



**DIALOG GROUP BERHAD**<sup>(178694-V)</sup>  
(Incorporated in Malaysia)

Interim Financial Statements  
For The Financial Period Ended  
30 September 2013

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED  
 30 SEPTEMBER 2013**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		3 MONTHS ENDED	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	575,470	416,950	575,470	416,950
Operating expenses	(523,772)	(375,879)	(523,772)	(375,879)
Other operating income	6,325	4,697	6,325	4,697
Share of results of jointly controlled entities and associates	8,992	12,175	8,992	12,175
Finance costs	(2,842)	(1,708)	(2,842)	(1,708)
<b>Profit before tax</b>	64,173	56,235	64,173	56,235
Income tax expense	(13,831)	(11,010)	(13,831)	(11,010)
<b>Profit for the period</b>	50,342	45,225	50,342	45,225
<b>Profit attributable to:</b>				
Owners of the Company	47,673	46,791	47,673	46,791
Non-controlling interests	2,669	(1,566)	2,669	(1,566)
	50,342	45,225	50,342	45,225
Basic earnings per ordinary share of RM0.10 each (sen) (Note B14)	1.98	1.96	1.98	1.96
Diluted earnings per ordinary share of RM0.10 each (sen) (Note B14)	1.93	1.94	1.93	1.94

*(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT  
 FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		3 MONTHS ENDED	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period (Note B15)</b>	50,342	45,225	50,342	45,225
<b>Other comprehensive income:</b>				
Foreign currency translations	15,779	(9,238)	15,779	(9,238)
Cash flow hedge	(4,598)	(88)	(4,598)	(88)
Fair value of other investments	3,659	4,241	3,659	4,241
<b>Other comprehensive income for the period</b>	14,840	(5,085)	14,840	(5,085)
<b>Total comprehensive income for the period</b>	65,182	40,140	65,182	40,140
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	61,056	41,839	61,056	41,839
Non-controlling interests	4,126	(1,699)	4,126	(1,699)
	65,182	40,140	65,182	40,140

*(The Condensed Consolidated Other Comprehensive Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	NOTE	30/09/2013 RM'000	30/06/2013 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		400,722	382,349
Development of tank terminals		318,095	285,432
Intangible assets		40,069	38,455
Interest in jointly controlled entities and associates	B12	669,656	633,754
Other investments		47,711	41,478
Deferred tax assets		26,256	24,487
		<u>1,502,509</u>	<u>1,405,955</u>
<b>CURRENT ASSETS</b>			
Inventories		91,336	77,715
Trade and other receivables	A16	927,118	716,152
Current tax assets		6,287	6,555
Cash and cash equivalents	A17	442,066	630,898
		<u>1,466,807</u>	<u>1,431,320</u>
<b>TOTAL ASSETS</b>		<u><u>2,969,316</u></u>	<u><u>2,837,275</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		243,197	243,081
Treasury shares		(24,819)	(24,819)
Reserves		1,200,249	1,134,174
		1,418,627	1,352,436
Non-controlling interests		42,579	38,493
<b>TOTAL EQUITY</b>		<u>1,461,206</u>	<u>1,390,929</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B8	694,860	690,914
Deferred tax liabilities		6,092	5,390
		<u>700,952</u>	<u>696,304</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	A18	640,599	620,105
Borrowings	B8	144,912	108,278
Current tax payable		21,647	21,659
		<u>807,158</u>	<u>750,042</u>
<b>TOTAL LIABILITIES</b>		<u>1,508,110</u>	<u>1,446,346</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,969,316</u></u>	<u><u>2,837,275</u></u>
<b>Net assets per share attributable to owners of the Company (sen)</b>		<u>58.9</u>	<u>56.5</u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR  
THE PERIOD ENDED 30 SEPTEMBER 2013**

