The Group's share of results of associates is based on the audited financial statements made up to 30 June 2013.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(c) Jointly controlled entities

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entities over which there is contractually agreed sharing of joint control over the economic activity of the entity. Joint control exists when strategic financial and operational decisions relating to the activity require the unanimous consent of all the parties sharing control.

In the Company's separate financial statements, an investment in jointly controlled entities is stated at cost less impairment losses, if any.

The investment in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting. The investment in jointly controlled entities in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interests in jointly controlled entities is the carrying amount of the investment in the jointly controlled entities under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the jointly controlled entities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investments (continued)

(c) Jointly controlled entities (continued)

The Group's share of the profit or loss of the jointly controlled entities during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. Distributions received from the jointly controlled entities reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the Group's proportionate interest in the jointly controlled entities arising from changes in the jointly controlled entities equity that have not been recognised in the jointly controlled entities' profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

When the Group's share of losses in the jointly controlled entities equals to or exceeds its interest in the jointly controlled entities, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the jointly controlled entities are used by the Group in applying the equity method. The Group's share of results of jointly controlled entities is based on the audited financial statements made up to 30 June 2013 except for Kertih Terminals Sdn. Bhd., Halliburton Bayan Petroleum Sdn. Bhd., BC Petroleum Sdn. Bhd. and Fineline Services Limited, which are based on unaudited financial statements made up to 30 June 2013.

Upon disposal of an investment in jointly controlled entities, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.9 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Intangible assets (continued)

(a) Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associate's identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate profit or loss in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Intangible assets (continued)

(b) Other intangible assets (continued)

Development costs

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Capitalised development costs are amortised on a straight line basis over a period of 15 years commencing from the date they are available for use and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in the profit or loss as incurred.

Intellectual property

Intellectual property relates to skilled sets on welding process and procedures used in fabrication activities acquired through business combination and is initially measured at cost. After initial recognition, intellectual property is stated at cost less accumulated amortisation and any accumulated impairment losses.

Intellectual property is amortised on a straight line basis over a period of ten (10) years commencing from the date of acquisition and are assessed for any indication that the assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset to determine whether impairment is required in accordance with Note 4.10 to the financial statements. The amortisation expense on intellectual property is recognised in profit or loss.

Computer software

Computer software of the Group is amortised over its estimated useful life of two (2) years using the straight line method. The computer software is stated at cost less accumulated amortisation and any impairment losses.

4.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries, associates and jointly controlled entities), construction contract assets, inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment of non-financial assets (continued)

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flows estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU, including the allocated goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in the profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in the profit or loss.

4.11 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in-first-out basis. The cost of trading inventories and construction materials comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual rights to receive cash or another financial asset from another enterprise, or a contractual rights to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

After initial recognition, financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets for the purpose of subsequent measurement.

The Group's financial assets include cash and deposits with licensed banks, loan and receivables and other investments. The financial assets of the Group are classified into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or market place convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities (continued)

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(d) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(d) Equity (continued)

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury shares method.

Where the treasury shares method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Impairment of financial assets (continued)

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor and disappearance of an active trading market, as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are completed, after which such expenses are charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates or jointly controlled entities on distributions to the Group and the Company, and real property gains tax payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise this contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.18 Employee benefits

4.18.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.18.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Employee benefits (continued)

4.18.3 Share-based payments

The Company operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will be vested.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expire, upon which it will be transferred directly to retained earnings.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

4.19 Foreign currencies

4.19.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4.19.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into the functional currency of each company in the Group at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the respective functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Foreign currencies (continued)

4.19.3 Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM")

Financial statements of foreign operations are translated at financial year end exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to profit or loss. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising from monetary items that in substance form part of the net investment of the Company in foreign operations, are recognised in profit or loss in the separate financial statements of the Company. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Construction contracts

Profits from contracts works are recognised on a percentage of completion method. Percentage of completion is determined based on completion of physical proportion of the contract work.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contracts costs are recognised as an expense in the period in which they are incurred.

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of each reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (continued)

(c) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods has been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(f) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segment's results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group determines that the operating segments are based on geographical location of its customers and assets.

NOTES TO THE FINANCIAL STATEMENTS
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5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title		Effective Date
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 101	*Presentation of Financial Statements*	1 January 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contracts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONTINUED)

5.1 New MFRSs adopted during the current financial year (continued)

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year (continued).

Title		Effective Date
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129	*Disclosure – Service Concession Arrangements*	1 January 2012
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012

NOTES TO THE FINANCIAL STATEMENTS
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5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONTINUED)

5.1 New MFRSs adopted during the current financial year (continued)

(a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 July 2011.

(b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss, two statements of other comprehensive income, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for financial periods beginning on or after
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurements*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONTINUED)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013 (continued)

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company (continued):

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for financial periods beginning on or after**
Amendments to MFRS 1	*Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009-2012 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127	*Investment Entities*	1 January 2014
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21	*Levies*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	*Financial Instruments*	1 January 2015

The Group and the Company are in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of each reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117.

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (continued)

6.3.1 Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 4.4 to the financial statements reflects the Group's estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

6.3.2 Impairment of goodwill on consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy as disclosed in Note 4.9(a) to the financial statements.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill. The key assumptions used are disclosed in Note 9 to the financial statements.

6.3.3 Impairment of intangible assets

The Group reviews the carrying amounts of the intangible assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of intangible assets requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets.

Significant judgement is required in the estimation of the present value of future cash flows generated by the intangible assets, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of intangible assets.

6.3.4 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit would be available against which the unused tax losses and the capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (continued)

6.3.5 Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flows method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the business.

6.3.6 Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

6.3.7 Employee's share option scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Group is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 37 to the financial statements.

6.3.8 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 42 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2012 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fications RM'000	Balance as at 30.6.2013 RM'000
Carrying amount								
Freehold land	53,054	–	–	–	–	–	–	53,054
Leasehold land	5,520	–	–	–	(48)	–	–	5,472
Buildings	42,318	2,355	–	–	(2,261)	(368)	–	42,044
Furniture, fittings and office equipment	9,298	3,712	(21)	(1)	(3,309)	(176)	(426)	9,077
Plant, machinery, equipment and cabin	177,858	26,370	(485)	(170)	(23,570)	(4,720)	647	175,930
Vessel	–	15,341	–	–	(460)	1	–	14,882
Motor vehicles	7,390	2,715	(237)	–	(3,103)	(103)	647	7,309
Renovation and electrical installation	4,232	840	–	(6)	(2,038)	(71)	(391)	2,566
Building under construction	30,771	40,947	–	–	–	–	–	71,718
Plant and equipment under construction	–	855	–	–	–	(81)	(477)	297
	330,441	93,135	(743)	(177)	(34,789)	(5,518)	–	382,349

	At 30.6.2013		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	53,054	–	53,054
Leasehold land	7,737	(2,265)	5,472
Buildings	57,540	(15,496)	42,044
Furniture, fittings and office equipment	30,515	(21,438)	9,077
Plant, machinery, equipment and cabin	278,362	(102,432)	175,930
Vessel	15,341	(459)	14,882
Motor vehicles	30,403	(23,094)	7,309
Renovation and electrical installation	11,440	(8,874)	2,566
Building under construction	71,718	–	71,718
Plant and equipment under construction	297	–	297
	556,407	(174,058)	382,349

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Acquisition of a subsidiary (Note 10) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi-fications RM'000	Balance as at 30.6.2012 RM'000
Carrying amount									
Freehold land	52,950	104	–	–	–	–	–	–	53,054
Leasehold land	5,568	–	–	–	–	(48)	–	–	5,520
Buildings	42,788	858	–	–	–	(2,079)	453	298	42,318
Furniture, fittings and office equipment	6,327	5,150	358	(2)	(2)	(3,171)	299	339	9,298
Plant, machinery, equipment and cabin	57,176	14,233	24	(226)	(38)	(15,067)	516	121,240	177,858
Motor vehicles	9,074	1,729	203	(416)	–	(3,211)	11	–	7,390
Renovation and electrical installation	3,973	1,397	–	–	–	(1,215)	77	–	4,232
Building under construction	11,034	19,737	–	–	–	–	–	–	30,771
Plant and equipment under construction	31,957	87,870	–	–	–	–	2,050	(121,877)	–
	220,847	131,078	585	(644)	(40)	(24,791)	3,406	–	330,441

	---------------- At 30.6.2012 ----------------		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	53,054	–	53,054
Leasehold land	7,737	(2,217)	5,520
Buildings	55,507	(13,189)	42,318
Furniture, fittings and office equipment	27,576	(18,278)	9,298
Plant, machinery, equipment and cabin	259,219	(81,361)	177,858
Motor vehicles	28,291	(20,901)	7,390
Renovation and electrical installation	11,093	(6,861)	4,232
Building under construction	30,771	–	30,771
	473,248	(142,807)	330,441

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The strata titles of certain buildings with a carrying amount of RM5,084,000 (2012: RM5,228,000) have yet to be issued by the relevant authorities.

(b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2013 RM'000	2012 RM'000
Purchase of property, plant and equipment	93,135	131,078
Financed by hire purchase arrangements	(1,014)	–
Cash payments on purchase of property, plant and equipment	92,121	131,078

(c) Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with a carrying amount of RM1,548,000 (2012: RM2,222,000). Certain freehold land, buildings and plant & machinery with a carrying amount of RM211,326,000 (2012: RM174,185,000) are subject to fixed and floating charges created to secure banking facilities granted to certain subsidiaries as disclosed in Note 25 to the financial statements.

(d) Additions during the financial year include:

	Group	
	2013 RM'000	2012 RM'000
Interest expense capitalised on:		
– freehold land	–	104
– building under construction	2,136	1,299
– plant and equipment under construction	–	1,303
	2,136	2,706

Interest expense was capitalised at rates ranging from 4.31% to 4.56% (2012: 2.11% to 4.56%) per annum.

(e) Leasehold land is analysed as:

	Group	
	2013 RM'000	2012 RM'000
Short term (unexpired period less than 50 years)	2,183	2,195
Long term (unexpired period more than 50 years)	3,289	3,325
	5,472	5,520

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8. DEVELOPMENT OF TANK TERMINALS

	Group 2013 RM'000	Group 2012 RM'000
Development of tank terminals, at cost	285,432	62,647

Included in development of tank terminals are land reclamation, dredging and site preparation costs and other expenditure directly attributable to the development of the tank terminals.

During the financial year, interest expense of RM4,922,000 (2012: RM1,116,000) was capitalised at rates ranging from 4.28% to 4.60% (2012: 4.34% to 4.46%) per annum in relation to the development of tank terminals.

