DIALOG GROUP BERHAD (178694-V)

(Incorporated in Malaysia)

Interim Financial Statements For The Financial Year Ended 30 June 2015

INTERIM FINANCIAL REPORT

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

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue	576,584	643,734	2,358,183	2,551,690
Operating expenses	(479,323)	(583,248)	(2,013,873)	(2,337,256)
Other operating income	764	3,021	41,884	20,639
Share of profit after tax of equity-accounted joint ventures and associates	(1,349)	5,362	5,746	53,435
Finance costs	(6,851)	(2,243)	(21,445)	(12,006)
Profit before tax	89,825	66,626	370,495	276,502
Tax expense	(24,588)	(11,436)	(85,197)	(47,729)
Profit for the year	65,237	55,190	285,298	228,773
Profit for the year attributable to:				
Owners of the parent	63,632	52,236	275,130	215,869
Non-controlling interests	1,605	2,954	10,168	12,904
	65,237	55,190	285,298	228,773
Basic earnings per ordinary share of RM0.10 each (sen) (Note B13)	1.26	1.06	5.54	4.41
Diluted earnings per ordinary share of RM0.10 each (sen) (Note B13)	1.23	1.04	5.40	4.27

(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 YEAR ENDED 30 JUNE 2015

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Profit for the year (Note B14)	65,237	55,190	285,298	228,773
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	11,152	7,449	59,169	24,718
Cash flow hedge	234	32	715	(1,385)
Fair value of other investments	-	12,200	(21,294)	13,039
Share of other comprehensive income/(loss) of a joint venture	18,934	(1,269)	20,288	12,739
Other comprehensive income for the year	30,320	18,412	58,878	49,111
Total comprehensive income for the year	95,557	73,602	344,176	277,884
Total comprehensive income attributable to:				
Owners of the parent	88,404	70,801	327,634	263,300
Non-controlling interests	7,153	2,801	16,542	14,584
	95,557	73,602	344,176	277,884

(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 30 JUNE 2015

	NOTE	30/06/2015 RM'000	30/6/2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		583,380	483,140
Development of tank terminals		88,929	409,268
Intangible assets		80,441	43,923
Investment in joint ventures and associates	B11	932,903	748,640
Other investments		4,545	62,782
Deferred tax assets		50,756	33,103
		1,740,954	1,780,856
CURRENT ASSETS			
Inventories		89,586	106,279
Trade and other receivables	A16	930,435	857,429
Current tax assets		5,447	2,506
Cash and cash equivalents	A17	866,316	503,242
		1,891,784	1,469,456
TOTAL ASSETS		3,632,738	3,250,312
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		508,329	245,884
Treasury shares		(3,625)	(24,819)
Reserves		1,475,053	1,338,463
		1,979,757	1,559,528
Non-controlling interests		66,891	51,219
TOTAL EQUITY		2,046,648	1,610,747
NON-CURRENT LIABILITIES			
Borrowings	B7	593,809	836,703
Deferred tax liabilities		3,990	4,418
		597,799	841,121
CURRENT LIABILITIES			
Trade and other payables	A18	672,691	635,876
Borrowings	B7	265,108	123,561
Share dividend payable		-	21,194
Current tax liabilities		50,492	17,813
		988,291	798,444
TOTAL LIABILITIES		1,586,090	1,639,565
TOTAL EQUITY AND LIABILITIES		3,632,738	3,250,312
Net assets per share attributable to owners of the parent (sen)		39.8	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.)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 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 year	-	-	-	52,504	275,130	327,634	16,542	344,176
Appropriation :								
Special share dividend FY2014	-	21,194	-	-	-	21,194	-	21,194
Final dividend for FY2014	-	-	-	-	(54,500)	(54,500)	-	(54,500)
Interim dividend for FY2015	-	-	-	-	(50,737)	(50,737)	-	(50,737)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(62)	(62)
Share options granted under ESOS	-	-	-	8,770	-	8,770	370	9,140
Bonus Issue	245,753	-	(245,753)	-	-	-	-	-
Share options exercised	5,132	-	33,137	(8,427)	-	29,842	(1,178)	28,664
Warrants exercised	11,560	-	175,955	(48,925)	-	138,590	-	138,590
Share issue expenses	-	-	(564)	-	-	(564)	-	(564)
Balance as at 30 June 2015	508,329	(3,625)	318,279	237,025	919,749	1,979,757	66,891	2,046,648
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 year	-	-	-	47,431	215,869	263,300	14,584	277,884
Appropriation :								
Final dividend for FY2013	-	-	-	-	(53,419)	(53,419)	-	(53,419)
Interim dividend for FY2014	-	-	-	-	(26,793)	(26,793)	-	(26,793)
Interim special share dividend payable for FY2014	-	-	(21,194)	-	-	(21,194)	-	(21,194)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,778)	(1,778)
Share options granted under ESOS	-	-	-	13,056	-	13,056	504	13,560
Share options exercised	2,647	-	36,235	(10,423)	-	28,459	(983)	27,476
Warrants exercised	156	-	4,902	(1,320)	-	3,738	-	3,738
Share issue expenses	-	-	(41)	-	-	(41)	-	(41)
Acquisition of subsidiary	-	-	-	(14)	-	(14)	399	385
Balance as at 30 June 2014	245,884	(24,819)	355,504	233,103	749,856	1,559,528	51,219	1,610,747