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000			
<b>Balance as at 1 July 2013</b>	243,081	(24,819)	335,602	184,373	614,199	1,352,436	38,493	1,390,929
Total comprehensive income for the period	–	–	–	13,383	47,673	61,056	4,126	65,182
Appropriation :								
Dividend paid to non-controlling interests	–	–	–	–	–	–	(130)	(130)
Share options granted under ESOS	–	–	–	3,880	–	3,880	180	4,060
Share options exercised	116	–	2,659	(1,521)	–	1,254	(90)	1,164
Warrant exercise	–*	–	1	–	–	1	–	1
Share issue expenses	–	–	–*	–	–	–*	–	–*
<b>Balance as at 30 September 2013</b>	<u>243,197</u>	<u>(24,819)</u>	<u>338,262</u>	<u>200,115</u>	<u>661,872</u>	<u>1,418,627</u>	<u>42,579</u>	<u>1,461,206</u>
<b>Balance as at 1 July 2012</b>	240,614	(24,819)	302,537	179,869	495,400	1,193,601	44,427	1,238,028
Total comprehensive income for the period	–	–	–	(4,952)	46,791	41,839	(1,699)	40,140
Appropriation :								
Dividend paid to non-controlling interests	–	–	–	–	–	–	(1,356)	(1,356)
Share options granted under ESOS	–	–	–	2,684	–	2,684	116	2,800
Share options exercised	58	–	679	(191)	–	546	(7)	539
Warrant exercise	–*	–	–*	–*	–	–*	–	–*
Share issue expenses	–	–	(119)	–	–	(119)	–	(119)
<b>Balance as at 30 September 2012</b>	<u>240,672</u>	<u>(24,819)</u>	<u>303,097</u>	<u>177,410</u>	<u>542,191</u>	<u>1,238,551</u>	<u>41,481</u>	<u>1,280,032</u>

\* Less than RM1,000

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.)*

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	64,173	56,235
Adjustments for :		
Depreciation and amortisation expenses	8,991	9,568
Net interest expense/(income)	4	(1,870)
Share of results of jointly controlled entities and associates	(8,992)	(12,175)
Share options granted under ESOS	3,966	2,763
Other non-cash items	(3,051)	46
Operating profit before working capital changes	65,091	54,567
Changes in working capital :		
Net change in inventories and receivables	(207,566)	(10,276)
Net change in payables	14,009	(55,062)
<b>Cash used in operations</b>	<b>(128,466)</b>	<b>(10,771)</b>
Dividend and interest received	893	3,050
Interest paid	–	(410)
Tax paid	(14,447)	(10,598)
Tax refund	10	461
<b>Net cash used in operating activities</b>	<b>(142,010)</b>	<b>(18,268)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development of tank terminals	(32,663)	(52,955)
Deposits paid for land acquisition	–	(31,909)
Investment in jointly controlled entities	(32,100)	(66,300)
Net change in deposits with licensed banks	3,210	–
Net cash on disposal of a subsidiary	–	(265)
Proceeds from disposal of property, plant and equipment	1,725	323
Purchase of property, plant and equipment	(19,798)	(17,400)
Purchase of other investment	(1,374)	(2,729)
<b>Net cash used in investing activities</b>	<b>(81,000)</b>	<b>(171,235)</b>

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (CONT'D)**

	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,283)	(1,146)
Dividend paid to non-controlling interests	(130)	(1,356)
Net drawdown of bank borrowings	35,595	47,675
Proceeds from issuances of shares	1,164	539
Share issue expenses	–	(119)
<b>Net cash generated from financing activities</b>	<u>35,346</u>	<u>45,593</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(187,664)	(143,910)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
As previously reported	624,799	578,384
Effects of exchange rate changes on cash and cash equivalents	4,173	(505)
As restated	<u>628,972</u>	<u>577,879</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> <b>(Note A17)</b>	<u><u>441,308</u></u>	<u><u>433,969</u></u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and accompanying explanatory notes attached to the Interim Financial Statements.)*

## INTERIM FINANCIAL REPORT

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A EXPLANATORY NOTES PURSUANT TO MFRS 134

##### A1 Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2013.

##### A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2013 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB. As per requirements under MFRS, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2013 except as discussed below:

As of 1 July 2013, the Group has adopted the revised MFRS and Amendments of MFRS that have been issued by MASB as listed below:

<b>MFRSs, Amendments to MFRSs</b>		<b>Effective for financial periods beginning on or after</b>
MFRS 10	<i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11	<i>Joint Arrangements</i>	1 January 2013
MFRS 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13	<i>Fair Value Measurements</i>	1 January 2013
MFRS 119	<i>Employee Benefits (revised)</i>	1 January 2013
MFRS 127	<i>Separate Financial Statements</i>	1 January 2013
MFRS 128	<i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 1	<i>Government Loans</i>	1 January 2013
Amendments to MFRS 7	<i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs	<i>Annual Improvements 2009-2012 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013



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## INTERIM FINANCIAL REPORT

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### A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

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

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

#### A4 Seasonal or cyclical factors

The Group's operations are not affected by seasonal or cyclical factors.

