Supported by

DIALOG

DIALOG GROUP BERHAD
(178694-V)

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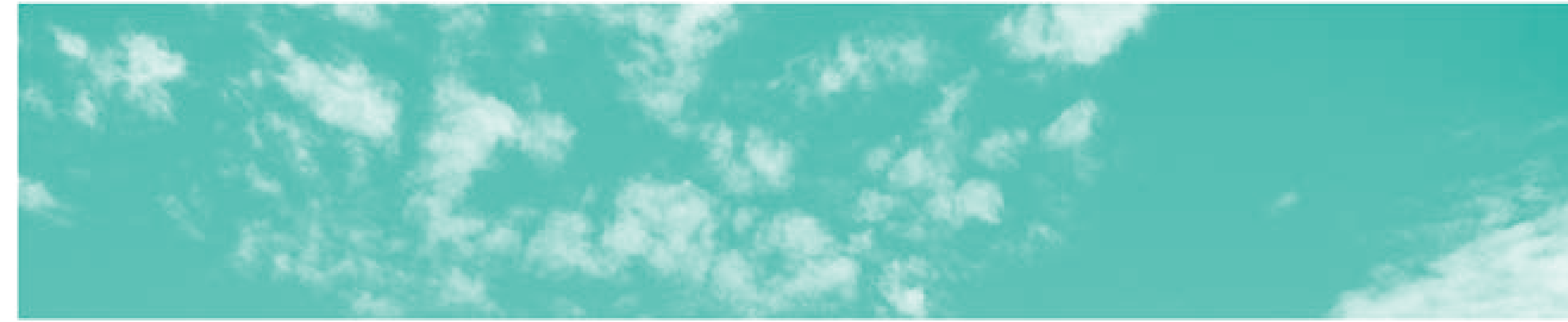
DIALOG GROUP BERHAD (178694-V)

ANNUAL REPORT 2015 FINANCIAL STATEMENTS



DIALOG

DIALOG GROUP BERHAD
(178694-V)

FINANCIAL STATEMENTS
ANNUAL REPORT **2015**

The Next PHASE

DIALOG commenced operations in 1984 with just five staff. From humble beginnings, we have grown into one of Malaysia's leading integrated technical services provider to the oil, gas and petrochemical industry. Today, we are listed on the Main Market of Bursa Malaysia with a market capitalisation of about RM8 billion and a staff strength of over 2,400 in 9 countries.

Truly a global player serving a diverse range of customers throughout the world, we are highly regarded and trusted as a dependable provider of a comprehensive range of services. Our commitment to hard work and the dedication of our people has sustained our business operations over the last 30 years and we look forward to many more years of excellence in the future.

INSIDE THIS REPORT

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 2015.

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	285,298	236,991
Attributable to:		
Owners of the parent	275,130	236,991
Non-controlling interests	10,168	–
	285,298	236,991

DIVIDENDS

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

(a) Special share dividend of one (1) treasury share for every one hundred and twenty five (125) existing ordinary shares of RM0.10 each held, totaling 19,499,939 shares purchased for RM21,194,484 (determined based on the weighted average cost of treasury shares and equivalent to 0.90 sen per ordinary share of RM0.10 each) in respect of the previous financial year distributed on 25 July 2014 ('Special Share Dividend');

(b) Final cash dividend of 1.10 sen per ordinary share of RM0.10 each, amounting to RM54,499,801 in respect of the previous financial year paid on 18 December 2014;

(c) Interim cash dividend of 1.00 sen per ordinary share of RM0.10 each, amounting to RM50,737,053 in respect of the current financial year paid on 25 June 2015; and

(d) The Directors recommend a final cash dividend of 1.20 sen per ordinary share of RM0.10 each, amounting to approximately RM61,025,000 in respect of the financial year ended 30 June 2015, subject to 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 fully paid-up ordinary share capital of the Company was increased from RM245,884,275 to RM508,329,244 by way of issuance of 2,624,449,684 new ordinary shares of RM0.10 each pursuant to the following:

(i) completion of the bonus issue of 2,457,525,047 new ordinary shares of RM0.10 each, on the basis of one (1) bonus share for every one (1) existing ordinary share, which resulted in 2,457,525,047 new ordinary shares of RM0.10 each being allotted and issued ('Bonus Issue');

(ii) 51,324,162 options exercised under the Employees' Share Option Scheme ('ESOS') at exercise prices ranging from RM0.20 to RM1.40 (adjusted after completion of Bonus Issue) per ordinary share for cash, which resulted in 51,324,162 new ordinary shares of RM0.10 each being allotted and issued; and

(iii) 115,600,475 warrants exercised at an exercise price of RM2.40 or RM1.19 (adjusted after distribution of Special Share Dividend and completion of Bonus Issue) each for cash, which resulted in 115,600,475 new ordinary shares of RM0.10 each being allotted and issued.

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

The Company did not issue any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is in force for a period of ten (10) 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

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The Company implements an ESOS, which is in force for a period of ten (10) years until 29 July 2017 ('the option period'). The main features of the ESOS are as follows (continued):

(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 (continued):

 (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 of between 10% - 80% per year over the vesting periods of two (2) to five (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.

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 →						
Revised option price#:	**Balance as at 1.7.2014**	**Granted**	**Adjusted#**	**Retracted***	**Exercised**	**Balance as at 30.6.2015^**	**Exercisable as at 30.6.2015**
RM0.47	578,066	–	541,460	(73,208)	(523,792)	**522,526**	**522,526**
RM0.52	3,718,349	–	3,450,574	(110,414)	(2,870,525)	**4,187,984**	**4,062,884**
RM0.41	468,659	–	419,855	(33,550)	(502,842)	**352,122**	**316,026**
RM0.20	354,736	–	290,675	–	(372,123)	**273,288**	**269,625**
RM0.24	4,423,370	–	4,423,370	–	(8,846,740)	**–**	**–**
RM0.32	7,073,935	–	6,998,520	(387,388)	(10,077,629)	**3,607,438**	**3,505,978**
RM0.47	19,129,281	–	18,931,398	(1,330,278)	(14,145,044)	**22,585,357**	**5,872,030**
RM0.69	3,814,006	–	3,679,585	(302,880)	(2,410,137)	**4,780,574**	**1,920,435**
RM1.02	37,195,854	–	36,666,588	(3,150,145)	(6,718,018)	**63,994,279**	**16,043,074**
RM0.89	1,596,429	–	1,582,268	(266,890)	(386,612)	**2,525,195**	**609,500**
RM1.06	15,718,200	–	15,525,200	(2,476,000)	(3,187,700)	**25,579,700**	**4,696,100**
RM1.07	956,000	–	943,000	–	(121,000)	**1,778,000**	**356,000**
RM1.19	5,651,600	–	5,651,600	(1,100,800)	(840,000)	**9,362,400**	**1,305,600**
RM1.40	3,850,800	–	3,850,800	(497,600)	(322,000)	**6,882,000**	**1,229,600**
RM1.49	45,440,000	–	45,432,000	(3,464,000)	–	**87,408,000**	**–**
RM1.58	–	50,000,000	–	(1,737,000)	–	**48,263,000**	**–**
RM1.38	–	30,000,000	–	(482,000)	–	**29,518,000**	**–**
	149,969,285	80,000,000	148,386,893	(15,412,153)	(51,324,162)	**311,619,863**	**40,709,378**

Adjustments to option price and number of options following the completion of Bonus Issue.
* Due to resignation or rejection of the options granted.
^ Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares between 10% – 80% per year over vesting periods of 2 to 5 years.

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

Since the implementation of the ESOS until the end of the financial year, a total of 441,595,255 options had been granted to the eligible employees of the Group of which a total of 103,092,420 options had been granted to the Executive Directors of the Company and persons connected to the Executive Directors. A total of 129,975,392 options had been exercised since the implementation of the ESOS until the end of the financial year of which 40,729,598 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 until the end of the financial year, the Executive Directors and senior management of the Company and its subsidiaries had been granted 3% and 30% respectively of the total options available under the ESOS.

The Company had been granted exemption by the Companies Commission of Malaysia vide its letter dated 1 September 2015 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 of 2,856,908 options and above.

Other than those disclosed in the Directors' interests, the following employees are granted 2,856,908 options and above:

	← Number of options over ordinary shares of RM0.10 each →				
	Balance as at 1.7.2014	Granted	Adjusted#	Exercised	Balance as at 30.6.2015
Loy Ah Wei	3,172,526	–	2,944,822	(227,704)	**5,889,644**
Mustaffa Kamal Bin Abu Bakar	1,433,825	2,405,000	1,384,875	(703,520)	**4,520,180**
Tan Lip Leong	1,094,954	579,000	1,094,954	–	**2,768,908**
Tan Lek Lek	1,174,092	404,000	1,174,092	(515,986)	**2,236,198**
Chong Chong Wooi	961,097	404,000	961,097	(485,206)	**1,840,988**
Chan Fok Kyong	872,048	202,000	872,048	(480,848)	**1,465,248**

Adjustments to number of options following the completion of Bonus Issue.

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 ('Warrant holder(s)') to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM1.19 (adjusted after distribution of Special Share Dividend and completion of Bonus Issue) (2014: 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;

WARRANTS 2012/2017 (CONTINUED)

Salient features of the Warrants are as follows (continued):

(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) Warrant holders 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 in financial year 2012	(366,468)
Exercised in financial year 2013	(2,582,914)
Exercised in financial year 2014	(1,557,899)
Exercised in financial year 2015:	
– Exercised before the special share dividend and bonus issue	(847,181)
– Adjustment arising from the special share dividend and bonus issue	196,169,677
– Exercised subsequent to the special share dividend and bonus issue	(114,753,294)
Exercised subsequent to 30 June 2015	(16,430,618)
As of 12 October 2015	258,068,237

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 20 November 2014, 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 5,083,292,436 (2014: 2,458,842,752) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2015, 3,335,032 (2014: 22,834,971) ordinary shares of RM0.10 each purchased for RM3,624,613 (2014: 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 5,079,957,404 (2014: 2,436,007,781).

› DIRECTORS' REPORT
30 JUNE 2015

DIRECTORS OF THE COMPANY

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

Tan Sri Dr Ngau Boon Keat
Chan Yew Kai
Datuk Oh Chong Peng
Kamariyah Binti Hamdan
Ja'afar Bin Rihan
Siti Khairon Binti Shariff
Chew Eng Kar
Zainab Binti Mohd Salleh

In accordance with Article 96 of the Company's Articles of Association, Tan Sri Dr Ngau Boon Keat 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.

Pursuant to Section 129(2) of the Companies Act, 1965, Datuk Oh Chong Peng retires at the conclusion of the forthcoming Annual General Meeting and a resolution will be proposed for his re-appointment as director under the provision of Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the following Annual General Meeting of the Company.

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 2015 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 1.7.2014	Bought/ Transfer in	Special Share Dividend and Bonus Issue	Sold/ Transfer out	Balance as at 30.6.2015
Shares in the Company					
Direct interests:					
Tan Sri Dr Ngau Boon Keat	36,067,312	12,874,287	36,644,386	(27,600,000)	**57,985,985**
Chan Yew Kai	8,965,798	14,822,106	9,109,248	(2,500,000)	**30,397,152**
Kamariyah Binti Hamdan	961,615	–	976,999	–	**1,938,614**
Chew Eng Kar	3,170,357	762,840	3,221,079	(2,158,000)	**4,996,276**
Zainab Binti Mohd Salleh	2,569,850	201,334	2,610,966	–	**5,382,150**
Indirect interests:					
Tan Sri Dr Ngau Boon Keat	535,172,445	86,423,896	543,735,185	(60,000,000)	**1,105,331,526**
Kamariyah Binti Hamdan	133,015	–	135,143	–	**268,158**
Chew Eng Kar	3,944,735	2,000,000	4,007,849	–	**9,952,584**

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM0.10 each				
	Balance as at 1.7.2014	**Granted**	**Adjusted#**	**Exercised**	**Balance as at 30.6.2015**
Share options in the Company					
Direct interests:					
Tan Sri Dr Ngau Boon Keat	14,478,648	2,000,000	14,478,648	(6,539,178)	**24,418,118**
Chan Yew Kai	12,199,003	1,600,000	12,199,003	(12,822,106)	**13,175,900**
Chew Eng Kar	5,810,212	1,400,000	5,810,212	(762,840)	**12,257,584**
Zainab Binti Mohd Salleh	4,410,731	1,300,000	4,410,731	(201,334)	**9,920,128**
Indirect interests:					
Tan Sri Dr Ngau Boon Keat	1,296,717	450,000	1,296,717	(452,342)	**2,591,092**

Adjustments to number of options following the completion of Bonus Issue.

	Number of Warrants 2012/2017					
	Balance as at 1.7.2014	**Bought**	**Adjusted^**	**Exercised**	**Sold**	**Balance as at 30.6.2015**
Warrants in the Company						
Direct interests:						
Tan Sri Dr Ngau Boon Keat	3,142,416	–	3,192,693	(6,335,109)	–	**–**
Chan Yew Kai	632,746	–	642,869	–	–	**1,275,615**
Chew Eng Kar	193,430	–	196,524	–	–	**389,954**
Zainab Binti Mohd Salleh	100	–	101	–	–	**201**
Indirect interests:						
Tan Sri Dr Ngau Boon Keat	50,592,652	–	51,402,126	(83,971,554)	–	**18,023,224**
Chew Eng Kar	146,860	–	149,209	–	–	**296,069**

^ Adjustments to number of warrants following the distribution of Special Share Dividend and completion of Bonus Issue.

By virtue of Tan Sri 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' REPORT
30 JUNE 2015

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 37 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 35 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 and 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 the 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 render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(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.

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material or unusual nature 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.

(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

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period 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.

Tan Sri Dr Ngau Boon Keat
Director

Datuk Oh Chong Peng
Director

Petaling Jaya
12 October 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 014 to 132 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 2015 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 45 to the financial statements on page 133 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 Disclosures 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,

Tan Sri Dr Ngau Boon Keat
Director

Datuk Oh Chong Peng
Director

Petaling Jaya
12 October 2015

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 014 to 133 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
12 October 2015

Before me:

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 2015 of the Group and of the Company, and statements of profit or loss, statements of 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 014 to 132.

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 2015 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.