(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.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	30/06/2015 RM'000	30/06/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	370,495	276,502
Adjustments for :		
Depreciation and amortisation expenses	50,747	38,340
Net interest expense	5,466	1,728
Share of profit of joint ventures and associates	(5,746)	(53,435)
Share options granted under ESOS	8,822	13,232
Other non-cash items	(17,178)	(5,753)
Operating profit before working capital changes	412,606	270,614
Changes in working capital :		
Net change in inventories and receivables	(10,788)	(115,149)
Net change in payables	32,890	(9,313)
Cash from operations	434,708	146,152
Dividend and interest received	42,773	39,828
Tax paid	(76,818)	(63,087)
Tax refund	383	7,258
Net cash from operating activities	401,046	130,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	1,675
Additions of intangible assets	(52,072)	(5,480)
Development of tank terminals	255,955	(48,408)
Deposits paid for land acquisition	-	(84,000)
Investments in joint ventures and associates	(191,835)	(93,039)
Net change in deposits with licensed banks	(164)	3,730
Net cash on disposal of a subsidiary	1,036	-
Proceeds from disposal of property, plant and equipment	3,936	3,878
Proceeds from disposal of other investment	59,171	-
Purchase of property, plant and equipment	(61,438)	(124,468)
Purchase of other investment	-	(7,342)
Net cash from/(used in) investing activities	14,589	(353,454)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015 (CONT'D)

	30/06/2015 RM'000	30/06/2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(14,452)	(8,843)
Dividend paid	(105,237)	(80,212)
Dividend paid to non-controlling interests	(62)	(1,778)
Net (repayment)/drawdown of bank borrowings	(114,309)	157,481
Proceeds from issuances of shares	167,254	31,214
Share issue expenses	(564)	(41)
Net cash (used in)/from financing activities	(67,370)	97,821
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	348,265	(125,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
As previously reported	503,008	624,799
Effects of exchange rate changes on cash and cash equivalents	14,646	3,691
	517,654	628,490
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note A17)	865,919	503,008

(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 119	*Defined Benefit Plans : Employee Contributions Accounting*	1 July 2014
Amendments to MFRS	*Annual Improvements to MFRSs 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRS	*Annual Improvements to MFRSs 2011 - 2013 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 year ended 30 June 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 year.

A7 Debt and equity securities

During the current financial year, the issued and paid-up share capital was increased from RM245,884,275 to RM508,329,244 by the allotment of 2,624,449,684 new ordinary shares of RM0.10 each pertaining to the following:

i. exercise of 51,324,162 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 115,600,475 warrants.

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

A8 Dividends paid

i. A special share dividend of 0.9 sen per ordinary share of RM0.10 each, amounting to RM21,194,484 in respect of financial year ended 30 June 2014 was distributed on 25 July 2014.
ii. 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.
iii. An interim single tier dividend of 1.0 sen per ordinary share of RM0.10 each, amounting to RM50,737,053 in respect of financial year ended 30 June 2015 was paid on 25 June 2015.

