DIALOG

DIALOG GROUP BERHAD (178694-V)

(Incorporated in Malaysia)

Interim Financial Statements
For The Financial Period Ended
31 March 2015

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Revenue	669,760	638,324	1,781,599	1,907,956
Operating expenses	(570,060)	(586,745)	(1,534,550)	(1,754,008)
Other operating income	8,874	4,362	41,120	17,618
Share of profit after tax of equity-accounted joint ventures and associates	7,857	9,029	7,095	48,073
Finance costs	(6,276)	(1,456)	(14,594)	(9,763)
Profit before tax	110,155	63,514	280,670	209,876
Tax expense	(24,449)	(9,373)	(60,609)	(36,293)
Profit for the period	85,706	54,141	220,061	173,583
Profit for the period attributable to:				
Owners of the parent	81,847	49,553	211,498	163,633
Non-controlling interests	3,859	4,588	8,563	9,950
	85,706	54,141	220,061	173,583
Basic earnings per ordinary share of RM0.10 each (sen) (Note B13)	1.65	1.01	4.28	3.34
Diluted earnings per ordinary share of RM0.10 each (sen) (Note B13)	1.61	0.97	4.17	3.25

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.)

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Profit for the period (Note B14)	85,706	54,141	220,061	173,583
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	19,235	(878)	48,017	17,268
Cash flow hedge	(167)	244	481	752
Fair value of other investments	-	(134)	(21,294)	839
Share of other comprehensive income/(loss) of a joint venture	(11,036)	14,965	1,354	11,840
Other comprehensive income for the period	8,032	14,197	28,558	30,699
Total comprehensive income for the period	93,738	68,338	248,619	204,282
Total comprehensive income attributable to:				
Owners of the parent	89,754	63,602	239,230	192,499
Non-controlling interests	3,984	4,736	9,389	11,783
	93,738	68,338	248,619	204,282

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	NOTE	31/03/2015 RM'000	30/6/2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		568,269	483,140
Development of tank terminals		78,646	409,268
Intangible assets		84,717	43,923
Investment in joint ventures and associates	B11	920,845	748,640
Other investments		9,837	62,782
Deferred tax assets		55,322	33,103
		1,717,636	1,780,856
CURRENT ASSETS			
Inventories		115,231	106,279
Trade and other receivables	A16	798,304	857,429
Current tax assets		9,534	2,506
Cash and cash equivalents	A17	899,774	503,242
		1,822,843	1,469,456
TOTAL ASSETS		3,540,479	3,250,312
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		505,429	245,884
Treasury shares		(3,625)	(24,819)
Reserves		1,412,331	1,338,463
		1,914,135	1,559,528
Non-controlling interests		60,180	51,219
TOTAL EQUITY		1,974,315	1,610,747
NON-CURRENT LIABILITIES			
Borrowings	B7	608,092	836,703
Deferred tax liabilities		4,753	4,418
		612,845	841,121
CURRENT LIABILITIES			
Trade and other payables	A18	632,790	635,876
Borrowings	B7	256,420	123,561
Share dividend payable		-	21,194
Current tax liabilities		64,109	17,813
		953,319	798,444
TOTAL LIABILITIES		1,566,164	1,639,565
TOTAL EQUITY AND LIABILITIES		3,540,479	3,250,312
Net assets per share attributable to owners of the parent (sen)		38.7	31.8