#### A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period ended 30 September 2013.

#### A6 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial year, which have a material effect in the current financial period.

#### A7 Debt and equity securities

During the current financial period, the issued and paid-up share capital was increased from RM243,081,113 to RM243,197,480 by the allotment of 1,163,669 new ordinary shares of RM0.10 each pertaining to the following:

- i. exercise of 1,163,379 share options under the Employees' Share Option Scheme; and
- ii. exercise of 290 warrants.

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

#### A8 Dividends paid

No dividend has been paid by the Company during the current financial period.

#### A9 Property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

#### A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial period ended 30 September 2013 and up to the date of this report, which is likely to substantially affect the profits of the Group.

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D**

**A11 Operating segments**

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

The Group's operating segments for the financial period ended 30 September 2013 is as follows:

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Australia &amp; New Zealand RM'000</b>	<b>Other Asia RM'000</b>	<b>Other Countries RM'000</b>	<b>Total RM'000</b>
<b>Segment profits/(losses)</b>	44,241	2,947	8,912	8,484	(411)	64,173
<i>Included in the measure of segment profits/(losses) are:</i>						
<i>Revenue from external customers</i>	255,558	79,921	87,884	149,318	2,789	575,470
<i>Inter-segment revenue</i>	3,669	23,334	1,733	-	-	28,736
<i>Depreciation and amortisation</i>	2,448	1,506	1,743	3,122	172	8,991
<i>Interest expenses</i>	1,098	327	266	932	2	2,625
<i>Interest income</i>	2,495	42	20	64	-	2,621
<i>Share of results in jointly controlled entities and associates</i>	8,878	(17)	131	-	-	8,992
<b>Segment assets</b>	2,107,793	361,826	133,243	330,235	9,963	2,943,060
Deferred tax assets						26,256
<b>Total assets</b>						<u>2,969,316</u>
<i>Included in measure of segment assets are:</i>						
<i>Investment in jointly control entities and associates</i>	662,058	2,885	4,713	-	-	669,656
<i>Additions to non-current assets:</i>						
<i>- Property, plant &amp; equipment</i>	13,207	1,138	2,242	2,697	3	19,287
<i>- Intangible assets</i>	403	34	41	33	-	511
<i>- Development of tank terminals</i>	32,663	-	-	-	-	32,663
<i>- Jointly controlled entities</i>	32,100	-	-	-	-	32,100
<b>Segment liabilities</b>	986,312	238,387	29,755	233,692	13,872	1,502,018
Deferred tax liabilities						6,092
<b>Total liabilities</b>						<u>1,508,110</u>

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D**

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

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

**A13 Commitments**

	<b>30/09/2013</b> <b>RM'000</b>
i) Capital commitments	
Capital expenditure in respect of property, plant and equipment :	
- approved but not contracted for	17,500
- contracted but not provided for	33,900
	<u>51,400</u>
Commitments of the Group in respect of tank terminal business	<u>138,000</u>
ii) Operating lease commitments	
a) The Group as lessee	
- not later than one year	14,327
- later than one year and not later than five years	8,965
- after five years	9,626
	<u>32,918</u>
b) The Group as lessor	
- not later than one year	296
- later than one year and not later than five years	28
	<u>324</u>

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

The Company provides corporate guarantees up to a total amount of RM676.6 million (as at 30.06.2013: RM673.4 million) to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of banking facilities utilised by these subsidiaries totalling RM442.9 million (as at 30.06.2013: RM489.8 million).

The Company has also given corporate guarantees amounting to RM1.1 million (as at 30.06.2013: RM1.1 million) to a third party for supply of goods and warehouse licenses for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third party totalling RM1.1 million (as at 30.06.2013: RM1.1 million).

In addition, the Company also provides sponsor's undertakings on a several basis to financial institutions of up to USD51.8 million, SGD70.8 million and RM58.7 million, equivalents to a total of RM411.6 million (as at 30.06.2013: USD51.8 million, SGD60.6 million and RM49.7 million, equivalents to a total of RM364.8 million) in relation to loan facilities granted by the financial institutions to certain jointly controlled entities.

**INTERIM FINANCIAL REPORT**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D**

**A15 Significant related party transactions**

Significant related party transactions which were entered into on agreed terms and prices for the current financial period ended 30 September 2013 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2013 and the approved shareholders' mandate in the circular dated 29 October 2012 for recurrent related party transactions.