9. INTANGIBLE ASSETS

Group	Balance as at 1.7.2012 RM'000	Additions RM'000	Amortisation RM'000	Exchange differences RM'000	Balance as at 30.6.2013 RM'000
Carrying amount					
Goodwill	22,950	–	–	(83)	22,867
Development costs	2,629	–	(202)	–	2,427
Intellectual property	10,599	–	(1,188)	(6)	9,405
Computer software	2,666	2,198	(1,038)	(70)	3,756
	38,844	2,198	(2,428)	(159)	38,455

Group	---------------- At 30.6.2013 ---------------- Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Goodwill	22,867	–	22,867
Development costs	3,034	(607)	2,427
Intellectual property	12,097	(2,692)	9,405
Computer software	10,061	(6,305)	3,756
	48,059	(9,604)	38,455

9. INTANGIBLE ASSETS (CONTINUED)

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Acquisition of a subsidiary (Note 10) RM'000	Amorti-sation RM'000	Exchange differences RM'000	Balance as at 30.6.2012 RM'000
Carrying amount						
Goodwill	18,682	–	3,903	–	365	22,950
Development costs	3,034	–	–	(405)	–	2,629
Intellectual property	11,915	–	–	(1,172)	(144)	10,599
Computer software	2,871	973	497	(1,601)	(74)	2,666
	36,502	973	4,400	(3,178)	147	38,844

Group	---------------- At 30.6.2012	-----------------	
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Goodwill	22,950	–	22,950
Development costs	3,034	(405)	2,629
Intellectual property	12,097	(1,498)	10,599
Computer software	7,959	(5,293)	2,666
	46,040	(7,196)	38,844

(a) Goodwill has been allocated to the Group's cash generating unit ("CGU") identified according to relevant operating segments based on geographical location of customers as follows:

	Group	
	2013 RM'000	2012 RM'000
Malaysia	509	509
Singapore	1,945	1,945
Australia & New Zealand	11,489	11,489
Other Asia	5,941	5,941
Other countries	2,983	3,066
	22,867	22,950

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9. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill has been allocated to the Group's cash generating unit ("CGU") identified according to relevant operating segments based on geographical location of customers as follows (continued):

For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value in use. The value in use is determined by discounting the pre-tax cash flows based on financial budgets prepared by the Group covering a five-year period based on the following key assumptions:

	2013 %	2012 %
Growth rate		
Malaysia	10.0	20.0
Singapore	10.0	15.0
Australia & New Zealand	20.0	10.0
Other Asia	9.0	25.0
Other countries	16.0	15.0
Pre-tax weighted average cost of capital	11.5	14.0

The management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amounts of the remaining goodwill assessed as at 30 June 2013 as their recoverable amounts were in excess of their carrying amounts.

(b) Development costs relate to the development of prototypes of centralised switching infrastructure undertaken by a subsidiary. The development costs are amortised on a straight line basis over a period of fifteen (15) years.

(c) Intellectual property are skilled sets on welding process and procedures used in fabrication activities and are amortised on a straight line basis over a period of ten (10) years.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted equity shares:		
– At cost	313,191	241,041
Advances to subsidiaries	365,974	218,440
Equity contributions in subsidiaries in respect of ESOS	15,691	12,964
	694,856	472,445

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Advances to subsidiaries are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiaries with a long term source of additional capital.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	Effective interest in equity 2012	Principal activities
Dialog E & C Sdn. Bhd.	Malaysia	100%	100%	Provision of engineering, procurement, construction and commissioning services.
Dialog Plant Services Sdn. Bhd.	Malaysia	100%	100%	Plant turnaround and specialist maintenance work, provision of bolting and on site flange face machining services and tensioning equipment.
Saga Dialog Sdn. Bhd.	Malaysia	100%	100%	Mechanical works, construction of tankage pipings and pipelines, installation of equipment, hookup and commissioning, debottlenecking.
Dialog Systems Sdn. Bhd.	Malaysia	100%	100%	Marketing of specialty chemicals, catalysts and absorbents, petroleum additives, drilling base oil and specialty equipment, and provision of specialist technical services.
Dialog E & I Sdn. Bhd.	Malaysia	100%	100%	Specialised electrical and instrumentation, construction, commissioning and calibration services.
Dialog Fabricators Sdn. Bhd.	Malaysia	100%	100%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Pacific Advance Composites Sdn. Bhd.	Malaysia	100%	100%	Manufacturing, engineering and installation of composite pipe system.
Dialog Petroleum Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Corporate Sdn. Bhd.	Malaysia	100%	100%	Provision of management consultancy and administration services.
Dialog Equity Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
*Dialog Systems (Asia) Pte. Ltd.	Singapore	100%	100%	Investment holding.
Dialog Services Sdn. Bhd.	Malaysia	60%	60%	Provision of consultancy, technical support services and marketing of specialty equipment.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Dialog Energy Sdn. Bhd.	Malaysia	100%	100%	Provision of upstream support services.
Infodasia Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology support and services.
Dialog Properties Sdn. Bhd.	Malaysia	100%	100%	Letting out and management of properties.
Dialog Pengerang Sdn. Bhd.	Malaysia	100%	100%	Investment holding and involved in the development of tank terminal and logistic services.
Dialog D & P Sdn. Bhd.	Malaysia	100%	100%	Investment holding and provision of upstream support services.
Dialog Upstream Services Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Subsidiary of Saga Dialog Sdn. Bhd.				
Dialog Construction Sdn. Bhd.	Malaysia	100%	100%	Construction of plant and civil engineering works.
Subsidiary of Dialog Fabricators Sdn. Bhd.				
Dialog OTEC Sdn. Bhd.	Malaysia	100%	100%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Subsidiaries of Dialog Systems (Asia) Pte. Ltd.				
*Dialog Systems Pte. Ltd.	Singapore	100%	100%	Marketing of specialty chemicals and equipment and provision of technical services.
*Dialog Engineering Pte. Ltd.	Singapore	89%	89%	Investment holding and contracting of petroleum and petrochemical related works.
*Dialog Services Pte. Ltd.	Singapore	100%	100%	Provision of catalyst and process material handling services.
@PT. Dialog Sistemindo	Indonesia	90%	90%	Provision of marketing of specialty chemicals and equipment and technical support services.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Effective interest in equity 2013	Effective interest in equity 2012	Principal activities
Subsidiaries of Dialog Systems (Asia) Pte. Ltd. (continued)				
Dialog International (L) Ltd.	Malaysia	51%	51%	Supply of specialty chemicals.
*#Dialog Systems (Thailand) Ltd.	Thailand	49%	49%	Contracting of petroleum and petrochemical related works and trading in specialty chemicals and equipment.
Dialog (Labuan) Ltd.	Malaysia	100%	100%	Investment holding.
@Dialog Services (Hong Kong) Limited	Hong Kong	100%	100%	Provision of consultancy and technical support services.
@Dialog Services Pty. Ltd.	Australia	100%	100%	Marketing of specialty chemicals and equipment, and provision of catalyst and process material handling services.
*Dialog Petroleum Technical Services (Beijing) Limited	China	100%	100%	Provision of technical consulting and technical services.
*Dialog OTEC Pte. Ltd.	Singapore	80%	80%	Investment holding.
@Fitzroy Engineering Group Limited	New Zealand	88%	90%	Provision of heavy fabrication and multi-disciplined engineering.
*Anewa Engineering Private Limited	India	51%	51%	Provision of design and detailed engineering services.
*Dialog Services (Vietnam) Company Limited	Vietnam	100%	100%	Dormant.
Dialog Systems (Labuan) Ltd.	Malaysia	100%	100%	Provision of specialist products & services.
@Dialog Systems International FZE	United Arab Emirates	100%	100%	Provision of specialist products & services.
Subsidiaries of Dialog Engineering Pte. Ltd.				
*Dialog Plant Services Pte. Ltd.	Singapore	80%	80%	Provision of plant maintenance services and general civil and mechanical engineering works.
*OTEC Holdings Pte. Ltd.	Singapore	65%	65%	Investment holding.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Subsidiaries of Dialog (Labuan) Ltd.				
*Dialog Services Saudi Arabia Company Limited	Kingdom of Saudi Arabia	60%	60%	Contracting of petroleum and petrochemical related works and trading in specialty chemicals and equipment.
*Dialog Jubail Supply Base Company Ltd.	Kingdom of Saudi Arabia	60%	60%	Provision of logistic services of a supply base.
^+Dialog IPS Marine (Labuan) Ltd.	Malaysia	60%	–	Logistics services for the marketing of specialist product in the petroleum and petrochemical industry.
Subsidiary of Dialog OTEC Pte. Ltd.				
*Overseas Technical Engineering and Construction Pte. Ltd.	Singapore	80%	80%	General stainless steel fabrication and supply of fabricated construction material, engineering equipment and related spares.
Subsidiary of Overseas Technical Engineering and Construction Pte. Ltd.				
Overseas Manufacturing (Johor) Sdn. Bhd.	Malaysia	80%	80%	Fabrication of steel storage tanks and structures.
Subsidiary of Dialog Plant Services Sdn. Bhd.				
Dialog Catalyst Services Sdn. Bhd.	Malaysia	71%	71%	Provision of catalyst and process material handling services.
Subsidiaries of Dialog Petroleum Sdn. Bhd.				
Oriental Valley Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Senyum Bestari Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Cendana Sutera Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Idaman Tropikal Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Corak Dahlia Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Emas Merdu Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Dialog Mall Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Tempo Setara Sdn. Bhd.	Malaysia	100%	100%	Dormant.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Effective interest in equity 2013	Effective interest in equity 2012	Principal activities
Subsidiaries of Dialog Services Pte. Ltd.				
*Dialog Services Europe Limited	United Kingdom	71%	71%	Investment holding.
*Dialog Services, Inc.	United States of America	71%	71%	Provision of catalyst and process material handling services.
Subsidiary of Dialog Services Europe Ltd.				
*Dialog Technivac Limited	United Kingdom	71%	71%	Provision of catalyst and process material handling services.
Subsidiaries of Dialog E & C Sdn. Bhd.				
+Dialog Engineering Sdn. Bhd.	Malaysia	–	100%	Provision of engineering services and computer aided drafting works.
^+Dialog Offshore Engineering Sdn. Bhd.	Malaysia	55%	–	Provision of engineering design, consulting and project management.
Subsidiary of Infodasia Sdn. Bhd.				
ePetrol Services Sdn. Bhd.	Malaysia	60%	60%	Designing, development and deployment of front end payment solutions, terminals, infrastructure and systems.
Subsidiaries of Dialog Pengerang Sdn. Bhd.				
Pengerang LNG Sdn. Bhd.	Malaysia	100%	100%	Provision of Liquefied Natural Gas "LNG" terminal storage, regasification of LNG into natural gas and handling services.
Pengerang Terminals (Two) Sdn. Bhd.	Malaysia	100%	100%	Provision of terminal storage facilities for petroleum and petrochemical products.
Pengerang LNG (Two) Sdn. Bhd.	Malaysia	100%	100%	Dormant.
^+Pengerang Marine Operations Sdn. Bhd.	Malaysia	100%	–	Provision of marine operation, maintenance and other related marine services.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Subsidiary of Dialog Systems (Thailand) Ltd.				
*Dialog Technology & Services Limited	Thailand	49%	49%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Subsidiaries of Fitzroy Engineering Group Limited				
@Fitzroy Engineering Australia Pty. Ltd.	Australia	89%	90%	Provision of heavy fabrication and multi-disciplined engineering.
+@Fitzroy Tower Services Limited	New Zealand	89%	–	Provision of power pylon painting services.
Subsidiary of ePetrol Services Sdn. Bhd.				
ePetrol Systems Sdn. Bhd.	Malaysia	39%	39%	Provision of centralised interchange services.

+ Details of the acquisition, incorporation and disposal of subsidiaries during the financial year are disclosed in Note 44 to the financial statements.
@ Subsidiaries audited by BDO member firms.
* Subsidiaries not audited by BDO Malaysia or BDO member firms.
# The financial statements of Dialog Systems (Thailand) Ltd. were consolidated as a subsidiary as the Group has control over the Boards of Dialog Systems (Thailand) Ltd.
^ The newly incorporated subsidiaries' contributions of revenue and results to the Group for the financial period from the incorporation date were insignificant to the Group.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiary during the financial year ended 30 June 2013

In August 2012, Dialog E&C Sdn. Bhd. a wholly-owned subsidiary of the Company, disposed its entire equity interest, representing 500,000 ordinary shares of RM1.00 each in Dialog Engineering Sdn. Bhd. for cash consideration of RM500,000.

The details of the disposal of the subsidiary are as follows:

	At date of disposal RM'000
Receivables	186
Current tax asset	33
Cash and cash equivalents	765
Other payables	(2)
Amount owing to related companies	(476)
Total identified net assets disposed	506
Net proceeds from disposal	(500)
Loss on disposal	(6)
Proceeds from disposal	500
Cash and cash equivalents of a subsidiary disposed off	(765)
Cash flow on disposal, net of cash and cash equivalents of a subsidiary disposed	(265)

The financial results of the subsidiary disposed is insignificant to the Group.