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	Attributable to owners of the parent							
	Share capital RM'000	**Treasury shares RM'000**	**Share premium RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non - controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 July 2014	245,884	(24,819)	355,504	233,103	749,856	1,559,528	51,219	1,610,747
Total comprehensive income for the period	-	-	-	27,732	211,498	239,230	9,389	248,619
Appropriation :								
Special share dividend FY2014	-	21,194	-	-	-	21,194	-	21,194
Final dividend for FY2014	-	-	-	-	(54,500)	(54,500)	-	(54,500)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(55)	(55)
Share options granted under ESOS	-	-	-	10,387	-	10,387	488	10,875
Bonus Issue	245,753	-	(245,753)	-	-	-	-	-
Share options exercised	4,276	-	27,436	(7,254)	-	24,458	(861)	23,597
Warrants exercised	9,516	-	145,092	(40,339)	-	114,269	-	114,269
Share issue expenses	-	-	(431)	-	-	(431)	-	(431)
Balance as at 31 March 2015	505,429	(3,625)	281,848	223,629	906,854	1,914,135	60,180	1,974,315
Balance as at 1 July 2013	243,081	(24,819)	335,602	184,373	614,199	1,352,436	38,493	1,390,929
Total comprehensive income for the period	-	-	-	28,866	163,633	192,499	11,783	204,282
Appropriation :								
Final dividend for FY2013	-	-	-	-	(53,419)	(53,419)	-	(53,419)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,778)	(1,778)
Share options granted under ESOS	-	-	-	11,638	-	11,638	542	12,180
Share options exercised	2,251	-	27,209	(6,655)	-	22,805	(786)	22,019
Warrants exercised	19	-	590	(158)	-	451	-	451
Share issue expenses	-	-	(1)	-	-	(1)	-	(1)
Acquisition of subsidiary	-	-	-	(14)		(14)	399	385
Balance as at 31 March 2014	245,351	(24,819)	363,400	218,050	724,413	1,526,395	48,653	1,575,048

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015

	9 MONTHS ENDED	
	31/03/2015	**31/03/2014**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	280,670	209,876
Adjustments for :		
Depreciation and amortisation expenses	38,412	27,568
Net interest expense	4,390	620
Share of profit of joint ventures and associates	(7,095)	(48,073)
Share options granted under ESOS	10,576	11,907
Other non-cash items	13,846	4,309
Operating profit before working capital changes	340,799	206,207
Changes in working capital :		
Net change in inventories and receivables	87,242	(163,330)
Net change in payables	(8,392)	53,252
Cash from operations	419,649	96,129
Dividend and interest received	25,976	24,319
Tax paid	(46,730)	(46,742)
Tax refund	317	6,296
Net cash from operating activities	399,212	80,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	1,672
Additions of intangible assets	(46,674)	(3,161)
Development of tank terminals	268,084	(164,720)
Investments in joint ventures	(224,080)	(58,530)
Net change in deposits with licensed banks	(300)	3,851
Proceeds from disposal of property, plant and equipment	1,789	2,818
Proceeds from disposal of other investment	59,171	-
Purchase of property, plant and equipment	(36,082)	(83,477)
Purchase of other investment	-	(7,342)
Net cash from/(used in) investing activities	21,908	(308,889)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015 (CONT'D)

	9 MONTHS ENDED	
	31/03/2015 RM'000	**31/03/2014 RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(10,922)	(6,063)
Dividend paid	(54,500)	(53,420)
Dividend paid to non-controlling interests	(55)	(1,778)
Net drawdown of bank borrowings	(103,348)	162,666
Proceeds from issuances of shares	137,866	22,470
Share issue expenses	(431)	(1)
Net cash (used in)/from financing activities	(31,390)	123,874
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	389,730	(105,013)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
As previously reported	503,008	624,799
Effects of exchange rate changes on cash and cash equivalents	6,506	4,485
	509,514	629,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A17)	899,244	524,271

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.)

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

A2 Changes in accounting policies

The audited financial statements of the Group for the year ended 30 June 2014 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") framework issued by MASB. As per requirements under MFRS, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2014 except as discussed below:

As of 1 July 2014, the Group has adopted the revised MFRS and Amendments of MFRS that have been issued by MASB as listed below:

MFRSs, Amendments to MFRSs		**Effective for financial year beginning on or after**
Amendments to MFRS 10	*Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12	*Disclosure of Interests 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	*Annual Improvements to MFRSs 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRS	*Annual Improvements to MFRSs 2011 - 2012 Cycle*	1 July 2014

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A3 Auditors' report of preceding annual audited financial statements

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

A4 Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period ended 31 March 2015.

