Supported by

DIALOG

DIALOG GROUP BERHAD
(178694-V)

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DIALOG GROUP BERHAD (178694-V) 2010 Annual Report

DIALOG

DIALOG GROUP BERHAD
(178694-V)

Positioning for the future

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries which serve a wide spectrum of the oil, gas and petrochemical industry. The principal activities of the subsidiaries, as listed in Note 9 to the financial statements, are the provision of specialist technical services and products, provision of engineering, construction and maintenance services, catalyst handling services, fabrication, provision of centralised tankage facilities, petroleum retailing and provision of ePayment technology & solutions. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	124,659,934	82,200,240
Attributable to:		
Equity holders of the Company	118,296,732	82,200,240
Minority shareholders	6,363,202	–
	124,659,934	82,200,240

DIVIDENDS

The dividends paid or proposed by the Company since the end of the previous financial year are as follows:

(a) Final dividend of 24% per ordinary share of RM0.10 each, less tax of 25%, amounting to RM24,950,786 in respect of the previous financial year was paid on 23 December 2009;

(b) Special single tier exempt share dividend of one (1) treasury share for every fifty (50) existing ordinary shares of RM0.10 each held, totaling 27,721,522 share dividends amounting to RM24,877,380 (determined based on weighted average cost of the treasury shares) in respect of the previous financial year was distributed to entitled shareholders on 23 December 2009. The market value of the share dividend at distribution date was RM35,733,042;

(c) Interim dividend of 13% per ordinary share of RM0.10 each, less tax of 25%, amounting to RM19,240,989 in respect of the current financial year was paid on 15 June 2010; and

(d) Proposed final single tier dividend of 18% per ordinary share of RM0.10 each, amounting to approximately RM35,265,139 in respect of the current financial year as recommended by the Directors after the balance sheet date for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM141,321,004 to RM198,052,323 by:

(a) the issuance of 819,300 new ordinary shares of RM0.10 each pertaining to the exercise of 819,300 shares options under the Employees' Share Option Scheme ("ESOS") at option prices ranging from RM0.59 to RM1.42 per share for cash;

(b) the issuance of 565,600,333 new ordinary shares of RM0.10 each by way of bonus issue on the basis of two (2) new ordinary shares of RM0.10 each for every five (5) ordinary shares of RM0.10 each held, by capitalising RM34,396,684 from the revaluation reserve account whilst the balance of RM22,163,349 from the retained profits of the Company; and

(c) the issuance of 893,560 new ordinary shares of RM0.10 each pertaining to the exercise of 893,560 shares options under the ESOS at revised option prices after adjustment for the bonus issue, ranging from RM0.42 to RM1.01 per share for cash.

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

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

OPTIONS OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

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

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries;

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

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

OPTIONS OVER UNISSUED SHARES (continued)

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

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

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

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

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

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

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

	--------------------------Number of options over ordinary shares of RM0.10 each----------------------------						
	Balance as at 1.7.2009	**Granted**	**Adjusted ^**	**Retracted***	**Exercised**	**Balance as at 30.6.2010**	**Exercisable as at 30.6.2010**
Revised option price^:							
– RM1.01	8,820,000	–	3,408,200	(579,000)	(888,200)	**10,761,000**	**5,151,520**
– RM1.12	18,252,000	–	7,157,600	(1,091,600)	–	**24,318,000**	**2,500,400**
– RM0.88	7,950,000	–	2,872,560	(908,200)	(320,300)	**9,594,060**	**744,260**
– RM0.42	6,549,000	–	2,314,720	(542,520)	(504,360)	**7,816,840**	**320,520**
– RM0.51	5,000,000	–	2,000,000	–	–	**7,000,000**	**–**
– RM0.69	–	13,241,000	5,124,000	(768,400)	–	**17,596,600**	**–**
	46,571,000	13,241,000	22,877,080	(3,889,720)	(1,712,860)	**77,086,500**	**8,716,700**

^ Adjustments to option price and number of options following the completion of bonus issue.
* Due to resignation or rejection of the options granted.

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 6 September 2010 from having to disclose the list of option holders and the number of options granted to them pursuant to Section 169 (11) of the Companies Act, 1965 except for information on employees who are granted 650,000 options and above.

OPTIONS OVER UNISSUED SHARES (continued)

Other than those disclosed in the Directors' interests, the following employees are granted 650,000 options and above:

	-----Number of options over ordinary shares of RM0.10 each----				
	Balance as at 1.7.2009	Granted	Adjusted	Exercised	Balance as at 30.6.2010
Ho Kam Yong	956,000	52,000	396,800	(146,200)	**1,258,600**
Mustaffa Kamal Bin Abu Bakar	751,000	194,000	372,800	(13,000)	**1,304,800**
Chong Chong Wooi	711,000	181,000	348,000	(22,000)	**1,218,000**
Jamal Bin Kamaludin	605,000	170,000	306,000	(10,000)	**1,071,000**
Tan Lek Lek	605,000	151,000	298,000	(11,000)	**1,043,000**
Chan Fok Kyong	500,000	70,000	228,000	–	**798,000**
Ng Chong Wah	411,000	66,000	184,000	(61,800)	**599,200**

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 19 November 2009, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

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

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

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

During the financial year, the Company repurchased 30,443,600 of its own ordinary shares of RM0.10 each from the open market for a total consideration of RM34,546,676 at an average price of RM1.13 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 and none of the treasury shares held were re-sold or cancelled during the financial year.

The Company has the right to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 1,980,523,233 (2009: 1,413,210,040) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2010, 18,256,671 (2009: 15,534,593) ordinary shares of RM0.10 each amounting to RM19,158,176 (2009: RM9,488,880) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.10 each in issue after deducting the treasury shares is 1,962,266,562 (2009: 1,397,675,447).

DIRECTORS OF THE COMPANY

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

Ngau Boon Keat
Chan Yew Kai
Dato' Mohamed Zakri Bin Abdul Rashid
Dr. Junid Bin Abu Saham
Datuk Oh Chong Peng
Chew Eng Kar
Siti Khairon Bt Shariff
Zainab Binti Mohd Salleh
Kamariyah Binti Hamdan (Appointed on 27 July 2010)
Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas (Resigned on 28 April 2010)

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

Siti Khairon Bt Shariff who is also retiring from the Board in accordance with Article 96 of the Company's Article of Association has indicated that she does not wish to seek re-election.

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	----------------------Number of ordinary shares of RM0.10 each--------------------					
	Balance as at 1.7.2009	**Bought**	**Bonus issue**	**Special share dividend**	**Sold**	**Balance as at 30.6.2010**
Shares in the Company						
Direct interests:						
Ngau Boon Keat	18,657,524	555,000	7,653,067	375,149	–	**27,240,740**
Chan Yew Kai	2,781,243	636,000	1,394,234	68,344	–	**4,879,821**
Dato' Mohamed Zakri Bin Abdul Rashid	908,467	–	370,653	18,168	(150,000)	**1,147,288**
Dr. Junid Bin Abu Saham	2,199,273	–	897,302	43,984	–	**3,140,559**
Chew Eng Kar	200,000	649,000	346,392	16,980	–	**1,212,372**
Zainab Binti Mohd Salleh	761,120	111,000	355,824	17,441	–	**1,245,385**

DIRECTORS' INTERESTS (continued)

	-----------------------Number of ordinary shares of RM0.10 each-------------------					
	Balance as at 1.7.2009	**Bought**	**Bonus issue**	**Special share dividend**	**Sold**	**Balance as at 30.6.2010**
Shares in the Company						
Indirect interests:						
Ngau Boon Keat	341,476,761	7,578,400	140,549,043	6,829,853	–	**496,434,057**
Dato' Mohamed Zakri Bin Abdul Rashid	185,068	–	75,507	3,701	(100,000)	**164,276**
Dr. Junid Bin Abu Saham	55,000	–	22,440	1,100	–	**78,540**
Chew Eng Kar	2,528,722	–	1,031,718	50,574	–	**3,611,014**

	-----Number of options over ordinary shares of RM0.10 each----				
	Balance as at 1.7.2009	**Granted**	**Adjusted**	**Exercised**	**Balance as at 30.6.2010**
Share options in the Company					
Direct interests:					
Ngau Boon Keat	6,650,000	2,000,000	3,420,000	(555,000)	**11,515,000**
Chan Yew Kai	3,677,000	1,644,000	2,124,000	(11,000)	**7,434,000**
Chew Eng Kar	1,327,000	744,000	818,800	(24,000)	**2,865,800**
Zainab Binti Mohd Salleh	1,010,000	431,000	572,000	(11,000)	**2,002,000**
Indirect interests:					
Ngau Boon Keat	139,000	66,000	75,600	(16,000)	**264,600**

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive benefits from the significant related party transactions in the ordinary course of business as disclosed in Note 36 to the financial statements.