(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 financial statements of the Company 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 45 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 Disclosures 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

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
2895/08/16 (J)
Chartered Accountant

Kuala Lumpur
12 October 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Group 30.6.2015 RM'000	Group 30.6.2014 RM'000	Company 30.6.2015 RM'000	Company 30.6.2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**583,380**	483,140	**–**	–
Development of tank terminals	8	**88,929**	409,268	**–**	–
Intangible assets	9	**80,441**	43,923	**–**	–
Investments in subsidiaries	10	**–**	–	**1,118,820**	840,506
Investments in joint ventures and associates	11	**932,903**	748,640	**81,649**	83,976
Other investments	12	**4,545**	62,782	**–**	–
Deferred tax assets	13	**50,756**	33,103	**–**	–
Amounts owing by subsidiaries	14	**–**	–	**104,187**	309,505
		1,740,954	1,780,856	**1,304,656**	1,233,987
Current assets					
Inventories	15	**89,586**	106,279	**–**	–
Trade and other receivables	16	**875,856**	784,546	**332**	506
Amounts owing by subsidiaries	14	**–**	–	**42,235**	27,831
Amounts owing by joint ventures and associates	18	**54,579**	72,883	**2**	2
Current tax assets		**5,447**	2,506	**–**	295
Cash and bank balances	19	**866,316**	503,242	**385,888**	119,548
		1,891,784	1,469,456	**428,457**	148,182
TOTAL ASSETS		**3,632,738**	3,250,312	**1,733,113**	1,382,169
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	20	**508,329**	245,884	**508,329**	245,884
Treasury shares	20	**(3,625)**	(24,819)	**(3,625)**	(24,819)
Reserves	21	**1,475,053**	1,338,463	**824,490**	779,351
		1,979,757	1,559,528	**1,329,194**	1,000,416
Non-controlling interests		**66,891**	51,219	**–**	–
TOTAL EQUITY		**2,046,648**	1,610,747	**1,329,194**	1,000,416

	Note	Group 30.6.2015 RM'000	Group 30.6.2014 RM'000	Company 30.6.2015 RM'000	Company 30.6.2014 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	22	**593,809**	836,703	**400,000**	347,200
Deferred tax liabilities	13	**3,990**	4,418	**–**	–
		597,799	841,121	**400,000**	347,200
Current liabilities					
Trade and other payables	25	**671,808**	634,393	**1,448**	941
Amounts owing to subsidiaries	26	**–**	–	**–**	12,418
Amounts owing to joint ventures and associates	18	**883**	1,483	**–**	–
Borrowings	22	**265,108**	123,561	**–**	–
Share dividend payable	33	**–**	21,194	**–**	21,194
Current tax liabilities		**50,492**	17,813	**2,471**	–
		988,291	798,444	**3,919**	34,553
TOTAL LIABILITIES		**1,586,090**	1,639,565	**403,919**	381,753
TOTAL EQUITY AND LIABILITIES		**3,632,738**	3,250,312	**1,733,113**	1,382,169

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

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	28	**2,358,183**	2,551,690	**222,635**	109,036
Cost of sales and services		**(1,956,986)**	(2,282,901)	**–**	–
Gross profit		**401,197**	268,789	**222,635**	109,036
Other operating income		**41,884**	20,639	**40,541**	21,469
Marketing and distribution costs		**(4,259)**	(4,816)	**–**	–
Administration expenses		**(49,125)**	(46,893)	**(1,451)**	(915)
Other operating expenses		**(3,503)**	(2,646)	**–**	–
Finance costs		**(21,445)**	(12,006)	**(19,031)**	(15,502)
Share of profit of joint ventures and associates		**5,746**	53,435	**–**	–
Profit before tax	29	**370,495**	276,502	**242,694**	114,088
Tax expense	31	**(85,197)**	(47,729)	**(5,703)**	(562)
Profit for the financial year		**285,298**	228,773	**236,991**	113,526
Profit for the financial year attributable to:					
Owners of the parent		**275,130**	215,869	**236,991**	113,526
Non-controlling interests		**10,168**	12,904	**–**	–
		285,298	228,773	**236,991**	113,526

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

	Note	2015	2014
Basic earnings per ordinary share of RM0.10 each (sen)	32	**5.54**	4.41
Diluted earnings per ordinary share of RM0.10 each (sen)	32	**5.40**	4.27

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		**285,298**	228,773	**236,991**	113,526
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		**59,169**	24,718	**–**	–
Fair value gain/(loss) on cash flow hedge		**715**	(1,385)	**–**	–
Fair value gain on available-for-sale financial assets	12(b)	**5,917**	13,039	**–**	–
Reclassification from available-for-sale reserve to profit or loss upon disposal of an investment	12(b)	**(27,211)**	–	**–**	–
Share of other comprehensive income of a joint venture	11(b)(iv)	**20,288**	12,739	**–**	–
Other comprehensive income for the financial year, net of tax		**58,878**	49,111	**–**	–
Total comprehensive income for the financial year		**344,176**	277,884	**236,991**	113,526
Total comprehensive income attributable to:					
Owners of the parent		**327,634**	263,300	**236,991**	113,526
Non-controlling interests		**16,542**	14,584	**–**	–
		344,176	277,884	**236,991**	113,526

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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
		← Non-distributable							→	Distributable			
Balance as at 1 July 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
Profit for the financial year		–	–	–	–	–	–	–	–	215,869	215,869	12,904	228,773
Foreign currency translations		–	–	–	–	–	23,038	–	–	–	23,038	1,680	24,718
Fair value loss on cash flow hedge		–	–	–	–	–	–	(1,385)	–	–	(1,385)	–	(1,385)
Fair value gain on available-for-sale financial assets	12(b)	–	–	–	–	–	–	–	13,039	–	13,039	–	13,039
Share of other comprehensive income of a joint venture		–	–	–	–	–	9,351	3,388	–	–	12,739	–	12,739
Total comprehensive income		–	–	–	–	–	32,389	2,003	13,039	215,869	263,300	14,584	277,884
Transactions with owners													
Previous financial year:													
– Final dividend		–	–	–	–	–	–	–	–	(53,419)	(53,419)	–	(53,419)
Current financial year:													
– Interim dividend	33	–	–	–	–	–	–	–	–	(26,793)	(26,793)	–	(26,793)
– Special share dividend payable	33	–	–	(21,194)	–	–	–	–	–	–	(21,194)	–	(21,194)
Share options granted under ESOS		–	–	–	13,056	–	–	–	–	–	13,056	504	13,560
Ordinary shares issued pursuant to:													
– ESOS	20	2,647	–	36,235	(10,423)	–	–	–	–	–	28,459	(983)	27,476
– warrants exercised	20	156	–	4,902	–	(1,320)	–	–	–	–	3,738	–	3,738
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(1,778)	(1,778)
Acquisition of a subsidiary	10(g); 11(b)(vii)	–	–	–	(14)	–	–	–	–	–	(14)	399	385
Share issue expenses		–	–	(41)	–	–	–	–	–	–	(41)	–	(41)
Total transactions with owners		2,803	–	19,902	2,619	(1,320)	–	–	–	(80,212)	(56,208)	(1,858)	(58,066)
Balance as at 30 June 2014		245,884	(24,819)	355,504	19,033	164,239	27,953	584	21,294	749,856	1,559,528	51,219	1,610,747

GROUP	Note	Non-distributable 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	Distributable 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 2014		245,884	(24,819)	355,504	19,033	164,239	27,953	584	21,294	749,856	1,559,528	51,219	1,610,747
Profit for the financial year		-	-	-	-	-	-	-	-	275,130	275,130	10,168	285,298
Foreign currency translations		-	-	-	-	-	52,791	-	-	-	52,791	6,378	59,169
Fair value gain/(loss) on cash flow hedge		-	-	-	-	-	-	719	-	-	719	(4)	715
Fair value gain on available-for-sale financial assets	12(b)	-	-	-	-	-	-	-	5,917	-	5,917	-	5,917
Reclassification from available-for-sale reserve to profit or loss upon disposal of an investment	12(b)	-	-	-	-	-	-	-	(27,211)	-	(27,211)	-	(27,211)
Share of other comprehensive income of a joint venture		-	-	-	-	-	28,107	(7,819)	-	-	20,288	-	20,288
Total comprehensive income		-	-	-	-	-	80,898	(7,100)	(21,294)	275,130	327,634	16,542	344,176
Transactions with owners													
Previous financial year:													
– Special share dividend	33	-	21,194	-	-	-	-	-	-	-	21,194	-	21,194
– Final dividend	33	-	-	-	-	-	-	-	-	(54,500)	(54,500)	-	(54,500)
Current financial year:													
– Interim dividend	33	-	-	-	-	-	-	-	-	(50,737)	(50,737)	-	(50,737)
Share options granted under ESOS		-	-	-	8,770	-	-	-	-	-	8,770	370	9,140
Ordinary shares issued pursuant to:													
– Bonus issue	20	245,753	-	(245,753)	-	-	-	-	-	-	-	-	-
– ESOS	20	5,132	-	33,137	(8,427)	-	-	-	-	-	29,842	(1,178)	28,664
– warrants exercised	20	11,560	-	175,955	-	(48,925)	-	-	-	-	138,590	-	138,590
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(62)	(62)
Share issue expenses*		-	-	(564)	-	-	-	-	-	-	(564)	-	(564)
Total transactions with owners		262,445	21,194	(37,225)	343	(48,925)	-	-	-	(105,237)	92,595	(870)	91,725
Balance as at 30 June 2015		508,329	(3,625)	318,279	19,376	115,314	108,851	(6,516)	-	919,749	1,979,757	66,891	2,046,648

* Included non-audit fee of RM32,300 paid to auditors of the Company.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Non-distributable					Distributable	
COMPANY	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Warrants reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 July 2013		243,081	(24,819)	335,567	17,223	165,559	206,952	943,563
Profit for the financial year		–	–	–	–	–	113,526	113,526
Other comprehensive income, net of tax		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	113,526	113,526
Transactions with owners								
Previous financial year:								
– Final dividend		–	–	–	–	–	(53,419)	(53,419)
Current financial year:								
– Interim dividend	33	–	–	–	–	–	(26,793)	(26,793)
– Special share dividend payable	33	–	–	(21,194)	–	–	–	(21,194)
Share options granted under ESOS		–	–	–	13,560	–	–	13,560
Ordinary shares issued pursuant to:								
– ESOS	20	2,647	–	36,235	(11,406)	–	–	27,476
– warrants exercised	20	156	–	4,902	–	(1,320)	–	3,738
Share issue expenses		–	–	(41)	–	–	–	(41)
Total transactions with owners		2,803	–	19,902	2,154	(1,320)	(80,212)	(56,673)
Balance as at 30 June 2014		245,884	(24,819)	355,469	19,377	164,239	240,266	1,000,416

COMPANY	Note	← Non-distributable Share capital RM'000	Treasury shares RM'000	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 2014		**245,884**	**(24,819)**	**355,469**	**19,377**	**164,239**	**240,266**	**1,000,416**
Profit for the financial year		–	–	–	–	–	**236,991**	**236,991**
Other comprehensive income, net of tax		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	**236,991**	**236,991**
Transactions with owners								
Previous financial year:								
– Special share dividend	33	–	**21,194**	–	–	–	–	**21,194**
– Final dividend	33	–	–	–	–	–	**(54,500)**	**(54,500)**
Current financial year:								
– Interim dividend	33	–	–	–	–	–	**(50,737)**	**(50,737)**
Share options granted under ESOS		–	–	–	**9,140**	–	–	**9,140**
Ordinary shares issued pursuant to:								
– Bonus issue	20	**245,753**	–	**(245,753)**	–	–	–	–
– ESOS	20	**5,132**	–	**33,172**	**(9,640)**	–	–	**28,664**
– warrants exercised	20	**11,560**	–	**175,955**	–	**(48,925)**	–	**138,590**
Share issue expenses*		–	–	**(564)**	–	–	–	**(564)**
Total transactions with owners		**262,445**	**21,194**	**(37,190)**	**(500)**	**(48,925)**	**(105,237)**	**91,787**
Balance as at 30 June 2015		**508,329**	**(3,625)**	**318,279**	**18,877**	**115,314**	**372,020**	**1,329,194**

* Included non-audit fee of RM32,300 paid to auditors of the Company.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**370,495**	276,502	**242,694**	114,088
Adjustments for:					
Amortisation of intangible assets	9	**9,739**	3,246	**–**	–
Depreciation of property, plant and equipment	7	**41,008**	35,094	**–**	–
Gain on foreign exchange – unrealised		**(3,551)**	(2,665)	**(1,545)**	(1,466)
Impairment losses on:					
– receivables	16(d)	**726**	–	**–**	–
– goodwill	9	**4,550**	–	**–**	–
– other investments	12(b)	**5,270**	–	**–**	–
Interest expense		**20,134**	10,970	**19,031**	15,493
Interest income		**(14,668)**	(10,278)	**(19,013)**	(19,884)
(Gain)/Loss on disposals of:					
– property, plant and equipment		**(2,701)**	(1,291)	**–**	–
– a joint venture	11(b)(vii)	**–**	(877)	**–**	–
– a subsidiary	10(e)	**2,083**	–	**–**	–
– other investments		**(23,422)**	–	**–**	
Property, plant and equipment written off	7	**595**	116	**–**	–
Reversal of impairment losses on receivables	16(d)	**(255)**	–	**–**	–
Share of profits of joint ventures and associates		**(5,746)**	(53,435)	**–**	–
Share options granted under ESOS		**8,822**	13,232	**–**	–
Operating profit before working capital changes		**413,079**	270,614	**241,167**	108,231
Decrease/(Increase) in inventories		**24,431**	(26,819)	**–**	–
Decrease/(Increase) in trade and other receivables		**(52,856)**	(146,083)	**174**	(391)
Decrease in amounts owing by/(to) joint ventures and associates		**17,704**	57,753	**–**	–
Increase/(Decrease) in trade and other payables		**32,351**	(9,313)	**507**	19
Cash generated from operations		**434,709**	146,152	**241,848**	107,859
Interest received		**12,024**	7,642	**5,650**	4,595
Dividends received		**36,430**	34,313	**–**	–
Tax paid		**(76,818)**	(63,087)	**(3,074)**	(302)
Tax refunded		**382**	7,258	**137**	10
Net cash from operating activities		**406,727**	132,278	**244,561**	112,162

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions/Additions of:					
– subsidiaries, net of cash and cash equivalents acquired	10(g)	**–**	1,675	**–**	–
– interests in subsidiaries		**–**	–	**(269,174)**	(93,834)
– interests in joint ventures and associates		**(191,835)**	(93,039)	**–**	(2,774)
Development of tank terminals	8(c)	**255,955**	(48,408)	**–**	–
Deposits paid for land acquisition		**–**	(84,000)	**–**	–
Interest received		**–**	–	**13,363**	15,289
(Placements)/Upliftment of deposits pledged to licensed banks		**(163)**	3,730	**–**	–
Proceeds from:					
– disposals of property, plant and equipment		**3,936**	3,878	**–**	–
– disposal of a subsidiary, net of cash and cash equivalents disposed	10(e)	**1,036**	–	**–**	–
– disposal of other investments		**59,171**	–	**–**	–
Purchases of:					
– intangible assets	9	**(52,072)**	(5,480)	**–**	–
– other investments		**–**	(7,342)	**–**	–
– property, plant and equipment	7	**(61,438)**	(124,468)	**–**	–
Repayment from a joint venture		**–**	–	**2,327**	–
Repayments from/(Advances to) subsidiaries		**–**	–	**179,203**	(87,140)
Net cash from/(used in) investing activities		**14,590**	(353,454)	**(74,281)**	(168,459)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(20,134)**	(10,970)	**(19,031)**	(15,493)
Dividends paid to non-controlling interests		**(62)**	(1,778)	**–**	–
Dividends paid to ordinary shareholders of the Company		**(105,237)**	(80,212)	**(105,237)**	(80,212)
Proceeds from ordinary shares issued pursuant to:					
– warrants exercised		**138,590**	3,738	**138,590**	3,738
– ESOS exercised		**28,664**	27,476	**28,664**	27,476
Repayments of hire purchase creditors		**(218)**	(567)	**–**	–
Net (repayment)/drawdown of loan		**(114,091)**	158,048	**52,800**	13,400
Share issue expenses paid		**(564)**	(41)	**(564)**	(41)
Net cash (used in)/from financing activities		**(73,052)**	95,694	**95,222**	(51,132)
Net increase/(decrease) in cash and cash equivalents		**348,265**	(125,482)	**265,502**	(107,429)
Effect of exchange rate changes on cash and cash equivalents		**14,646**	3,691	**838**	–
Cash and cash equivalents at beginning of financial year		**503,008**	624,799	**119,548**	226,977
Cash and cash equivalents at end of financial year	19	**865,919**	503,008	**385,888**	119,548

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

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 Dialog Tower, No.15, Jalan PJU7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2015 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures. 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 12 October 2015.