A6 Material changes in estimates

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

A7 Debt and equity securities

During the current financial period, the issued and paid-up share capital was increased from RM245,884,275 to RM505,429,482 by the allotment of 2,595,452,067 new ordinary shares of RM0.10 each pertaining to the following:

i. exercise of 42,764,418 share options under the Employees' Share Option Scheme;

ii. issue of 2,457,525,047 bonus shares pursuant to the Company's bonus issue; and

iii. exercise of 95,162,602 warrants.

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

A8 Dividends paid

A final single tier dividend of 1.1 sen per ordinary share of RM0.10 each, amounting to RM54,499,801 in respect of financial year ended 30 June 2014 was paid on 18 December 2014.

A9 Property, plant and equipment

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

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial period ended 31 March 2015 and up to the date of this report, which is likely to substantially affect the profits of the Group.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 - CONT'D

A11 Operating segments

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

The Group's operating segments for the financial period ended 31 March 2015 is as follows:

	Malaysia RM'000	**Singapore RM'000**	**Australia & New Zealand RM'000**	**Middle East RM'000**	**Other Asia RM'000**	**Other Countries RM'000**	**Total RM'000**
Segment profits	198,312	24,025	1,897	34,157	21,096	1,183	280,670
Included in the measure of segment profits are:							
Revenue from external customers	*1,002,999*	*100,002*	*195,794*	*180,021*	*290,353*	*12,430*	1,781,599
Inter-segment revenue	*13,818*	*111,148*	*1,579*	*-*	*2,919*	*-*	129,464
Depreciation and amortisation	*18,710*	*3,880*	*6,305*	*7,262*	*2,211*	*44*	38,412
Interest expense	*9,551*	*1,126*	*1,551*	*1,095*	*327*	*2*	13,652
Interest income	*8,708*	*103*	*58*	*-*	*393*	*-*	9,262
Share of profits/(loss) of joint ventures and associates	*6,918*	*78*	*99*	*-*	*-*	*-*	7,095
Segment assets	2,606,267	268,641	133,999	280,905	182,592	12,753	3,485,157
Deferred tax assets							55,322
Total assets							3,540,479
Included in the measure of segment assets are:							
Investment in joint ventures and associates	*913,003*	*2,944*	*4,898*	*-*	*-*	*-*	920,845
Additions to non-current assets:							
- Property, plant & equipment	*28,762*	*255*	*4,359*	*1,678*	*1,028*	*-*	36,082
- Intangible assets	*46,097*	*70*	*95*	*-*	*412*	*-*	46,674
- Development of tank terminals	*21,739*	*-*	*-*	*-*	*-*	*-*	21,739
- Joint ventures	*224,080*	*-*	*-*	*-*	*-*	*-*	224,080
Segment liabilities	1,226,834	112,774	75,821	122,130	23,852	-	1,561,411
Deferred tax liabilities							4,753
Total liabilities							1,566,164

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A12 Changes in the composition of the Group

(i) On 7 August 2014, the Company incorporated Dialog LNG Sdn. Bhd. ("Dialog LNG"), an indirect wholly owned subsidiary in Malaysia. Dialog LNG 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 two hundred thousand (200,000) ordinary shares of RM1.00 each.

The principal business activities of Dialog LNG are to invest in Liquefied Natural Gas ("LNG") terminals and other related facilities and services.

(ii) On 14 November 2014, Dialog LNG 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"). PLNG-2 will undertake the Pengerang LNG Project. 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 initial issued and paid-up share capital of PLNG-2 of RM1,080,000, PLNG-2 has ceased to be a subsidiary of DIALOG. Dialog LNG now holds 27.78% in PLNG-2 and this investment is classified as investment in joint ventures.

(iii) On 18 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 with effect from 18 December 2014.

(iv) On 19 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").

Pengerang Terminals (Two) Sdn Bhd ("PT-2") will undertake the Pengerang Terminal Phase 2 Project. 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, PT-2 is now 44.44% owned by PRPCUF, 27.78% owned by Dialog Equity-2 and the balance 27.78% is held by Vopak Pengerang. PT-2 has ceased to be a subsidiary of DIALOG. The investment is classified as investment in joint ventures.