	<b>3 months ended 30/09/2013 RM'000</b>
Transactions with jointly controlled entities:	
Interest income	664
Subcontract works received	106,509
Purchases and cost of services rendered	(563)
Tank rental and related expenses	(1,099)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	1,394
Provision of subcontract works	1,092
Provision of management services	577

**A16 Trade and other receivables**

	<b>30/09/2013 RM'000</b>
Amount due from customers for contract works	138,382
Trade receivables	360,576
Other receivables, deposits and prepayments	160,739
Amount due from jointly controlled entities and associates (trade)	265,917
Hedge derivative assets	1,504
	<u>927,118</u>

As at date of this report, the Group has subsequently collected a total of RM140.1 million (37%) from the outstanding trade receivables.

**A17 Cash and cash equivalents**

	<b>30/09/2013 RM'000</b>
Deposits, cash and bank balances	442,066
Deposits pledged to licensed banks	(758)
	<u>441,308</u>

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**INTERIM FINANCIAL REPORT**

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**A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D**

**A18 Trade and other payables**

	<b>30/09/2013</b> <b>RM'000</b>
Amount due to customers for contract works	54,236
Trade payables	500,691
Accruals and other payables	83,186
Amount due to jointly controlled entities and associates	2,250
Hedge derivative liabilities	236
	<hr/> <b>640,599</b> <hr/>

**A19 Employees' Share Option Scheme ("ESOS")**

The Company has implemented an ESOS scheme to attract and retain qualified and experienced employees. The scheme was approved by the shareholders at an Extraordinary General Meeting held on 25 July 2007 and shall be in force for a period of ten years until 29 July 2017.

In compliance with Malaysian Financial Reporting Standard, MFRS 2 on Share-based payment, a total ESOS cost for share options amounted to RM3,966,000 was charged to income statements for the current financial period (Q1 FY2013: RM2,763,000).

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## INTERIM FINANCIAL REPORT

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

#### **B1 Performance analysis**

The Group registered a total revenue of RM575.5 million, an increase of 38% when compared to the same period last year.

The continuing EPCC activities at Pengerang Deepwater Petroleum Terminal in Pengerang, Johor and increased plant maintenance and fabrication activities explained the higher revenue for Malaysia operation during the period under review.

Revenue from International operation was also higher against same period last year. The Singapore operation revenue was up by 48% as a result of increased E & C and plant maintenance activities, while strong sales of specialist products and services was recorded in various countries such as India, Thailand and Russia. In addition, increased fabrication activities in New Zealand had also contributed to the higher revenue for International operation in this quarter.

In line with the higher revenue, the Group's net profit for the current financial quarter rose by 11% to RM50.3 million against same period last year.

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

The Group's registered a profit before tax of RM64.2 million against RM66.7 million in the preceding quarter. This was mainly due to lower contribution from Specialist Products & Services in particular for sales registered in Malaysia, Middle East and Australia for the current quarter.

#### **B3 Prospects**

The oil and gas sector in Malaysia is expected to remain a main growth driver for the Malaysian economy contributing some 20% of the nation's Gross Domestic Product. Out of the total cumulative amount of RM218 billion of announced Economic Transformation Programme projects, approximately RM70 billion (32%) will be invested in Pengerang. All these translate into a robust industry outlook and more upstream and downstream opportunities for oil and gas service providers.

As an integrated technical services provider to the petroleum and petrochemical industry, the Group is poised to benefit from the positive industry outlook as the Group strategically grow the core businesses comprising Upstream Services, Logistics Services – Tank Terminals and Supply Base, Specialist Products and Services, E&C, Fabrication, Plant Services and ePayment Technology and Solutions.

The demand for tank storage facilities is expected to increase while further development of the Pengerang Deepwater Petroleum Terminal will provide increased opportunities for the Group's E&C Division. The Group will also benefit from long-term recurring income once the terminal's tank facilities become operational. The Group is now working towards securing new potential partners for subsequent phases, which include the development of more petroleum storage terminals and LNG storage terminals.

**INTERIM FINANCIAL REPORT**

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

**B3 Prospects (cont'd)**

The Group will continue investing in upstream ventures and enhancing its capabilities in order to increase its involvement in the development of marginal fields and the rejuvenation and re-development of mature oil fields. BC Petroleum Sdn Bhd (“BCP”), a 32% owned jointly controlled entity has commenced a programme of Extended Well Testing (EWT) on the Balai-2 well. The EWT programme is the final operational phase in the pre development programme for the Balai cluster fields.