DIRECTORS' BENEFITS (continued)

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as mentioned in Note 35 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

(i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(d) In the opinion of the Directors:

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

AUDITORS

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

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

Ngau Boon Keat
Director

Dato' Mohamed Zakri Bin Abdul Rashid
Director

Petaling Jaya
5 October 2010

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 13 to 89 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of operations of the Group and of the Company and the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Ngau Boon Keat
Director

Dato' Mohamed Zakri Bin Abdul Rashid
Director

Petaling Jaya
5 October 2010

Statutory Declaration

I, Zainab Binti Mohd Salleh, being the Director primarily responsible for the financial management of Dialog Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Petaling Jaya this 5 October 2010

Before me:

PESURUHJAYA SUMPAH
No: B 228
Nama: FARIDAH BT SULAIMAN
MALAYSIA

No. 42C (3rd floor)
Jalan SS 22/21, Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

Independent Auditors' Report

to the members of Dialog Group Berhad

Report on the Financial Statements

We have audited the financial statements of Dialog Group Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 89.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

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

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

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

Kuala Lumpur
5 October 2010

Balance Sheets

as at 30 June 2010

	Note	Group 2010 RM	Group 2009 RM (As restated)	Company 2010 RM	Company 2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	**153,710,616**	155,358,576	**–**	–
Intangible assets	8	**8,436,416**	8,650,396	**–**	–
Investment in subsidiaries	9	**–**	–	**149,659,751**	109,613,977
Investment in associates	10	**87,540,700**	82,812,838	**4,000**	4,000
Interest in jointly controlled entities	11	**55,588,398**	23,041,591	**68,561,142**	31,297,812
Other investments	12	**2,430,259**	2,433,641	**–**	–
Deferred tax assets	13	**8,819,069**	7,878,262	**1,883**	–
		316,525,458	280,175,304	**218,226,776**	140,915,789
Current assets					
Inventories	14	**20,667,095**	21,132,350	**–**	–
Trade and other receivables	15	**261,168,803**	232,780,022	**10,000**	5,000
Amounts owing by subsidiaries	17	**–**	–	**98,776,269**	179,574,131
Amounts owing by associates	18	**743,440**	1,120,277	**–**	–
Amounts owing by jointly controlled entities	19	**28,493,806**	38,815,320	**–**	–
Current tax assets		**5,053,878**	3,945,769	**185,289**	79,901
Cash and cash equivalents	20	**261,062,479**	178,713,780	**781,121**	60,038
		577,189,501	476,507,518	**99,752,679**	179,719,070
TOTAL ASSETS		**893,714,959**	756,682,822	**317,979,455**	320,634,859
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	21	**198,052,323**	141,321,004	**198,052,323**	141,321,004
Reserves	22	**298,599,327**	308,764,471	**89,285,354**	127,260,589
Treasury shares	21	**(19,158,176)**	(9,488,880)	**(19,158,176)**	(9,488,880)
		477,493,474	440,596,595	**268,179,501**	259,092,713
Minority interests		**34,688,353**	30,815,999	**–**	–
TOTAL EQUITY		**512,181,827**	471,412,594	**268,179,501**	259,092,713

Balance Sheets
as at 30 June 2010

	Note	Group 2010 RM	Group 2009 RM (As restated)	Company 2010 RM	Company 2009 RM
LIABILITIES					
Non-current liabilities					
Borrowings	23	**65,863,772**	44,811,547	**40,000,000**	20,000,000
Deferred tax liabilities	13	**6,133,740**	4,318,631	**–**	–
		71,997,512	49,130,178	**40,000,000**	20,000,000
Current liabilities					
Trade and other payables	26	**285,994,848**	217,649,543	**991,944**	317,500
Amounts owing to subsidiaries	17	**–**	–	**8,808,010**	41,224,646
Amounts owing to associates	18	**581,055**	670,588	**–**	–
Amounts owing to jointly controlled entities	19	**501,571**	54,637	**–**	–
Borrowings	23	**9,538,823**	7,207,257	**–**	–
Current tax payable		**12,919,323**	10,558,025	**–**	–
		309,535,620	236,140,050	**9,799,954**	41,542,146
TOTAL LIABILITIES		**381,533,132**	285,270,228	**49,799,954**	61,542,146
TOTAL EQUITY AND LIABILITIES		**893,714,959**	756,682,822	**317,979,455**	320,634,859

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

Income Statements

for the financial year ended 30 June 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Revenue	28	**1,139,145,582**	1,104,520,611	**84,800,000**	60,000,000
Cost of sales and services		**(998,389,055)**	(990,771,660)	**–**	–
Gross profit		**140,756,527**	113,748,951	**84,800,000**	60,000,000
Other operating income		**6,210,393**	4,283,596	**1,754,250**	1,506,174
Marketing and distribution costs		**(2,049,829)**	(1,742,353)	**–**	–
Administration expenses		**(22,966,907)**	(18,273,259)	**(1,206,540)**	(763,922)
Other operating expenses		**(3,389,655)**	(1,096,855)	**(50,000)**	(29,260)
Finance costs		**(2,182,099)**	(1,047,573)	**(1,010,912)**	(264,282)
Share of results of jointly controlled entities		**1,785,742**	(1,325,648)	**–**	–
Share of results of associates		**31,849,445**	28,909,050	**–**	–
Profit before tax	29	**150,013,617**	123,455,909	**84,286,798**	60,448,710
Tax (expense)/income	31	**(25,353,683)**	(21,970,624)	**(2,086,558)**	24,520
Net profit for the financial year		**124,659,934**	101,485,285	**82,200,240**	60,473,230
Attributable to:					
Equity holders of the Company		**118,296,732**	91,936,553	**82,200,240**	60,473,230
Minority interests		**6,363,202**	9,548,732	**–**	–
		124,659,934	101,485,285	**82,200,240**	60,473,230
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share of RM0.10 each (sen)	32	**6.01**	4.70		
Diluted earnings per ordinary share of RM0.10 each (sen)	32	**6.01**	4.70		
Dividend per ordinary share of RM0.10 each, net of tax	33				
– sen		**2.78**	4.50	**2.78**	4.50
– %		**27.8**	45.0	**27.8**	45.0

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

Statements of Changes in Equity

for the financial year ended 30 June 2010

GROUP	Note	Share capital RM	Share premium RM	Share options reserve RM	Exchange reserve RM	Treasury shares RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
		<---------------------------------- Attributable to equity holders of the Company						--------------------------------->		
Balance as at 1 July 2008		141,321,004	25,043,198	1,427,815	2,837,482	(8,576,157)	217,195,171	379,248,513	22,149,058	401,397,571
Income recognised directly in equity										
– Foreign currency translations		–	–	–	1,364,378	–	–	1,364,378	1,344,758	2,709,136
Net profit for the financial year		–	–	–	–	–	91,936,553	91,936,553	9,548,732	101,485,285
Total recognised income for the financial year		–	–	–	1,364,378	–	91,936,553	93,300,931	10,893,490	104,194,421
Final dividend for previous financial year		–	–	–	–	–	(20,697,363)	(20,697,363)	–	(20,697,363)
Interim dividend for current financial year	33	–	–	–	–	–	(12,586,053)	(12,586,053)	–	(12,586,053)
Share options granted under ESOS		–	–	2,243,290	–	–	–	2,243,290	345,012	2,588,302
Issuance of shares to minority shareholders		–	–	–	–	–	–	–	40,000	40,000
Shares repurchased		–	–	–	–	(912,723)	–	(912,723)	–	(912,723)
Acquisition of a subsidiary		–	–	–	–	–	–	–	1,537,714	1,537,714
Dividend paid to minority shareholders		–	–	–	–	–	–	–	(4,149,275)	(4,149,275)
Balance as at 30 June 2009		141,321,004	25,043,198	3,671,105	4,201,860	(9,488,880)	275,848,308	440,596,595	30,815,999	471,412,594

GROUP	Note	<--- Share capital RM	Share premium RM	Share options reserve RM	Attributable to equity holders of the Company Exchange reserve RM	Treasury shares RM	Retained profits RM	Total RM --->	Minority interests RM	Total equity RM
Balance as at 1 July 2009		141,321,004	25,043,198	3,671,105	4,201,860	(9,488,880)	275,848,308	440,596,595	30,815,999	471,412,594
Expenses recognised directly in equity										
– Foreign currency translations		–	–	–	(8,104,248)	–	–	(8,104,248)	(1,886,319)	(9,990,567)
Net profit for the financial year		–	–	–	–	–	118,296,732	118,296,732	6,363,202	124,659,934
Total recognised (expenses)/ income for the financial year		–	–	–	(8,104,248)	–	118,296,732	110,192,484	4,476,883	114,669,367
Previous financial year:-										
Special share dividend	33	–	(24,877,380)	–	–	24,877,380	–	–	–	–
Final dividend	33	–	–	–	–	–	(24,950,786)	(24,950,786)	–	(24,950,786)
Current financial year:-										
Interim dividend	33	–	–	–	–	–	(19,240,989)	(19,240,989)	–	(19,240,989)
Share options granted under ESOS		–	–	4,165,756	–	–	–	4,165,756	277,089	4,442,845
Share options exercised	21	171,286	2,241,098	(779,542)	–	–	–	1,632,842	(34,996)	1,597,846
Share issue expenses *		–	(355,752)	–	–	–	–	(355,752)	–	(355,752)
Shares repurchased	21	–	–	–	–	(34,546,676)	–	(34,546,676)	–	(34,546,676)
Acquisition of subsidiaries	9	–	–	–	–	–	–	–	(18,323)	(18,323)
Dividend paid to minority shareholders		–	–	–	–	–	–	–	(828,299)	(828,299)
Bonus issue	21	56,560,033	–	–	–	–	(56,560,033)	–	–	–
Balance as at 30 June 2010		198,052,323	2,051,164	7,057,319	(3,902,388)	(19,158,176)	293,393,232	477,493,474	34,688,353	512,181,827