(v) On 30 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.

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

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A13 Commitments

		31/03/2015 RM'000
i)	Capital commitments	
	Capital expenditure in respect of property, plant and equipment :	
	- approved but not contracted for	27,000
	- contracted but not provided for	9,400
		36,400
	Commitments of the Group in respect of tank terminal business	1,223,300
ii)	Operating lease commitments	
	a) The Group as lessee	
	- not later than one year	8,757
	- later than one year and not later than five years	8,209
	- after five years	12,389
		29,355
	b) The Group as lessor	
	- not later than one year	293
	- later than one year and not later than five years	297
		590

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A14 Changes in contingent liabilities and contingent assets

The Company provides corporate guarantees up to a total amount of RM526.0 million (as at 30.06.2014: RM622.1 million) to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of banking facilities utilised by these subsidiaries totalling RM387.1 million (as at 30.06.2014: RM466.5 million).

The Company has also given corporate guarantees amounting to RM1.2 million (as at 30.06.2014: RM1.1 million) to a third party for supply of goods and warehouse licenses for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third party totalling RM1.2 million (as at 30.06.2014: RM1.1 million).

In addition, the Company also provides a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of up to SGD261.0 million, equivalents to RM703.7 million for project financing secured by a joint venture.

A15 Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current financial period ended 31 March 2015 are set out below. The relationship of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2014 and the approved shareholders' mandate in the circular dated 28 October 2014 for recurrent related party transactions.

	9 MONTHS ENDED 31/03/2015 RM'000
Transactions with joint ventures:	
Dividend income	21,430
Interest income	1,985
Subcontract works received	179,103
Purchases and cost of services rendered	(1,316)
Tank rental and related expenses	(2,442)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	8,341
Provision of subcontract works	15,698
Provision of management services	677
Rental of office premises	341

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A16 Trade and other receivables

	31/03/2015 RM'000
Amounts due from customers for contract works	124,126
Trade receivables	326,835
Other receivables, deposits and prepayments	196,742
Amounts due from joint ventures and associates (trade)	150,142
Hedge derivative assets	459
	798,304

The Group has subsequently collected a total of RM126.7 million 39% from the outstanding trade receivables as at the date of this report.

A17 Cash and cash equivalents

	31/03/2015 RM'000
Deposits, cash and bank balances	899,774
Deposits pledged to licensed banks	(530)
	899,244

A18 Trade and other payables

	31/03/2015 RM'000
Amounts due to customers for contract works	42,641
Trade payables	422,411
Accruals and other payables	165,300
Amounts due to joint ventures and associates	1,055
Hedge derivative liabilities	1,383
	632,790

A19 Employees' Share Option Scheme ("ESOS")

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

In compliance with Malaysian Financial Reporting Standard, MFRS 2 on Share-based payment, a total ESOS cost for share options amounted to RM10,576,000 was charged to statement of profit or loss for the current financial period (Q3 FY2014: RM11,907,000).

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

B1 Performance analysis

The Group reported a total revenue of RM669.8 million with net profits of RM85.7 million for the current quarter ended 31 March 2015, increased by 4.9% and 58.3% respectively against same period last year. For the cumulative nine months period ended 31 March 2015, the recorded revenue of RM1.8 billion was lower by 6.6% from RM1.9 billion reported last year while net profits improved by 26.8% to RM220.1 million from RM173.6 million.

Malaysia operation achieved better results when compared to same periods last year following the contributions from the upstream activities mainly as a result of the operation of the Production Sharing Contract ("PSC") for three fields D35, D21 and J4, located offshore Sarawak. The Group's participation in this contract started from September 2014. During the period under review, the Group completed the engineering and construction activities for Pengerang Deepwater Terminals Phase 1C and began works on the Phase 2 development. Higher fabrication activities in various projects were also reported during the current period. These better results were however offset by lower sales in specialist products and services.