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 014 to 132 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. However, Note 45 to the financial statements set out on page 133 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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.

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 and IFRSs 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual agreements; and

(c) the voting rights of the Group and potential voting rights.

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 interest of the Group 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 changed to ensure consistency with the policies adopted by the other entities in the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (continued)

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

If 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 of. 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 joint venture.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations

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;

(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 re-measured 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.

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 are 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

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.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. 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 could 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	10 – 50 years
Furniture, fittings and office equipment	15% – 50%
Plant, machinery, equipment and cabin	5% – 20%
Vessel	15 years
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 buildings 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).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

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.

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.

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 upon completion and when it is determined for own use or investment in joint ventures when the investors to the joint ventures 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Leases and hire purchase (continued)

(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 and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

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 are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investments (continued)

(a) Subsidiaries (continued)

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. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments in subsidiaries 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 *Separate Financial Statements* 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 arrangement. 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.

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 investment in the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investments (continued)

(b) Associates (continued)

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 associates are used by the Group in applying the equity method. The Group's share of results of associates are based on the audited financial statements made up to 30 June 2015, except for Pengerang LNG (Two) Sdn. Bhd., which are based on unaudited financial statements made up to 30 June 2015.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. The Group and the Company recognise in relation to its interest in joint arrangements as joint ventures.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investments (continued)

(c) Joint arrangements (continued)

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost less impairment losses, if any.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures.* The interests in joint arrangements is the carrying amount of investment under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the joint ventures.

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 joint ventures to ensure consistency of accounting policies with those of the Group.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) the structure of the joint arrangement;
(ii) the legal form of joint arrangements structured through a separate vehicle;
(iii) the contractual terms of the joint arrangement agreement; and
(iv) any other facts and circumstances.

When there are changes in the facts and circumstances, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

The most recent available financial statements of the joint ventures are used by the Group in applying the equity method. The Group's share of results of joint ventures are based on the audited financial statements made up to 30 June 2015 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 2015.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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's 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Intangible assets (continued)

(b) Other intangible assets (continued)

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 reporting period. 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 derecognition which is 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.

Rights and concession

Expenditure on rights and concession relates to capitalisation of contribution fee in relation to the participating interest in a Production Sharing Contract ('PSC'). This expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on rights and concession is amortised over the remaining life of PSC, which is twenty (20) years.

Development of oil and gas assets

Following the acquisition of a concession right to develop the production fields, costs incurred in re-development and enhancement of oil recovery are capitalised as development of oil and gas assets. Development of oil and gas assets is carried at cost less accumulated amortisation and any accumulated impairment losses.

When production commences, the accumulated costs for the relevant fields are amortised using unit of production method, over the life of the area according to the rate of depletion of the proved developed reserves.

Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the year in which the decision to abandon the area is made.

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 cost of the Group comprises development of prototypes. Capitalised development costs are amortised on a straight line basis over a period of fifteen (15) years commencing from the date they are available for use. 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 is 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 joint ventures), 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 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 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 inventories comprises all costs of purchase and production expenditure 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 right to receive cash or another financial asset from another enterprise, or a contractual right 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 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.

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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 consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits, if any.

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 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 fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as 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. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

(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.

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 re-measured at the end of each reporting date 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 amounts 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 Companies Act, 1965 in Malaysia.

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 by the receivable, 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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 joint arrangements on distributions to the Group and the Company, and real property gains tax payable on disposal of properties.

Taxes in the statements of profits 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.

(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 statements 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 the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would 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 profits would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profits.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right 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 would 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 would 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 would 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.

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 would 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 would 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

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees 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.

(b) 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Employee benefits (continued)

(c) 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, with 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. The share option reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred 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

(a) 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.

(b) 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 in which they arise. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at end of each reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. 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 operation are recognised in profit or loss in the separate financial statements of the Company or the foreign operations, as appropriate. 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 it is probable will be recoverable and contracts costs are recognised as an expense in the period in which they are incurred.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (continued)

(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.

(c) Sale of products

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products has been transferred to the customer and where the Group retains no continuing managerial involvement over the products, which coincides with the delivery of products 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

4.23 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the 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
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): 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
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of these Amendments and IC Interpretation during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements 2012 – 2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for the future financial years.

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 significant 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 *Leases*.

(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 their 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.

(e) Consolidation of entities in which the Group holds less than majority of voting rights

The Group considers that it controls Dialog Systems (Thailand) Ltd., Dialog Technology & Services Limited and ePetrol Systems Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board and the power to govern the relevant activities of these entities via shareholders agreements.

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Critical judgements made in applying accounting policies (continued)

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 (continued).

(f) Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) structure;
(ii) legal form;
(iii) contractual agreement; and
(iv) other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

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.

(a) 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.

(b) Impairment of goodwill on consolidation

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

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (continued)

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 (continued).

(c) 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.

(d) 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 could 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 profits together with future tax planning strategies.

(e) 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. 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 flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has also been used to determine the discount rate for the cash flows and the future growth of the business.

(f) 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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (continued)

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 (continued).

(g) 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 35 to the financial statements.

(h) 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 40 to the financial statements.

(i) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

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

(ii) 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); and

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

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) available-for-sale financial assets, Note 12 to the financial statements;

(ii) derivative financial instruments, Note 16 and Note 25 to the financial statements; and

(iii) financial instruments, Note 39 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2014 RM'000	Additions RM'000	Transfer from development of tank terminals (Note 8(c)) RM'000	Disposal of a subsidiary (Note 10(e)) RM'000	Disposals RM'000	Written off RM'000	Deprecia -tion charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fications RM'000	Balance as at 30.6.2015 RM'000
Carrying amount										
Freehold land	53,054	–	–	–	–	–	–	–	–	**53,054**
Leasehold land	5,424	–	64,384	–	–	–	(207)	–	–	**69,601**
Buildings	182,806	5,523	–	–	–	–	(5,692)	595	464	**183,696**
Furniture, fittings and office equipment	6,369	2,209	–	(22)	(72)	–	(6,091)	985	–	**3,378**
Plant, machinery, equipment and cabin	191,548	24,007	–	(189)	(640)	(595)	(23,518)	12,949	1,099	**204,661**
Vessel	14,708	1,554	–	–	–	–	(1,453)	2,734	–	**17,543**
Motor vehicles	8,773	2,134	–	(172)	(494)	–	(2,475)	191	(902)	**7,055**
Renovation and electrical installation	7,605	1,880	–	(2)	(29)	–	(1,572)	222	–	**8,104**
Buildings under construction	6,694	23,947	–	–	–	–	–	–	(464)	**30,177**
Plant and equipment under construction	6,159	184	–	–	–	–	–	(35)	(197)	**6,111**
	483,140	61,438	64,384	(385)	(1,235)	(595)	(41,008)	17,641	–	**583,380**

	← At 30.6.2015 Cost RM'000	Accumulated depreciation RM'000	Carrying amount → RM'000
Freehold land	**53,054**	**–**	**53,054**
Leasehold land	**72,121**	**(2,520)**	**69,601**
Buildings	**209,168**	**(25,472)**	**183,696**
Furniture, fittings and office equipment	**46,087**	**(42,709)**	**3,378**
Plant, machinery, equipment and cabin	**336,849**	**(132,188)**	**204,661**
Vessel	**20,577**	**(3,034)**	**17,543**
Motor vehicles	**26,596**	**(19,541)**	**7,055**
Renovation and electrical installation	**21,646**	**(13,542)**	**8,104**
Buildings under construction	**30,177**	**–**	**30,177**
Plant and equipment under construction	**6,111**	**–**	**6,111**
	822,386	**(239,006)**	**583,380**

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2013 RM'000	Additions RM'000	Acquisition of a subsidiary (Note 10(e)) RM'000	Disposals RM'000	Written off RM'000	Deprecia-tion charge for the financial year RM'000	Exchange differences RM'000	Reclassi-fications RM'000	Balance as at 30.6.2014 RM'000
Carrying amount									
Freehold land	53,054	–	–	–	–	–	–	–	53,054
Leasehold land	5,472	–	–	–	–	(48)	–	–	5,424
Buildings	42,044	34,048	–	–	–	(2,582)	3,293	106,003	182,806
Furniture, fittings and office equipment	9,077	12,677	212	(34)	(37)	(16,063)	264	273	6,369
Plant, machinery, equipment and cabin	175,930	17,280	661	(2,041)	(11)	(11,117)	8,804	2,042	191,548
Vessel	14,882	269	–	–	–	(761)	318	–	14,708
Motor vehicles	7,309	4,643	104	(501)	–	(2,365)	431	(848)	8,773
Renovation and electrical installation	2,566	8,086	40	(11)	(68)	(2,158)	93	(943)	7,605
Buildings under construction	71,718	39,442	–	–	–	–	–	(104,466)	6,694
Plant and equipment under construction	297	8,023	–	–	–	–	(100)	(2,061)	6,159
	382,349	124,468	1,017	(2,587)	(116)	(35,094)	13,103	–	483,140

	At 30.6.2014		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	53,054	–	53,054
Leasehold land	7,737	(2,313)	5,424
Buildings	201,065	(18,259)	182,806
Furniture, fittings and office equipment	42,945	(36,576)	6,369
Plant, machinery, equipment and cabin	303,936	(112,388)	191,548
Vessel	15,923	(1,215)	14,708
Motor vehicles	32,122	(23,349)	8,773
Renovation and electrical installation	19,242	(11,637)	7,605
Buildings under construction	6,694	–	6,694
Plant and equipment under construction	6,159	–	6,159
	688,877	(205,737)	483,140

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The strata titles of certain buildings with a carrying amount of RM4,794,000 (2014: RM4,939,000) have yet to be issued by the relevant authorities.

(b) Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with a carrying amount of RM695,000 (2014: RM1,034,000). Certain freehold land and buildings with a carrying amount of RM140,832,000 (2014: RM158,441,000) are subject to fixed charges created to secure banking facilities granted to certain subsidiaries as disclosed in Note 23 to the financial statements.

(c) Additions in the previous financial year include interest expense capitalised on building under construction of RM2,509,000. The interest expense was capitalised at rates ranging from 4.31% to 4.89% per annum.

(d) Leasehold land is analysed as:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Short term (unexpired period less than 50 years)	**2,590**	2,171
Long term (unexpired period more than 50 years)	**67,011**	3,253
	69,601	5,424

8. DEVELOPMENT OF TANK TERMINALS

	Group	
	2015	**2014**
	RM'000	**RM'000**
Development of tank terminals, at cost	**88,929**	409,268

(a) 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.

(b) During the financial year, interest expense of RM20,286,000 (2014: RM23,746,000) was capitalised at rates ranging from 4.38% to 5.16% (2014: 4.33% to 4.60%) per annum in relation to the development of tank terminals.

(c) The movements in carrying amounts of development of tank terminals are as follows:

		Group	
		2015	**2014**
	Note	**RM'000**	**RM'000**
Balance as at 1 July		**409,268**	285,432
Additions		**33,868**	48,408
Transfer to plant, property and equipment	7	**(64,384)**	–
Disposals		**(289,823)**	–
Reclassification from deposits paid	16(f)	**–**	75,428
Balance as at 30 June		**88,929**	409,268

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9. INTANGIBLE ASSETS

Group	Balance as at 1.7.2014 RM'000	Additions RM'000	Impairment loss for the financial year RM'000	Disposal of a subsidiary (Note 10(e)) RM'000	Amortisation charge for the financial years RM'000	Exchange differences RM'000	Balance as at 30.6.2015 RM'000
Carrying amount							
Goodwill	25,008	–	(4,550)	(3,657)	–	1,694	**18,495**
Rights and concession	–	36,521	–	–	(2,467)	–	**34,054**
Development of oil and gas assets	–	12,857	–	–	(1,308)	–	**11,549**
Development of prototypes	2,225	–	–	–	(202)	–	**2,023**
Intellectual property	8,441	–	–	–	(1,259)	677	**7,859**
Computer software	8,249	2,694	–	–	(4,503)	21	**6,461**
	43,923	52,072	(4,550)	(3,657)	(9,739)	2,392	**80,441**

Group	At 30.6.2015 Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	**23,045**	**(4,550)**	**18,495**
Rights and concession	**36,521**	**(2,467)**	**34,054**
Development of oil and gas assets	**12,857**	**(1,308)**	**11,549**
Development of prototypes	**3,034**	**(1,011)**	**2,023**
Intellectual property	**13,547**	**(5,688)**	**7,859**
Computer software	**19,131**	**(12,670)**	**6,461**
	108,135	**(27,694)**	**80,441**

9. INTANGIBLE ASSETS (CONTINUED)

Group	Balance as at 1.7.2013 RM'000	Additions RM'000	Acquisition of a subsidiary (Note 10(g)) RM'000	Amortisation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30.6.2014 RM'000
Carrying amount						
Goodwill	22,867	–	1,209	–	932	25,008
Development of prototypes	2,427	–	–	(202)	–	2,225
Intellectual property	9,405	–	–	(1,230)	266	8,441
Computer software	3,756	5,480	658	(1,814)	169	8,249
	38,455	5,480	1,867	(3,246)	1,367	43,923

Group	At 30.6.2014 Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Goodwill	25,008	–	25,008
Development of prototypes	3,034	(809)	2,225
Intellectual property	12,434	(3,993)	8,441
Computer software	16,436	(8,187)	8,249
	56,912	(12,989)	43,923

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

	Group 2015 RM'000	2014 RM'000
Malaysia	**1,718**	1,718
Australia and New Zealand	**12,101**	11,811
Other Asian countries	**4,676**	8,106
Other countries	**–**	3,373
	18,495	25,008

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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 the 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:

	2015 %	2014 %
Growth rates:		
Malaysia	**10.0**	8.0
Australia and New Zealand	**20.0**	20.0
Other Asian countries	**12.0**	1.0
Other countries	**–**	10.0
Pre-tax weighted average cost of capital	**10.1**	10.3

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 losses were required for the carrying amounts of the remaining goodwill assessed as at 30 June 2015 as their recoverable amounts were in excess of their carrying amounts.

(b) Rights and concession represent capitalisation of contribution fee in relation to the 20% participating interest in a Production Sharing Contract ('PSC'). The PSC relates to three mature producing fields, namely D35, D21 and J4, located offshore Sarawak, Malaysia. The terms are designed for field re-development and enhancement of oil recovery to commercially encourage progressive incremental oil development over the full life of the PSC, which expires on 31 December 2034.

(c) Development of oil and gas assets represents costs incurred in re-development and enhancement of oil recovery of the above fields.

(d) Development of prototypes represents the development of centralised switching infrastructure undertaken by a subsidiary.

(e) Intellectual property represents skilled sets on welding process and procedures used in fabrication activities.

(f) Computer software represents computer software, which is not integral to hardware of the Group and can be separately identified.

10. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted equity shares, at cost	**313,491**	313,491
Advances to subsidiaries	**786,898**	508,067
Equity contributions in subsidiaries in respect of ESOS	**18,431**	18,948
	1,118,820	840,506

(a) 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.