Disposal of shares in a subsidiary during the financial year ended 30 June 2013

In November 2012, Dialog Systems (Asia) Pte. Ltd., a wholly-owned subsidiary of the Company, disposed its 2.5% equity interest in Fitzroy Engineering Group Limited for a cash consideration of SGD377,000 (approximately RM944,000). This has resulted in a loss on disposal of shares of interest of SGD8,000 (approximately RM21,000) and diluted the effective interest in Fineline Services Limited, a jointly controlled entity to 44% (2012: 45%) at the end of the reporting period.

Disposal of a subsidiary during the financial year ended 30 June 2012

In June 2012, Dialog (Labuan) Ltd. disposed its entire 57% equity interest, representing 570,000 ordinary shares of USD1.00 each in GNT International Limited, for a total consideration of USD673,000 (approximately RM2,131,000).

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of a subsidiary during the financial year ended 30 June 2012 (continued)

The details of the disposal of the subsidiary were as follows:

	At date of disposal RM'000
Receivables	1,620
Amount owing by ultimate holding company	2,131
Cash and cash equivalents	9
Trade and other payables	(20)
	3,740
Non-controlling interests	(1,600)
Total identified net assets disposed	2,140
Consideration off-set against amount owing by ultimate holding company	(2,131)
Cash and cash equivalents of a subsidiary disposed off	(9)
Cash flow on disposal, net of cash and cash equivalents of a subsidiary disposed	–

The financial result of the subsidiary disposed off was insignificant to the Group.

Acquisition of a subsidiary during the financial year ended 30 June 2012

In September 2011, Dialog Systems (Asia) Pte. Ltd., a wholly-owned subsidiary of the Company, completed its acquisition of 51% equity interest in Anewa Engineering Private Limited ("Anewa"), India, for a total cash consideration of Rs117,145,000 (equivalent to RM7,685,000).

Anewa is an outsourcing company, which provides engineering design to customers, mainly multinational companies in India, Middle East and South East Asia in the petroleum and petrochemical industry.

The fair value of the net assets acquired and cash flow arising from the acquisition were as follows:

	At date of acquisition RM'000
Property, plant and equipment	585
Intangible assets	497
Trade and other receivables	2,973
Cash and cash equivalents	4,853
Trade and other payables	(1,285)
Borrowings	(115)
Deferred tax liabilities	(92)
Total identified net assets	7,416
Non-controlling interests	(3,634)
Goodwill arising from acquisition (Note 9)	3,903
Total purchase consideration	7,685
Cash and cash equivalents of the subsidiary acquired	(4,853)
Net cash outflow of the Group on acquisition	2,832

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

If the acquisition had occurred on 1 July 2011, the Group's revenue and profit after tax for the financial year ended 30 June 2012 would had been RM1,634,333,000 and RM181,848,000 respectively.

Transaction costs related to the acquisition of RM164,000 was recognised in profit or loss as other operating expenses.

11. INVESTMENTS IN ASSOCIATES

	Group	
	2013 RM'000	**2012 RM'000**
Unquoted equity shares, at cost	2,736	2,736
Share of post acquisition profits	(22)	39
Exchange differences	292	292
	3,006	3,067

The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	Effective interest in equity 2012	Principal activities
Associate of Overseas Technical Engineering and Construction Pte. Ltd.				
Overseas Technical Engineering & Construction Sdn. Bhd.	Malaysia	39%	39%	Dormant.
Associate of Dialog Systems (Asia) Pte. Ltd.				
*EC-Dialog Pte. Ltd.	Singapore	40%	40%	Investment holding.

* Not audited by BDO Malaysia or BDO member firms

The financial statements used for equity accounting of the above associates are co-terminous with those of the Group.

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11. INVESTMENTS IN ASSOCIATES (CONTINUED)

The summarised financial information of the associates is as follows:

	Group	
	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	1,055	1,411
Non-current assets	5,740	6,246
Total assets	6,795	7,657
Current liabilities	206	282
Total liabilities	206	282
Results		
Revenue	226	407
Loss for the financial year	(151)	(102)

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted equity shares, at cost	480,481	213,576	18,732	18,732
Advances to jointly controlled entities	120,171	97,197	62,177	61,526
Equity contribution in jointly controlled entities in respect of ESOS	293	166	293	166
Share of post acquisition profits, net of Group's unrealised profit and dividends	29,550	57,891	–	–
Exchange differences	253	42	–	–
	630,748	368,872	81,202	80,424

Advances to jointly controlled entities are unsecured, not repayable within the next twelve months and interest free except for an amount of RM58,960,000 (2012: RM58,960,000), which bears interest at rates ranging from 4.26% to 4.50% (2012: 4.29% to 4.50%) per annum.

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The details of the jointly controlled entities are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Direct				
Centralised Terminals Sdn. Bhd.	Malaysia	55%	55%	Investment holding.
Indirect				
*Kertih Terminals Sdn. Bhd.	Malaysia	30%	30%	Providing bulk chemical storage and handling services.
Tracerco Asia Sdn. Bhd.	Malaysia	–	50%	Provision of patented nucleonic instruments and range of diagnostic services using radioisotope technology.
Pengerang Terminals Sdn. Bhd.	Malaysia	51%	51%	Investment holding company and provision of management and operational services.
Fineline Services Limited	New Zealand	44%	45%	Provision of steel related works.
Dialog Atlas Global Sdn. Bhd.	Malaysia	55%	55%	Marketing and provision of seismic technology and other related upstream services.
*BC Petroleum Sdn. Bhd.	Malaysia	32%	32%	Management, development and production of petroleum.
+*Halliburton Bayan Petroleum Sdn. Bhd.	Malaysia	50%	–	Provision of services and technology in petroleum production industry.
Subsidiaries of Centralised Terminals Sdn. Bhd.				
Langsat Terminal (One) Sdn. Bhd.	Malaysia	44%	44%	Provision of tank terminal storage facilities and handling services.
Langsat Terminal (Two) Sdn. Bhd.	Malaysia	44%	44%	Provision of tank terminal storage facilities and handling services.
Langsat Terminal (Three) Sdn. Bhd.	Malaysia	55%	55%	Dormant.
Subsidiary of Pengerang Terminals Sdn. Bhd.				
Pengerang Independent Terminals Sdn. Bhd.	Malaysia	46%	46%	Provision of independent petroleum terminal facilities for the handling, storage, processing and distribution of oil, petroleum and petrochemical products.

* Not audited by BDO Malaysia or BDO member firms

\+ Details of the acquisition and incorporation of jointly controlled entities during the financial year are disclosed in Note 44 to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
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12. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's aggregate share of the assets, liabilities, income and expense of the jointly controlled entities are as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Assets and liabilities		
Current assets	319,608	557,192
Non-current assets	3,028,873	1,249,903
Total assets	3,348,481	1,807,095
Current liabilities	619,303	293,147
Non-current liabilities	1,452,274	791,397
Total liabilities	2,071,577	1,084,544

	Group	
	2013 RM'000	**2012 RM'000**
Results		
Revenue	346,963	390,839
Expenses including finance costs and tax expense	(217,116)	(223,283)
Profit for the financial year	129,847	167,556

Disposal of jointly controlled entity during the financial year ended 30 June 2013

In October 2012, Dialog Systems Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of its entire 50% equity interest, representing 1,500,001 ordinary shares of RM1.00 each, in Tracerco Asia Sdn. Bhd. to Johnson Matthey Investments Limited for a total cash consideration of RM5,988,371.

The details of the disposal are as follows:

Group	**RM'000**
Cost of investment	2,092
Share of post-acquisition profits	3,728
	5,820
Net proceeds from disposal	(5,988)
Gain on disposal	168

13. OTHER INVESTMENTS

	Group 2013 RM'000	Group 2012 RM'000
Non-current		
Available-for-sale financial assets		
– Unquoted shares in Malaysia	1,792	1,792
– Unquoted shares outside Malaysia	6,665	6,717
– Quoted shares outside Malaysia	32,683	22,256
– Club membership, unquoted	338	340
	41,478	31,105

(a) Information on the fair value hierarchy is disclosed in Note 41 to the financial statements.

(b) The movements in carrying amount are as follows:

	Group 2013 RM'000	Group 2012 RM'000
Balance as at 1 July	31,105	2,414
Additions of investments during the financial year	2,729	30,469
Fair value adjustments	10,205	(1,950)
Exchange differences	(2,561)	172
Balance as at 30 June	41,478	31,105

Included in the unquoted shares outside Malaysia is an investment amounting to RM165,000 (2012: RM165,000) representing 20% equity interest in a company incorporated in China. The investment is not considered as the Group's associate as the Group does not have significant influence, managerial involvement and board representation in the investee company.

NOTES TO THE FINANCIAL STATEMENTS
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14. DEFERRED TAX

Recognised deferred tax assets and liabilities

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group 2013 RM'000	Group 2012 RM'000
Deferred tax assets	24,487	16,706
Deferred tax liabilities	(5,390)	(2,794)
	19,097	13,912

(a) The amount of the deferred tax income or expense recognised in the statement of profit or loss during the financial year are as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000
Balance at 1 July		13,912	9,956
Acquisition of a subsidiary	10	–	(92)
Recognised in profit or loss	33		
– property, plant and equipment		141	1,562
– amounts due from customers for contract works		8,324	(3,932)
– unabsorbed capital allowances		(141)	(406)
– unused tax losses		3,067	749
– accrued liabilities		(11,336)	5,475
– unrealised profits		5,412	887
– other temporary differences		433	1,490
		5,900	5,825
Exchange differences		(715)	(1,777)
Balance at 30 June		19,097	13,912

14. DEFERRED TAX (CONTINUED)

(b) The components of deferred tax assets and liabilities at the end of each reporting period comprise the tax effects of:

	Group	
	2013 RM'000	2012 RM'000
Deferred tax assets		
Unused tax losses	5,627	2,560
Unabsorbed capital allowances	251	392
Unrealised profits	11,337	5,925
Accrued liabilities	11,372	22,708
Other deductible temporary differences	4,582	4,149
Deferred tax assets (before offsetting)	33,169	35,734
Offsetting	(8,682)	(19,028)
Deferred tax assets (after offsetting)	24,487	16,706
Deferred tax liabilities		
Property, plant and equipment	4,786	4,212
Amounts due from customers for contract works	9,286	17,610
Deferred tax liabilities (before offsetting)	14,072	21,822
Offsetting	(8,682)	(19,028)
Deferred tax liabilities (after offsetting)	5,390	2,794

Unrecognised deferred tax assets

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000
Unused tax losses	29,265	9,173
Unabsorbed capital allowances	188	447
Accrued liabilities	246	246
	29,699	9,866

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

NOTES TO THE FINANCIAL STATEMENTS
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15. AMOUNTS OWING BY SUBSIDIARIES

	Note	Company 2013 RM'000	Company 2012 RM'000
Non-current assets:			
Amount owing by a subsidiary	(a)	213,200	81,116
Current assets:			
Amounts owing by subsidiaries	(b)	92,550	95,097

(a) The amount owing by a subsidiary represents unsecured advances of RM208,278,000 (2012: RM80,000,000), which bears interest at rates ranging from 4.28% to 4.60% (2012: 4.34% to 4.46%) per annum. The advances together with the interest receivable thereon, which amounted to RM213,200,000 (2012: RM81,116,000) are not payable within the next twelve months.

(b) The amounts owing by subsidiaries are non-trade in nature, unsecured, payable on demand in cash and cash equivalents and interest free except for an amount of RM8,151,000 (2012: RM10,922,000) owing by a subsidiary, which bears interest at rate of 4.50% (2012 : 4.50%) per annum.