On the International front, the revenue for both current quarter and year to date were lower by 21% against same period last year. This was mainly attributable to low activities in engineering, construction and plant maintenance in Singapore, fabrication in Australia and New Zealand and lower sales of specialist products and services in India and Brunei. International operation's net profit after tax for the current quarter reduced by 14% in line with the lower revenue while net profit after tax for year to date was higher by 71% due to the gain on disposal of other investment in preceding quarter.

B2 Variation of results against preceding quarter

The Group's profit before tax for the current financial quarter of RM110.2 million was 2.9% higher against RM107.0 million recorded in the preceding quarter. This was in line with higher revenue registered during the period under review and increased share of profit from joint ventures.

B3 Prospects

The drop in oil prices will lower the overall costs of processing, manufacturing and production of a wide range of petroleum and petrochemical products. This would have a positive impact on the midstream and downstream sectors of oil and gas industry. The current oil price development reinforces our strategy to develop and invest in the Pengerang Deepwater Terminal and to support the development of Pengerang Integrated Petroleum Complex which has received about RM100 billion investment commitments to date.

The demand for storage facilities is expected to increase while further development of the Pengerang Deepwater Terminal will provide opportunities for the Group's engineering and construction services. The Group will benefit from long term recurring income from the tank terminal facilities.

Phase 1 of the Pengerang Deepwater Terminal is in full operation. To date, more than 160 vessels including supertankers ("VLCC") have used the terminal for trading purposes. The Group has commenced EPCC works on Phase 2 Projects. The Group is now working towards securing new potential partners for subsequent phases of Pengerang Deepwater Terminal, which include the development of more petroleum, petrochemical and LNG storage facilities.

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

B3 Prospects – cont'd.

In upstream, Bayan field continues production enhancement under the Oilfield Services Contract. Development activities are also being aggressively pursued for the D35, J4 and D21 fields to rejuvenate and increase oil production under the Production Sharing Contract.

The Group continues to proactively enhance and rationalise its human capital development to support the anticipated growth of the Group's business activities.

Barring unforeseen circumstances, the Group is confident to continue to deliver a healthy performance for the financial year ending 30 June 2015.

B4 Profit forecast and profit guarantee

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

B5 Taxation

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 31/03/2015 RM'000	**9 MONTHS ENDED 31/03/2015 RM'000**
Current tax	50,913	85,885
Deferred tax	(25,875)	(24,513)
Under provision in prior year	(589)	(763)
Total tax expense	24,449	60,609
Effective tax rate on profit before tax excluding share of results of joint ventures and associates	23.9%	22.2%

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

B6 Status of corporate proposals

(i) Memorandum of Understanding with Concord Energy Pte. Ltd. ("Concord Energy")

Dialog Pengerang Sdn Bhd ("DPSB"), a wholly owned subsidiary of the Company, had on 21 November 2013 entered into a Memorandum of Understanding ("MOU") with Concord Energy Pte. Ltd. ("Concord Energy") to carry out a feasibility study for the proposed development of a dedicated crude oil and petroleum product storage terminal at Pengerang, State of Johor. Concord Energy is one of the leading crude oil and refined products trading company in Singapore and South East Asia.

The proposed development under the MOU is a new phase of the Pengerang Deepwater Petroleum Terminal ("Pengerang Deepwater Terminal") project at Pengerang, State of Johor where the Company has been granted the land rights and development rights under a Development Cum Joint Venture Agreement.

The Company and Concord Energy are still currently in discussion as to the form and structure of the joint venture to be established and the services and facilities which are expected to be provided or received by the respective parties. The MOU has been extended for another year till 20 May 2016.