Activities for the redevelopment of the Bayan Field by Halliburton Bayan Petroleum Sdn Bhd (“HBP”), a 50% owned jointly controlled entity, is progressing well on three fronts, namely the Production Enhancement activities, Oil & Gas Field Development Planning and near field prospect maturation work. These activities are expected to create robust platforms that will generate long-term sustainable income for the Group.

Barring unforeseen circumstances, the Group is confident that it will continue to deliver a healthy performance for the financial year ending 30 June 2014.

**B4 Profit forecast and profit guarantee**

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

**B5 Taxation**

	<b>INDIVIDUAL PERIOD</b>	<b>CUMULATIVE PERIOD</b>
	<b>3 months ended 30/09/2013 RM'000</b>	<b>3 months ended 30/09/2013 RM'000</b>
Current tax	13,796	13,796
Deferred tax	94	94
Over provision in prior year	(59)	(59)
Total tax expense	<u>13,831</u>	<u>13,831</u>
Effective tax rate on profit before tax excluding share of results of jointly controlled entities and associates	25.1%	25.1%

**B6 Status of corporate proposals**

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

**INTERIM FINANCIAL REPORT**

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

**B7 Utilisation of Rights Issue proceeds**

As at 15 November 2013, the utilisation of the proceeds raised from the Rights Issue with Warrants completed in the financial year ended 30 June 2012 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
i) Upstream oil and gas activities, including risk services contract	330,725	195,110	36 months
ii) Development of Pengerang independent deepwater tank terminals	100,062	100,062	36 months
iii) Working capital	40,062	40,062	24 months
iv) Defraying estimated expenses	5,400	4,276	Immediate
<b>Total</b>	<b>476,249</b>	<b>339,510</b>	

**B8 Borrowings and debt securities**

As at 30 September 2013, the Group's borrowings were denominated in the following currencies:

	<b>FC'000</b>	<b>RM'000</b>
Short term borrowings:		
Secured:		
Indian Rupees	338	17
New Zealand Dollars	8	22
Ringgit Malaysia	-	2,903
Singapore Dollars	113	295
Sterling Pound	11	60
Unsecured:		
New Zealand Dollars	3,000	8,112
Ringgit Malaysia	-	4,816
Saudi Riyal	5,000	4,333
Singapore Dollars	18,389	47,812
Thai Baht	79,724	8,308
United States Dollars	20,994	68,234
		<u>144,912</u>



**INTERIM FINANCIAL REPORT**

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

**B8 Borrowings and debt securities (Cont'd)**

	FC'000	RM'000
Long term borrowings:		
Secured:		
Indian Rupees	83	4
Ringgit Malaysia	-	68,029
Singapore Dollars	142	368
Sterling Pound	29	155
Unsecured:		
Ringgit Malaysia	-	533,800
Saudi Riyal	100,000	86,668
Thai Baht	56,000	5,836
		<u>694,860</u>
		<u>839,772</u>

The borrowings of the Group are mainly for part finance its investment in tank terminals, logistic business and trade financing in respect of specialist products and services.

Included in the borrowings for the current financial period is RM91.0 million (30.06.2013: RM88.2 million) of Islamic financing facility.

**B9 Material litigation**

The Group is not engaged in any material litigation and is not aware of any legal proceeding that might materially affect the financial position or business of the Group.

**B10 Dividends**

During the current financial period, the Board recommends a final single tier dividend of 2.2 sen (previous corresponding year: 2.0 sen) per ordinary share in respect of the previous financial year for approval from the shareholders at the forthcoming Annual General Meeting.

Subject to the approval, the entitlement of the final dividend will be determined based on the shareholders registered in the record of depositors as at 29 November 2013 and the date of payment will be on 19 December 2013.

**INTERIM FINANCIAL REPORT**

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

**B11 Derivative financial instruments**

As at 30 September 2013, the Group has the following outstanding forward foreign exchange contracts.

	Contract Value		Fair value – net gains or (losses)
	FC'000	RM'000	RM'000
With maturity less than 1 year:			
Australian Dollar	1,528	4,568	75
Euro	2,741	11,801	260
New Zealand Dollar	1,048	2,670	73
Singapore Dollar	794	2,034	4
Sterling Pound	1,438	7,608	(50)
Thai Baht	17,147	1,761	(18)
United States Dollar	33,142	107,287	895

These forward contracts are to hedge the foreign currency risk associated with trade receivables, trade payables and advances to foreign subsidiary companies.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 30 June 2013:

- the credit risk, market risk, and liquidity risk associated with these financial derivatives;
- the cash requirement of the financial derivatives; and
- the policy in place for mitigating or controlling the risk associated with these financial derivatives.