(c) The foreign currency exposure of amounts owing by subsidiaries of the Company are as follows:

	Company 2013 RM'000	Company 2012 RM'000
New Zealand Dollar	8,326	11,022
Singapore Dollar	24,739	24,739
Thai Baht	5,581	–
United States Dollar	7,399	7,446

16. INVENTORIES

	Group 2013 RM'000	Group 2012 RM'000
At cost		
Construction materials	3,387	3,512
Trading inventories	74,328	94,304
	77,715	97,816

During the financial year, inventories of the Group recognised as cost of sales amounted to RM576,531,000 (2012: RM435,558,000).

17. TRADE AND OTHER RECEIVABLES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables					
Third parties		335,478	246,329	–	–
Amounts due from customers for contract works	18	104,901	138,425	–	–
Hedge derivative assets		1,219	90	21	–
		441,598	384,844	21	–
Less: Impairment losses		(455)	(557)	–	–
Total trade receivables		441,143	384,287	21	–
Other receivables					
Other receivables		8,384	5,412	29	1,921
Refundable deposits		7,995	5,863	5	5
		16,379	11,275	34	1,926
Less: Impairment losses		(3)	(3)	–	–
Total other receivables		16,376	11,272	34	1,926
Loans and receivables		457,519	395,559	55	1,926
Non-refundable deposits		132,404	21,587	–	–
Prepayments		7,961	12,128	60	50
		597,884	429,274	115	1,976

(a) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 7 to 60 days (2012: 7 to 60 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

(b) The foreign currency exposure of trade and other receivables of the Group are as follows:

	Group 2013 RM'000	Group 2012 RM'000
Australian Dollar	101	303
Euro	76	900
Singapore Dollar	949	376
Sterling Pound	1,053	9,605
Thai Baht	139	–
United States Dollar	26,263	35,485

NOTES TO THE FINANCIAL STATEMENTS
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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	306,480	223,835
Past due, not impaired:		
61 to 90 days	12,949	12,805
91 to 120 days	12,614	5,509
More than 120 days	2,980	3,623
	28,543	21,937
Past due and impaired	455	557
	335,478	246,329

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Based on past experience, the Group is satisfied that no impairment is necessary in respect of these trade receivables. These trade receivables are substantially from companies with good collection track record and no recent history of default. These trade receivables are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and individually impaired at the end of each reporting period are as follows:

	Individually impaired	
Group	2013 RM'000	2012 RM'000
Trade receivables, gross	455	557
Less: Impairment losses	(455)	(557)
	–	–

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) The reconciliation of movements in impairment losses are as follows:

	Group 2013 RM'000	2012 RM'000
At 1 July	560	488
Reversal of impairment losses	(223)	(29)
Charge for the financial year	121	486
Written off during the financial year	–	(385)
At 30 June	458	560
Represented by:		
Impairment losses on trade receivables	455	557
Impairment losses on other receivables	3	3
	458	560

Trade and other receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables is disclosed in Note 42 to the financial statements.

(f) Included in trade receivables is total retention sum for contract works amounting to RM3,155,000 (2012: RM135,000).

(g) Included in deposits of the Group are deposits paid for the acquisition of land for the purpose of tank terminal development amounting to RM132,404,000 (2012: RM21,587,000).

18. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Note	Group 2013 RM'000	2012 RM'000
Aggregate costs incurred to date		2,323,987	1,180,432
Add: Attributable profits		138,704	142,275
		2,462,691	1,322,707
Less: Progress billings		(2,400,514)	(1,187,659)
		62,177	135,048
Represented by:			
Amounts due from customers for contract works	17	104,901	138,425
Amounts due to customers for contract works	27	(42,724)	(3,377)
		62,177	135,048

NOTES TO THE FINANCIAL STATEMENTS
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18. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS (CONTINUED)

Additions to aggregate costs incurred during the financial year include:

	Group	
	2013 RM'000	2012 RM'000
Hire of plant and machinery and motor vehicles	13,631	6,509

19. AMOUNTS OWING BY/(TO) ASSOCIATES

The amounts owing by/(to) associates represent normal trade transactions and payments made on behalf, which are interest-free, unsecured and payable on demand in cash and cash equivalents.

The amount owing by an associate is denominated in Ringgit Malaysia.

The foreign currency exposure of amount owing to an associate of the Group is as follows:

	Group	
	2013 RM'000	2012 RM'000
Singapore Dollar	194	311

20. AMOUNTS OWING BY/(TO) JOINTLY CONTROLLED ENTITIES

The amounts owing by/(to) jointly controlled entities represent normal trade transactions and payments made on behalf, which are interest-free, unsecured and payable on demand in cash and cash equivalents.

The amounts owing by jointly controlled entities, except stated below, are denominated in Ringgit Malaysia.

The foreign currency exposure of amount owing by a jointly controlled entity of the Group is as follows:

	Group	
	2013 RM'000	2012 RM'000
New Zealand Dollar	468	217

21. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances		461,617	312,279	70,110	100,371
Deposits with licensed banks		169,281	267,271	156,867	200,750
As reported in the statements of financial position		630,898	579,550	226,977	301,121
Less:					
Deposits pledged to licensed banks		(3,964)	(1,166)	–	–
Bank overdrafts	24	(2,135)	–	–	–
Cash and cash equivalents included in the statements of cash flows		624,799	578,384	226,977	301,121

(a) Deposits with licensed banks of the Group and the Company have an average maturity period of 30 days (2012: 30 days). Bank balances are deposits held at call with banks.

(b) The foreign currency exposure of cash and cash equivalents are as follows:

	Group	
	2013 RM'000	2012 RM'000
Australian Dollar	1,379	19
Euro	691	465
Japanese Yen	542	144
New Zealand Dollar	41	–
Singapore Dollar	1,308	1,349
Sterling Pound	978	3,037
Thai Baht	80	–
United States Dollar	54,674	17,931

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 42 to the financial statements.

(d) The deposits pledged to licensed banks are for bank guarantees granted to certain subsidiaries for banking facilities.

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22. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Ordinary shares of RM0.10 each:				
Authorised:				
Balance as at 1 July	5,000,000	500,000	2,500,000	250,000
Created during the financial year	–	–	2,500,000	250,000
Balance as at 30 June	5,000,000	500,000	5,000,000	500,000
Issued and fully paid:				
Balance as at 1 July	2,406,135	240,614	1,995,815	199,582
Issuance of ordinary shares pursuant to:				
– ESOS	22,092	2,209	13,080	1,308
– rights issue	–	–	396,874	39,687
– warrants	2,583	258	366	37
Balance as at 30 June	2,430,810	243,081	2,406,135	240,614

(a) During the financial year, the issued and paid-up share capital of the Company was increased from RM240,613,581 to RM243,081,113 by the allotment of 24,675,325 new ordinary shares of RM0.10 each pertaining to the following:

(i) 22,092,411 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.39 to RM2.04 per share for cash;

(ii) 2,582,914 warrants exercised at an exercise price of RM2.40 each for cash, which resulted in 2,582,914 ordinary shares of RM0.10 each being allotted and issued.

These newly issued ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

(b) During the financial year ended 30 June 2012, the authorised share capital of the Company was increased from RM250,000,000 to RM500,000,000 by the creation of additional 2,500,000,000 new ordinary share of RM0.10 each.

The issued and paid-up share capital was increased from RM199,581,543 to RM240,613,581 by way of issuance of 410,320,372 new ordinary shares of RM0.10 each pursuant to the following:

(i) 13,080,036 shares options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.39 to RM1.48 per share for cash;

(ii) completion of the Rights Issue with Warrants Exercise with the listing and quotation of 396,873,868 new ordinary shares of RM0.10 each ("Rights Shares") and 198,436,934 warrants on 15 February 2012 on the basis of two (2) Rights Shares together with one (1) free Warrant for every ten (10) existing ordinary shares of RM0.10 each held in the Company on 9 January 2012 at the issue price of RM1.20 per Rights Share ("Rights Issue with Warrants" or "Rights Issue"); and

(iii) 366,468 warrants exercised at an exercise price of RM2.40 each for cash, which resulted in 366,468 ordinary shares of RM0.10 each being allotted and issued.

22. SHARE CAPITAL (CONTINUED)

(c) During the financial year ended 30 June 2012, the Company had repurchased 90,000 of its own ordinary shares of RM0.10 each from the open market for a total consideration of RM229,669 at an average price of RM2.55 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares held were re-sold or cancelled during the financial year.

(d) Of the total 2,430,811,130 (2012: 2,406,135,805) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2013, 22,834,971 (2012: 22,834,971) ordinary shares of RM0.10 each amounting to RM24,819,097 (2012: RM24,819,097) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.10 each in issue after deducting the treasury shares is 2,407,976,159 (2012: 2,383,300,834).

(e) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

23. RESERVES

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Non-distributable:				
Share premium	335,602	302,537	335,567	302,502
Share options reserve	16,414	12,420	17,223	13,129
Warrants reserve	165,559	167,746	165,559	167,746
Exchange translation reserve	(4,436)	1,580	–	–
Hedging reserve	(1,419)	73	–	–
Available-for-sale reserve	8,255	(1,950)	–	–
	519,975	482,406	518,349	483,377
Distributable:				
Retained earnings	614,199	495,400	206,952	181,661
	1,134,174	977,806	725,301	665,038

(a) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share premium. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

(b) Warrants reserve

The warrants reserve represents the fair value assigned to the warrants of RM0.8469 each. The fair value was determined using the Black-Scholes-Merton option pricing model. Warrants reserve is transferred to share premium account upon the exercise of the warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

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23. RESERVES (CONTINUED)

(c) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(e) Available-for-sale reserve

The available-for-sale reserve relates to the fair valuation of financial assets categorised as available-for-sale.

(f) Retained earnings

The Company had moved to a single tier system since the previous financial year, and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of each reporting period.

24. BORROWINGS

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current liabilities:					
Bank loans		690,340	254,588	333,800	130,000
Hire purchase creditors		574	200	–	–
		690,914	254,788	333,800	130,000
Current liabilities:					
Bank loans		105,633	67,762	–	–
Bank overdraft		2,135	–	–	–
Hire purchase creditors		510	1,343	–	–
		108,278	69,105	–	–
Total borrowings		799,192	323,893	333,800	130,000
Represented by:					
Bank loans	25	795,973	322,350	333,800	130,000
Bank overdraft	21	2,135	–	–	–
Hire purchase creditors	26	1,084	1,543	–	–
		799,192	323,893	333,800	130,000

24. BORROWINGS (CONTINUED)

(a) The bank overdraft is secured by a general security charges over the assets and undertaking of a subsidiary.

(b) The foreign currency exposure of borrowings are as follows:

	Group	
	2013 RM'000	2012 RM'000
Indian Rupees	27	48
New Zealand Dollar	9,609	7,810
Sterling Pound	2,640	3,861
Singapore Dollar	45,153	26,176
Saudi Riyal	88,201	90,011
Thai Baht	7,185	–
United States Dollar	40,742	26,565

25. BANK LOANS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured				
Term loans	67,901	129,434	–	–
Short-term loans	3,933	37,916	–	–
	71,834	167,350	–	–
Unsecured				
Short-term loans	101,700	25,000	–	–
Revolving credit	622,439	130,000	333,800	130,000
	724,139	155,000	333,800	130,000
	795,973	322,350	333,800	130,000

(a) The term loans are secured by certain property, plant and equipment of the Group as disclosed in Note 7(c) to the financial statements and guaranteed by the Company.

(b) The short-term loans are secured by certain properties of the Group and guaranteed by the Company.

(c) Information on financial risks of bank loans is disclosed in Note 42 to the financial statements.

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26. HIRE PURCHASE CREDITORS

	Group 2013 RM'000	Group 2012 RM'000
Minimum hire purchase payments:		
– not later than one year	536	1,516
– later than one year and not later than five years	593	220
Total minimum hire purchase payments	1,129	1,736
Less: Future interest charges	(45)	(193)
Present value of hire purchase liabilities	1,084	1,543
Repayable as follows:		
Current:		
– not later than one year	510	1,343
Non-current:		
– later than one year and not later than five years	574	200
	1,084	1,543

Information on financial risks of hire purchase creditors is disclosed in Note 42 to the financial statements.

27. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables					
Third parties		489,498	378,009	–	–
Amounts due to customers for contract works	18	42,724	3,377	–	–
Hedge derivative liabilities		444	192	–	47
		532,666	381,578	–	47
Other payables					
Other payables		6,281	8,647	–	–
Accruals		79,446	71,790	922	863
		85,727	80,437	922	863
		618,393	462,015	922	910

27. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 7 to 60 days (2012: 7 to 60 days).

(b) The foreign currency exposure of trade and other payables of the Group are as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Australian Dollar	849	4,306
Euro	5,996	746
New Zealand Dollar	149	–
Singapore Dollar	4,960	1,353
Sterling Pound	2,166	9,517
United States Dollar	24,065	26,270

(c) Information on financial risks of trade and other payables are disclosed in Note 42 to the financial statements.

28. AMOUNTS OWING TO SUBSIDIARIES

The amounts owing to subsidiaries are non-trade in nature, interest free, unsecured and payable on demand in cash and cash equivalents.

Amounts owing to subsidiaries are denominated in Ringgit Malaysia.

29. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises, land and equipment for terms between one to twenty years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease commitments as at the end of each reporting period as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Not later than one (1) year	14,007	14,242
Later than one (1) year and not later than five (5) years	9,536	14,845
Later than five (5) years	9,781	7,014
	33,324	36,101

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29. COMMITMENTS (CONTINUED)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties for terms of between two and three years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent and a percentage of net product sales exceeding certain amounts.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2013 RM'000	2012 RM'000
Not later than one (1) year	339	190
Later than one (1) year and not later than five (5) years	83	102
	422	292

(b) Capital commitments

		Group	
		2013 RM'000	2012 RM'000
(i)	Capital expenditure in respect of purchase of property, plant and equipment:		
	Approved but not contracted for	21,500	85,400
	Contracted but not provided	41,600	43,700
		63,100	129,100
(ii)	Share of capital commitments of jointly controlled entities in respect of tank terminal business	–	320,000
(iii)	Commitments in respect of tank terminal business	166,000	–
(iv)	Capital commitment in respect of investment in a subsidiary	–	1,900

30. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Contract revenue	1,236,807	827,723	–	–
Sale of products and services rendered	1,000,373	806,085	–	–
Dividend income from subsidiaries	–	–	94,910	93,200
	2,237,180	1,633,808	94,910	93,200

31. PROFIT BEFORE TAX

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit before tax is arrived at after charging:					
Amortisation of intangible assets	9	2,428	3,178	–	–
Auditors' remuneration:					
– Statutory:					
– current year		727	632	40	54
– under/(over) provision in prior years		73	81	(14)	(16)
– Non-statutory		6	129	6	4
Contract expenditure		1,299,380	780,568	–	–
Cost of inventories recognised as an expense	16	576,531	435,558	–	–
Depreciation of property, plant and equipment	7	34,789	24,791	–	–
Directors' remuneration	32	24,850	27,532	412	488
Impairment losses on receivables	17	121	486	–	–
Interest expense on:					
– bank loans		9,401	3,256	8,988	3,214
– bank overdrafts		225	370	–	–
– hire purchase creditors		410	332	–	–
Investment in associate written off		–	–	–	4
Loss on disposal of a subsidiary	10	6	–	–	–
Property, plant and equipment written off	7	177	40	–	–
Rental expense of:					
– equipment		364	1,027	–	–
– premises		4,950	10,594	–	–
– storage tanks		5,817	7,113	–	–
Loss on foreign exchange					
– realised		682	–	–	–
– unrealised		–	–	365	–
Profit before tax is arrived at after crediting:					
Dividend income from subsidiaries					
– single tier dividend	30	–	–	94,910	93,200
Dividend income from jointly controlled entities					
– single tier dividend		42,000	45,250	–	–

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31. PROFIT BEFORE TAX (CONTINUED)

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after crediting (continued):					
Gain on disposals of:					
– a jointly controlled entity	12	168	–	–	–
– property, plant and equipment		825	404	–	–
Interest income from:					
– deposits with licensed banks		10,106	8,243	7,656	5,521
– advances to jointly controlled entities		2,630	2,462	2,630	2,525
– advances to subsidiaries		–	–	5,362	1,907
Reversal of impairment losses on receivables	17	223	29	–	–
Rental income		1,827	1,900	–	–
Gain on foreign exchange:					
– realised		–	76	71	–
– unrealised		65	351	–	315

32. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company:				
Executive:				
Emoluments other than fees	7,924	9,698	–	–
Share options granted under ESOS	2,754	2,307	–	–
Non-Executive:				
Fees	348	415	348	415
Other emoluments	64	73	64	73
	11,090	12,493	412	488
Directors of the subsidiaries:				
Executive:				
Other emoluments	12,210	13,834	–	–
Share options granted under ESOS	1,472	1,037	–	–
Non-Executive:				
Other emoluments	78	168	–	–
	13,760	15,039	–	–
Total	24,850	27,532	412	488

32. DIRECTORS' REMUNERATION (CONTINUED)

The estimated monetary value of benefits-in-kind provided to the Executive Directors and Non-Executive Directors of the Company is RM191,000 (2012: RM204,000) and RM29,000 (2012: RM25,000) respectively.

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the subsidiaries is RM154,000 (2012: RM234,000).

The remuneration paid and payable to the Directors of the Company for the financial year, analysed into bands of RM50,000 are as follows:

	Number of Directors	
	Executive	**Non-Executive**
Less than RM50,000	–	1
RM50,001 – RM100,000	–	1
RM100,001 – RM150,000	–	3
RM1,450,001 – RM1,500,000	1	–
RM2,000,001 – RM2,050,000	1	–
RM3,100,001 – RM3,150,000	1	–
RM4,250,001 – RM4,300,000	1	–
	4	5

33. TAX EXPENSE

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current tax expense based on profit for the financial year:				
Malaysian income tax	42,075	37,662	445	1,268
Foreign income tax	11,713	13,022	–	–
	53,788	50,684	445	1,268
Over provision in prior years	(863)	(1,777)	(1)	(4)
	52,925	48,907	444	1,264
Deferred tax (Note 14)				
Current year	(6,437)	(6,577)	–	–
Under provision in prior years	537	752	–	–
	(5,900)	(5,825)	–	–
Tax expenses for the financial year	47,025	43,082	444	1,264
Share of tax of jointly controlled entities and associates	11,114	14,010	–	–
Total tax expense of the Group including jointly controlled entities and associates	58,139	57,092	444	1,264

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33. TAX EXPENSE (CONTINUED)

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the financial year	185,307	181,836	99,769	97,485
Add: Total tax expense of the Group including jointly controlled entities and associates	58,139	57,092	444	1,264
Profit before tax	243,446	238,928	100,213	98,749

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Applicable tax rate	25.0	25.0	25.0	25.0
Tax effect in respect of:				
Non allowable expenses	0.6	1.6	0.3	0.3
Tax exempt income	–	–	(24.9)	(24.0)
Lower tax rates in foreign jurisdiction	(2.6)	(1.2)	–	–
Deferred tax assets not recognised in loss making subsidiaries	2.0	0.4	–	–
Effect of different effective tax rate of the associates and jointly controlled entities	(1.0)	(1.5)	–	–
	24.0	24.3	0.4	1.3
(Over)/Under provision in prior years				
– current tax	(0.3)	(0.7)	–	–
– deferred tax	0.2	0.3	–	–
Average effective tax rate	23.9	23.9	0.4	1.3

34. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group 2013	Group 2012
Profit for the financial year attributable to ordinary equity holders of the parent (RM'000)	193,298	177,001
Weighted average number of ordinary shares in issue ('000)	2,395,221	2,307,759
Basic earnings per ordinary share (sen)	8.07	7.67

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS and warrants are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group 2013	Group 2012
Profit for the financial year attributable to equity holders of the parent (RM'000)	193,298	177,001
Weighted average number of ordinary shares in issue ('000)	2,395,221	2,307,759
Effects of dilution due to:		
– ESOS ('000)	28,704	19,999
– Warrants ('000)	9,674	828
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	2,433,599	2,328,586
Diluted earnings per ordinary share (sen)	7.94	7.60

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35. DIVIDENDS

	Group and Company			
	2013		2012	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Interim single tier dividend paid	1.10	26,488	1.10	26,216
Final single tier dividend proposed/paid	2.20	52,975	2.00	47,990
	3.30	79,463	3.10	74,206

The dividend per share is based on ordinary share of RM0.10 each.

A final single tier dividend in respect of the current financial year of 2.20 sen per ordinary share of RM0.10 each, amounting to approximately RM52,975,000 has been proposed by the Directors, subject to the shareholder's approval at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year ended 30 June 2013 do not reflect this proposed final single tier dividend. The proposed final single tier dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2014.

36. EMPLOYEE BENEFITS

	Group	
	2013 RM'000	2012 RM'000
Salaries, wages, bonuses and allowances	214,407	145,911
Directors' remuneration		
– emoluments other than fees	20,134	23,532
Defined contribution plans	10,952	11,236
Share options granted under ESOS		
– Directors	4,226	3,344
– Other employees	6,130	7,686
Other employee benefits	10,613	12,202
	266,462	203,911

37. EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS which is in force for a period of ten years until 29 July 2017 ("the option period"). The main features of the ESOS are as follows:

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act, 1965 in Malaysia;

(b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(c) The option price for a new share under the ESOS shall be the five-day weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate, or at the par value of the shares, whichever is higher;

(d) The actual number of shares which may be offered to any eligible employee shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:

    (i) not more than 50% of the shares available under the ESOS should be allocated in aggregate to Executive Directors and senior management of the Company and its subsidiaries; and

    (ii) not more than 10% of the shares available under the ESOS should be allocated to any individual Executive Director or eligible employee who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more in the issued and paid-up share capital of the Company;

(e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10% - 50% per year over vesting periods of 3 to 5 years;

(f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and

(g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

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37. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The details of the options over ordinary shares of the Company are as follows:

	------------------ Number of options over ordinary shares of RM0.10 each --------------------					
	Balance as at 1.7.2012	Granted	Retracted*	Exercised	Balance as at 30.6.2013^	Exercisable as at 30.6.2013
Option price:						
RM0.93	1,319,308	–	–	(585,790)	733,518	733,518
RM1.04	16,767,064	–	(156,172)	(6,805,055)	9,805,837	3,138,868
RM0.81	5,792,569	–	(104,017)	(2,951,055)	2,737,497	606,735
RM0.39	4,981,734	–	(59,486)	(2,517,199)	2,405,049	425,262
RM0.47	6,711,320	–	–	(915,180)	5,796,140	1,220,240
RM0.64	14,553,112	–	(207,727)	(2,924,363)	11,421,022	1,898,868
RM0.94	29,612,030	–	(1,259,454)	(2,869,796)	25,482,780	1,288,371
RM1.37	5,346,680	–	(322,485)	(440,319)	4,583,876	404,593
RM2.04	47,667,088	–	(3,418,781)	(1,965,285)	42,283,022	2,501,535
RM1.78	2,968,665	–	(703,859)	(118,369)	2,146,437	168,036
RM2.11	–	19,500,000	(1,903,000)	–	17,597,000	–
RM2.13	–	1,500,000	(100,000)	–	1,400,000	–
	135,719,570	21,000,000	(8,234,981)	(22,092,411)	126,392,178	12,386,026

* Due to resignation or rejection of the options granted.

^ Exerciseable by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10% - 50% per year over vesting periods of 3 to 5 years.