(ii) Shareholders' Agreement Between Dialog LNG Sdn. Bhd., Pengerang LNG (Two) Sdn. Bhd. and PETRONAS Gas Berhad

On 14 November 2014, Dialog LNG Sdn. Bhd. ("Dialog LNG") and Pengerang LNG (Two) Sdn. Bhd. ("PLNG-2") have entered into a Shareholders' Agreement ("SHA") with PETRONAS Gas Berhad ("PGB") for the development of Liquefied Natural Gas ("LNG") Regasification Facilities comprising of a regasification unit and two (2) units of 200,000 m^3 LNG storage tanks with an initial send out capacity of 3.5 million tonnes per annum ("MTPA") (equivalent to approximately 490 million standard cubic feet per day ("MMscfd") of natural gas at Pengerang, Southern Johor, Malaysia ("Pengerang LNG Project"). The total estimated project cost of the Pengerang LNG Project is approximately RM2.7 billion.

PLNG-2, a special purpose vehicle will undertake the Pengerang LNG Project. 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 initial issued and paid-up share capital of PLNG-2 of RM1,080,000, PLNG-2 has ceased to be a subsidiary of DIALOG. Dialog LNG now holds 27.78% in PLNG-2.

The lease agreement for the land on which the Pengerang LNG Project will be developed on has been signed with State Secretary, Johor (Incorporated) ("SSI, Johor") on 5 February 2015.

The intended equity shareholding of PGB of 65% and Dialog LNG of 25% in PLNG-2 will be achieved upon subscription by SSI, Johor of its 10% shareholding.

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

B6 Status of corporate proposals (cont'd)

(iii) Shareholders' Agreement Between Dialog Equity (Two) Sdn. Bhd., PRPC Utilities and Facilities Sdn. Bhd. And Vopak Terminal Pengerang BV

On 19 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").

The Pengerang Terminal Phase 2 Project will be developed on reclaimed land located within the Pengerang Deepwater Terminal where the land reclamation for the Pengerang Terminal Phase 2 Project of approximately 157 acres has been completed by DIALOG. Pengerang Terminal Phase 2 Project involves the construction of the storage capacity of approximately 2.1 million cubic metres (m^3) and a deepwater jetty with twelve berths. The total estimated project cost is approximately RM6.3 billion.

Pengerang Terminals (Two) Sdn Bhd ("PT-2"), a special purpose vehicle, will undertake the Pengerang Terminal Phase 2 Project. 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, PT-2 is now 44.44% owned by PRPCUF, 27.78% owned by Dialog Equity-2 and the balance 27.78% is held by Vopak Pengerang. PT-2 has now ceased to be a subsidiary of DIALOG.

The lease agreement for the land on which the Pengerang Terminal Phase 2 Project will be developed on has been signed with State Secretary, Johor (Incorporated) ("SSI, Johor") on 5 February 2015.

The intended equity shareholding of PRPCUF of 40%, Dialog Equity-2 of 25% in PT-2 and Vopak Pengerang of 25% will be achieved upon subscription by SSI, Johor of its 10% shareholding.

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

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

B7 Borrowings and debt securities

As at 31 March 2015, the Group's borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
Indian Rupees	320	19
Ringgit Malaysia	-	20,024
Singapore Dollars	85	229
Sterling Pound	12	63
Unsecured:		
New Zealand Dollars	3,501	9,700
Ringgit Malaysia	-	200,000
Saudi Riyal	5,000	4,950
Singapore Dollars	3,000	8,070
Thai Baht	29,000	3,297
United States Dollars	2,000	7,424
Sterling Pound	483	2,644
		256,420
Long term borrowings:		
Secured:		
Indian Rupees	1,455	86
Ringgit Malaysia	-	97,757
Sterling Pound	16	85
Unsecured:		
New Zealand Dollars	4,956	13,732
Ringgit Malaysia	-	400,000
Saudi Riyal	95,000	94,044
Thai Baht	21,000	2,388
		608,092
		864,512

The borrowings of the Group are mainly to part finance its investment in tank terminals, logistic business and trade financing in respect of specialist products and services. Included in the borrowings for the current financial period is RM299.0 million (30.06.2014: RM85.7 million) of Islamic financing facility.