(b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	Effective interest in equity 2014	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%	Provision of engineering, procurement, construction and commissioning services, provision of 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.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	Principal activities
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.
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.
Dialog Equity (Two) Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding.
Dialog Resources Sdn. Bhd.	Malaysia	**100%**	100%	Petroleum development, appraisal and production operations.
+^Pengerang Deepwater Terminals Sdn. Bhd.	Malaysia	**100%**	-	Investment holding.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	Principal activities
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.
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.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	Principal activities
Subsidiaries of Dialog Systems (Asia) Pte. Ltd. (continued)				
*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%**	88%	Provision of heavy fabrication & multi-disciplined engineering.
*Anewa Engineering Private Limited	India	**51%**	51%	Provision of design and detailed engineering services.
+*Dialog Services (Vietnam) Company Limited	Vietnam	**–**	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.
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 and trading of base oil.
Dialog IPS Marine (Labuan) Ltd.	Malaysia	**60%**	60%	Logistics services for the marketing of specialist product in the petroleum and petrochemical industry.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	Principal activities
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.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	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 Limited				
+*Dialog Technivac Limited	United Kingdom	**–**	71%	Provision of catalyst and process material handling services.
Subsidiary of Dialog E & C Sdn. Bhd.				
Dialog Offshore Engineering Sdn. Bhd.	Malaysia	**55%**	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%	Provision of Liquefied Natural Gas 'LNG' terminal storage and handling services.
+~Pengerang Terminals (Two) Sdn. Bhd.	Malaysia	**–**	100%	Provision of terminal storage facilities for petroleum and petrochemical products.
+#Pengerang LNG (Two) Sdn. Bhd.	Malaysia	**–**	100%	Provision of Liquefied Natural Gas 'LNG' terminal storage, regasification of LNG into natural gas and handling services.
Pengerang Marine Operations Sdn. Bhd.	Malaysia	**70%**	70%	Provision of marine operation, maintenance and other related marine services.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	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	**88%**	88%	Provision of heavy fabrication and multi-disciplined engineering.
@Fitzroy Tower Services Limited	New Zealand	**89%**	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.
Subsidiary of Dialog Upstream Services Sdn. Bhd.				
Dialog Subsurface Technology Sdn. Bhd. (formerly known as Dialog Ascent Energy Sdn. Bhd.)	Malaysia	**75%**	75%	Marketing and provision of seismic technology and other related upstream services.
Subsidiaries of Dialog Equity (Two) Sdn. Bhd.				
Pengerang Terminals (Five) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.
Pengerang Terminals (Six) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	Principal activities
Subsidiaries of Dialog Equity (Two) Sdn. Bhd. (continued)				
+^Dialog LNG Sdn. Bhd.	Malaysia	**100%**	–	Investment holding.
Subsidiary of Dialog LNG Sdn. Bhd.				
>Pengerang LNG Sdn. Bhd.	Malaysia	**100%**	–	Provision of Liquefied Natural Gas 'LNG' terminal storage and handling services.

+ Details of acquisitions, incorporations and disposals of subsidiaries during the financial year are disclosed in Note 43 to the financial statements.
@ Subsidiaries audited by BDO member firms.
* Subsidiaries not audited by BDO Malaysia or BDO member firms.
^ 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.
> Pengerang LNG Sdn. Bhd. was formerly a subsidiary of Dialog Pengerang Sdn. Bhd. and became subsidiary of Dialog LNG Sdn. Bhd. during the financial year.
~ Pengerang Terminals (Two) Sdn. Bhd. was formerly a subsidiary of the Group and became a joint venture during the financial year.
# Pengerang LNG (Two) Sdn. Bhd. was formerly a subsidiary of the Group and became an associate during the financial year.

(c) The Group considers that it controls Dialog Systems (Thailand) Ltd., Dialog Technology & Services Limited and ePetrol Systems Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board and the power to govern the relevant activities of these entities via shareholders agreements.

(d) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 30 June 2015 and 30 June 2014.

(e) Disposal of a subsidiary during the financial year ended 30 June 2015

In May 2015, Dialog Services Europe Limited ('DSEL'), an indirect owned subsidiary, disposed its wholly owned subsidiary, Dialog Technivac Limited ('DTL') for a total cash consideration of GBP400,000 (equivalent to RM2,180,000), representing the entire paid-up share capital of DTL comprising 313,500 ordinary shares of GBP1.00 each.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Disposal of a subsidiary during the financial year ended 30 June 2015 (continued)

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

	At date of disposal RM'000
Plant, property and equipment (Note 7)	385
Goodwill (Note 9)	3,657
Receivables	2,676
Inventories	14
Cash and bank balances	1,144
Payables	(1,657)
Amounts owing to related companies	(1,808)
Hire purchase creditors	(148)
Total identified net assets disposed	4,263
Net proceeds from disposal	(2,180)
Loss on disposal	(2,083)
Proceeds from disposal	2,180
Cash and cash equivalents of a subsidiary disposed off	(1,144)
Cash flow on disposal, net of cash and cash equivalents of a subsidiary disposed	1,036

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

(f) Disposals of subsidiaries during the financial year ended 30 June 2015

(i) Pengerang LNG (Two) Sdn. Bhd. ('PLNG-2')

In August 2014, Dialog Pengerang Sdn. Bhd., a wholly owned subsidiary, had disposed of its wholly owned subsidiary, PLNG-2 to Dialog LNG Sdn. Bhd. ('DLNG'), a wholly owned subsidiary, for a total cash consideration of RM300,000, representing the entire paid-up share capital of PLNG-2 comprising of 300,000 ordinary shares of RM1.00 each.

Subsequently, in November 2014, DLNG and PLNG-2 entered into a Shareholders' Agreement with PETRONAS Gas Berhad ('PGB') for the development of Liquefied Natural Gas ('LNG') Regasification Facilities at Pengerang Johor, Malaysia. In December 2014, PGB subscribed for 780,000 ordinary shares of RM1.00 each for cash consideration of RM780,000, representing 72.22% of the issued and paid-up share capital of PLNG-2 of RM1,080,000.

Accordingly, PLNG-2 ceased to be a subsidiary of the Group and became an associate with an effective equity interest of 27.78% in PLNG-2. There was no gain or loss recorded by the Group arising from the disposal of PLNG-2.

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10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(f) Disposals of subsidiaries during the financial year ended 30 June 2015 (continued)

(ii) Pengerang Terminals (Two) Sdn. Bhd. (‘PT-2’)

In November 2014, Dialog Pengerang Sdn. Bhd., a wholly owned subsidiary, had disposed of its wholly owned subsidiary, PT-2 to Dialog Equity (Two) Sdn. Bhd. (‘Dialog Equity-2’), a wholly owned subsidiary, for a total cash consideration of RM100,000, representing the entire paid-up share capital of PT-2 comprising of 100,000 ordinary shares of RM1.00 each. This transaction does not have impact to the Group.

Subsequently, in December 2014, Dialog Equity-2 entered into a Shareholders’ Agreement with PRPC Utilities and Facilities Sdn. Bhd. (‘PRPCUF’) and Vopak Terminal Pengerang BV (‘VOPAK Pengerang’) for the development, construction and operation of the facilities required for the handling, storage and distribution of crude oil, petroleum, chemical and petrochemical feedstock, products and by-products to and from the Refinery and Petrochemical Integrated Development complex at Pengerang Johor. In February 2015, PRPCUF and VOPAK Pengerang subscribed for 160,000 and 100,000 ordinary shares of RM1.00 each for cash consideration of RM160,000 and RM100,000 respectively, representing 44.44% and 27.78% of the issued and paid-up share capital of PT-2 held by PRPCUF and VOPAK Pengerang respectively.

Accordingly, PT-2 had ceased to be a subsidiary of the Group and became a joint venture with an effective equity interest of 27.78% in PT-2. There was no gain or loss recorded by the Group arising from the disposal of PT-2.

(g) Acquisition of a subsidiary during the financial year ended 30 June 2014

In October 2013, Dialog Upstream Services Sdn. Bhd. (‘Dialog Upstream’), a wholly owned subsidiary of the Company, acquired an additional 20% equity interest in Dialog Subsurface Technology Sdn. Bhd. (formerly known as Dialog Ascent Energy Sdn. Bhd.) (‘DSTSB’), for a total cash consideration of HKD1,555,556 (equivalent to RM637,934). Following the signing of shareholder agreement with Ascent Energy Technology Limited, DSTSB became 75% owned by Dialog Upstream and the investment was classified as investments in subsidiaries.

DSTSB is involved in the marketing, promotion and supply of seismic technology and integrated field development services for upstream oil and gas activities in Malaysia and various other countries.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) Acquisition of a subsidiary during the financial year ended 30 June 2014 (continued)

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 (Note 7)	1,017
Intangible assets (Note 9)	658
Trade and other receivables	17,518
Current tax assets	1,146
Cash and bank balances	2,313
Trade and other payables	(20,587)
Hedge derivative liabilities	(249)
Hire purchase creditors	(95)
Deferred tax liabilities (Note 13)	(130)
Total identified net assets	1,591
Non-controlling interests	(399)
Goodwill arising from acquisition (Note 9)	1,209
Total deemed purchase consideration	2,401
Less: Fair value of interest in a joint venture previously held (Note 11(b)(vii))	(1,763)
Purchase consideration	638
Cash and cash equivalents of the subsidiary acquired	(2,313)
Net cash inflow of the Group on acquisition	(1,675)

If the acquisition occurred on 1 July 2013, the Group's revenue and profit after tax for the financial year ended 30 June 2014 would have been RM2,559,580,000 and RM229,055,000 respectively.

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11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Joint ventures				
Unquoted equity shares, at cost	**641,271**	479,931	**18,732**	18,732
Advances to joint ventures	**217,144**	216,022	**62,471**	64,813
Equity contribution in joint ventures in respect of ESOS	**749**	431	**446**	431
Share of post acquisition reserves, net of Group's unrealised profit and dividends	**4,662**	48,457	**–**	–
Exchange differences	**265**	629	**–**	–
	864,091	745,470	**81,649**	83,976
Associates				
Unquoted equity shares, at cost	**76,495**	2,736	**–**	–
Share of post acquisition reserves, net of Group's unrealised profit and dividends	**(8,347)**	(4)	**–**	–
Exchange differences	**664**	438	**–**	–
	68,812	3,170	**–**	–
	932,903	748,640	**81,649**	83,976

(a) Advances to joint ventures are unsecured, settlement is neither planned nor likely to occur in the foreseeable future and interest-free except for an amount of RM58,528,000 (2014: RM58,960,000) of the Group and of the Company, which bears interest at rates ranging from 4.50% to 4.70% (2014: 4.26% to 4.50%) per annum.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Joint ventures

(i) The details of the joint ventures are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	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.
Pengerang Terminals Sdn. Bhd.	Malaysia	**51%**	51%	Investment holding company and provision of management and operational services.
Fineline Services Limited	New Zealand	**44%**	44%	Provision of steel related works.
*BC Petroleum Sdn. Bhd.	Malaysia	**32%**	32%	Management, development and production of petroleum.
*Halliburton Bayan Petroleum Sdn. Bhd.	Malaysia	**50%**	50%	Provision of services and technology in petroleum production industry.
+Pengerang Terminals (Two) Sdn. Bhd.	Malaysia	**28%**	–	Provision of terminal storage facilities for petroleum and petrochemical products.
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 of the joint venture during the financial year are disclosed in Note 43 to the financial statements.

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11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Joint ventures (continued)

(ii) The joint ventures, in which the Group participates, are unlisted separate structured entities whose quoted market prices are not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint ventures and provides the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for liabilities of the joint arrangements resting primarily with the joint ventures. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.

(iii) The summarised financial information of a material joint venture is as follows:

	Pengerang Terminals Sdn. Bhd. and its subsidiary	
	2015	**2014**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	**2,292,501**	1,955,321
Current assets	**129,113**	163,241
Non-current liabilities	**(1,500,315)**	(1,183,617)
Current liabilities	**(189,584)**	(191,729)
Net assets	**731,715**	743,216
Results		
Revenue	**58,750**	12,045
Depreciation	**(51,705)**	(7,929)
Interest income	**2,224**	2,096
Interest expense	**(41,320)**	(5,584)
Tax expense	**(472)**	(532)
Loss for the financial year	**(49,795)**	(10,710)
Total comprehensive (loss)/income	**(10,015)**	14,268
Cash flows from/(used in) operating activities	**18,708**	(11,749)
Cash flows used in investing activities	**(202,176)**	(775,628)
Cash flows from financing activities	**186,318**	836,111
Net increase in cash and cash equivalents	**2,850**	48,734

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Joint ventures (continued)

(iv) The reconciliation of net assets of a material joint venture to the carrying amount of the investment in a joint venture is as follows:

	Pengerang Terminals Sdn. Bhd. and its subsidiary	
	2015	**2014**
	RM'000	**RM'000**
Share of net assets	**373,175**	379,040
Elimination of unrealised profits, interests, dividends and others	**(40,536)**	(41,259)
Carrying amount	**332,639**	337,781
Share of results for the financial year		
Share of profit or loss	**(25,395)**	(5,462)
Share of other comprehensive income	**20,288**	12,739
Share of total comprehensive (loss)/income	**(5,107)**	7,277

(v) Set out below is the financial information of all individually immaterial joint ventures on an aggregate basis:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Carrying amounts of interests in joint ventures	**531,452**	407,689
Share of results for the financial year		
Share of profit or loss	**31,876**	58,879
Share of other comprehensive income	**–**	–
Share of total comprehensive income	**31,876**	58,879
Dividend income from joint ventures	**36,430**	34,313

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11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Joint ventures (continued)

(vi) Acquisition of a joint venture during the financial year ended 30 June 2015

In December 2014, pursuant to Pengerang Terminal Phase 2 Project as disclosed in Note 43(f) to the financial statements, PRPCUF and VOPAK Pengerang further subscribed 160,000 and 100,000 ordinary shares of RM1.00 each for cash consideration of RM160,000 and RM100,000 respectively, representing 44.44% and 27.78% of the issued and paid-up share capital of PT-2 held by PRPCUF and VOPAK Pengerang respectively.

Following that, PT-2 had ceased to be a subsidiary of the Group and became a joint venture with effective equity interest of 27.78% in PT-2.

(vii) Disposal of a joint venture during the financial year ended 30 June 2014

In October 2013, Dialog Upstream Services Sdn. Bhd. ('Dialog Upstream'), a wholly owned subsidiary of the Company, acquired an additional 20% equity interest in Dialog Subsurface Technology Sdn. Bhd. (formerly known as Dialog Ascent Energy Sdn. Bhd.) ('DSTSB'), for a total cash consideration of HKD1,555,556 (equivalent to RM637,934). Following the signing of shareholder agreement with Ascent Energy Technology Limited, DSTSB became 75% owned by Dialog Upstream and the investment was classified as investments in subsidiaries.

The details of the deemed disposals are as follows:

Group	At date of disposal RM'000
Cost of investment	550
Share of post-acquisition reserves	322
Equity contribution in joint venture in respect of ESOS	14
Share of interest in joint venture	886
Fair value of interest held (Note 10(g))	(1,763)
Deemed gain on disposal	877

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(c) Associates

(i) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2015	2014	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.
Associate of Dialog LNG Sdn. Bhd.				
+*Pengerang LNG (Two) Sdn. Bhd.	Malaysia	**28%**	-	Provision of Liquefied Natural Gas 'LNG' terminal storage, regasification of LNG into natural gas and handling services.

* Not audited by BDO Malaysia or BDO member firms.
+ Details of the acquisition of the joint venture and associate during the financial year are disclosed in Note 43 to the financial statements.