Share options exercised during the financial year resulted in the issuance of 22,092,411 (2012: 13,080,036) ordinary shares at an average price of RM0.94 (2012: RM0.91). The related weighted average ordinary share price at the date of exercise was RM2.58 (2012: RM2.42).

The fair value of share options granted during the financial year was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	2013	2012
Expected life (years)	4 – 10	5 – 10
Average share price at grant date (RM)	0.66 – 2.44	0.66 – 2.44
Exercise price (RM)	0.39 – 2.04	0.39 – 1.48
Fair value of share options (RM)	0.15 – 0.74	0.15 – 0.74
Risk free rate of interest (%)	3.10 – 4.25	3.10 – 4.25
Expected dividend yield (%)	1.55 – 4.78	1.55 – 4.78
Expected volatility (%)	24.68 – 45.83	24.68 – 45.83

38. WARRANTS 2012/2017

On 15 February 2012, the Company listed and quoted 198,436,934 free detachable Warrants pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every two (2) Rights Share subscribed.

The Warrants are constituted by the Deed Poll dated 15 December 2011 ("Deed Poll").

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ("Warrantholder(s)") to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM2.40 during the 5-year period expiring on 12 February 2017 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 15 February 2012	198,436,934
Exercised during the financial period	(366,468)
As of 30 June 2012	198,070,466
Exercised during the financial year	(2,582,914)
As of 30 June 2013	195,487,552
Exercised subsequent to 30 June 2013	(290)
As at 10 October 2013	195,487,262

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Associates as disclosed in Note 11 to the financial statements;

(iii) Jointly controlled entities as disclosed in Note 12 to the financial statements;

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39. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Identities of related parties (continued)

Related parties of the Group include (continued):

(iv) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group;

(v) ePetrol Holding Sdn. Bhd. ("ePetrol Holding") and its subsidiaries, ePetrol Services Sdn. Bhd. ("ePetrol Services") and ePetrol Systems Sdn. Bhd. ("ePetrol Systems") (collectively referred to as the "ePetrol Group") whereby a Director cum substantial shareholder of the Company is also a director and/or substantial shareholder in ePetrol Group;

(vi) Overseas Technical Engineering and Construction Pte. Ltd. ("OTEC"), Dialog Plant Services Pte. Ltd. ("DPSPL") and Dialog OTEC Sdn. Bhd. ("DOSB") (collectively referred to as the "DEPL Group") whereby certain directors of subsidiaries have directorship and/or substantial interest in DEPL Group. On 9 June 2011, certain directors and/or substantial shareholders ceased to have interest in DEPL Group. Accordingly, transactions with OTEC and DOSB after 9 December 2011 are no longer considered as related party transactions; and

(vii) Dialog Catalyst Services Sdn. Bhd. ("DCSSB"), Dialog Technivac Limited ("DTL") and Catalyst Handling Research & Engineering Limited ("CHREL") (collectively referred to as the "Catalyst Group") whereby a subsidiary's director holds substantial indirect shareholdings and directorships in DCSSB, DTL and CHREL. On 19 March 2012, the said director ceased to have indirect shareholdings and directorships in the Catalyst Group. Accordingly, transactions with Catalyst Group after 19 September 2012 are no longer considered as related party transactions.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	**2013 RM'000**	**2012 RM'000**
Transactions with jointly controlled entities:		
Commission received	–	481
Dividend income	42,000	45,250
Interest receivable	2,630	2,462
Rental of premises received	–	29
Retainer fees received	–	713
Services rendered	–	123
Sub-contract works received	547,507	407,011
Purchases and services	(1,069)	(5,081)
Tank rental expenses	(3,507)	(2,157)
Transactions with ePetrol Group:		
Provision of IT system and related services by ePetrol Services	3,571	4,403
Provision of centralised interchange and other related services to ePetrol Services	3,058	654
Provision of IT system and related services by ePetrol Holding	1,272	482

39. RELATED PARTY DISCLOSURES (CONTINUED)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

Group	**2013 RM'000**	**2012 RM'000**
Transactions with DEPL Group:		
Provision of sub-contract works by OTEC	–	130
Provision of sub-contract works by DPSPL	4,699	4,313
Provision of management services to DPSPL	2,111	1,717
Transactions with Catalyst Group:		
Provision of intellectual property rights by CHREL	–	733
Provision of sub-contract works by DTL	70	31
Company		
Transactions with subsidiaries:		
Dividend income	94,910	93,200
Interest receivable	5,362	1,907
Transactions with jointly controlled entities:		
Interest receivable	2,630	2,525

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties and the Group and the Company.

(c) Compensation of key management personnel

The key management personnel comprise all Directors and their remuneration during the financial year are disclosed in Note 32 to the financial statements.

Executive Directors of the Group have been granted the following number of options under the ESOS:

	Group	
	2013 '000	**2012 '000**
Balance as at 1 July	54,522	55,034
As at date of appointment as Director	–	2,743
Adjustment for the effect of rights issue	–	4,735
Granted	2,551	–
Resigned	(2,018)	(2,546)
Exercised	(8,853)	(5,444)
Balance as at 30 June	46,202	54,522

The terms and conditions of the ESOS are detailed in Note 37 to the financial statements.

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39. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 30 June 2013 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

40. OPERATING SEGMENTS

The Group is principally involved in providing integrated technical services to the petroleum and petrochemical industry in Malaysia and other areas of the world. Its operating segments are presented based on the geographical location of its customers. The performance of each segment is measured based on profit before tax as included in the internal management report reviewed by chief operating decision maker.

2013	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Other Asia RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	194,527	(10,773)	16,021	33,843	(1,286)	232,332
Included in the measure of segment profits/(losses) are:						
Revenue from external customers	1,149,835	218,132	288,342	559,280	21,591	2,237,180
Inter-segment revenue	12,870	365,810	6,519	3,197	738	389,134
Depreciation of property, plant and equipment	10,078	7,153	5,095	11,742	721	34,789
Amortisation of intangible assets	841	41	1,430	116	–	2,428
Interest expense	4,392	1,804	652	3,175	13	10,036
Interest income	11,943	234	93	466	–	12,736
Impairment losses on receivables	–	–	121	–	–	121
Reversal of impairment of receivables	–	–	–	223	–	223
Share of results in jointly controlled entities and associates	41,542	(60)	393	–	–	41,875
Segment assets	1,973,385	392,472	126,875	304,915	15,141	2,812,788
Deferred tax assets						24,487
Total assets						2,837,275
Included in measure of segment assets are:						
Interests and investments in jointly controlled entities and associates	626,556	2,734	4,464	–	–	633,754
Additions to non-current assets:						
– Property, plant and equipment	53,434	6,818	5,750	26,725	408	93,135
– Development of tank terminals	222,785	–	–	–	–	222,785
– Jointly controlled entities	291,543	–	–	–	–	291,543
– Intangible assets	1,725	77	367	29	–	2,198
Segment liabilities	953,144	199,536	64,767	206,166	17,343	1,440,956
Deferred tax liabilities						5,390
Total liabilities						1,446,346

40. OPERATING SEGMENTS (CONTINUED)

2012	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Other Asia RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	182,582	20,265	13,217	13,365	(4,511)	224,918
Included in the measure of segment profits/(losses) are:						
Revenue from external customers	801,629	120,641	294,207	405,016	12,315	1,633,808
Inter-segment revenue	10,827	127,872	761	4,352	–	143,812
Depreciation of property, plant and equipment	6,697	6,931	4,906	5,470	787	24,791
Amortisation of intangible assets	1,672	36	1,354	116	–	3,178
Interest expense	2,655	688	556	43	16	3,958
Interest income	10,204	196	59	246	–	10,705
Impairment losses on receivables	–	–	–	486	–	486
Reversal of impairment of receivables	29	–	–	–	–	29
Share of results in jointly controlled entities and associates	54,652	(20)	665	–	–	55,297
Segment assets	1,342,240	271,988	130,217	273,719	14,950	2,033,114
Deferred tax assets						16,706
Total assets						2,049,820
Included in measure of segment assets are:						
Interests and investments in jointly controlled entities and associates	364,523	3,067	4,349	–	–	371,939
Additions to non-current assets:						
– Property, plant and equipment	27,119	5,481	27,400	70,922	156	131,078
– Development of tank terminals	62,647	–	–	–	–	62,647
– Jointly controlled entities	215,253	–	–	–	–	215,253
– Intangible assets	779	45	5	4,544	–	5,373
Segment liabilities	514,843	96,790	44,030	135,444	17,891	808,998
Deferred tax liabilities						2,794
Total liabilities						811,792

Inter-segment revenue are carried out at negotiated terms and conditions.

Major customer

Revenue generated from a jointly controlled entity, Pengerang Independent Terminals Sdn. Bhd. in the Malaysian segment constitutes approximately RM516,972,000 (2012: RM172,882,000) of the Group's revenue.

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30 June 2013

41. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to maintain a strong capital base, good credit rating and healthy capital ratios to support its businesses and maximise its shareholders value.

To manage the capital structure, the Group uses various methods including issuance of new shares, share buyback, distribution of cash and share dividend payments to shareholders and debt financing. The Group's dividend policy is to make a dividend payout ratio of at least 40% of profit attributable to owners of the parent for each financial year. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

The Group monitors capital utilisation on the basis of debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. The debt-to-equity ratios as at 30 June 2013 and 30 June 2012 are as follows:

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings	24	799,192	323,893	333,800	130,000
Less: Cash and cash equivalents	21	(630,898)	(579,550)	(226,977)	(301,121)
Net debt/(cash)		168,294	(255,657)	106,823	(171,121)
Total equity		1,352,436	1,193,601	943,563	880,833
Debt-to-equity ratio		0.12	Net cash	0.11	Net cash

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2013.

(b) Financial instruments

(i) Categories of financial instruments

Group 2013	Loans and receivables RM'000	Available-for-sale RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets				
Other investments	–	41,478	–	41,478
Trade and other receivables, net of prepayments	456,300	–	1,219	457,519
Amounts owing by associates	148	–	–	148
Amounts owing by jointly controlled entities	118,120	–	–	118,120
Cash and cash equivalents	630,898	–	–	630,898
	1,205,466	41,478	1,219	1,248,163

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Group 2013	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	799,192	–	799,192
Amounts owing to associates	775	–	775
Amounts owing to jointly controlled entities	937	–	937
Trade and other payables	617,949	444	618,393
	1,418,853	444	1,419,297

Company 2013	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	34	21	55
Amounts owing by subsidiaries	305,750	–	305,750
Amounts owing by jointly controlled entities	2	–	2
Cash and cash equivalents	226,977	–	226,977
	532,763	21	532,784

Company 2013	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	333,800	333,800
Amounts owing to subsidiaries	31,182	31,182
Trade and other payables	922	922
	365,904	365,904

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41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Group 2012	Loans and receivables RM'000	Available-for-sale RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets				
Other investments	–	31,105	–	31,105
Trade and other receivables, net of prepayments	395,469	–	90	395,559
Amounts owing by jointly controlled entities	86,566	–	–	86,566
Cash and cash equivalents	579,550	–	–	579,550
	1,061,585	31,105	90	1,092,780

Group 2012	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	323,893	–	323,893
Amounts owing to associates	743	–	743
Amounts owing to jointly controlled entities	2,021	–	2,021
Trade and other payables	461,823	192	462,015
	788,480	192	788,672

Company 2012	Loans and receivables RM'000	Total RM'000
Financial assets		
Trade and other receivables, net of prepayments	1,926	1,926
Amounts owing by subsidiaries	176,213	176,213
Amounts owing by jointly controlled entities	2	2
Cash and cash equivalents	301,121	301,121
	479,262	479,262

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Company 2012	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	130,000	–	130,000
Amounts owing to subsidiaries	20,357	–	20,357
Trade and other payables	863	47	910
	151,220	47	151,267

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values are as follows:

Group		2013		2012	
Recognised	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:					
Hire purchase creditors	26	1,084	1,016	1,543	1,452
Unrecognised					
– Letter of undertaking issued to a jointly controlled entity	43	–	204	–	94
– Sponsors' undertaking to financial institutions	43	–	912	–	412
Company					
Unrecognised					
Contingent liabilities					
– Corporate guarantees issued to licensed banks and third parties for certain subsidiaries	43	–	1,686	–	1,147
– Letter of undertaking issued to a jointly controlled entity	43	–	204	–	94
– Sponsors' undertaking to financial institutions	43	–	912	–	412

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

41. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, amounts owing by subsidiaries and jointly controlled entities, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

ii. Unquoted shares and club membership

The fair values of unquoted investments are estimated by using net asset valuation technique based on the investee's latest financial statements obtained. Management believes that the estimated fair values resulting from this valuation technique are reasonable and the most appropriate at the end of each reporting period.