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

B8 Material litigation

As at the date of this announcement, there was no material litigation since the last audited annual statement of financial position except for the following:-

a) Notice of Arbitration between Tanjung Langsat Port Sdn Bhd ("TLP") and Dialog E & C Sdn Bhd ("DECSB")

DECSB, a wholly owned subsidiary of the Company had on 9 April 2014, received a Notice of Arbitration dated 7 April 2014 from TLP for arbitral proceedings pursuant to the provisions of the Engineering, Procurement, Construction and Commissioning Contract dated 18 October 2006 ("EPCC Contract") and a Settlement Agreement dated 13 May 2011. The arbitration has been referred to the Kuala Lumpur Regional Centre for Arbitration.

TLP and DECSB entered into the 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 on 17 August 2008 leading to TLP's Notice of Arbitration.

TLP is claiming that the fire incident was caused by DECSB's breaches of its obligations under the EPCC Contract and alleging that it is entitled to the following sums:

1. RM22,431,934.40 for repair and reconstruction costs of the Facility incurred by TLP;
2. RM2,291,596.71 for repair and reconstruction costs of the Facility payable by TLP;
3. All costs and expenses to be incurred by TLP in remedying and rectifying the defective design and/or construction of the Facility, which is currently estimated at RM8,000,000.00;
4. RM76,744,788.54 for loss of profits had the Facility been approved by Platts or alternatively, RM62,144,788.54 for loss of profits if the Facility remained unapproved by Platts;
5. An indemnity against all of TLP's liability towards TLP's dedicated user, which includes but is not limited to: (i) USD20,747,275.20 for value of the loss of product stored in the Facility; (ii) USD2,108,497.00 for additional costs, fees and expenses incurred; and (iii) USD118,374,250.00 for the dedicated user's loss of use of the Facility;
6. Interest on the sums referred to above until full settlement;
7. Costs; and
8. Such other reliefs as the tribunal deems fit.

The matter is pending arbitration process and hearing of the matter has been set for August 2016. The Company is of the opinion that the arbitration proceeding is not expected to have any impact on the operational and financial position of the Group for the financial year ending 30 June 2015.

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

B8 Material litigation – cont'd.

b) Commencement of Arbitration Proceedings against Tanjung Langsat Port Sdn Bhd ("TLP")

Centralised Terminals Sdn Bhd ("CTSB") through its 80% owned subsidiary Langsat Terminal (One) Sdn Bhd ("LgT-1") has, on 8 October 2014, commenced arbitration proceedings against TLP.

CTSB is 55% owned by the Company and 45% owned by MISC Berhad, which is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. LgT-1, the claimant, is the owner and operator of the 476,000 m3 tank terminal facility for the handling, storage and processing of petroleum and petroleum-related products located at Tanjung Langsat, Johor, Malaysia.

TLP, the respondent, is a wholly owned subsidiary of Johor Corporation Berhad and has been granted licence by the Johor Port Authority to carry on the business of operating and managing a port as well as providing port and jetty facilities at the Port of Tanjung Langsat in the State of Johor Darul Takzim.

The arbitration proceedings are pursuant to the provisions of the Concession Agreement dated 12 April 2007 and Deed of Novation dated 21 June 2007. The commencement of the arbitration proceedings against TLP, is 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 partially laden Very Large Crude Carriers would be able to access and berth at the port. LgT-1's losses and damages are to be assessed. The arbitration has been referred to the Kuala Lumpur Regional Centre for Arbitration.

The matter is pending arbitration process. The Company is of the opinion that the arbitration proceeding is in the best interest to preserve LgT-1's rights to commence arbitration under the provisions of the Concession Agreement dated 12 April 2007.

The Company is also of the opinion that the arbitration proceeding is not expected to have any impact on the operational and financial position of Group for the financial year ending 30 June 2015.

B9 Dividends

a) The Board of Directors declared an interim single tier dividend of 10% (previous corresponding period: 11%) per ordinary share in respect of the financial year ending 30 June 2015.

The entitlement to the interim dividend will be determined based on the shareholders registered in the record of depositors as at 12 June 2015 and the date of payment will be on 25 June 2015.

b) The total dividend for current financial period to date is 10% per ordinary share of RM0.10 each.