The basis of fair value measurement is the difference between the contracted rates and the market forward rates. This resulted the Group recorded a gain when the rates moved favourable against the Group or recorded a loss when the rates moved unfavourable against the Group.

**B12 Interest in jointly controlled entities and associates**

Included in the interest in jointly controlled entities and associates was unsecured advances amounted to RM59.0 million given to a jointly controlled entity. The advances bear interest at rates ranging from 4.28% to 4.5% per annum and are not repayable within the next twelve months. The advances together with the interest receivable thereon amounted to RM62.8 million as at 30 September 2013.

The Company also provided sponsor's undertakings to certain jointly controlled entities as disclosed in A14.

**INTERIM FINANCIAL REPORT**

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

**B13 Retained Profits**

The breakdown of retained profits of the Group as at date of statement of financial position, into realised and unrealised is as follow:

	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Total retained profits of the Company & its subsidiaries		
- Realised	667,115	657,189
- Unrealised	50,214	12,422
	<u>717,329</u>	<u>669,611</u>
Total share of retained profits from associates		
- Realised	21	(22)
- Unrealised	_*	_*
Total share of retained profits from jointly controlled entities		
- Realised	103,617	98,992
- Unrealised	(15,762)	(16,141)
<b>Total before consolidation adjustments</b>		
- Realised	770,753	756,159
- Unrealised	34,452	(3,719)
	805,205	752,440
Less: Consolidation adjustments	(143,332)	(138,241)
<b>Total retained profits as per consolidated accounts</b>	<u>661,873</u>	<u>614,199</u>

\* Less than RM1,000

The above consolidation adjustments are mainly on adjustment for issuance of bonus shares in FY2010, non-controlling interests' share of equity and unrealised profits from E&C works provided to jointly controlled entities.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**INTERIM FINANCIAL REPORT**

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

**B14 Earnings per share**

The basic earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares after deducting treasury shares.

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	<u>3 MONTHS ENDED</u>		<u>3 MONTHS ENDED</u>	
	<u>30/09/2013</u>	<u>30/09/2012</u>	<u>30/09/2013</u>	<u>30/09/2012</u>
Profit for the financial period attributable to owners of the Company (RM'000)	<u>47,673</u>	<u>46,791</u>	<u>47,673</u>	<u>46,791</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,408,377</u>	<u>2,383,663</u>	<u>2,408,377</u>	<u>2,383,663</u>

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

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	<u>3 MONTHS ENDED</u>		<u>3 MONTHS ENDED</u>	
	<u>30/09/2013</u>	<u>30/09/2012</u>	<u>30/09/2013</u>	<u>30/09/2012</u>
Profit for the financial period attributable to owners of the Company (RM'000)	<u>47,673</u>	<u>46,791</u>	<u>47,673</u>	<u>46,791</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,408,377</u>	<u>2,383,663</u>	<u>2,408,377</u>	<u>2,383,663</u>
Effect of dilution due to:				
- Warrant ('000)	<u>26,188</u>	<u>-</u>	<u>26,188</u>	<u>-</u>
- ESOS ('000)	<u>32,929</u>	<u>27,932</u>	<u>32,929</u>	<u>27,932</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	<u>2,467,494</u>	<u>2,411,595</u>	<u>2,467,494</u>	<u>2,411,595</u>

**INTERIM FINANCIAL REPORT**

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

**B15 Profit for the period**

	<b>INDIVIDUAL PERIOD</b>	<b>CUMULATIVE PERIOD</b>
	<b>3 months ended 30/09/2013 RM'000</b>	<b>3 months ended 30/09/2013 RM'000</b>
This is arrived at after (charging)/crediting:		
Interest income	2,621	2,621
Interest expense	(2,625)	(2,625)
Depreciation and amortisation	(8,991)	(8,991)
Foreign exchange gain	3,334	3,334
Gain on forward exchange contract	138	138
Gain on disposal of plant and equipment	310	310
Property, plant and equipment written off	(7)	(7)
Rental income	483	483
Other miscellaneous income	128	128

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

Date: 19 November 2013