The fair value for a club membership is estimated based on references to current available counter party quotation of the same investment.

iii. Quoted shares

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

iv. Hire purchase creditors

The carrying amounts of hire-purchase creditors are reasonable approximation of fair values due to the current rates offered to the Group approximate the market rates for similar borrowing of the same remaining maturities.

v. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

vi. Amount owing by a subsidiary accounted for as long term financial asset

The fair value of the financial instrument is estimated based on future contractual cash flows discounted at market lending rate for similar types of lending or borrowing arrangements at the end of each reporting period.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2013, the Group and the Company held the following financial instruments carried at fair value on the statements of financial position:

Group

Asset measured at fair value	Note	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial assets					
– Quoted shares	13	32,683	32,683	–	–
– Unquoted shares	13	8,457	–	–	8,457
– Club membership, unquoted	13	338	–	–	338
Financial assets at fair value through profit or loss					
– Hedge derivative assets	17	1,219	–	1,219	–
Financial liabilities at fair value through profit or loss					
– Hedge derivative liabilities	27	444	–	444	–

Company

Asset measured at fair value	Note	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss					
– Hedge derivative assets	17	21	–	21	–

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41. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value hierarchy (continued)

As at 30 June 2012, the Group and the Company held the following financial instruments carried at fair value on the statements of financial position:

Group

Asset measured at fair value	Note	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial assets					
– Quoted shares	13	22,256	22,256	–	–
– Unquoted shares	13	8,509	–	–	8,509
– Club membership, unquoted	13	340	–	–	340
Financial assets at fair value through profit or loss					
– Hedge derivative assets	17	90	–	90	–
Financial liabilities at fair value through profit or loss					
– Hedge derivative liabilities	27	192	–	192	–
Company					
Financial liabilities at fair value through profit or loss					
– Hedge derivative liabilities	27	47	–	47	–

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2013 and 30 June 2012.

The following table shows a reconciliation of balances of financial instruments whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group 2013 RM'000	Group 2012 RM'000
Available-for-sale financial assets		
Balance as at 1 July	8,849	2,414
Additions	–	6,281
Exchange differences	(54)	154
Balance as at 30 June	8,795	8,849

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM59,693,000 (2012: RM22,945,000) for the Group. The Group's policy is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost. The Group also attempts to limit its exposure for all committed transactions by entering into foreign currency forward contracts. As such, the fluctuations in foreign currencies are not expected to have a significant financial impact to the Group.

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The unexpired foreign currency forward contracts, which have been entered by the Group and the Company for its trade and other receivables and trade payables as at end of each reporting period are as follows:

Group At 30 June 2013	**Contractual amount in Foreign Currency (FC'000)**	**Equivalent amount in Ringgit Malaysia (RM'000)**	**Average contractual rate FC/RM**	**Expiry date**
Australian Dollar	2,516	7,545	3.00	10.07.2013 to 14.05.2014
Euro	546	2,172	3.98	18.02.2014
New Zealand Dollar	1,467	3,721	2.53	31.07.2013 to 30.06.2014
Singapore Dollar	221	555	2.51	02.01.2014
Thai Baht	8,000	824	0.10	31.10.2013
United States Dollar	5,685	17,193	3.02	13.08.2013 to 20.12.2013

Group At 30 June 2013	**Contractual amount in Foreign Currency (FC'000)**	**Equivalent amount in Singapore Dollar (SGD'000)**	**Average contractual rate FC/SGD**	**Expiry date**
United States Dollar	713	900	1.26	28.08.2013

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

Group At 30 June 2013	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in United States Dollar (USD'000)	Average contractual rate FC/USD	Expiry date
Japanese Yen	113,078	1,222	0.01	19.07.2013 to 03.09.2013

Group At 30 June 2013	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Thai Baht (Baht'000)	Average contractual rate FC/Baht	Expiry date
Sterling Pound	1,395	63,138	45.26	30.09.2013

Company At 30 June 2013	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
New Zealand Dollar	500	1,247	2.49	31.07.2013 to 29.11.2013
Thai Baht	8,000	824	0.10	31.10.2013

Group At 30 June 2012	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
Australian Dollar	93	289	3.11	02.07.2012 to 15.08.2012
Euro	19	76	4.00	06.11.2012
New Zealand Dollar	500	1,223	2.45	30.08.2012 to 28.12.2012
Singapore Dollar	49	122	2.49	10.12.2012 to 19.12.2012
Sterling Pound	267	1,318	4.94	16.07.2012 to 01.03.2013
United States Dollar	10,030	31,737	3.16	05.07.2012 to 04.01.2013

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

Group At 30 June 2012	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in United States Dollar (USD'000)	Average contractual rate FC/USD	Expiry date
Singapore Dollar	505	400	0.79	25.07.2012 to 27.08.2012

Company At 30 June 2012	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
New Zealand Dollar	500	1,223	2.45	30.08.2012 to 28.12.2012
United States Dollar	24	76	3.19	03.08.2012

Sensitivity analysis for foreign currency risk

The Group's net exposure to foreign currency risk is kept at a minimum level through entering into foreign currency forward contracts and hence any fluctuation in the foreign currency will not have significant impact to the financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings and deposits placed with licensed banks. The Group does not use derivative financial instruments to hedge its risk.

Sensitivity analysis for interest rate risk

The Group's net exposure to interest rate risk is kept at a minimum level and hence any fluctuation in the interest rates will not have any significant impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the average effective interest rates as at the end of each reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate per annum %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2013									
Fixed rates									
Amounts owing by jointly controlled entities	12	4.50	–	–	–	–	–	50,160	50,160
Deposits with licensed banks	21	2.94	169,281	–	–	–	–	–	169,281
Bank overdraft	24	5.50	2,135	–	–	–	–	–	2,135
Bank loans	25	4.36	5,030	1,427	201,427	35,427	40,357	126,000	409,668
Hire purchase creditors	26	4.54	510	574	–	–	–	–	1,084
Floating rates									
Amounts owing by jointly controlled entities	12	4.28	–	–	–	–	–	8,800	8,800
Bank loans	25	3.45	100,603	158,200	28,400	32,600	24,501	42,001	386,305
At 30 June 2012									
Fixed rates									
Amounts owing by jointly controlled entities	12	4.50	–	–	–	–	–	50,160	50,160
Deposits with licensed banks	21	3.05	267,271	–	–	–	–	–	267,271
Bank loans	25	1.90	8,925	–	–	–	–	–	8,925
Hire purchase creditors	26	4.30	1,343	179	13	8	–	–	1,543
Floating rates									
Amounts owing by jointly controlled entities	12	4.29	–	–	–	–	–	8,800	8,800
Bank loans	25	3.43	58,837	24,302	153,031	22,831	15,738	38,686	313,425

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

Company	Note	Weighted average effective interest rate per annum %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2013									
Fixed rates									
Amounts owing by subsidiaries	15	4.50	8,151	–	–	–	–	–	8,151
Deposits with licensed banks	21	2.90	156,867	–	–	–	–	–	156,867
Bank loans	25	4.60	–	–	–	34,000	40,000	126,000	200,000
Floating rates									
Amounts owing by subsidiaries	15	4.35	–	–	–	–	–	208,278	208,278
Bank loans	25	4.36	–	133,800	–	–	–	–	133,800
At 30 June 2012									
Fixed rates									
Amounts owing by subsidiaries	15	4.50	10,922	–	–	–	–	–	10,922
Deposits with licensed banks	21	3.30	200,750	–	–	–	–	–	200,750
Floating rates									
Amounts owing by subsidiaries	15	4.37	–	–	–	–	–	80,000	80,000
Bank loans	25	4.28	–	–	130,000	–	–	–	130,000

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the Group's policy.

Exposure to credit risk

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancement for trade and other receivables is disclosed in Note 17 to the financial statements.

Credit risk concentration profile

The Group has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

At the end of each reporting period, the Group and the Company have no significant concentration of credit risk except for the amounts owing by a jointly controlled entity and its subsidiaries constituting 14% (2012:16%) and 99% (2012: 99%) of total receivables of the Group and of the Company respectively. The Group and the Company does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements. Deposits with licensed banks, that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

Group 30 June 2013	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	618,393	–	–	618,393
Amounts owing to associates	775	–	–	775
Amounts owing to jointly controlled entities	937	–	–	937
Hire purchase creditors	536	593	–	1,129
Bank overdraft	2,135	–	–	2,135
Bank loans	134,561	578,818	181,295	894,674
Total undiscounted financial liabilities	757,337	579,411	181,295	1,518,043
Company				
Financial liabilities				
Trade and other payables	922	–	–	922
Amounts owing to subsidiaries	31,182	–	–	31,182
Bank loans	15,027	241,465	138,751	395,243
Total undiscounted financial liabilities	47,131	241,465	138,751	427,347

Group 30 June 2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	462,015	–	–	462,015
Amounts owing to associates	743	–	–	743
Amounts owing to jointly controlled entities	2,021	–	–	2,021
Hire purchase creditors	1,516	220	–	1,736
Bank loans	77,335	231,270	39,635	348,240
Total undiscounted financial liabilities	543,630	231,490	39,635	814,755
Company				
Financial liabilities				
Trade and other payables	910	–	–	910
Amounts owing to subsidiaries	20,357	–	–	20,357
Bank loans	5,585	137,329	–	142,914
Total undiscounted financial liabilities	26,852	137,329	–	164,181

NOTES TO THE FINANCIAL STATEMENTS
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43. CONTINGENT LIABILITIES – UNSECURED

(a) The Company provides corporate guarantees up to a total amount of RM673,368,000 (2012: RM457,768,000) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM489,785,000 as at 30 June 2013 (2012: RM201,722,000).

(b) The Company has also given corporate guarantees amounting to RM1,100,000 (2012: RM1,100,000) to third parties for supply of goods and warehouse licenses to certain subsidiaries. The amounts owing by these subsidiaries to the third parties totalled RM1,100,000 as at 30 June 2013 (2012: RM1,100,000).

(c) In addition, the Company also provides the following undertakings:

(i) an undertaking letter to a jointly controlled entity for the provision of cash flow deficiency support up to RM81,400,000 (2012: RM37,400,000) for banking facilities secured by a subsidiary company of a jointly controlled entity; and

(ii) sponsor's undertaking to certain financial institutions up to USD51,840,000, SGD60,600,000 and RM49,700,000 approximately RM364,800,000 (2012: RM164,851,000) in relation to term loan facility granted to certain jointly controlled entities.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) In August 2012, Dialog E&C Sdn. Bhd. a wholly-owned subsidiary of the Company, disposed off its entire 100% equity interest, representing 500,000 ordinary shares of RM1.00 each in Dialog Engineering Sdn. Bhd. for cash consideration of RM500,000.

(b) In October 2012, Dialog (Labuan) Ltd. ("DLL"), a wholly-owned subsidiary of the Company, incorporated Dialog IPS Marine (Labuan) Ltd. ("DIPSM") in Federal Territory of Labuan, Malaysia with an issued and paid-up share capital of USD2.00 comprising of 2 ordinary shares.