(ii) The Group does not have any associate which is individually material to the Group for both financial years ended 30 June 2015 and 30 June 2014.

(iii) Set out below are the financial information of all individually immaterial associates on an aggregate basis.

	Group 2015 RM'000	2014 RM'000
Carrying amounts of interests in associates	**68,812**	3,170
Share of results for the financial year		
Share of profit or loss	**(735)**	18
Share of other comprehensive income	**–**	–
Share of total comprehensive (loss)/income	**(735)**	18

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11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(c) Associates (continued)

(iv) Acquisition of an associate during the financial year ended 30 June 2015

In November 2014, pursuant to Pengerang LNG Project as disclosed in Note 43(d) to the financial statements, PGB further subscribed 780,000 ordinary shares of RM1.00 each for cash consideration of RM780,000, representing 72.22% of the issued and paid-up share capital of PLNG-2 of RM1,080,000.

Following that, PLNG-2 had ceased to be a subsidiary of the Group and became an associate with effective equity interest of 27.78% in PLNG-2.

12. OTHER INVESTMENTS

	Group	
	2015 RM'000	2014 RM'000
Non-current		
Available-for-sale financial assets		
– Unquoted shares in Malaysia	**1,792**	1,792
– Unquoted shares outside Malaysia	**2,348**	6,798
– Quoted shares outside Malaysia	**–**	53,848
– Club membership, unquoted	**405**	344
	4,545	62,782

(a) In the previous financial year, included in unquoted shares outside Malaysia was an investment of RM165,000 representing 20% equity interest in a company incorporated in China. The investment was not considered as the Group's associate as the Group did not have significant influence, managerial involvement and board representation in the investee company. The investment was disposed of during the financial year.

(b) The movements in carrying amounts of other investments are as follows:

	Group	
	2015 RM'000	2014 RM'000
Balance as at 1 July	**62,782**	41,478
Impairment during the financial year	**(5,270)**	–
Disposal of investments during the financial year		
– cost of investments	**(35,749)**	–
– reclassification of available-for-sale reserve to profit or loss upon disposal of an investment	**(27,211)**	–
Additions of investments during the financial year	**–**	7,342
Fair value adjustments	**5,917**	13,039
Exchange differences	**4,076**	923
Balance as at 30 June	**4,545**	62,782

(c) Information on the fair value hierarchy is disclosed in Note 39(d) to the financial statements.

(d) Information on financial risks of other investments is disclosed in Note 40 to the financial statements.

13. 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	
	2015	2014
	RM'000	RM'000
Deferred tax assets	**50,756**	33,103
Deferred tax liabilities	**(3,990)**	(4,418)
	46,766	28,685

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

		Group	
		2015	2014
	Note	RM'000	RM'000
Balance at 1 July		**28,685**	19,097
Acquisition of a subsidiary	10(g)	**–**	(130)
Recognised in profit or loss	31		
– property, plant and equipment		**11,083**	(12,368)
– amounts due from customers for contract works		**10,765**	(7,292)
– unabsorbed capital allowances		**(5,448)**	11,032
– unused tax losses		**(1,461)**	(653)
– accrued liabilities		**(2,730)**	15,291
– unrealised profits		**9,927**	2,959
– other temporary differences		**(1,159)**	480
		20,977	9,449
Exchange differences		**(2,896)**	269
Balance at 30 June		**46,766**	28,685

13. 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	
	2015	**2014**
	RM'000	**RM'000**
Deferred tax assets		
Unused tax losses	**3,513**	4,974
Unabsorbed capital allowances	**5,835**	11,283
Unrealised profits	**24,223**	14,296
Accrued liabilities	**23,933**	26,663
Other deductible temporary differences	**3,903**	5,062
Deferred tax assets (before offsetting)	**61,407**	62,278
Offsetting	**(10,651)**	(29,175)
Deferred tax assets (after offsetting)	**50,756**	33,103
Deferred tax liabilities		
Property, plant and equipment	**8,828**	17,015
Amounts due from customers for contract works	**5,813**	16,578
Deferred tax liabilities (before offsetting)	**14,641**	33,593
Offsetting	**(10,651)**	(29,175)
Deferred tax liabilities (after offsetting)	**3,990**	4,418

Unrecognised deferred tax assets

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Unabsorbed capital allowances	**155**	157
Accrued liabilities	**246**	246
Unused tax losses		
– No expiry date	**8,881**	2,810
– Expires by 30 June 2016	**17,755**	14,712
– Expires by 30 June 2028	**13,444**	11,476
	40,481	29,401

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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

14. AMOUNTS OWING BY SUBSIDIARIES

	Note	Company 2015 RM'000	2014 RM'000
Non-current assets:			
Amounts owing by subsidiaries	(a)	**104,187**	309,505
Current assets:			
Amounts owing by subsidiaries	(b)	**42,235**	27,831

(a) The amounts owing by subsidiaries represent unsecured advances of RM93,863,000 (2014: RM297,200,000), which bears interest at rates ranging from 4.38% to 5.16% (2014: 4.33% to 4.60%) per annum. The advances together with the interest receivable thereon, which amounted to RM104,187,000 (2014: RM309,505,000) 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 RM5,228,000 (2014: RM7,166,000) owing by a subsidiary, which bears interest at rates ranging from 4.50% to 4.80% (2014: 4.50%) per annum.

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

	Company 2015 RM'000	2014 RM'000
Australian Dollar	**–**	6,040
New Zealand Dollar	**5,257**	7,172
Singapore Dollar	**–**	25,432
Thai Baht	**5,782**	5,125
United States Dollar	**7,540**	7,516

(d) Information on financial risks of amounts owing by subsidiaries is disclosed in Note 40 to the financial statements.

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15. INVENTORIES

	Group	
	2015	2014
	RM'000	RM'000
At cost		
Construction materials	**4,340**	3,132
Trading inventories	**85,246**	103,147
	89,586	106,279

During the financial year, inventories of the Group recognised as cost of sales amounted to RM402,428,000 (2014: RM629,219,000).

16. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Trade receivables					
Third parties		**353,099**	415,393	–	–
Amounts due from customers for contract works	17	**344,325**	192,792	**–**	–
		697,424	608,185	**–**	–
Less: Impairment losses		**(726)**	(255)	**–**	–
Total trade receivables		**696,698**	607,930	**–**	–
Other receivables					
Other receivables		**23,265**	18,258	**40**	408
Refundable deposits		**6,630**	8,416	**5**	38
Total other receivables		**29,895**	26,674	**45**	446
Total receivables		**726,593**	634,604	**45**	446
Hedge derivative assets		**157**	117	**227**	**–**
Non-refundable deposits		**140,976**	140,976	**–**	–
Prepayments		**8,130**	8,849	**60**	60
		875,856	784,546	**332**	506

(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 (2014: 7 to 60 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2015 RM'000	2014 RM'000
Euro	**45**	90
Indonesian Rupiah	**1,750**	–
Singapore Dollar	**4,696**	800
Sterling Pound	**4,910**	3,692
United States Dollar	**48,659**	40,609

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

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	**291,194**	328,148
Past due, not impaired:		
61 to 90 days	**14,837**	44,327
91 to 120 days	**18,985**	11,220
More than 120 days	**27,357**	31,443
	61,179	86,990
Past due and impaired	**726**	255
	353,099	415,393

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 records and no recent history of default. These trade receivables are unsecured in nature.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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	
	2015	**2014**
Group	**RM'000**	**RM'000**
Trade receivables, gross	**726**	255
Less: Impairment losses	**(726)**	(255)
	–	–

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 July	**255**	458
Reversal of impairment losses	**(255)**	–
Charge for the financial year	**726**	–
Written off during the financial year	**–**	(207)
Exchange differences	**–**	4
At 30 June	**726**	255

Trade 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) Included in trade receivables is total retention sum for contract works amounting to RM4,965,000 (2014: RM13,696,000).

(f) Included in deposits of the Group are deposits paid in relation to development of tank terminals amounting to RM140,976,000 (2014: RM140,976,000). In the previous financial year, deposits amounting to RM75,428,000 were reclassified to development of tank terminals.

(g) Information on financial risks of trade and other receivables is disclosed in Note 40 to the financial statements.

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

		Group	
		2015	2014
	Note	RM'000	RM'000
Aggregate costs incurred to date		**3,520,933**	3,317,198
Add: Attributable profits		**320,005**	205,791
		3,840,938	3,522,989
Less: Progress billings		**(3,535,965)**	(3,339,695)
		304,973	183,294
Represented by:			
Amounts due from customers for contract works	16	**344,325**	192,792
Amounts due to customers for contract works	25	**(39,352)**	(9,498)
		304,973	183,294

Additions to aggregate costs incurred during the financial year include:

	Group	
	2015	2014
	RM'000	RM'000
Hire of plant and machinery and motor vehicles	**4,290**	17,256

18. AMOUNTS OWING BY/(TO) JOINT VENTURES AND ASSOCIATES

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

(b) The foreign currency exposure of amounts owing by/(to) joint ventures and associates of the Group is as follows:

	Group	
	2015	2014
	RM'000	RM'000
Australian Dollar	**–**	(154)
New Zealand Dollar	**(128)**	(134)
Singapore Dollar	**(463)**	(426)
Thai Baht	**–**	(118)
United States Dollar	**–**	(97)

(c) The amounts owing by/(to) joint ventures and associates are denominated in Ringgit Malaysia, except as stated above.

(d) Information on financial risks of amounts owing by/(to) joint ventures and associates is disclosed in Note 40 to the financial statements.

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19. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	**475,201**	383,231	**52,472**	14,835
Deposits with licensed banks (not more than three months)	**391,115**	120,011	**333,416**	104,713
As reported in the statements of financial position	**866,316**	503,242	**385,888**	119,548
Less:				
Deposits pledged to licensed banks	**(397)**	(234)	**–**	–
Cash and cash equivalents included in the statements of cash flows	**865,919**	503,008	**385,888**	119,548

(a) Deposits with licensed banks of the Group and of the Company have an average maturity period of 30 days (2014: 30 days). Bank balances are deposits held at call with licensed banks.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Australian Dollar	**342**	224	**–**	–
Euro	**12,967**	664	**–**	–
Indonesian Rupiah	**34**	662	**–**	–
Japanese Yen	**74**	202	**–**	–
New Zealand Dollar	**42**	47	**–**	–
Papua New Guinea Kina	**831**	–	**–**	–
Singapore Dollar	**2,211**	3,021	**–**	–
Sterling Pound	**6,692**	2,764	**–**	–
Thai Baht	**48**	78	**–**	–
United States Dollar	**66,171**	36,855	**19,992**	–

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

(d) Information on financial risks of cash and bank balances is disclosed in Note 40 to the financial statements.

20. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Ordinary shares of RM0.10 each:				
Authorised:				
Balance as at 1 July	**10,000,000**	**1,000,000**	5,000,000	500,000
Created during the financial year	**–**	**–**	5,000,000	500,000
Balance as at 30 June	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Balance as at 1 July	**2,458,843**	**245,884**	2,430,811	243,081
Issuance of ordinary shares pursuant to:				
– Bonus Issue	**2,457,525**	**245,753**	–	–
– ESOS exercised	**51,324**	**5,132**	26,474	2,647
– warrants exercised	**115,600**	**11,560**	1,558	156
Balance as at 30 June	**5,083,292**	**508,329**	2,458,843	245,884

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM245,884,275 to RM508,329,244 by way of issuance of 2,624,449,684 new ordinary shares of RM0.10 each pursuant to the following:

(i) completion of the bonus issue of 2,457,525,047 new ordinary shares of RM0.10 each, on the basis of one (1) bonus share for every one (1) existing ordinary share, which resulted in 2,457,525,047 new ordinary shares of RM0.10 each being allotted and issued ('Bonus Issue');

(ii) 51,324,162 options exercised under the Employees' Share Option Scheme ('ESOS') at exercise prices ranging from RM0.20 to RM1.40 (adjusted after completion of Bonus Issue) per ordinary share for cash, which resulted in 51,324,162 new ordinary shares of RM0.10 each being allotted and issued; and

(iii) 115,600,475 warrants exercised at an exercise price of RM2.40 or RM1.19 (adjusted after distribution of Special Share Dividend and completion of Bonus Issue) each for cash, which resulted in 115,600,475 new ordinary shares of RM0.10 each being allotted and issued.

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

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20. SHARE CAPITAL (CONTINUED)

(b) During the financial year ended 30 June 2014, the authorised share capital of the Company was increased from RM500,000,000 to RM1,000,000,000 by the creation of additional 5,000,000,000 new ordinary share of RM0.10 each.

The issued and fully paid-up ordinary share capital of the Company was increased from RM243,081,113 to RM245,884,275 by the allotment of 28,031,622 new ordinary shares of RM0.10 each pursuant to the following:

(i) 26,473,723 options exercised under the ESOS at exercise prices ranging from RM0.39 to RM2.13 per ordinary share for cash;

(ii) 1,557,899 warrants exercised at an exercise price of RM2.40 each for cash, which resulted in 1,557,899 ordinary shares of RM0.10 each being allotted and issued.

(c) Of the total 5,083,292,436 (2014: 2,458,842,752) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2015, 3,335,032 (2014: 22,834,971) ordinary shares of RM0.10 each purchased for RM3,624,613 (2014: 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 5,079,957,404 (2014: 2,436,007,781).

(d) 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.

21. RESERVES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-distributable:				
Share premium	**318,279**	355,504	**318,279**	355,469
Share options reserve	**19,376**	19,033	**18,877**	19,377
Warrants reserve	**115,314**	164,239	**115,314**	164,239
Exchange translation reserve	**108,851**	27,953	**–**	–
Hedging reserve	**(6,516)**	584	**–**	–
Available-for-sale reserve	**–**	21,294	**–**	–
	555,304	588,607	**452,470**	539,085
Distributable:				
Retained earnings	**919,749**	749,856	**372,020**	240,266
	1,475,053	1,338,463	**824,490**	779,351

21. RESERVES (CONTINUED)

(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. The share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

(b) Warrants reserve

The warrants reserve represents the fair value assigned to the warrants of RM0.4201 (adjusted after distribution of Special Share Dividend and completion of Bonus Issue) (2014: 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.

(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 in the previous financial year relates to the fair valuation of financial assets categorised as available-for-sale.

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22. BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current liabilities:				
Bank loans	**593,700**	836,420	**400,000**	347,200
Hire purchase creditors	**109**	283	**–**	–
	593,809	836,703	**400,000**	347,200
Current liabilities:				
Bank loans	**264,905**	123,203	**–**	–
Hire purchase creditors	**203**	358	**–**	–
	265,108	123,561	**–**	–
Total borrowings	**858,917**	960,264	**400,000**	347,200

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Represented by:					
Bank loans	23	**858,605**	959,623	**400,000**	347,200
Hire purchase creditors	24	**312**	641	**–**	–
		858,917	960,264	**400,000**	347,200

The borrowings of the Group are denominated in the following currencies:

	Group	
	2015 RM'000	2014 RM'000
Euro	**8,381**	–
Indian Rupees	**100**	8
New Zealand Dollar	**21,230**	23,343
Ringgit Malaysia	**713,807**	758,530
Saudi Riyal	**95,761**	85,668
Singapore Dollar	**8,559**	32,804
Sterling Pound	**–**	3,894
Thai Baht	**3,519**	5,989
United States Dollar	**7,560**	50,028
	858,917	960,264

23. BANK LOANS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured				
Term loan				
– non-current	**93,755**	97,726	**–**	–
– current	**20,000**	20,200	**–**	–
	113,755	117,926	**–**	–
Unsecured				
Term loans				
– non-current	**499,945**	591,494	**400,000**	200,000
– current	**212,920**	5,821	**–**	–
Revolving credits				
– non-current	**–**	147,200	**–**	147,200
– current	**31,985**	97,182	**–**	–
	744,850	841,697	**400,000**	347,200
	858,605	959,623	**400,000**	347,200

(a) The term loan is secured by certain property, plant and equipment of the Group as disclosed in Note 7(b) to the financial statements.