* Included an amount of non-audit fees of RM30,000 paid to the auditors of the Company

COMPANY	Note	Share capital RM	Share premium RM	Share options reserve RM	Revaluation reserve RM	Treasury shares RM	Retained profits RM	Total equity RM
Balance as at 1 July 2008		141,321,004	25,043,198	1,427,815	34,396,684	(8,576,157)	36,554,834	230,167,378
Net profit for the financial year		–	–	–	–	–	60,473,230	60,473,230
Total recognised income for the financial year		–	–	–	–	–	60,473,230	60,473,230
Final dividend for previous financial year		–	–	–	–	–	(20,697,363)	(20,697,363)
Interim dividend for current financial year	33	–	–	–	–	–	(12,586,053)	(12,586,053)
Share options granted under ESOS		–	–	2,648,244	–	–	–	2,648,244
Shares repurchased		–	–	–	–	(912,723)	–	(912,723)
Balance as at 30 June 2009		141,321,004	25,043,198	4,076,059	34,396,684	(9,488,880)	63,744,648	259,092,713
Net profit for the financial year		–	–	–	–	–	**82,200,240**	**82,200,240**
Total recognised income for the financial year		–	–	–	–	–	**82,200,240**	**82,200,240**
Previous financial year:-								
Special share dividend	33	–	**(24,877,380)**	–	–	**24,877,380**	–	–
Final dividend	33	–	–	–	–	–	**(24,950,786)**	**(24,950,786)**
Current financial year:-								
Interim dividend	33	–	–	–	–	–	**(19,240,989)**	**(19,240,989)**
Share options granted under ESOS		–	–	**4,382,905**	–	–	–	**4,382,905**
Share options exercised	21	**171,286**	**2,206,102**	**(779,542)**	–	–	–	**1,597,846**
Share issue expenses *		–	**(355,752)**	–	–	–	–	**(355,752)**
Shares repurchased	21	–	–	–	–	**(34,546,676)**	–	**(34,546,676)**
Bonus issue	21	**56,560,033**	–	–	**(34,396,684)**	–	**(22,163,349)**	–
Balance as at 30 June 2010		**198,052,323**	**2,016,168**	**7,679,422**	–	**(19,158,176)**	**79,589,764**	**268,179,501**

* Included an amount of non-audit fees of RM30,000 paid to the auditors of the Company

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

Cash Flow Statements

for the financial year ended 30 June 2010

	Note	Group 2010 RM	Group 2009 RM (As restated)	Company 2010 RM	Company 2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax and minority interests		**150,013,617**	123,455,909	**84,286,798**	60,448,710
Adjustments for:					
Allowance for doubtful debts		**3,844,445**	213,139	**–**	–
Allowance for doubtful debts no longer required		**(29,156)**	(57,866)	**–**	–
Bad debts written off		**138,912**	55,433	**–**	–
Depreciation of property, plant and equipment	7	**17,975,133**	16,141,396	**–**	–
Dividend income from subsidiaries		**–**	–	**(84,800,000)**	(60,000,000)
Loss/(Gain) on disposal of an associate		**–**	231,496	**–**	(770,000)
Gain on disposal of property, plant and equipment		**(496,160)**	(408,639)	**–**	–
Interest expenses		**2,079,933**	885,183	**1,010,912**	264,282
Inventory written off		**–**	25,147	**–**	–
Impairment loss of goodwill	8	**905,092**	–	**–**	–
Impairment loss of other investment		**–**	1,460,076	**–**	–
Interest income		**(3,105,973)**	(1,366,369)	**(1,753,720)**	(735,965)
Property, plant and equipment written off	7	**566,343**	314,685	**–**	–
Share of results of associates		**(31,849,445)**	(28,909,050)	**–**	–
Share of results of jointly controlled entities		**(1,785,742)**	1,325,648	**–**	–
Share options granted under ESOS		**4,442,845**	2,588,302	**7,531**	–
Unrealised loss on foreign exchange		**2,485,731**	373,760	**50,000**	29,260
Operating profit/(loss) before working capital changes		**145,185,575**	116,328,250	**(1,198,479)**	(763,713)
Decrease in inventories		**148,818**	1,648,056	**–**	–
Increase in trade and other receivables		**(37,461,323)**	(28,312,790)	**(5,000)**	–
Net decrease in amounts owing by associates		**287,304**	322,153	**–**	–
Net decrease/(increase) in amounts owing by jointly controlled entities		**12,280,841**	(30,378,558)	**–**	–
Increase in trade and other payables		**75,097,003**	56,283,254	**674,444**	81,248
Cash generated from/(used in) operations		**195,538,218**	115,890,365	**(529,035)**	(682,465)
Interest received		**2,348,501**	1,035,185	**70,449**	–
Interest paid		**(1,010,912)**	(264,282)	**(1,010,912)**	(264,282)
Dividend received		**27,000,000**	57,520,733	**82,850,000**	60,000,000
Tax paid		**(23,220,543)**	(21,287,444)	**(243,829)**	–
Tax refund		**246,109**	519,681	**–**	75,820
Net cash from operating activities		**200,901,373**	153,414,238	**81,136,673**	59,129,073

Cash Flow Statements
for the financial year ended 30 June 2010

	Note	Group 2010 RM	Group 2009 RM (As restated)	Company 2010 RM	Company 2009 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	9	**(467,675)**	1,828,981	–	–
Additions in intangible assets	8	**(676,638)**	(2,357,505)	–	–
Investment in a jointly controlled entity		**(37,323,272)**	(18,188,280)	**(35,640,001)**	(21,119,999)
Investment in existing subsidiaries		–	–	**(36,390,000)**	(52,000)
Purchases of other investments		**(32,983)**	(1,792,419)	–	–
Proceeds from disposal of an associate	10	–	1,400,000	–	1,400,000
Purchase of property, plant and equipment	7	**(20,129,906)**	(24,825,589)	–	–
Proceeds from disposal of property, plant and equipment		**1,154,006**	837,840	–	–
Repayment from/(Advance to) subsidiaries		–	–	**48,331,226**	(25,153,084)
Withdrawal/(Placement) of deposits		**1,157,844**	(1,692,083)	–	–
Net cash used in investing activities		**(56,318,624)**	(44,789,055)	**(23,698,775)**	(44,925,083)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(1,069,021)**	(620,901)	–	–
Dividend paid to minority shareholders		**(828,299)**	(4,149,275)	–	–
Dividend paid		**(44,191,775)**	(33,283,416)	**(44,191,775)**	(33,283,416)
Proceeds from shares issued to minority shareholders		–	40,000	–	–
Proceeds from shares issued		**1,597,846**	–	**2,377,388**	–
Repayment of hire purchase creditors		**(1,910,599)**	(2,588,607)	–	–
Drawdown of loan, net		**25,559,439**	29,297,204	**20,000,000**	20,000,000
Share issue expenses paid		**(355,752)**	–	**(355,752)**	–
Shares repurchased		**(34,546,676)**	(912,723)	**(34,546,676)**	(912,723)
Net cash used in financing activities		**(55,744,837)**	(12,217,718)	**(56,716,815)**	(14,196,139)
Net increase in cash and cash equivalents		**88,837,912**	96,407,465	**721,083**	7,851
Cash and cash equivalents at beginning of financial year					
As previously reported		**174,568,401**	76,599,690	**60,038**	52,187
Effects of exchange rate changes on cash and cash equivalents		**(5,331,369)**	1,561,246	–	–
As restated		**169,237,032**	78,160,936	**60,038**	52,187
Cash and cash equivalents at end of financial year	20	**258,074,944**	174,568,401	**781,121**	60,038

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

Notes to the Financial Statements

30 June 2010

1 CORPORATE INFORMATION

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

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 5 October 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries which serve a wide spectrum of the oil, gas and petrochemical industry.