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 financial year

There were no material events subsequent to the current financial year ended 30 June 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 year ended 30 June 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	279,571	13,673	6,857	45,547	26,630	(1,783)	370,495
Included in the measure of segment profits 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 and amortisation	*24,709*	*4,948*	*8,282*	*10,188*	*2,576*	*44*	50,747
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 profits of 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:							
Investment in joint ventures and associates	*925,214*	*3,170*	*4,519*	-	-	-	932,903
Additions to non-current assets:							
- Property, plant & equipment	*51,387*	*297*	*5,460*	*3,340*	*954*	-	61,438
- Intangible assets	*50,828*	*70*	*740*	-	*434*	-	52,072
- Development of tank terminals	*33,868*	-	-	-	-	-	33,868
- Joint ventures	*191,835*	-	-	-	-	-	191,835
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

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 had ceased to be a subsidiary of DIALOG. Dialog LNG held 27.78% in PLNG-2.

(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 had ceased to be a subsidiary of DIALOG.

(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.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A12 Changes in the composition of the Group - cont'd

(vi) On 11 May 2015, Dialog Services Europe Limited ("DSEL"), an indirect owned subsidiary, has disposed of its wholly owned subsidiary, Dialog Technivac Limited ("DTL") to Cakasa (Nigeria) Company Limited for a total cash consideration of GBP400,000 (approximately of RM2,180,000). The disposal involved the sale of the entire paid-up share capital of DTL comprising of 313,500 ordinary shares of GBP 1.00 each in DTL. DTL has ceased to be an indirect subsidiary of DIALOG.

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

A13 Commitments

		30/06/2015 RM'000
i)	Capital commitments	
	Capital expenditure in respect of property, plant and equipment :	
	- approved but not contracted for	13,600
	- contracted but not provided for	3,800
		17,400
	Commitments of the Group in respect of tank terminal business	1,181,900
	Commitments of the Group in respect of upstream business	82,940
ii)	Operating lease commitments	
	a) The Group as lessee	
	- not later than one year	7,447
	- later than one year and not later than five years	8,026
	- after five years	12,396
		27,869
	b) The Group as lessor	
	- not later than one year	293
	- later than one year and not later than five years	224
		517

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 RM511.4 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 RM411.5 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 SGD261.6 million, equivalents to RM732.4 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 year ended 30 June 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.

	12 MONTHS ENDED 30/06/2015 RM'000
Transactions with joint ventures:	
Dividend income	36,430
Interest income	2,644
Subcontract works received	180,047
Purchases and cost of services rendered	(1,536)
Tank rental and related expenses	(3,206)
Transactions with related parties in relation to approved shareholders' mandate for recurrent related party transactions:	
Provision of IT and related services	9,771
Provision of subcontract works	16,642
Provision of management services	808
Rental of office premises	518

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 – CONT'D

A16 Trade and other receivables

	30/06/2015 RM'000
Amounts due from customers for contract works	344,325
Trade receivables	352,373
Other receivables, deposits and prepayments	179,001
Amounts due from joint ventures and associates (trade)	54,579
Hedge derivative assets	157
	930,435

The Group has subsequently collected a total of RM174 million 49% from the outstanding trade receivables as at the date of this report.

A17 Cash and cash equivalents

	30/06/2015 RM'000
Deposits, cash and bank balances	866,316
Deposits pledged to licensed banks	(397)
	865,919

A18 Trade and other payables

	30/06/2015 RM'000
Amounts due to customers for contract works	39,352
Trade payables	504,199
Accruals and other payables	128,012
Amounts due to joint ventures and associates	883
Hedge derivative liabilities	245
	672,691

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 RM8,822,000 was charged to statement of profit or loss for the current financial year (FY2014: RM13,232,000).

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

B1 Performance analysis

The Group closed its financial year ended 30th June 2015 with record net profits after tax of RM285.3 million, representing a 24.7% increase from last year. Total revenue for the current financial year was RM2.36 billion, 7.6% lower against RM2.55 billion recorded last year. As for the current reporting quarter, the revenue of RM576.6 million was lower by 10.4% against corresponding quarter last year while net profits after tax increased by 18.2% to RM65.2 million.

Financial performance from Malaysia operation remained strong for the current quarter and financial year under review. This was mainly due to the completion of the engineering and construction activities for Pengerang Deepwater Terminal Phase 1 and the beginning of works on Phase 2 development. In addition, other projects and the upstream activities had also contributed positively to the better financial results. These better performances were however offset by lower sales in specialist products and services.

On the International front, revenue for the current reporting quarter and year to date were lower by 20% against same periods last year. This was mainly attributable to low activities in engineering, construction and plant maintenance in Singapore and fabrication in Australia and New Zealand and lower sales of specialist products and services. Despite the lower revenue, International operation recorded higher net profits after tax by 20.8% for the financial year mainly due to the gain on disposal of other investment in quarter two of the current financial year.