(b) Included in the unsecured term loans of the Group is Islamic financing facility amounting to RM295,761,000 (2014: RM85,668,000).

(c) Information on financial risks of bank loans is disclosed in Note 40 to the financial statements.

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24. HIRE PURCHASE CREDITORS

	Group 2015 RM'000	Group 2014 RM'000
Minimum hire purchase payments:		
– not later than one (1) year	**215**	452
– later than one (1) year and not later than five (5) years	**124**	516
Total minimum hire purchase payments	**339**	968
Less: Future interest charges	**(27)**	(327)
Present value of hire purchase creditors	**312**	641
Repayable as follows:		
Current:		
– not later than one (1) year	**203**	358
Non-current:		
– later than one (1) year and not later than five (5) years	**109**	283
	312	641

Information on financial risks of hire purchase creditors is disclosed in Note 40 to the financial statements.

25. TRADE AND OTHER PAYABLES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade payables					
Third parties		**504,199**	498,402	**–**	–
Amounts due to customers for contract works	17	**39,352**	9,498	**–**	–
Total trade payables		**543,551**	507,900	**–**	–
Other payables					
Other payables		**5,682**	5,773	**83**	–
Accruals		**122,330**	119,934	**1,147**	892
Total other payables		**128,012**	125,707	**1,230**	892
Total payables		**671,563**	633,607	**1,230**	892
Hedge derivative liabilities		**245**	786	**218**	49
		671,808	634,393	**1,448**	941

25. 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 (2014: 7 to 60 days).

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

	Group	
	2015 RM'000	2014 RM'000
Australian Dollar	**1,668**	1,579
Euro	**1,161**	9,872
Indonesian Rupiah	**2,214**	-
Singapore Dollar	**2,355**	2,225
Sterling Pound	**481**	347
United States Dollar	**1,480**	27,530

(c) Information on financial risks of trade and other payables is disclosed in Note 40 to the financial statements.

26. AMOUNTS OWING TO SUBSIDIARIES

(a) The amounts owing to subsidiaries in the previous financial year were non-trade in nature, interest-free, unsecured and payable on demand in cash and cash equivalents.

(b) Amounts owing to subsidiaries were denominated in Ringgit Malaysia.

(c) Information on financial risks of amounts owing to subsidiaries is disclosed in Note 40 to the financial statements.

27. 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 (1) to twenty (20) 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	
	2015 RM'000	2014 RM'000
Not later than one (1) year	**7,447**	26,520
Later than one (1) year and not later than five (5) years	**8,026**	8,416
Later than five (5) years	**12,396**	9,310
	27,869	44,246

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27. 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 (2) to three (3) 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	
	2015 RM'000	2014 RM'000
Not later than one (1) year	**293**	191
Later than one (1) year and not later than five (5) years	**224**	162
	517	353

(b) Capital commitments

		Group	
		2015 RM'000	2014 RM'000
(i)	Capital expenditure in respect of purchase of property, plant and equipment:		
	Approved but not contracted for	**13,600**	48,400
	Contracted but not provided	**3,800**	700
		17,400	49,100
(ii)	Commitments in respect of tank terminal business	**1,181,900**	231,300
(iii)	Commitments in respect of upstream business	**82,940**	–

28. REVENUE

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Contract revenue	**1,180,744**	1,380,539	**–**	–
Sale of products and services rendered	**1,177,439**	1,171,151	**–**	–
Dividend income from:				
– subsidiaries	**–**	–	**220,705**	106,500
– a joint venture	**–**	–	**1,930**	2,536
	2,358,183	2,551,690	**222,635**	109,036

29. PROFIT BEFORE TAX

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before tax is arrived at after charging:					
Amortisation of intangible assets	9	**9,739**	3,246	**–**	–
Auditors' remuneration:					
– Statutory audit:					
– current year		**850**	867	**45**	40
– under provision in prior years		**57**	118	**5**	3
– Non-statutory audit		**6**	6	**6**	6
Contract expenditure		**951,277**	1,291,974	**–**	–
Cost of inventories recognised as an expense	15	**402,428**	629,219	**–**	–
Depreciation of property, plant and equipment	7	**41,008**	35,094	**–**	–
Directors' remuneration	30	**28,633**	26,983	**499**	428
Interest expense on:					
– bank loans		**20,100**	10,800	**19,031**	15,493
– bank overdraft		**16**	136	**–**	–
– hire purchase creditors		**18**	34	**–**	–
Loss on disposal of a subsidiary	10(e)	**2,083**	–	**–**	–
Impairment losses on:					
– receivables	16(d)	**726**	–	**–**	–
– goodwill	9	**4,550**	–	**–**	–
– other investments	12(b)	**5,270**	–	**–**	–
Property, plant and equipment written off	7	**595**	116	**–**	–
Rental expense of:					
– equipment		**1,696**	975	**–**	–
– premises		**7,410**	9,183	**–**	–
– storage tanks		**9,450**	7,081	**–**	–

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29. PROFIT BEFORE TAX (CONTINUED)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
And crediting:					
Cash dividend income from:					
– subsidiaries	28	**–**	–	**220,705**	106,500
– a joint venture	28	**–**	–	**1,930**	2,536
– other investment		**173**	–	**–**	–
Gain on disposals of:					
– a joint venture	11(b)(vii)	**–**	877	**–**	–
– property, plant and equipment		**2,701**	1,291	**–**	–
– other investments		**23,422**	–	**–**	–
Gain on foreign exchange:					
– realised		**5,290**	1,363	**238**	119
– unrealised		**3,551**	2,665	**1,545**	1,466
Interest income from:					
– deposits with licensed banks		**12,024**	7,642	**5,650**	4,595
– advances to joint ventures		**2,644**	2,636	**2,644**	2,636
– advances to subsidiaries		**–**	–	**10,719**	12,653
Reversal of impairment losses on receivables	16(d)	**255**	–	**–**	–
Rental income of:					
– equipment		**1,311**	704	**–**	–
– properties' spaces		**1,253**	1,204	**–**	–

30. DIRECTORS' REMUNERATION

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company:				
Executive:				
Emoluments other than fees	**11,961**	9,350	**–**	–
Share options granted under ESOS	**2,387**	2,580	**–**	–
Non-Executive:				
Fees	**442**	368	**442**	368
Other emoluments	**57**	60	**57**	60
	14,847	12,358	**499**	428
Directors of the subsidiaries:				
Executive:				
Other emoluments	**12,522**	13,233	**–**	–
Share options granted under ESOS	**1,208**	1,296	**–**	–
Non-Executive:				
Other emoluments	**56**	96	**–**	–
	13,786	14,625	**–**	–
Total	**28,633**	26,983	**499**	428

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM217,000 (2014: RM191,000).

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the subsidiaries is RM484,000 (2014: RM276,000).

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**
RM50,001 – RM100,000	**–**	**1**
RM100,001 – RM150,000	**–**	**3**
RM2,100,001 – RM2,150,000	**1**	**–**
RM2,500,001 – RM2,550,000	**1**	**–**
RM3,750,001 – RM3,800,000	**1**	**–**
RM6,100,001 – RM6,150,000	**1**	**–**
	4	**4**

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31. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	**97,437**	45,321	**5,577**	226
Foreign income tax	**8,571**	9,991	**–**	–
	106,008	55,312	**5,577**	226
Under provision in prior years	**166**	1,866	**126**	336
	106,174	57,178	**5,703**	562
Deferred tax (Note 13)				
Relating to origination and reversal of temporary differences	**(20,521)**	(8,577)	**–**	–
Over provision in prior years	**(456)**	(872)	**–**	–
	(20,977)	(9,449)	**–**	–
Tax expense for the financial year	**85,197**	47,729	**5,703**	562
Share of tax of joint ventures and associates	**11,231**	17,298	**–**	–
Total tax expense of the Group including joint ventures and associates	**96,428**	65,027	**5,703**	562

(a) Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year.

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

31. TAX EXPENSE (CONTINUED)

(c) The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	**285,298**	228,773	**236,991**	113,526
Add: Total tax expense of the Group including joint ventures and associates	**96,428**	65,027	**5,703**	562
Profit before tax	**381,726**	293,800	**242,694**	114,088

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effects in respect of:				
Non allowable expenses	**1.6**	0.9	**0.6**	–
Tax exempt income	–	–	**(23.4)**	(24.8)
Lower tax rates in foreign jurisdiction	**(3.9)**	(2.9)	**–**	–
Deferred tax assets not recognised in loss making subsidiaries	**0.7**	–	**–**	–
Effect of different effective tax rate of the joint ventures and associates	**2.0**	(0.5)	**–**	–
Recognition of previously unrecognised deferred tax assets	**–**	(0.7)	**–**	–
	25.4	21.8	**2.2**	0.2
Under/(Over) provision in prior years:				
– current tax	**–**	0.6	**0.1**	0.3
– deferred tax	**(0.1)**	(0.3)	**–**	–
Average effective tax rate	**25.3**	22.1	**2.3**	0.5

31. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	**Tax effect RM'000**	**After tax RM'000**
2015			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	**59,169**	**–**	**59,169**
Fair value gain on cash flow hedge	**715**	**–**	**715**
Fair value gain on available-for-sale financial assets	**5,917**	**–**	**5,917**
Share of other comprehensive income of a joint venture	**20,288**	**–**	**20,288**
	86,089	**–**	**86,089**
2014			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	24,718	–	24,718
Fair value loss on cash flow hedge	(1,385)	–	(1,385)
Fair value gain on available-for-sale financial assets	13,039	–	13,039
Share of other comprehensive income of a joint venture	12,739	–	12,739
	49,111	–	49,111

32. 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	
	2015	**2014**
Profit for the financial year attributable to ordinary equity holders of the parent (RM'000)	**275,130**	215,869
Weighted average number of ordinary share in issue ('000)	**4,969,582**	2,422,265
Effect of issuance of shares pursuant to:		
– Special share dividend completed on 25 July 2014	**–**	19,500
– Bonus issue completed on 25 July 2014	**–**	2,457,525
Weighted average number of ordinary shares in issue ('000)	**4,969,582**	4,899,290
Basic earnings per ordinary share (sen)	**5.54**	4.41

32. EARNINGS PER ORDINARY SHARE (CONTINUED)

(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 (adjusted for bonus issue for previous corresponding year). 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	
	2015	**2014**
Profit for the financial year attributable to equity holders of the parent (RM'000)	**275,130**	215,869
Weighted average number of ordinary shares in issue ('000)	**4,969,582**	4,899,290
Effects of dilution due to:		
– ESOS ('000)	**49,859**	61,953
– Warrants ('000)	**71,313**	91,280
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	**5,090,754**	5,052,523
Diluted earnings per ordinary share (sen)	**5.40**	4.27

33. DIVIDENDS

	Group and Company			
	2015		**2014**	
	Dividend per share sen	**Amount of Dividend RM'000**	**Dividend per share sen**	**Amount of Dividend RM'000**
Interim cash dividend paid	**1.00**	**50,737**	1.10	26,793
Special dividend distributed from treasury shares	**–**	**–**	0.90	21,194
Final cash dividend proposed/paid	**1.20**	**61,025**	1.10	54,500
	2.20	**111,762**	3.10	102,487

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

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33. DIVIDENDS (CONTINUED)

Special share dividend of one (1) treasury share for every one hundred and twenty five (125) existing ordinary shares of RM0.10 each held, totaling 19,499,939 shares purchased for RM21,194,484 (determined based on the weighted average cost of treasury shares and equivalent to 0.90 sen per ordinary share of RM0.10 each) in respect of the previous financial year distributed on 25 July 2014 ('Special Share Dividend').

The Directors recommend a final cash dividend of 1.20 sen per ordinary share of RM0.10 each, amounting to approximately RM61,025,000 in respect of the financial year ended 30 June 2015, 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 2015 do not reflect this proposed final cash dividend. The proposed final cash dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2016.

34. EMPLOYEE BENEFITS

	Group	
	2015	**2014**
	RM'000	**RM'000**
Salaries, wages, bonuses and allowances	**236,584**	238,507
Directors' remuneration:		
– emoluments other than fees	**24,483**	22,583
Defined contribution plans	**16,440**	16,734
Share options granted under ESOS:		
– Directors	**3,595**	3,876
– Other employees	**5,227**	9,356
Other employee benefits	**15,573**	14,217
	301,902	305,273

35. EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is in force for a period of ten (10) 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 of between 10% - 80% per year over the vesting periods of two (2) to five (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.

35. 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 →						
Revised option price#:	**Balance as at 1.7.2014**	**Granted**	**Adjusted#**	**Retracted***	**Exercised**	**Balance as at 30.6.2015^**	**Exercisable as at 30.6.2015**
RM0.47	578,066	–	541,460	(73,208)	(523,792)	**522,526**	**522,526**
RM0.52	3,718,349	–	3,450,574	(110,414)	(2,870,525)	**4,187,984**	**4,062,884**
RM0.41	468,659	–	419,855	(33,550)	(502,842)	**352,122**	**316,026**
RM0.20	354,736	–	290,675	–	(372,123)	**273,288**	**269,625**
RM0.24	4,423,370	–	4,423,370	–	(8,846,740)	**–**	**–**
RM0.32	7,073,935	–	6,998,520	(387,388)	(10,077,629)	**3,607,438**	**3,505,978**
RM0.47	19,129,281	–	18,931,398	(1,330,278)	(14,145,044)	**22,585,357**	**5,872,030**
RM0.69	3,814,006	–	3,679,585	(302,880)	(2,410,137)	**4,780,574**	**1,920,435**
RM1.02	37,195,854	–	36,666,588	(3,150,145)	(6,718,018)	**63,994,279**	**16,043,074**
RM0.89	1,596,429	–	1,582,268	(266,890)	(386,612)	**2,525,195**	**609,500**
RM1.06	15,718,200	–	15,525,200	(2,476,000)	(3,187,700)	**25,579,700**	**4,696,100**
RM1.07	956,000	–	943,000	–	(121,000)	**1,778,000**	**356,000**
RM1.19	5,651,600	–	5,651,600	(1,100,800)	(840,000)	**9,362,400**	**1,305,600**
RM1.40	3,850,800	–	3,850,800	(497,600)	(322,000)	**6,882,000**	**1,229,600**
RM1.49	45,440,000	–	45,432,000	(3,464,000)	–	**87,408,000**	**–**
RM1.58	–	50,000,000	–	(1,737,000)	–	**48,263,000**	**–**
RM1.38	–	30,000,000	–	(482,000)	–	**29,518,000**	**–**
	149,969,285	80,000,000	148,386,893	(15,412,153)	(51,324,162)	**311,619,863**	**40,709,378**

Adjustments to option price and number of options following the completion of Bonus Issue.
* Due to resignation or rejection of the options granted.
^ Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares between 10% – 80% per year over vesting periods of 2 to 5 years.