The principal activities of the subsidiaries, as listed in Note 9 to the financial statements, are provision of specialist technical services and products, provision of engineering, construction and maintenance services, catalyst handling services, fabrication, provision of centralised tankage facilities, petroleum retailing and provision of ePayment technology & solutions.

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to the identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.7(a) to the financial statements on goodwill). If the cost of the business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in the income statements any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Transactions with minority interest are treated as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

4.3 Property, plant and equipment and depreciation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment and depreciation (continued)

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

Leasehold land	11 – 99 years
Buildings	15 – 50 years
Furniture, fittings and office equipment	15% – 50%
Machinery, equipment and cabin	15% – 20%
Motor vehicles	20%
Renovation and electrical installation	15%

Freehold land is not depreciated as it has an infinite life.

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

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of assets).

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the income statement.

4.4 Leases and hire purchase

(a) Finance leases and hire purchase

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

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

(b) Operating leases

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

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

4.5 Construction contracts

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

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

4.6 Investments

(a) Subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost or valuation less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate.

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

The most recent available financial statements of the associate are used by the Group in applying the equity method. The Group's share of results of associated companies is based on the audited financial statements made up to 30 June 2010 except for Kertih Terminals Sdn. Bhd., which is based on the latest audited financial statements made up to 31 March 2010, and LMK Resources (Malaysia) Sdn. Bhd., which is based on unaudited financial statements made up to 30 June 2010. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(c) Jointly controlled entities

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

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

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

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

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

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(c) Jointly controlled entities (continued)

The most recent available financial statements of the jointly controlled entities are used by the Group in applying the equity method. The Group's share of results of jointly controlled entities is based on the unaudited financial statements made up to 30 June 2010.

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

(d) Other investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost and an allowance for diminution in value is made where, in the opinion of the Group, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Upon disposal of such an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

4.7 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(b) Development Costs

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

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

4.8 Impairment of assets

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

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statements when the carrying amount of the asset or the CGU, including the allocated goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in the income statements immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of assets (continued)

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

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

4.9 Inventories

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

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

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

4.10 Financial instruments

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

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

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

4.10.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statements. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.1 Financial instruments recognised on the balance sheets (continued)

(a) Receivables

Trade receivables and other receivables, including amounts owing by associates, jointly controlled entities and related parties, are classified as loans and receivables under FRS 132 Financial Instruments: Disclosure and Presentation.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of pledged deposits.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates, jointly controlled entities and related parties, are recognised at the fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the balance sheet date.

(e) Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.1 Financial instruments recognised on the balance sheets (continued)

(e) Equity instruments (continued)

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10.2 Financial instruments not recognised on the balance sheets

The Group is a party to financial instruments that comprise foreign currency forward contracts which are not recognised in the financial statements on inception. The Group does not hold or issue such instruments for trading purposes.

Foreign currency forward contracts are used to hedge foreign exposure as a result of receipts and payments in foreign currency and are not revalued to fair value at balance sheet date. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statements in the same period as the exchange differences on the underlying hedged items.

4.11 Borrowing costs

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

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

All other borrowing costs are recognised in the income statements in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Income taxes

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

Taxes in the income statements comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

(b) Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Provisions

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

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

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

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

4.14 Contingent liabilities and contingent assets

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

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

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

4.15 Employee benefits

4.15.1 Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees rendered services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

4.15.2 Defined contribution plans

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

4.15.3 Share-based payments

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

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

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

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

4.16 Foreign currencies

4.16.1 Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

4.16.2 Foreign currency transactions and balances

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

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

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

Foreign currency translation differences are recognised in the exchange reserve within equity. On disposal of the foreign operation, the accumulated exchange reserve is recognised in the consolidated income statements as part of the gain or loss on sale.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

4.16.4 Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

4.17 Revenue and income recognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue and income recognition (continued)

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

(a) Sale of goods

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

(b) Services

Revenue from rendering of services is recognised in the income statements upon performance of services.

(c) Construction contracts

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

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

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

(d) Dividend income

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

(e) Interest income

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

(f) Rental income

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Earnings per share

The Group presents basic and dilutive earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

4.19 Operating segments

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

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

5.1 New FRSs and Amendments to FRSs adopted during the financial year:

(a) New FRS adopted

The Group has adopted FRS 8 Operating Segments, which replaced FRS 114_{2004} Segment Reporting and effective from the current financial year. FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segments and to assess their performance. The Group determines that the operating segments are based on geographical location of its customers and assets. Adoption of this new standard did not have any material effect on the financial position or performance of the Group.

(b) Early adoption of FRS

The Group has early adopted Amendment to FRS 117 that was issued by the Malaysian Accounting Standard Board ("MASB") which is effective for annual period commencing 1 January 2010.

Prior to the adoption of the Amendment to FRS 117, leasehold land was treated as operating lease and the considerations paid were classified as prepaid lease payment for land. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group reassessed such leases as finance lease and reclassified the unamortised carrying amount to property, plant and equipment. The reclassification has been accounted for retrospectively in accordance with the transitional provision and certain comparative balances have been restated.

The early adoption of this Amendment does not have any impact on the financial position and results of the Group except for the reclassification which as disclosed in Note 40 to the financial statements.

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (continued)

5.2 FRSs, Amendments to FRSs and IC Interpretations Issued but Not Yet Effective

The following FRSs and their consequential amendments, Amendments to FRSs and IC Interpretations that have been issued by MASB but are not yet effective, have not been applied by the Group:

FRSs/Interpretations		Effective date
Amendments to FRS 1 and FRS 127	First-time adoption of Financial Reporting Standards; and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	1 January 2010
FRS 4	Insurance Contracts (#)	1 January 2010
FRS 7	Financial Instruments : Disclosures (##)	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement (###)	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes (*)	1 January 2010
IC Interpretation 14	FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010
FRS 101	Presentation of Financial Statements	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments : Recognition and Measurement; Financial Instrument : Disclosures; and Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRS 132	Financial Instruments : Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Improvements to FRSs (2009)	Amendment to FRS 5, 8, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 134, 136, 138 & 140	1 January 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payments	1 July 2010
Amendments to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations	1 July 2010

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (continued)

5.2 FRSs, Amendments to FRSs and IC Interpretations Issued but Not Yet Effective (continued)

FRSs/Interpretations		Effective date
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements (*)	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments (####)	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 15	Agreements for the Construction of Real Estate (*)	1 January 2012

The adoption of these FRSs and their consequential amendments, Amendments to FRSs and IC Interpretations is not expected to have any significant impact on the consolidated financial statements of the Group.

(*) These IC Interpretations are not relevant to the Group.

(#) By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Change in Accounting Estimates and Errors is not disclosed.

(##) By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(###) By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(####) By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 is not disclosed.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Critical judgments made in applying accounting policies

There are no critical judgments made by the Group in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

6.2 Key sources of estimation uncertainty

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

6.2.1 Impairment of goodwill on consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy. See accounting policy Note 4.8 to the financial statements on impairment of goodwill.

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

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

6.2.2 Deferred tax assets

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

6.2.3 Allowance for doubtful debts

The Group makes allowance for doubtful debts on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful debts. Where the expectations differ from the original estimates, the differences will impact the carrying value of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

6.2 Key sources of estimation uncertainty (continued)

6.2.4 Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 4.3 to the financial statements reflects the Group's estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

6.2.5 Impairment of assets

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

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

6.2.6 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

6.2.7 Impairment of intangible assets

The Group reviews the carrying amounts of the intangible assets as at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of intangible assets requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

6.2 Key sources of estimation uncertainty (continued)

6.2.8 Employee's share option scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgment is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Group is also required to use judgment in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 35 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2009 RM (As restated)	Additions RM	Acquisition of a subsidiary RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Exchange differences RM	Reclassi-fications RM	Balance as at 30.6.2010 RM
Carrying amount									
Freehold land	52,133,750	406,008	–	–	–	–	–	–	**52,539,758**
Leasehold land	10,666,100	–	–	–	–	(148,851)	(103,253)	–	**10,413,996**
Buildings	38,786,991	1,716,880	–	–	(205,829)	(1,628,454)	(612,349)	–	**38,057,239**
Furniture, fittings and office equipment	6,363,130	2,708,610	104,508	(156,384)	(10,777)	(2,970,783)	(194,296)	96,690	**5,940,698**
Machinery, equipment and cabin	35,526,632	9,085,344	–	(128,347)	–	(9,871,383)	(1,354,178)	907,152	**34,165,220**
Motor vehicles	8,379,252	3,605,175	–	(373,113)	(2)	(2,612,335)	(328,368)	(847,444)	**7,823,165**
Renovation and electrical installation	3,365,038	575,671	–	(2)	(349,735)	(743,327)	(76,516)	8,479	**2,779,608**
Building under construction	–	722,649	–	–	–	–	–	–	**722,649**
Plant and equipment under construction	137,683	1,309,569	–	–	–	–	(14,092)	(164,877)	**1,268,283**
	155,358,576	20,129,906	104,508	(657,846)	(566,343)	(17,975,133)	(2,683,052)	–	**153,710,616**