In November 2012, DLL entered into a Shareholders' Agreement with Integrated Petroleum Services Sdn. Bhd. ("IPS") to subscribe into the enlarged share capital of DIPSM of USD2 million comprising of two (2) million ordinary shares. DLL holds 60% equity stake in DIPSM and the balance 40% equity stake is held by IPS.

DIPSM provides logistic services for the marketing of specialist products in the petroleum and petrochemical industry.

(c) In October 2012, DECSB incorporated Dialog Offshore Engineering Sdn. Bhd. ("DOESB") with an issued and paid-up share capital of RM1,000 comprising of 1,000 ordinary shares of RM1.00 each. Subsequently, in March 2013, DECSB entered into a shareholders' agreement with Richtech Engineering (Hong Kong) Company Limited ("RICHTECH") to subscribe into the enlarged share capital of DOESB of RM1 million comprising of one (1) million ordinary shares of RM1.00 each. DECSB holds 55% equity stake in DOESB and the balance 45% equity stake is held by RICHTECH.

DECSB and RICHTECH are involved in the provision of front end and detailed engineering design, consulting and project management relating to engineering design and other related support services for the upstream oil and gas industry.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) In October 2012, Dialog Systems Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed off its entire 50% equity interest, representing 1,500,001 ordinary shares of RM1.00 each, in Tracerco Asia Sdn. Bhd. to Johnson Matthey Investments Limited for a total cash consideration of RM5,988,371.

(e) In November 2012, Dialog Pengerang Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated Pengerang Marine Operations Sdn Bhd ("PMOSB") with an issued and paid-up share capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

PMOSB is involved in the provision of related marine services, operate and maintain marine facilities and jetties within the port and harbour at Pengerang, Johor.

(f) In November 2012, Dialog D&P Sdn. Bhd. ("Dialog D&P"), a wholly-owned subsidiary of the Company, entered into a Subscription and Shareholders' Agreement ("SHA") with Asia Energy Services Sdn. Bhd. ("AES"), a wholly owned subsidiary of Halliburton International, Inc, to subscribe 50% equity interest into Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") representing 2,500,000 ordinary shares of RM1.00 each to jointly manage an Oilfield Services Contract ("OSC"). The subscription was completed in December 2012.

HBP had in November 2012 entered into an OSC as an independent technical service contractor with Petronas Carigali Sdn. Bhd. to provide Contractor Services required in enhancing the recoverable reserves from the Bayan Field. The Bayan Field is located offshore Bintulu, Sarawak and the estimated total project value is USD 1.2 billion with a term of 24 years.

Under the SHA, AES and Dialog D&P shall carry out the rights and obligations under the OSC in respect of the redevelopment of the Bayan Field, which involves providing Contractor Services required in enhancing the recoverable reserves through Production Enhancement Activities, Oil Development and Prospect Appraisal over the Bayan Field.

The Bayan Field is located offshore Bintulu, Sarawak and the estimated total project value is USD1.2 billion with a term of 24 years.

(g) In December 2012, the Company's subsidiaries, Fitzroy Engineering Group Limited (87.5% owned) and Dialog Systems (Asia) Pte. Ltd. have respectively subscribed for 90% and 10% of Fitzroy Tower Services Limited's ("FTSL") share capital of NZD100,000 comprising of 100,000 ordinary shares.

FTSL is a newly incorporated company in New Zealand, which provides maintenance services including painting works, blasting and its associated works, mainly for tower pylons in New Zealand and Australia.

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45. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB and have adopted the MFRS Framework during the financial year ended 30 June 2013. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, as well as comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of the Group to MFRSs).

The Group has adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

		Group			Company		
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	45(c)(i)	223,718	(2,871)	220,847	–	–	–
Intangible assets	45(c)(i)	33,631	2,871	36,502	–	–	–
Investments in subsidiaries		–	–	–	246,753	–	246,753
Investments in associates		3,037	–	3,037	4	–	4
Investment in jointly controlled entities		144,925	–	144,925	75,169	–	75,169
Other investments		2,414	–	2,414	–	–	–
Deferred tax assets		13,887	–	13,887	–	–	–
		421,612	–	421,612	321,926	–	321,926
Current assets							
Inventories		65,091	–	65,091	–	–	–
Trade and other receivables		299,269	–	299,269	29	–	29
Amounts owing by subsidiaries		–	–	–	40,666	–	40,666
Amounts owing by associates		552	–	552	–	–	–
Amounts owing by jointly controlled entities		13,259	–	13,259	15	–	15
Current tax assets		3,258	–	3,258	5	–	5
Cash and cash equivalents		278,463	–	278,463	27,834	–	27,834
		659,892	–	659,892	68,549	–	68,549
TOTAL ASSETS		1,081,504	–	1,081,504	390,475	–	390,475

45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(a) Reconciliation of financial position as at 1 July 2011 (continued)

	Note	Group: Previously reported under FRSs RM'000	Group: Effect on adoption of MFRSs RM'000	Group: Restated under MFRSs RM'000	Company: Previously reported under FRSs RM'000	Company: Effect on adoption of MFRSs RM'000	Company: Restated under MFRSs RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital		199,582	–	199,582	199,582	–	199,582
Treasury shares		(24,589)	–	(24,589)	(24,589)	–	(24,589)
Share premium		21,503	–	21,503	21,468	–	21,468
Share option reserve		6,373	–	6,373	6,904	–	6,904
Exchange translation reserve	45(c)(ii)	(531)	531	–	–	–	–
Hedging reserve		(13)	–	(13)	–	–	–
Retained earnings	45(c)(ii)	380,787	(531)	380,256	146,084	–	146,084
		583,112	–	583,112	349,449	–	349,449
Non-controlling interests		36,800	–	36,800	–	–	–
TOTAL EQUITY		619,912	–	619,912	349,449	–	349,449

NOTES TO THE FINANCIAL STATEMENTS
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45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(a) Reconciliation of financial position as at 1 July 2011 (continued)

	Group			Company		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
LIABILITIES						
Non-current liabilities						
Borrowings	58,421	–	58,421	40,000	–	40,000
Deferred tax liabilities	3,931	–	3,931	–	–	–
	62,352	–	62,352	40,000	–	40,000
Current liabilities						
Trade and other payables	326,185	–	326,185	536	–	536
Amounts owing to subsidiaries	–	–	–	490	–	490
Amounts owing to associates	739	–	739	–	–	–
Amounts owing to jointly controlled entities	918	–	918	–	–	–
Borrowings	51,629	–	51,629	–	–	–
Current tax liabilities	19,769	–	19,769	–	–	–
	399,240	–	399,240	1,026	–	1,026
TOTAL LIABILITIES	461,592	–	461,592	41,026	–	41,026
TOTAL EQUITY AND LIABILITIES	1,081,504	–	1,081,504	390,475	–	390,475

45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(b) Reconciliation of financial position as at 30 June 2012

	Note	Group: Previously reported under FRSs RM'000	Group: Effect on adoption of MFRSs RM'000	Group: Restated under MFRSs RM'000	Company: Previously reported under FRSs RM'000	Company: Effect on adoption of MFRSs RM'000	Company: Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	45(c)(i)	333,107	(2,666)	330,441	–	–	–
Development of tank terminals		62,647	–	62,647	–	–	–
Intangible assets	45(c)(i)	36,178	2,666	38,844	–	–	–
Investments in subsidiaries		–	–	–	472,445	–	472,445
Investments in associates		3,067	–	3,067	–	–	–
Investment in jointly controlled entities		368,872	–	368,872	80,424	–	80,424
Other investments		31,105	–	31,105	–	–	–
Deferred tax assets		16,706	–	16,706	–	–	–
Amounts owing by a subsidiary		–	–	–	81,116	–	81,116
		851,682	–	851,682	633,985	–	633,985
Current assets							
Inventories		97,816	–	97,816	–	–	–
Trade and other receivables		429,274	–	429,274	1,976	–	1,976
Amounts owing by subsidiaries		–	–	–	95,097	–	95,097
Amounts owing by jointly controlled entities		86,566	–	86,566	2	–	2
Current tax assets		4,932	–	4,932	–	–	–
Cash and cash equivalents		579,550	–	579,550	301,121	–	301,121
		1,198,138	–	1,198,138	398,196	–	398,196
TOTAL ASSETS		2,049,820	–	2,049,820	1,032,181	–	1,032,181

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(b) Reconciliation of financial position as at 30 June 2012 (continued)

		Group			Company		
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital		240,614	–	240,614	240,614	–	240,614
Treasury shares		(24,819)	–	(24,819)	(24,819)	–	(24,819)
Share premium		302,537	–	302,537	302,502	–	302,502
Share option reserve		12,420	–	12,420	13,129	–	13,129
Warrant reserve		167,746	–	167,746	167,746	–	167,746
Exchange translation reserve	45(c)(ii)	1,049	531	1,580	–	–	–
Hedging reserve		73	–	73	–	–	–
Available-for-sale reserve		(1,950)	–	(1,950)	–	–	–
Retained earnings	45(c)(ii)	495,931	(531)	495,400	181,661	–	181,661
		1,193,601	–	1,193,601	880,833	–	880,833
Non-controlling interests		44,427	–	44,427	–	–	–
TOTAL EQUITY		1,238,028	–	1,238,028	880,833	–	880,833

45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(b) Reconciliation of financial position as at 30 June 2012 (continued)

	Group			Company		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
LIABILITIES						
Non-current liabilities						
Borrowings	254,788	–	254,788	130,000	–	130,000
Deferred tax liabilities	2,794	–	2,794	–	–	–
	257,582	–	257,582	130,000	–	130,000
Current liabilities						
Trade and other payables	462,015	–	462,015	910	–	910
Amounts owing to subsidiaries	–	–	–	20,357	–	20,357
Amounts owing to associates	743	–	743	–	–	–
Amounts owing to jointly controlled entities	2,021	–	2,021	–	–	–
Borrowings	69,105	–	69,105	–	–	–
Current tax payable	20,326	–	20,326	81	–	81
	554,210	–	554,210	21,348	–	21,348
TOTAL LIABILITIES	811,792	–	811,792	151,348	–	151,348
TOTAL EQUITY AND LIABILITIES	2,049,820	–	2,049,820	1,032,181	–	1,032,181

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

45. EXPLANATION OF TRANSITION TO MFRSs (CONTINUED)

(c) Notes to reconciliation

(i) Intangible assets

Previously, computer software was included under property, plant and equipment. MFRS 138 *Intangible Assets* requires reclassification of computer software, which is not an integral part of a related hardware, as an intangible asset and is amortised over its useful life.

The costs and depreciation relating to expenditure on such software has been reclassified from property, plant and equipment to intangible assets. A reclassification of RM2,871,000 and RM2,666,000 was made on transition to MFRS on 1 July 2011 and 30 June 2012 respectively of the Group.

(ii) Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

(iii) Reconciliation of profit or loss and other comprehensive income and cash flows

There are no material differences between the statements of profit or loss, statements of other comprehensive income and statements of cash flows of the Group and of the Company presented under MFRSs and FRSs.

46. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
– realised	657,189	516,790	207,317	181,901
– unrealised	12,422	6,092	(365)	(240)
	669,611	522,882	206,952	181,661
Total share of retained earnings from associates:				
– realised	(22)	41	–	–
– unrealised	–	(2)	–	–
Total share of retained earnings from jointly controlled entities:				
– realised	98,992	100,976	–	–
– unrealised	(16,141)	(18,062)	–	–
Total before consolidation adjustments				
– realised	756,159	617,807	207,317	181,901
– unrealised	(3,719)	(11,972)	(365)	(240)
	752,440	605,835	206,952	181,661
Less: Consolidation adjustments	(138,241)	(110,435)	–	–
Total retained earnings	614,199	495,400	206,952	181,661

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