The Group’s share of joint ventures results for the current year was lower when compared to the last financial year. This was mainly attributable to the share of operating and finance cost in Pengerang Independent Terminals which recently commenced its full operation and the write off of non recoverable cost in a joint venture that involves in upstream activities in quarter two of the current financial year.

B2 Variation of results against preceding quarter

The Group’s profit before tax for the current financial quarter of RM89.8 million was 18.5% lower against RM110.2 million recorded in the preceding quarter. This was in line with lower revenue registered during current quarter and lower share of profits from joint ventures.

B3 Prospects

As a leading integrated technical services provider to the upstream, midstream and downstream sectors in the oil, gas and petrochemical industry, the Group continues to proactively enhance and rationalize its human capital development to support the anticipated growth of its business activities. The Group is confident that its business model is well structured and can withstand the current oil price volatility and currency movements.

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 the oil and gas industry. The current oil price development reinforces our strategy to develop and invest in the Pengerang Deepwater Terminal.

The demand for storage facilities is strong for crude oil and products. Further development of the Pengerang Deepwater Terminal will provide more opportunities for the Group’s engineering, procurement, construction, commissioning and fabrication services. The Group will continue to benefit from long term recurring rental income derived from additional tank terminal facilities when they go into operations.

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

B3 Prospects – cont'd.

Phase 1 of the Pengerang Deepwater Terminal is in full operation with 1.3 million m^3 fully leased out. To date, more than 200 vessels including supertankers ("VLCC") have used the terminal for loading and unloading purposes. The Group has commenced EPCC works on Phase 2, which is 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 ("RAPID") complex. This will keep the Group's Engineering & Construction Division, and Fabrication Division busy over the next few years. Phase 2 will have 2.1 million m^3 of storage capacity with a total investment cost of RM 6.3 billion.

The Group has also embarked on the joint venture with PETRONAS Gas Berhad for the development of Liquefied Natural Gas ("LNG") regasification facilities comprising 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 for a total investment cost of RM 2.7 billion. The Group will subsequently benefit from the long term recurring rental income derived from the tank terminal facilities. The Group is now working towards securing new potential partners for subsequent phases of the Pengerang Deepwater Terminal, which include the development of more petroleum, petrochemical and LNG storage facilities.

The Group has recently set up a fabrication facility in Pengerang, to position itself to capture opportunities provided by RAPID and other projects. It is being developed in phases on a 118-acre of land adjacent to the Pengerang Deepwater Terminal. Phase 1 of the development covers 32 acres and has 3 main fabrication workshops.

In upstream, the successful completion of the first Bayan field's infill drilling campaign has yielded very encouraging results. This project has added an initial incremental oil production from ongoing production enhancement activities. In the near term, a similar infill development drilling campaign is planned in D35 commencing in Q4 2015 to boost oil production in the field. In parallel, the Group is also participating in field development studies for the D35, J4 and D21 fields to further nurture new oil opportunities. These studies are expected to complete in mid 2016.

Barring unforeseen circumstances, the Group is optimistic that it will continue to deliver a healthy performance for the financial year ending 30 June 2016.

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

B4 Profit forecast and profit guarantee

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

B5 Taxation

	INDIVIDUAL PERIOD	CUMULATIVE PERIOD
	3 MONTHS ENDED 30/06/2015 RM'000	12 MONTHS ENDED 30/06/2015 RM'000
Current tax	20,123	106,008
Deferred tax	3,991	(20,521)
Under/(Over) provision in prior year	474	(290)
Total tax expense	24,588	85,197
Effective tax rate on profit before tax excluding share of results of joint ventures and associates	27.0%	23.4%

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") had 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 had ceased to be a subsidiary of DIALOG. Dialog LNG held 27.78% in PLNG-2.