	[---------- At 30.6.2010 ----------		]
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Freehold land	**52,539,758**	**–**	**52,539,758**
Leasehold land	**12,468,712**	**(2,054,716)**	**10,413,996**
Buildings	**47,656,367**	**(9,599,128)**	**38,057,239**
Furniture, fittings and office equipment	**21,335,842**	**(15,395,144)**	**5,940,698**
Machinery, equipment and cabin	**89,268,215**	**(55,102,995)**	**34,165,220**
Motor vehicles	**23,618,729**	**(15,795,564)**	**7,823,165**
Renovation and electrical installation	**6,240,845**	**(3,461,237)**	**2,779,608**
Building under construction	**722,649**	**–**	**722,649**
Plant and equipment under construction	**1,268,283**	**–**	**1,268,283**
	255,119,400	**(101,408,784)**	**153,710,616**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.7.2008 RM (As restated)	Additions RM	Acquisition of a subsidiary RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM (As restated)	Exchange differences RM (As restated)	Reclassi-fications RM	Balance as at 30.6.2009 RM (As restated)
Carrying amount									
Freehold land	45,119,663	6,296,426	–	–	–	–	–	717,661	52,133,750
Leasehold land	10,803,372	–	–	–	–	(165,594)	28,322	–	10,666,100
Buildings	35,730,992	2,172,617	–	–	–	(1,479,996)	419,309	1,944,069	38,786,991
Furniture, fittings and office equipment	5,539,008	2,636,862	134,305	(182,710)	–	(2,538,529)	53,202	720,992	6,363,130
Machinery, equipment and cabin	28,143,294	12,072,158	–	(166,210)	(13,189)	(8,853,498)	390,979	3,953,098	35,526,632
Motor vehicles	6,668,320	4,189,281	–	(80,281)	–	(2,449,348)	51,162	118	8,379,252
Renovation and electrical installation	3,217,999	219,899	–	–	(15,750)	(654,431)	18,420	578,901	3,365,038
Building under construction	3,491,741	2,636,907	–	–	(179,982)	–	14,006	(5,962,672)	–
Plant and equipment under construction	1,910,883	285,224	–	–	(105,764)	–	(493)	(1,952,167)	137,683
	140,625,272	30,509,374	134,305	(429,201)	(314,685)	(16,141,396)	974,907	–	155,358,576

	[---- At 30.6.2009 ---- Cost RM (As restated)	Accumulated depreciation RM (As restated)	Carrying amount RM (As restated) ----]
Freehold land	52,133,750	–	52,133,750
Leasehold land	12,633,110	(1,967,010)	10,666,100
Buildings	46,846,115	(8,059,124)	38,786,991
Furniture, fittings and office equipment	20,639,011	(14,275,881)	6,363,130
Machinery, equipment and cabin	85,123,916	(49,597,284)	35,526,632
Motor vehicles	23,397,151	(15,017,899)	8,379,252
Renovation and electrical installation	6,143,705	(2,778,667)	3,365,038
Plant and equipment under construction	137,683	–	137,683
	247,054,441	(91,695,865)	155,358,576

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The strata titles of certain buildings with a carrying amount of RM5,517,100 (2009: RM5,661,466) have yet to be issued by the relevant authority.

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

	Group 2010 RM	Group 2009 RM
Purchase of property, plant and equipment	**20,129,906**	30,509,374
Financed by hire purchase arrangements	**–**	(5,683,785)
Cash payments on purchase of property, plant and equipment	**20,129,906**	24,825,589

(c) Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with a carrying amount of RM5,316,260 (2009: RM7,499,040). Freehold land and buildings with a carrying amount of RM45,249,113 (2009: RM29,590,866) are subject to fixed and floating charges created to secure banking facilities granted to certain subsidiaries as disclosed in Note 24 to the financial statements.

(d) Additions during the financial year include:

	Group 2010 RM	Group 2009 RM
Interest expense	**406,008**	521,705

Interest is capitalised at rates ranging from 3.25% to 3.46% (2009: 3.35% to 4.57%) per annum.

(e) Leasehold land is analysed as:

	Group 2010 RM	Group 2009 RM
Short term (unexpired period less than 50 years)	**2,169,195**	2,335,549
Long term (unexpired period more than 50 years)	**8,244,801**	8,330,551
	10,413,996	10,666,100

8. INTANGIBLE ASSETS

Group	Balance as at 1.7.2009 RM	Additions RM	Impairment RM	Exchange differences RM	Balance as at 30.6.2010 RM
Carrying amount					
Goodwill	6,292,891	684,656	(905,092)	(670,182)	**5,402,273**
Development costs	2,357,505	676,638	–	–	**3,034,143**
Total	8,650,396	1,361,294	(905,092)	(670,182)	**8,436,416**

Group	Balance as at 1.7.2008 RM	Additions RM	Exchange differences RM	Balance as at 30.6.2009 RM
Carrying amount				
Goodwill	6,264,805	395,724	(367,638)	6,292,891
Development costs	–	2,357,505	–	2,357,505
Total	6,264,805	2,753,229	(367,638)	8,650,396

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

	Group 2010 RM	Group 2009 RM
Malaysia	**509,380**	729,816
Asia Pacific countries	**1,875,177**	1,963,635
Other countries	**3,017,716**	3,599,440
	5,402,273	6,292,891

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

	%
Growth rate:	
Malaysia	20
Asia Pacific countries	16
Other countries	30
Pre-tax weighted average cost of capital	16

8. INTANGIBLE ASSETS (continued)

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

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amounts of the remaining goodwill assessed as at 30 June 2010 as their recoverable amounts were in excess of their carrying amounts.

(b) Development costs relate to the development of prototypes of centralised switching infrastructure undertaken by a subsidiary. No amortisation is provided during the financial year as the assets have yet to be ready for its intended commercial use.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM	**2009 RM**
Unquoted equity shares:		
– At cost	**141,987,860**	105,597,860
Equity contributions in subsidiaries	**7,671,891**	4,016,117
	149,659,751	109,613,977

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2010	Effective interest in equity 2009	Principal activities
Dialog E & C Sdn. Bhd.	Malaysia	**100%**	100%	Provision of engineering, procurement, construction and commissioning services.
Dialog Plant Services Sdn. Bhd.	Malaysia	**100%**	100%	Plant turnaround and specialist maintenance work, provision of bolting and on site flange face machining services and tensioning equipment.
Saga Dialog Sdn. Bhd.	Malaysia	**100%**	100%	Mechanical works, construction of tankage pipings and pipelines, installation of equipment, hookup and commissioning, plant revamp and debottlenecking.

9. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Dialog Systems Sdn. Bhd.	Malaysia	**100%**	100%	Marketing of specialty chemicals, catalysts and absorbents, petroleum additives, drilling base oil and specialty equipment, and provision of specialist technical services.
Dialog E & I Sdn. Bhd.	Malaysia	**100%**	100%	Specialised electrical and instrumentation, construction, commissioning and calibration services.
Dialog Fabricators Sdn. Bhd.	Malaysia	**100%**	100%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Pacific Advance Composites Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing, engineering and installation of composite pipe system.
Dialog Petroleum Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding and petroleum retailing.
Dialog Corporate Sdn. Bhd.	Malaysia	**100%**	100%	Provision of management consultancy and administration services.
Dialog Equity Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding and investment dealing.
*Dialog Systems (Asia) Pte. Ltd.	Singapore	**100%**	100%	Investment holding.
Dialog Services Sdn. Bhd.	Malaysia	**60%**	60%	Provision of consultancy and technical support services.
Dialog Energy Sdn. Bhd.	Malaysia	**100%**	100%	Project management and provision of manpower supply and services.
Infodasia Sdn. Bhd.	Malaysia	**100%**	100%	Project management services and provision of information technology support and services.
Dialog Properties Sdn. Bhd.	Malaysia	**100%**	100%	Property investment.

9. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Subsidiary of Saga Dialog Sdn. Bhd.				
Dialog Construction Sdn. Bhd.	Malaysia	**100%**	100%	Construction of plant and civil engineering works.
Subsidiary of Dialog Fabricators Sdn. Bhd.				
Dialog OTEC Sdn. Bhd.	Malaysia	**78%**	78%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Subsidiaries of Dialog Systems (Asia) Pte. Ltd.				
*Dialog Systems Pte. Ltd.	Singapore	**100%**	100%	Marketing of specialty chemicals and equipment and provider of technical services.
*Dialog Engineering Pte. Ltd.	Singapore	**77%**	77%	Investment holding and contracting of oil, gas and petrochemical related works.
*Dialog Services Pte. Ltd.	Singapore	**100%**	100%	Provision of catalyst and process material handling services.
*PT. Dialog Sistemindo	Indonesia	**95%**	95%	Provision of management consultancy and technical support services.
Dialog International (L) Ltd.	Malaysia	**51%**	51%	Supply of specialty chemicals.
*Dialog Systems (Thailand) Ltd.	Thailand	**49%**	49%	Contracting of oil, gas and petrochemical related works and trading in specialty chemicals and equipment.
Dialog (Labuan) Ltd.	Malaysia	**100%**	100%	Investment holding.
@Dialog Services (Hong Kong) Limited	Hong Kong	**100%**	100%	Provision of consultancy and technical support services.

9. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Subsidiaries of Dialog Engineering Pte. Ltd.				
*Toh Teck Seng Engineering & Construction Pte. Ltd.	Singapore	**69%**	69%	Provision of plant maintenance services and general civil and mechanical engineering works.
*OTEC Holdings Pte. Ltd.	Singapore	**57%**	57%	Investment holding.
Subsidiaries of Dialog (Labuan) Ltd.				
@GNT International Limited	Hong Kong	**57%**	57%	Dormant.
*Dialog Services Saudi Arabia Company Limited	Kingdom of Saudi Arabia	**60%**	60%	Contracting of oil, gas and petrochemical related works and trading in specialty chemicals and equipment.
Subsidiary of OTEC Holdings Pte. Ltd.				
*Overseas Technical Engineering and Construction Pte. Ltd.	Singapore	**57%**	57%	General stainless steel fabrication and supply of fabricated construction material, engineering equipment and related spares.
Subsidiary of Overseas Technical Engineering and Construction Pte. Ltd.				
Overseas Manufacturing (Johor) Sdn. Bhd.	Malaysia	**57%**	57%	Fabrication of steel storage tanks.
Subsidiary of Dialog Plant Services Sdn. Bhd.				
Dialog Catalyst Services Sdn. Bhd.	Malaysia	**71%**	71%	Provision of catalyst and process material handling services.

9. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Subsidiaries of Dialog Petroleum Sdn. Bhd.				
Corak Dahlia Sdn. Bhd.	Malaysia	**100%**	100%	Inactive.
Oriental Valley Sdn. Bhd.	Malaysia	**100%**	100%	Petroleum retailing.
Senyum Bestari Sdn. Bhd.	Malaysia	**100%**	100%	Petroleum retailing.
Cendana Sutera Sdn. Bhd.	Malaysia	**100%**	100%	Petroleum retailing.
Idaman Tropikal Sdn. Bhd.	Malaysia	**100%**	100%	Petroleum retailing.
Emas Merdu Sdn. Bhd.	Malaysia	**100%**	100%	Inactive.
Dialog Mall Sdn. Bhd.	Malaysia	**100%**	100%	Inactive.
Corak Merah Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.
Tempo Setara Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.
Subsidiaries of Dialog Services Pte. Ltd.				
+Dialog Services Pty. Ltd.	Australia	**71%**	71%	Marketing of specialty chemicals and equipment, and provision of catalyst and process material handling services.
*Dialog Services Europe Limited	United Kingdom	**71%**	71%	Investment holding.
+Dialog Services, Inc.	United States of America	**71%**	71%	Provision of catalyst and process material handling services.
Subsidiary of Dialog Services Europe Limited				
*Dialog Technivac Limited	United Kingdom	**71%**	71%	Provision of catalyst and process material handling services.

9. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Subsidiary of Dialog E & C Sdn. Bhd.				
Dialog Engineering Sdn. Bhd. (f.k.a. Multi-Cad Engineering Sdn. Bhd.)	Malaysia	**100%**	60%	Provision of engineering services and computer aided drafting works.
Subsidiary of Infodasia Sdn. Bhd.				
ePetrol Services Sdn. Bhd.	Malaysia	**60%**	60%	Designing, development and deployment of front end payment solutions, terminals, infrastructure and systems.
Subsidiary of ePetrol Services Sdn. Bhd.				
ePetrol Systems Sdn. Bhd.	Malaysia	**39%**	–	Provision of centralised interchange services.

+ Subsidiaries not required to be audited by local authority and consolidated using management financial statements.
@ Subsidiaries audited by member firms of BDO.
* Subsidiaries not audited by BDO Malaysia or member firms of BDO.

Acquisitions of subsidiaries during the financial year ended 30 June 2010

(i) In September 2009, ePetrol Services Sdn. Bhd., a subsidiary of the Company subscribed for 102,000 new ordinary shares of RM1.00 each at par in ePetrol Systems Sdn. Bhd. ("ePetrol Systems") for RM102,000, representing a 51% equity interest in the enlarged share capital of ePetrol Systems.

(ii) In April 2010, the Group acquired the remaining 40% equity interest in Multi-Cad Engineering Sdn. Bhd. ("Multi-Cad") comprising 200,000 ordinary shares of RM1.00 each in Multi-Cad, for a total consideration of RM571,000. After the acquisition, Multi-Cad became a wholly owned subsidiary of the Group and changed its name to Dialog Engineering Sdn. Bhd..

The acquisitions have no material effect on the Group's financial statements for the financial year ended 30 June 2010.

9. INVESTMENT IN SUBSIDIARIES (continued)

Details of the net liabilities assumed and cash flow arising from the acquisition are as follows:

	Carrying amount and fair value Group 2010 RM
Property, plant and equipment	104,508
Other receivables	514,305
Cash and bank balances	205,325
Trade and other payables	(854,117)
Minority interests	18,323
Net liabilities assumed	(11,656)
Goodwill on consolidation	684,656
Total purchase consideration	673,000
Cash and bank balances on the subsidiary acquired	(205,325)
Net cash outflow on acquisition	467,675

If the acquisition had occurred on 1 July 2009, the Group's revenue and net profit for the financial year ended 30 June 2010 would have been RM1,139,147,738 and RM124,628,220 respectively.

Acquisition of a subsidiary during the financial year ended 30 June 2009

In September 2008, Infodasia Sdn. Bhd., a wholly–owned subsidiary of the Company subscribed for 25,500,000 new ordinary shares of RM0.10 each at par in ePetrol Services Sdn. Bhd. ("ePetrol Services") for RM2,550,000 representing a 51% equity interest in the enlarged share capital of ePetrol Services.

The acquisition had no material effect on the Group's financial statements for the financial year ended 30 June 2009.

10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted equity shares, at cost	**14,739,996**	14,739,996	**4,000**	4,000
Share of post acquisition reserves, net of dividends received	**72,800,704**	68,072,842	**–**	–
	87,540,700	82,812,838	**4,000**	4,000

10. INVESTMENT IN ASSOCIATES (continued)

The associates are as follows:

Name of company	Country of incorporation	Effective interest in equity 2010	2009	Principal activities
Direct:-				
+LMK Resources (Malaysia) Sdn. Bhd.	Malaysia	**40%**	40%	Dormant.
Indirect:-				
+Kertih Terminals Sdn. Bhd.	Malaysia	**30%**	30%	Providing bulk chemical storage and handling services.
Overseas Technical Engineering & Construction Sdn. Bhd.	Malaysia	**28%**	28%	Inactive.
*EC-Dialog Pte. Ltd.	Singapore	**40%**	40%	Investment holding.

+ Not audited by BDO Malaysia.
* Not audited by member firms of BDO.

In April 2009, the Company disposed off its entire equity interest of 30% in Helix RDS Sdn. Bhd. comprising 630,000 ordinary shares of RM1.00 each to Tekad Equity Sdn. Bhd. for a cash consideration of RM1,400,000.

The financial statements used for equity accounting of the above associates are co-terminous with those of the Group, which is 30 June, except for Kertih Terminals Sdn. Bhd. where its annual audited financial statements ended 31 March were used.

The summarised financial information of the associates is as follows:

	Group 2010 RM	2009 RM
Assets and liabilities		
Current assets	**49,574,276**	94,845,324
Non-current assets	**325,298,247**	351,512,677
Total assets	**374,872,523**	446,358,001
Current liabilities	**16,671,402**	20,263,401
Non-current liabilities	**75,094,855**	78,094,855
Total liabilities	**91,766,257**	98,358,256
Results		
Revenue	**211,802,212**	197,836,349
Profit for the financial year	**106,097,762**	97,672,727

11. INTEREST IN JOINTLY CONTROLLED ENTITIES

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Unquoted equity shares, at cost	**18,243,645**	4,873,497	**15,981,906**	2,781,906
Advances to jointly controlled entities	**52,579,236**	28,455,964	**52,579,236**	28,455,964
Equity contribution in jointly controlled entities	**–**	–	**–**	59,942
Share of post acquisition reserves, net of group unrealised profit	**(15,234,483)**	(10,287,870)	**–**	–
	55,588,398	23,041,591	**68,561,142**	31,297,812

Advances to jointly controlled entities are unsecured and bear interest at rate of 4.5% per annum (2009: 4.5%) and not repayable within the next twelve (12) months.