Share options exercised during the financial year resulted in the issuance of 51,324,162 (2014: 26,473,723) ordinary shares at an average price of RM0.56 (adjusted after completion of Bonus Issue) (2014: RM1.04). The related weighted average ordinary share price at the date of exercise was RM1.61 (adjusted after completion of Bonus Issue) (2014: RM3.13).

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:

	2015	**2014**
Expected life (years)	**2 – 10**	3 – 10
Average share price at grant date^ (RM)	**0.33 – 1.75**	0.66 – 3.31
Exercise price^ (RM)	**0.20 – 1.58**	0.39 – 2.98
Fair value of share options^ (RM)	**0.08 – 0.39**	0.15 – 0.77
Risk free rate of interest (%)	**3.10 – 4.34**	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

^ Adjustments to price following the completion of Bonus Issue.

36. 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 ('Warrant holder(s)') to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM1.19 (adjusted after distribution of Special Share Dividend and completion of Bonus Issue) (2014: 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) Warrant holders 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 in financial year 2012	(366,468)
Exercised in financial year 2013	(2,582,914)
Exercised in financial year 2014	(1,557,899)
Exercised in financial year 2015:	
– Exercised before the special share dividend and bonus issue	(847,181)
– Adjustment arising from the special share dividend and bonus issue	196,169,677
– Exercised subsequent to the special share dividend and bonus issue	(114,753,294)
Exercised subsequent to 30 June 2015	(16,430,618)
As of 12 October 2015	258,068,237

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37. 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) Joint ventures and associates as disclosed in Note 11 to the financial statements;

(iii) 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 include the Executive Directors of the Group;

(iv) 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;

(v) Dialog Engineering Pte. Ltd. ('DEPL') and Dialog Plant Services Pte. Ltd. ('DPSPL') whereby certain directors of subsidiaries have directorship and/or substantial interest in DEPL Group; and

(vi) Ascent Energy Technology Limited ('Ascent') whereby a subsidiary's director holds substantial interest in Ascent.

(b) The Group and the Company had the following transactions with related parties during the financial year:

Group	2015 RM'000	2014 RM'000
Transactions with joint ventures and associates:		
Dividend income	**36,430**	34,313
Interest income	**2,644**	2,636
Sub-contract works received	**180,047**	262,274
Purchases and services	**(1,536)**	(1,153)
Tank rental expenses	**(3,206)**	(3,722)
Transactions with ePetrol Group:		
Provision of IT system and related services by ePetrol Services	**8,634**	3,084
Provision of centralised interchange and other IT related services to ePetrol Services and ePetrol Silverswitch	**437**	2,230
Provision of IT system and related services by ePetrol Holding	**700**	882
Rental of premises to ePetrol Services	**518**	76
Transactions with DEPL Group:		
Provision of sub-contract works by DPSPL	**15,915**	2,358
Provision of management services to DPSPL	**808**	2,145
Transactions with Ascent:		
Provision of manpower by Ascent	**727**	3,266

37. RELATED PARTY DISCLOSURES (CONTINUED)

(b) The Group and the Company had the following transactions with related parties during the financial year (continued):

Company	2015 RM'000	2014 RM'000
Transactions with subsidiaries:		
Dividend income	**220,705**	106,500
Interest income on advances	**10,719**	12,653
Transactions with joint ventures:		
Dividend income	**1,930**	2,536
Interest income on advances	**2,644**	2,636

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 of the Group and the Company.

(c) Compensation of key management personnel

The key management personnel comprise the Executive Directors of the Group and their remuneration during the financial year are disclosed in Note 30 to the financial statements.

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

	Group	
	2015 Number ('000)	2014 Number ('000)
Balance as at 1 July	**52,210**	46,202
As at date of appointment as Director	**120**	142
Granted	**10,851**	15,615
Adjusted^	**50,664**	–
Resigned	**(1,787)**	–
Exercised	**(24,766)**	(9,749)
Balance as at 30 June	**87,292**	52,210

^ Adjustments of number of options following completion of Bonus Issue.

The terms and conditions of the ESOS are detailed in Note 35 to the financial statements.

(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 2015 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

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38. 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 the internal management report reviewed by chief operating decision maker.

2015	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Middle East RM'000	Other Asian countries RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	**279,571**	**13,673**	**6,857**	**45,547**	**26,630**	**(1,783)**	**370,495**
Included in the measure of segment profits/(losses) are:							
Revenue from external customers	1,343,033	116,296	265,343	253,874	377,140	2,497	2,358,183
Inter-segment revenue	1,924	126,266	5,886	–	5,228	–	139,304
Depreciation of property, plant and equipment	17,249	4,896	6,621	9,879	2,319	44	41,008
Amortisation of intangible assets	7,460	52	1,661	309	257	–	9,739
Interest expense	14,501	1,159	2,174	1,666	633	1	20,134
Interest income	13,910	179	67	–	512	–	14,668
Share of results in joint ventures and associates	5,628	71	47	–	–	–	5,746
Segment assets	**2,706,014**	**237,836**	**114,283**	**291,597**	**219,497**	**12,755**	**3,581,982**
Deferred tax assets							50,756
Total assets							**3,632,738**
Included in the measure of segment assets are:							
Investments in joint ventures and associates	925,214	3,170	4,519	–	–	–	932,903
Additions to non-current assets:							
– Property, plant and equipment	51,387	297	5,460	3,340	954	–	61,438
– Development of tank terminals	33,868	–	–	–	–	–	33,868
– Joint ventures and associates	191,835	–	–	–	–	–	191,835
– Intangible assets	50,828	70	740	–	434	–	52,072
Segment liabilities	**1,259,683**	**82,356**	**69,343**	**130,620**	**31,558**	**8,540**	**1,582,100**
Deferred tax liabilities							3,990
Total liabilities							**1,586,090**

38. OPERATING SEGMENTS (CONTINUED)

2014	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Middle East RM'000	Other Asian countries RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	193,431	(2,551)	13,434	35,055	38,088	(955)	276,502
Included in the measure of segment profits/(losses) are:							
Revenue from external customers	1,297,325	225,854	339,013	231,080	452,090	6,328	2,551,690
Inter-segment revenue	11,250	497,829	5,701	677	1,342	–	516,799
Depreciation of property, plant and equipment	12,062	5,669	5,594	9,443	1,910	416	35,094
Amortisation of intangible assets	1,396	45	1,662	–	143	–	3,246
Interest expense	4,949	1,551	1,447	2,393	625	5	10,970
Interest income	9,718	168	67	–	325	–	10,278
Share of results in joint ventures and associates	53,134	24	277	–	–	–	53,435
Segment assets	2,365,227	293,500	147,406	196,651	205,744	8,681	3,217,209
Deferred tax assets							33,103
Total assets							3,250,312
Included in the measure of segment assets are:							
Investments in joint ventures and associates	740,769	2,894	4,977	–	–	–	748,640
Additions to non-current assets:							
– Property, plant and equipment	96,605	1,879	22,428	5,915	(368)	(974)	125,485
– Development of tank terminals	48,408	–	–	–	–	–	48,408
– Joint ventures	93,039	–	–	–	–	–	93,039
– Intangible assets	5,890	66	443	–	948	–	7,347
– Other investments	–	7,342	–	–	–	–	7,342
Segment liabilities	1,176,686	165,209	77,620	112,731	91,867	11,034	1,635,147
Deferred tax liabilities							4,418
Total liabilities							1,639,565

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

38. OPERATING SEGMENTS (CONTINUED)

Major customer

Revenue from two (2) joint ventures in the Malaysia segment represent approximately RM495,258,000 (2014: RM294,787,000) of the Group's revenue.

The following are joint ventures with revenue equal or more than ten percent (10%) of the Group's revenue:

	Group		
	2015 RM'000	2014 RM'000	Segment
Pengerang Terminals (Two) Sdn. Bhd.	**426,970**	–	Malaysia
Pengerang Independent Terminals Sdn. Bhd.	**68,288**	294,787	Malaysia

39. 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 2015 and 30 June 2014.

The Group monitors capital utilisation on the basis of debt-to-equity ratio, which is net debt divided by total capital. 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 2015 and 30 June 2014 are as follows:

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Borrowings	22	**858,917**	960,264	**400,000**	347,200
Less: Cash and bank balances	19	**(866,316)**	(503,242)	**(385,888)**	(119,548)
(Net cash)/Net debt		**(7,399)**	457,022	**14,112**	227,652
Total capital		**1,979,757**	1,559,528	**1,329,194**	1,000,416
Debt-to-equity ratio		**–**	0.29	**0.01**	0.23

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, 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 2015.

The Group is not subject to any other externally imposed capital requirements.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments

Group 2015	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	–	4,545	–	4,545
Trade and other receivables, net of prepayments and non-refundable deposits	726,593	–	157	726,750
Amounts owing by joint ventures and associates	54,579	–	–	54,579
Cash and bank balances	866,316	–	–	866,316
	1,647,488	4,545	157	1,652,190

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	858,917	–	858,917
Amounts owing to joint ventures and associates	883	–	883
Trade and other payables	671,563	245	671,808
	1,531,363	245	1,531,608

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

Company 2015	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 and non-refundable deposits	45	227	272
Amounts owing by subsidiaries	146,422	–	146,422
Amounts owing by a joint venture	2	–	2
Cash and bank balances	385,888	–	385,888
	532,357	227	532,584

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	400,000	–	400,000
Other payables and accruals	1,230	218	1,448
	401,230	218	401,448

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

Group 2014	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	–	62,782	–	62,782
Trade and other receivables, net of prepayments and non-refundable deposits	634,604	–	117	634,721
Amounts owing by joint ventures	72,883	–	–	72,883
Cash and bank balances	503,242	–	–	503,242
	1,210,729	62,782	117	1,273,628

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	960,264	–	960,264
Amounts owing to joint ventures and associates	1,483	–	1,483
Trade and other payables	633,607	786	634,393
	1,595,354	786	1,596,140

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

Company 2014	Loans and receivables RM'000	Total RM'000
Financial assets		
Trade and other receivables, net of prepayments and non-refundable deposits	446	446
Amounts owing by subsidiaries	337,336	337,336
Amount owing by a joint venture	2	2
Cash and bank balances	119,548	119,548
	457,332	457,332

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	347,200	–	347,200
Amounts owing to subsidiaries	12,418	–	12,418
Trade and other payables	892	49	941
	360,510	49	360,559

(c) 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, joint ventures and associates, trade and other payables and short-term 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 approximation of fair values due to the insignificant impact of discounting.

(ii) Borrowings

The fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Methods and assumptions used to estimate fair value (continued)

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

(iii) Unquoted shares and club membership

The fair value of these unquoted investments is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is 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 quotation of the same investment.

(iv) Quoted shares

The fair value of quoted investments in the previous financial year was determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(v) 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.

(vi) 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.

The fair value of an interest rate swap contract is the amount that would be payable or receivable upon termination of the position at the end of each reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of each reporting period.

(vii) Amounts owing by subsidiaries 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.

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39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy

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).

Fair value of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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).

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Financial assets		
Unquoted shares	Discounted industry price to book ratio (2.12 to 2.98).	The higher the price to book ratio, the higher the fair value of the unquoted shares would be.
Club membership	Comparable market quotes.	The higher the market quotes, the higher the fair values of the club memberships would be.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

As at 30 June 2015, the Group held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown in the statement of financial position:

		Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
Financial assets											
Available-for-sale financial assets											
– Unquoted shares	12	–	–	4,140	4,140	–	–	–	–	4,140	4,140
– Club membership, unquoted	12	–	–	405	405	–	–	–	–	405	405
Financial assets at fair value through profit or loss											
– Hedge derivative assets	16	–	157	–	157	–	–	–	–	157	157
Financial liabilities											
Financial liabilities at fair value through profit or loss											
– Hedge derivative liabilities	25	–	245	–	245	–	–	–	–	245	245
Other financial liabilities											
– Borrowings (fixed rates)		–	–	–	–	–	388,400	–	388,400	388,400	400,000
– Hire purchase creditors	24	–	–	–	–	–	291	–	291	291	312

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39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

As at 30 June 2015, the Company held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown in the statement of financial position:

Company	Note	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets											
Financial assets at fair value through profit or loss											
– Hedge derivative assets	16	–	227	–	227	–	–	–	–	227	227
Financial liabilities											
Financial liabilities at fair value through profit or loss											
– Hedge derivative liabilities	25	–	218	–	218	–	–	–	–	218	218
Other financial liabilities											
– Borrowings (fixed rates)		–	–	–	–	–	388,400	–	388,400	388,400	400,000
Unrecognised financial liabilities											
Sponsors' undertaking to financial institutions	41	–	–	–	–	–	–	1,831	1,831	1,831	–
Contingent liabilities:											
– Corporate guarantees issued to licensed banks and third parties for subsidiaries	41	–	–	–	–	–	–	1,282	1,282	1,282	–

39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

As at 30 June 2014, the Group held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown in the statement of financial position:

		Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets											
Available-for-sale financial assets											
– Quoted shares	12	53,848	–	–	53,848	–	–	–	–	53,848	53,848
– Unquoted shares	12	–	–	8,590	8,590	–	–	–	–	8,590	8,590
– Club membership, unquoted	12	–	–	344	344	–	–	–	–	344	344
Financial assets at fair value through profit or loss											
– Hedge derivative assets	16	–	117	–	117	–	–	–	–	117	117
Financial liabilities											
Financial liabilities at fair value through profit or loss											
– Hedge derivative liabilities	25	–	786	–	786	–	–	–	–	786	786
Other financial liabilities											
– Borrowings (fixed rates)		–	–	–	–	–	200,571	–	200,571	200,571	201,485
– Hire purchase creditors	24	–	–	–	–	–	626	–	626	626	641

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39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

As at 30 June 2014, the Company held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown in the statement of financial position:

Company	Note	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial liabilities											
Financial liabilities at fair value through profit or loss											
– Hedge derivative liabilities	25	–	49	–	49	–	–	–	–	49	49
Other financial liabilities											
– Borrowings (fixed rates)		–	–	–	–	–	199,118	–	199,118	199,118	200,000
Unrecognised financial liabilities											
Sponsors' undertaking to financial institutions	41	–	–	–	–	–	–	1,745	1,745	1,745	–
Contingent liabilities:											
– Corporate guarantees issued to licensed banks and third parties for subsidiaries	41	–	–	–	–	–	–	1,558	1,558	1,558	–

39. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2015 and 30 June 2014.

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	
	2015	**2014**
	RM'000	**RM'000**
Available-for-sale financial assets		
Balance as at 1 July	**8,934**	8,795
Disposal	**(179)**	–
Impairment loss	**(5,270)**	–
Exchange differences	**1,060**	139
Balance as at 30 June	**4,545**	8,934

40. 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, liquidity and cash flow risk and market 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 bank balances denominated in foreign currencies for working capital purposes.

At the end of the reporting period, such foreign currency balances amounted to RM89,412,000 (2014: RM44,517,000) and RM19,992,000 (2014: Nil) for the Group and the Company respectively. 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in those foreign currencies.