The lease agreement for the land on which the Pengerang LNG Project will be developed on had 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 had 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 had 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 30 June 2015, the Group's borrowings were denominated in the following currencies:

	FC'000	RM'000
Short term borrowings:		
Secured:		
Indian Rupees	329	19
Ringgit Malaysia	-	20,024
Singapore Dollars	57	159
Unsecured:		
European dollars	1,996	8,381
New Zealand Dollars	3,501	8,921
Ringgit Malaysia	-	200,000
Saudi Riyal	10,000	10,080
Singapore Dollars	3,000	8,400
Thai Baht	14,000	1,564
United States Dollars	2,000	7,560
		265,108
Long term borrowings:		
Secured:		
Indian Rupees	1,370	81
Ringgit Malaysia	-	93,783
Unsecured:		
New Zealand Dollars	4,831	12,309
Ringgit Malaysia	-	400,000
Saudi Riyal	85,000	85,681
Thai Baht	17,500	1,955
		593,809
		858,917

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 year is RM295.8 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 2016.

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") had, 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 and hearing of the matter is currently expected to be in December 2016. 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 2016.

B9 Dividends

a) The Board recommends a final single tier cash dividend of 1.2 sen (previous corresponding year: 1.1 sen) per ordinary share of RM0.10 each in respect of the current financial year for approval of the shareholders at the forthcoming Annual General Meeting.

b) Total cash dividend for the current financial year of 2.2 sen amounting to approximately RM111,761,000 is based on enlarged share capital after the bonus issue in July 2014 as compared to the previous corresponding year of 2.2 sen amounting to RM81,292,998. A special share dividend of 0.9 sen amounting to RM21,194,484 in respect of previous financial year was also distributed in July 2014.

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

B10 Derivative financial instruments

As at 30 June 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	318	890	32
Euro	1,236	5,183	8
New Zealand Dollar	285	735	(10)
Singapore Dollar	1,667	4,498	170
Sterling Pound	30	179	(2)
United States Dollar	1,320	4,842	135

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 RM111,594,000 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 RM62.5 million as at 30 June 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 30/06/2015 RM'000	**As at 30/6/2014 RM'000**
Total retained profits of the Company & its subsidiaries		
- Realised	1,036,828	803,903
- Unrealised	25,917	16,990
	1,062,745	820,893
Total share of retained profits from associates		
- Realised	86	(2)
- Unrealised	(18)	(2)
Total share of retained profits from joint ventures		
- Realised	80,904	118,693
- Unrealised	(16,680)	(21,564)
Total before consolidation adjustments		
- Realised	1,117,818	922,594
- Unrealised	9,219	(4,576)
	1,127,037	918,018
Less: Consolidation adjustments	(207,288)	(168,162)
Total retained profits as per consolidated accounts	919,749	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 year is calculated by dividing the profit for the financial year 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 year).

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2015	**30/06/2014**	**30/06/2015**	**30/06/2014**
Profit for the financial year attributable to owners of the Company (RM'000)	63,632	52,236	275,130	215,869
Weighted average number of ordinary shares in issue ('000)	5,059,438	4,909,543	4,969,582	4,899,290

Diluted earnings per ordinary share for the current financial year is calculated by dividing the profit for the financial year attributable to owners of the Company 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 and Warrants are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
	30/06/2015	**30/06/2014**	**30/06/2015**	**30/06/2014**
Profit for the financial year attributable to owners of the Company (RM'000)	63,632	52,236	275,130	215,869
Weighted average number of ordinary shares in issue ('000)	5,059,438	4,909,543	4,969,582	4,899,290
Effect of dilution due to:				
- Warrants ('000)	75,134	67,107	71,313	91,280
- ESOS ('000)	50,941	34,599	49,859	61,953
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	5,185,513	5,011,249	5,090,754	5,052,523

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

B14 Profit for the year

	INDIVIDUAL PERIOD 3 MONTHS ENDED 30/06/2015 RM'000	CUMULATIVE PERIOD 12 MONTHS ENDED 30/06/2015 RM'000
This is arrived at after (charging)/crediting:		
Interest income	5,407	14,668
Interest expense	(6,483)	(20,134)
Depreciation and amortisation	(12,336)	(50,747)
Foreign exchange gain	4,947	8,842
Loss on forward exchange contract	(66)	(583)
Loss on disposal of subsidiary	(2,083)	(2,083)
Gain on disposal of other investment	-	23,422
Gain on disposal of plant and equipment	1,515	2,701
Property, plant and equipment written off	(587)	(595)
Rental income	547	2,564
Dividend income from other investment	-	173
Bad debt recovery	-	200
Impairment loss for other investment	(5,270)	(5,270)
Impairment loss for goodwill	(4,550)	(4,550)
Other miscellaneous income	836	1,810

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

Date: 20 August 2015