The details of the jointly controlled entities are as follows:

Name of company	Country of incorporation	Effective interest in equity 2010	Effective interest in equity 2009	Principal activities
Direct:-				
Centralised Terminals Sdn. Bhd. ("CTSB")	Malaysia	**55%**	55%	Investment holding company.
Indirect:-				
Tracerco Asia Sdn. Bhd.	Malaysia	**50%**	50%	Provision of patented nucleonic instruments and range of diagnostic services using radioisotope technology.
*WD International Limited	Hong Kong	**50%**	50%	Dormant.
Subsidiaries of CTSB				
Langsat Terminal (One) Sdn. Bhd.	Malaysia	**44%**	44%	Provision of tank terminal storage facilities and handling services.
Langsat Terminal (Two) Sdn. Bhd.	Malaysia	**44%**	44%	Provision of tank terminal storage facilities and handling services.

* Not audited by member firms of BDO.

11. INTEREST IN JOINTLY CONTROLLED ENTITIES (continued)

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

	Group 2010 RM	Group 2009 RM
Assets and liabilities		
Current assets	**16,973,807**	7,014,894
Non-current assets	**250,562,097**	156,557,205
Total assets	**267,535,904**	163,572,099
Current liabilities	**33,202,983**	31,272,680
Non-current liabilities	**212,927,386**	126,906,312
Total liabilities	**246,130,369**	158,178,992
Results		
Revenue	**22,550,482**	4,868,229
Expenses including finance costs and tax expense	**(20,764,740)**	(6,193,877)
Profit/(Loss) for the financial year	**1,785,742**	(1,325,648)

12. OTHER INVESTMENTS

	Group 2010 RM	Group 2009 RM
Unquoted shares in Malaysia, at cost	**1,792,419**	1,792,419
Unquoted shares outside Malaysia, at cost	**1,651,989**	1,619,006
Club membership, at cost	**328,500**	328,500
	3,772,908	3,739,925
Impairment	**(1,460,076)**	(1,460,076)
Exchange differences	**117,427**	153,792
	2,430,259	2,433,641

Included in the unquoted shares is an investment amounting to RM169,624 (2009: RM183,883) representing 20% equity interest in a company incorporated in China. The investment is not considered as the Group's associate as the Group does not have significant influence, managerial involvement and board representation in the investee company.

13. DEFERRED TAX

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Deferred tax assets	**8,819,069**	7,878,262	**1,883**	–
Deferred tax liabilities	**(6,133,740)**	(4,318,631)	**–**	–
	2,685,329	3,559,631	**1,883**	–

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

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Balance at 1 July	**3,559,631**	2,727,946	**–**	–
Recognised in income statements (Note 31)				
– property, plant and equipment	**379,497**	(191,489)	**–**	–
– amounts due from customers for contract works	**(8,909,204)**	(2,287,106)	**–**	–
– unabsorbed capital allowances	**316,530**	(39,292)	**–**	–
– unused tax losses	**(311,728)**	(96,159)	**–**	–
– accrued expenses	**6,904,140**	1,704,213	**–**	–
– other deductible temporary differences	**842,732**	1,741,518	**1,883**	–
	(778,033)	831,685	**1,883**	–
Exchange differences	**(96,269)**	–	**–**	–
Balance at 30 June	**2,685,329**	3,559,631	**1,883**	–

13. DEFERRED TAX (continued)

(b) The components of deferred tax assets and liabilities at the end of the financial year comprise the tax effects of:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Unused tax losses	**1,255,361**	1,567,089	**–**	–
Unabsorbed capital allowances	**773,073**	456,543	**–**	–
Accrued expenses	**16,554,470**	9,650,330	**–**	–
Other deductible temporary differences	**3,024,606**	2,181,874	**1,883**	–
Deferred tax assets (before offsetting)	**21,607,510**	13,855,836	**1,883**	–
Offsetting	**(12,788,441)**	(5,977,574)	**–**	–
Deferred tax assets (after offsetting)	**8,819,069**	7,878,262	**1,883**	–
Deferred tax liabilities				
Property, plant and equipment	**2,548,161**	2,831,389	**–**	–
Amounts due from customers for contract works	**16,374,020**	7,464,816	**–**	–
Deferred tax liabilities (before offsetting)	**18,922,181**	10,296,205	**–**	–
Offsetting	**(12,788,441)**	(5,977,574)	**–**	–
Deferred tax liabilities (after offsetting)	**6,133,740**	4,318,631	**–**	–

Unrecognised deferred tax assets

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

	Group	
	2010	**2009**
	RM	**RM**
Unused tax losses	**3,816,868**	2,467,676
Unabsorbed capital allowances	**161,783**	1,117,836
Accrued expenses	**160,625**	191,248
	4,139,276	3,776,760

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

14. INVENTORIES

	Group 2010 RM	Group 2009 RM
At cost		
Construction materials	**2,436,425**	2,362,563
Trading inventories	**18,230,670**	18,769,787
	20,667,095	21,132,350

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
Third parties	**198,846,437**	171,394,649	–	–
Amount due from customers for contract works (Note 16)	**54,758,554**	51,408,402	–	–
	253,604,991	222,803,051	–	–
Less: Allowance for doubtful debts	**(4,116,048)**	(325,394)	–	–
Total trade receivables	**249,488,943**	222,477,657	–	–
Other receivables				
Other receivables	**4,271,827**	5,201,093	–	–
Deposits	**2,520,654**	2,060,015	**10,000**	5,000
Prepayments	**4,957,613**	3,095,401	–	–
	11,750,094	10,356,509	**10,000**	5,000
Less: Allowance for doubtful debts	**(70,234)**	(54,144)	–	–
Total other receivables	**11,679,860**	10,302,365	**10,000**	5,000
	261,168,803	232,780,022	**10,000**	5,000

15. TRADE AND OTHER RECEIVABLES (continued)

(a) The normal credit terms of trade receivables granted by the Group range from 7 to 60 days (2009: 7 to 60 days).

(b) The allowance for doubtful debts is net of bad debts written off as follows:

	Group	
	2010	**2009**
	RM	**RM**
Bad debts written off		
– trade receivables	**–**	31,604

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

	Group	
	2010	**2009**
	RM	**RM**
Euro	**195,678**	869,840
New Zealand Dollar	**–**	128,222
Singapore Dollar	**708**	86,256
Sterling Pound	**158,242**	4,734,345
United States Dollar	**49,889,491**	30,780,420

(d) Included in trade receivables is total retention sum for contract works of nil (2009: RM4,903,319).

(e) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

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

	Group	
	2010	**2009**
	RM	**RM**
Aggregate costs incurred to date	**611,865,380**	599,245,556
Add: Attributable profits less losses	**136,881,284**	92,781,321
	748,746,664	692,026,877
Less: Progress billings	**(757,081,536)**	(668,426,739)
	(8,334,872)	23,600,138
Represented by:		
Amounts due from customers for contract works (Note 15)	**54,758,554**	51,408,402
Amounts due to customers for contract works (Note 26)	**(63,093,426)**	(27,808,264)
	(8,334,872)	23,600,138

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

Additions to aggregate costs incurred during the financial year include:

	Group	
	2010 RM	2009 RM
Hire of plant and machinery and motor vehicles	**10,815,049**	8,324,098

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries are unsecured, interest free and repayable on demand.

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

	Company	
	2010 RM	2009 RM
United States Dollar	**3,109,770**	3,357,030
Singapore Dollar	**(489,060)**	(509,960)

18. AMOUNTS OWING BY/(TO) ASSOCIATES

The amounts owing by/(to) associates represent trade transactions which are subject to normal credit terms.

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

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

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	**60,237,799**	57,333,889	**81,121**	60,038
Deposits with licensed banks	**200,824,680**	121,379,891	**700,000**	–
As reported in the balance sheets	**261,062,479**	178,713,780	**781,121**	60,038
Less: Deposits pledged to licensed banks	**(2,987,535)**	(4,145,379)	**–**	–
Cash and cash equivalents included in the cash flow statements	**258,074,944**	174,568,401	**781,121**	60,038

20. CASH AND CASH EQUIVALENTS (continued)

(a) Deposits of the Group and the Company have an average maturity period of 15 days (2009: 15 days). Bank balances are deposits held at call with banks.

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

	Group 2010 RM	Group 2009 RM
Euro	**555,695**	262,363
Japanese Yen	**73,870**	79,061
Singapore Dollar	**1,282,306**	1,303,200
Sterling Pound	**1,665,287**	1,056,642
United States Dollar	**14,332,591**	22,986,754
Vietnamese Dong	**–**	54,419
Australian Dollar	**1,229,216**	1,234,944

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 38 to the financial statements.