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 into 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 2015	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
Australian Dollar	318	890	2.80	2.9.2015
Euro	1,236	5,183	4.19	3.8.2015 – 31.5.2016
New Zealand Dollar	285	735	2.58	31.7.2015 – 30.11.2015
Singapore Dollar	1,667	4,498	2.70	2.7.2015 – 15.12.2015
Sterling Pound	30	179	5.97	2.10.2015
United States Dollar	1,320	4,842	3.67	21.7.2015 – 31.12.2015

Company At 30 June 2015	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
New Zealand Dollar	250	646	2.58	31.7.2015 – 30.11.2015

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

Group **At 30 June 2014**	**Contractual amount in Foreign Currency (FC'000)**	**Equivalent amount in Ringgit Malaysia (RM'000)**	**Average contractual rate FC/RM**	**Expiry date**
Australian Dollar	567	1,714	3.02	31.7.2014 to 3.11.2014
Euro	2,014	9,183	4.56	18.7.2014 to 27.2.2015
New Zealand Dollar	297	787	2.65	31.7.2014 to 28.11.2014
Singapore Dollar	748	1,939	2.59	14.7.2014 to 26.11.2014
United States Dollar	7,008	22,936	3.27	2.7.2014 to 28.11.2014

	Contractual amount in Foreign Currency (FC'000)	**Equivalent amount in Thai Baht (Baht'000)**	**Average contractual rate FC/Baht**	**Expiry date**
Euro	144	6,468	44.92	31.7.2014
Sterling Pound	808	44,874	55.54	25.7.2014 to 26.8.2014
United States Dollar	92	2,991	32.51	25.7.2014

Company **At 30 June 2014**	**Contractual amount in Foreign Currency (FC'000)**	**Equivalent amount in Ringgit Malaysia (RM'000)**	**Average contractual rate FC/RM**	**Expiry date**
New Zealand Dollar	250	654	2.61	31.7.2014 to 28.11.2014

Sensitivity analysis for foreign currency risk

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

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

As at the end of the reporting period, the Group has entered into interest rate swap contracts to swap notional principals amount of RM111,594,000 (2014: RM87,886,000) from floating interest rate to fixed rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps are from March 2014 to June 2018.

Sensitivity analysis for interest rate risk

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

The following table set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the Group'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 2015									
Fixed rates									
Amounts owing by joint ventures	11(a)	**4.50**	**–**	**–**	**–**	**–**	**–**	**49,728**	**49,728**
Deposits with licensed banks	19	**3.18**	**391,115**	**–**	**–**	**–**	**–**	**–**	**391,115**
Bank loans	23	**4.88**	**–**	**54,000**	**60,000**	**146,000**	**140,000**	**–**	**400,000**
Hire purchase creditors	24	**4.42**	**203**	**109**	**–**	**–**	**–**	**–**	**312**
Floating rates									
Amounts owing by joint ventures	11(a)	**4.62**	**–**	**–**	**–**	**–**	**–**	**8,800**	**8,800**
Bank loans	23	**4.13**	**264,905**	**37,961**	**37,827**	**45,916**	**46,241**	**25,755**	**458,605**
At 30 June 2014									
Fixed rates									
Amounts owing by joint ventures	11(a)	4.50	–	–	–	–	–	50,160	50,160
Deposits with licensed banks	19	2.86	120,011	–	–	–	–	–	120,011
Bank loans	23	4.60	1,485	–	34,000	40,000	126,000	–	201,485
Hire purchase creditors	24	1.68	358	283	–	–	–	–	641
Floating rates									
Amounts owing by joint ventures	11(a)	4.31	–	–	–	–	–	8,800	8,800
Bank loans	23	3.86	121,718	322,154	35,632	187,326	43,850	47,458	758,138

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

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

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 2015									
Fixed rates									
Deposits with licensed banks	19	**3.27**	**333,416**	**–**	**–**	**–**	**–**	**–**	**333,416**
Bank loans	23	**4.88**	**–**	**54,000**	**60,000**	**146,000**	**140,000**	**–**	**400,000**
Floating rates									
Amounts owing by subsidiaries	14	**4.76**	**5,228**	**–**	**–**	**–**	**–**	**93,863**	**99,091**
At 30 June 2014									
Fixed rates									
Amounts owing by subsidiaries	14	4.50	7,166	–	–	–	–	–	7,166
Deposits with licensed banks	19	2.96	104,713	–	–	–	–	–	104,713
Bank loans	23	4.60	–	–	34,000	40,000	126,000	–	200,000
Floating rates									
Amounts owing by subsidiaries	14	4.47	–	–	–	–	–	297,200	297,200
Bank loans	23	4.35	–	–	–	147,200	–	–	147,200

40. 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 16 to the financial statements.

Credit risk concentration profile

The maximum exposure to credit risk is represented by the carrying amounts in the statements 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 two (2) joint ventures and subsidiaries constituting 3% (2014: 6%) and 99% (2014: 98%) of total receivables of the Group and of the Company respectively. The Group and the Company do 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 16 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 16 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 executing its 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.

40. 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.

30 June 2015	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	**671,808**	**–**	**–**	**671,808**
Amounts owing to joint ventures and associates	**883**	**–**	**–**	**883**
Hire purchase creditors	**215**	**124**	**–**	**339**
Bank loans	**295,647**	**622,741**	**26,853**	**945,241**
Total undiscounted financial liabilities	**968,553**	**622,865**	**26,853**	**1,618,271**
Company				
Financial liabilities				
Other payables and accruals	**1,448**	**–**	**–**	**1,448**
Bank loans	**19,520**	**438,200**	**–**	**457,720**
Total undiscounted financial liabilities	**20,968**	**438,200**	**–**	**459,168**

30 June 2014	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	634,393	–	–	634,393
Amounts owing to joint ventures and associates	1,483	–	–	1,483
Hire purchase creditors	452	516	–	968
Bank loans	159,631	848,838	48,248	1,056,717
Total undiscounted financial liabilities	795,959	849,354	48,248	1,693,561
Company				
Financial liabilities				
Trade and other payables	941	–	–	941
Amounts owing to subsidiaries	12,418	–	–	12,418
Bank loans	15,597	384,669	–	400,266
Total undiscounted financial liabilities	28,956	384,669	–	413,625

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instrument of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

In the previous financial year, the Group was exposed to equity price risks arising from quoted equity instrument in Australia, which was listed on the Australia Securities Exchange. The instrument was classified as financial asset designated at available-for-sale financial asset. During the financial year, the Group had disposed of the quoted investment, resulting in a gain on disposal of RM23,377,000. Therefore, there is no market risk exposure to the Group as at the end of the reporting period.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity analysis of the Group if market quoted prices of the equity instrument for the financial year ended 30 June 2014 by five percent (5%) with all other variables held constant:

	Group 2014 RM'000
Market price	
– increase by 5%	2,692
– decrease by 5%	(2,692)

41. CONTINGENT LIABILITIES - UNSECURED

(a) The Company provides corporate guarantees up to a total amount of RM511,541,000 (2014: RM622,129,000) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM411,468,000 as at 30 June 2015 (2014: RM466,520,000).

(b) The Company has given corporate guarantees amounting to RM1,175,000 (2014: 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 RM1,175,000 as at 30 June 2015 (2014: RM1,100,000).

(c) In addition, the Company also provides a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of up to SGD261,582,000, equivalent to RM732,428,000 (2014: Nil) for project financing secured by a joint venture.

(d) In the previous financial year, the Company provided sponsor's undertaking to certain financial institutions up to USD30,784,000, SGD175,699,000 and RM147,578,000 totalling approximately equivalent to RM697,941,000 in relation to term loan facilities granted to certain joint ventures.

42. MATERIAL LITIGATIONS

(a) In April 2014, Dialog E & C Sdn. Bhd. ('DECSB'), a wholly owned subsidiary of the Company received a Notice of Arbitration from Tanjung Langsat Port Sdn. Bhd. ('TLP'). TLP and DECSB entered into an Engineering, Procurement, Construction and Commissioning Contract ('EPCC Contract') for the engineering, procurement, construction and commissioning of a 100,000 cubic metres oil terminal project ('Facility') at Tanjung Langsat Port, Johor, Malaysia for a contract price of RM89.5 million. The terminal commenced operations after DECSB had completed the project and in accordance with the agreed scope of the contract, which also saw handover of the completed project to TLP. However, there was an unfortunate fire incident that took place at the terminal in August 2008 leading to TLP's Notice of Arbitration.

    TLP is claiming an amount of approximately RM700,000,000 and the fire incident was caused by DECSB's breaches of its obligations under the EPCC Contract.

    The matter is pending arbitration process and the hearing of the matter has been set for August 2016. The arbitration proceeding did not have any impact on the operational and financial position of the Group for the financial year ended 30 June 2015.

(b) In October 2014, Centralised Terminals Sdn. Bhd. ('CTSB') through its 80% owned subsidiary, Langsat Terminal (One) Sdn. Bhd. ('LgT-1') had commenced arbitration proceedings against TLP, in relation to the recovery of losses and damages suffered by LgT-1. LgT-1 is claiming for TLP's breaches of its obligations to provide a minimum draft of 16.5 meters at the approach channel in order that the Very Large Crude Carriers would be able to access and berth at the port.

    In July 2015, LgT-1 filed its Statement of Claim and TLP filed its Defence and Counterclaim in August 2015. The matter is pending arbitration process and hearing of the matter is currently expected to be in December 2016. The Group is of the opinion that the arbitration proceeding is in the best interest to preserve LgT-1's rights. The arbitration proceeding did not have any impact on the operational and financial position of the Group for the financial year ended 30 June 2015.

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43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) In July 2014, the Company completed the following:

(i) Distribution of 19,499,939 ordinary shares of RM0.10 each ('Share') in the Company held by the Company as special share dividend to the shareholders of the Company on the basis of one (1) Share ('Treasury Share') for every (125) existing shares of RM0.10 each; and

(ii) Bonus issue of 2,457,525,047 new ordinary shares, credited as fully paid-up at par, on the basis of one (1) bonus share for every one (1) existing ordinary share.

(b) In August 2014, the Company incorporated Dialog LNG Sdn. Bhd. ('DLNG'), an indirect wholly owned subsidiary in Malaysia. DLNG was incorporated with an issued and fully paid-up ordinary share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each. Subsequently, the issued and fully paid-up ordinary share capital was increased to RM200,000, comprising 200,000 ordinary shares of RM1.00 each.

The intended business activities of DLNG are to invest in Liquefied Natural Gas ('LNG') terminals and other related facilities and services.

(c) In September 2014, Dialog Resources Sdn. Bhd. ('DRSB'), a wholly owned subsidiary of the Company, and ROC Oil (Sarawak) Sdn. Bhd. ('ROC') completed the farm-out agreement for the 20% participating interest in the PSC for the three oil fields, namely D35, D21 and J4, located offshore Sarawak, Malaysia. This reduced ROC's participating interest in the PSC to 30%.

The PSC terms are designed for field re-development and enhancement of oil recovery to commercially encourage progressive incremental oil development over the full life of the PSC, which expires on 31 December 2034.

(d) In November 2014, DLNG and Pengerang LNG (Two) Sdn. Bhd. ('PLNG-2') entered into a Shareholders' Agreement ('SHA') with PETRONAS Gas Berhad ('PGB') for the development of Liquefied Natural Gas ('LNG') Regasification Facilities at Pengerang, Johor, Malaysia ('Pengerang LNG Project'). In December 2014, with the subscription of 780,000 ordinary shares of RM1.00 each for cash consideration of RM780,000 by PGB, representing 72.22% of the issued and paid-up share capital of PLNG-2 of RM1,080,000, PLNG-2 had ceased to be a subsidiary of DIALOG and became an associate with an effective equity interest of 27.78% in PLNG-2 held by DLNG.

(e) In December 2014, Dialog Services (Vietnam) Company Limited ('DSVCL'), an indirect wholly owned subsidiary had completed its voluntary dissolution and is no longer on the list of Foreign Investment Enterprises with head office in Ho Chi Minh City, Vietnam.

Accordingly, DSVCL had ceased to be an indirect wholly owned subsidiary of the Company.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) In December 2014, Dialog Equity (Two) Sdn. Bhd. ('Dialog Equity-2') entered into a Shareholders Agreement ('SHA') with PRPC Utilities and Facilities Sdn. Bhd. ('PRPCUF') and Vopak Terminal Pengerang BV ('VOPAK Pengerang') for the development, construction and operation of the facilities required for the handling, storage and distribution of the crude oil, petroleum, chemical and petrochemical feedstock, products and by-products ('Products') to and from the Refinery and Petrochemical Integrated Development ('RAPID') complex at Pengerang, Johor ('Pengerang Terminal Phase 2 Project').

In February 2015, with the subscription of 160,000 and 100,000 ordinary shares of RM1.00 each for cash consideration of RM160,000 and RM100,000 by PRPCUF and Vopak Pengerang respectively, representing 44.44%, 27.78% and 27.78% of the issued and paid-up share capital of PT-2 held by PRPCUF, VOPAK Pengerang and the Dialog Equity-2 respectively. Accordingly, PT-2 had ceased to be a subsidiary of the Company and became a joint venture with an effective interest of 27.78% in PT-2 held by Dialog Equity-2.

(g) In March 2015, the Company incorporated Pengerang Deepwater Terminals Sdn. Bhd. ('PDTSB'), a wholly owned subsidiary in Malaysia. PDTSB was incorporated with an issued and fully paid-up ordinary share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each. The intended business activity of PDTSB is investment holding.

(h) In May 2015, Dialog Services Europe Limited ('DSEL'), an indirect owned subsidiary, had disposed of its wholly owned subsidiary, Dialog Technivac Limited ('DTL') for a total cash consideration of GBP400,000 (approximately equivalent to RM2,180,000), representing the sale of the entire paid-up share capital of DTL comprising of 313,500 ordinary shares of GBP 1.00 each. Accordingly, DTL had ceased to be a subsidiary of the Group.

44. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) In July 2015, Dialog Upstream Services Sdn. Bhd. ('DUSSB'), a wholly owned subsidiary, had acquired the remaining 25% equity interest, representing 250,000 ordinary shares of RM1.00 each in Dialog Subsurface Technology Sdn. Bhd. (formerly known as Dialog Ascent Energy Sdn. Bhd.) ('DSTSB') from Ascent Energy Technology Limited ('AET') for a total cash consideration of RM1,134,302. Pursuant to that, DUSSB's equity investment in DSTSB increased from 75% to 100% and DSTSB became a wholly owned subsidiary of the Company.

(b) In August 2015, Dialog Systems (Asia) Pte. Ltd. ('DSAPL'), a wholly owned subsidiary, had disposed of its 51% owned subsidiary, Anewa Engineering Private Limited ('Anewa') to NPCC Engineering Private Limited for a total cash consideration of USD2,964,375 (approximately equivalent to RM12,450,375) ('Share Sale'), representing the sale of 2,040,000 equity shares of Rs.10 each. Accordingly, Anewa ceased to be a subsidiary of the Group.

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45. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
– realised	**1,036,828**	803,903	**370,475**	238,800
– unrealised	**25,917**	16,990	**1,545**	1,466
	1,062,745	820,893	**372,020**	240,266
Total share of retained earnings from associates:				
– realised	**86**	(2)	**–**	–
– unrealised	**(18)**	(2)	**–**	–
Total share of retained earnings from joint ventures:				
– realised	**80,904**	118,693	**–**	–
– unrealised	**(16,680)**	(21,564)	**–**	–
Total before consolidation adjustments				
– realised	**1,117,818**	922,594	**370,475**	238,800
– unrealised	**9,219**	(4,576)	**1,545**	1,466
	1,127,037	918,018	**372,020**	240,266
Less: Consolidation adjustments	**(207,288)**	(168,162)	**–**	–
Total retained earnings	**919,749**	749,856	**372,020**	240,266

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