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

B10 Derivative financial instruments

As at 31 March 2015, the Group has the following outstanding forward foreign exchange contracts.

	Contract Value		Fair value – net gains or (losses)
	FC'000	RM'000	RM'000
With maturity less than 1 year:			
Australian Dollar	615	1,800	(72)
Euro	609	2,546	(180)
New Zealand Dollar	400	1,036	68
Singapore Dollar	1,617	4,290	61
Sterling Pound	148	797	13
Thai Baht	1,323	147	-
United States Dollar	2,385	8,250	574

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

There is no significant change to the financial derivatives in respect of the following since the last financial year ended 30 June 2014:

a) the credit risk, market risk, and liquidity risk associated with these financial derivatives;

b) the cash requirement of the financial derivatives; and

c) the policy in place for mitigating or controlling the risk associated with these financial derivatives.

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

The Group has also entered into interest rate swaps contract to swap notional principals amount of RM116,594,000 from floating interest rate to fixed rate to hedge against interest rate fluctuations, which expires on June 2018.

B11 Investments in joint ventures and associates

Included in the investments in joint ventures and associates was unsecured advances amounted to RM58.5 million given to a joint venture. The advances bear interest at rates ranging from 4.26% to 4.70% per annum and are not repayable within the next twelve months. The advances together with the interest receivable thereon amounted to RM66.4 million as at 31 March 2015.

The Company also provided sponsor's undertaking to a joint venture as disclosed in A14.

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

B12 Retained Profits

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

	As at 31/03/2015 RM'000	As at 30/6/2014 RM'000
Total retained profits of the Company & its subsidiaries		
- Realised	1,003,154	803,903
- Unrealised	27,379	16,990
	1,030,533	820,893
Total share of retained profits from associates		
- Realised	90	(2)
- Unrealised	(16)	(2)
Total share of retained profits from joint ventures		
- Realised	99,716	118,693
- Unrealised	(18,273)	(21,564)
Total before consolidation adjustments		
- Realised	1,102,960	922,594
- Unrealised	9,090	(4,576)
	1,112,050	918,018
Less: Consolidation adjustments	(205,196)	(168,162)
Total retained profits as per consolidated accounts	906,854	749,856

The above consolidation adjustments are mainly on adjustment for issuance of bonus shares in FY2014 and FY2010, non-controlling interests' share of equity and unrealised profits from E&C works provided to joint ventures.

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

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

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

B13 Earnings per share

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Profit for the financial period attributable to owners of the Company (RM'000)	81,847	49,553	211,498	163,633
Weighted average number of ordinary shares in issue ('000)	4,969,502	4,906,711	4,939,739	4,895,884

Diluted earnings per ordinary share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares (adjusted for bonus issue for previous corresponding period). 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 period. The ordinary shares to be issued under ESOS and Warrants are based on the assumed proceeds on the difference between average share price for the financial period and exercise price.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		9 MONTHS ENDED	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Profit for the financial period attributable to owners of the Company (RM'000)	81,847	49,553	211,498	163,633
Weighted average number of ordinary shares in issue ('000)	4,969,502	4,906,711	4,939,739	4,895,884
Effect of dilution due to:				
- Warrants ('000)	73,855	112,930	75,527	79,096
- ESOS ('000)	50,276	62,839	50,696	57,723
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,093,633	5,082,480	5,065,962	5,032,703

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

B14 Profit for the period

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 31/03/2015 RM'000	9 MONTHS ENDED 31/03/2015 RM'000
This is arrived at after (charging)/crediting:		
Interest income	4,228	9,262
Interest expense	(6,007)	(13,652)
Depreciation and amortisation	(12,933)	(38,412)
Foreign exchange gain	2,713	3,895
Gain/(Loss) on forward exchange contract	(220)	808
Gain on disposal of other investment	45	23,422
Gain on disposal of plant and equipment	302	1,186
Property, plant and equipment written off	-	(8)
Rental income	735	2,017
Dividend income from other investment	173	173
Bad debt recovery	200	200
Other miscellaneous income	478	973

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

Date: 12 May 2015