21. SHARE CAPITAL

	Group and Company 2010 Number of shares	2010 RM	2009 Number of shares	2009 RM
Ordinary shares of RM0.10 each:				
Authorised	**2,500,000,000**	**250,000,000**	2,500,000,000	250,000,000
Issued and fully paid				
Balance as at 1 July	**1,413,210,040**	**141,321,004**	1,413,210,040	141,321,004
ESOS	**1,712,860**	**171,286**	–	–
Bonus issue	**565,600,333**	**56,560,033**	–	–
Balance as 30 June	**1,980,523,233**	**198,052,323**	1,413,210,040	141,321,004

21. SHARE CAPITAL (continued)

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM141,321,004 to RM198,052,323 by:

(a) the issuance of 819,300 new ordinary shares of RM0.10 each pertaining to the exercise of 819,300 shares under the ESOS at option prices ranging from RM0.59 to RM1.42 per share for cash;

(b) the issuance of 565,600,333 new ordinary shares of RM0.10 each by way of bonus issue on the basis of two (2) new ordinary shares of RM0.10 each for every five (5) ordinary shares of RM0.10 each held, by capitalising firstly RM34,396,684 from the revaluation reserve account whilst the balance of RM22,163,349 from the retained profits of the Company; and

(c) the issuance of 893,560 new ordinary shares of RM0.10 each pertaining to the exercise of 893,560 shares under the ESOS at revised option prices after adjustment for the bonus issue, ranging from RM0.42 to RM1.01 per share for cash.

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

During the financial year, the Company repurchased a total of 30,443,600 ordinary shares of RM0.10 each from the open market for a total consideration of RM34,546,676 at an average price of RM1.13 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Of the total 1,980,523,233 (2009: 1,413,210,040) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2010, 18,256,671 (2009: 15,534,593) ordinary shares of RM0.10 each amounting to RM19,158,176 (2009: RM9,488,880) are held as treasury shares by the Company.

The number of outstanding ordinary shares of RM0.10 each in issue after deducting the treasury shares is 1,962,266,562 (2009: 1,397,675,447) as at 30 June 2010.

22. RESERVES

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Non-distributable:				
Exchange reserve	**(3,902,388)**	4,201,860	**–**	–
Revaluation reserve	**–**	–	**–**	34,396,684
Share premium	**2,051,164**	25,043,198	**2,016,168**	25,043,198
Share options reserve	**7,057,319**	3,671,105	**7,679,422**	4,076,059
	5,206,095	32,916,163	**9,695,590**	63,515,941
Distributable:				
Retained profits	**293,393,232**	275,848,308	**79,589,764**	63,744,648
	298,599,327	308,764,471	**89,285,354**	127,260,589

(a) Exchange reserve

Exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

(b) Revaluation reserve

In previous financial year, the revaluation reserve arose from the revaluation of investment in subsidiaries by the Group to reflect their respective net tangible assets value.

(c) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

(d) Retained profits

Subject to agreement by the Inland Revenue Board, the Company has balance in the tax exempt account to distribute dividend payments up to RM13,593,825 out of its entire retained profits. The Company has elected to move to a single tier system and as a result, there are no longer any restrictions on the Company to distribute dividend payments out of its entire retained profits as at the balance sheet date.

23. BORROWINGS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current liabilities:				
Bank loans (Note 24)	**6,636,137**	5,216,770	–	–
Banker acceptance	**1,123,167**	–	–	–
Hire purchase creditors (Note 25)	**1,779,519**	1,990,487	–	–
	9,538,823	7,207,257	–	–
Non-current liabilities:				
Bank loans (Note 24)	**63,316,939**	40,334,994	**40,000,000**	20,000,000
Hire purchase creditors (Note 25)	**2,546,833**	4,476,553	–	–
	65,863,772	44,811,547	**40,000,000**	20,000,000
Total borrowings	**75,402,595**	52,018,804	**40,000,000**	20,000,000
Represented by:				
Bank loans (Note 24)	**69,953,076**	45,551,764	**40,000,000**	20,000,000
Banker acceptance	**1,123,167**	–	–	–
Hire purchase creditors (Note 25)	**4,326,352**	6,467,040	–	–
	75,402,595	52,018,804	**40,000,000**	20,000,000

24. BANK LOANS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Secured				
Term loan I	**298,240**	1,307,840	–	–
Term loan II	**11,025,000**	12,600,000	–	–
Term loan III	–	973,560	–	–
Term loan IV	**6,714,836**	8,015,364	–	–
Term loan V	**2,115,000**	2,655,000	–	–
Term loan VI	**9,800,000**	–	–	–
	29,953,076	25,551,764	–	–
Unsecured				
Revolving credit	**40,000,000**	20,000,000	**40,000,000**	20,000,000
	69,953,076	45,551,764	**40,000,000**	20,000,000

24. BANK LOANS (continued)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Represented by:				
Current liabilities:				
Secured				
Term loan I	**298,240**	995,520	–	–
Term loan II	**1,575,000**	1,575,000	–	–
Term loan III	–	973,560	–	–
Term loan IV	**1,822,897**	1,132,690	–	–
Term loan V	**540,000**	540,000	–	–
Term loan VI	**2,400,000**	–	–	–
	6,636,137	5,216,770	–	–
Non-current liabilities:				
Secured				
Term loan I	–	312,320	–	–
Term loan II	**9,450,000**	11,025,000	–	–
Term loan IV	**4,891,939**	6,882,674	–	–
Term loan V	**1,575,000**	2,115,000	–	–
Term loan VI	**7,400,000**	–	–	–
	23,316,939	20,334,994	–	–
Unsecured				
Revolving credit	**40,000,000**	20,000,000	**40,000,000**	20,000,000
	63,316,939	40,334,994	**40,000,000**	20,000,000

(a) Term loan I is secured by a property of an indirect subsidiary and guaranteed by its immediate holding company. The loan is repayable by 35 equal monthly principal instalments of S$34,000 which is equivalent to RM79,220 each and a final instalment of S$60,000 which is equivalent to RM139,800 commencing October 2007.

(b) Term loan II is secured by a property of a subsidiary and guaranteed by the Company. The term loan is repayable by 32 equal quarterly principal instalments of RM393,750 commencing September 2009.

(c) Term loan III was secured by a property of an indirect subsidiary and guaranteed by its immediate holding company. The loan was fully repaid during the financial year.

24. BANK LOANS (continued)

(d) Term loan IV is secured by a property of a subsidiary and guaranteed by the Company. The loan is repayable by 60 monthly instalments commencing December 2008.

(e) Term loan V is secured by a property of a subsidiary and guaranteed by the Company. The loan is repayable by 60 monthly instalments commencing June 2009.

(f) Term loan VI is secured by a property of a subsidiary and guaranteed by the Company. The loan is repayable by 60 monthly equal instalments of RM200,000 commencing July 2009.

(g) The revolving credit is unsecured and repayable by September 2011.

(h) Information on financial risks of bank loans is disclosed in Note 38 to the financial statements.

25. HIRE PURCHASE CREDITORS

	Group	
	2010	**2009**
	RM	**RM**
Minimum hire purchase payments:		
– not later than one (1) year	**1,981,724**	2,235,911
– later than one (1) year and not later than five (5) years	**2,904,235**	5,061,134
Total minimum hire purchase	**4,885,959**	7,297,045
Less: Future interest charges	**(559,607)**	(830,005)
Present value of hire purchase liabilities	**4,326,352**	6,467,040
Repayable as follows:		
Current:		
– not later than one (1) year	**1,779,519**	1,990,487
Non-current:		
– later than one (1) year and not later than five (5) years	**2,546,833**	4,476,553
	4,326,352	6,467,040

Information on financial risks of hire purchase creditors is disclosed in Note 38 to the financial statements.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables				
Third parties	**176,259,278**	153,922,412	–	–
Amount due to customers for contract works (Note 16)	**63,093,426**	27,808,264	–	–
	239,352,704	181,730,676	–	–
Other payables				
Other payables	**3,488,725**	3,646,550	**526,933**	–
Accruals	**43,153,419**	32,272,317	**465,011**	317,500
	46,642,144	35,918,867	**991,944**	317,500
	285,994,848	217,649,543	**991,944**	317,500

(a) The credit terms of trade payables range from 7 to 60 days (2009: 7 to 60 days).

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

	Group	
	2010 RM	2009 RM
Euro	**735,088**	606,096
Ringgit Malaysia	**839,434**	–
Singapore Dollar	**225,902**	633,397
Sterling Pound	**609,834**	4,581,498
United States Dollar	**34,986,992**	20,950,550

27. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises, land and equipments for terms between one (1) and twenty (20) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease commitments as at the balance sheet dates as follows:

	Group	
	2010	**2009**
	RM	**RM**
Not later than one (1) year	**10,549,515**	9,178,237
Later than one (1) year and not later than five (5) years	**10,144,181**	2,112,618
Later than five (5) years	**8,615,413**	176,327
	29,309,109	11,467,182

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties for terms of between two (2) and three (3) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent and a percentage of net product sales exceeding certain amounts.

The Group has aggregate future minimum lease receivable as at the balance sheet dates as follows:

	Group	
	2010	**2009**
	RM	**RM**
Not later than one (1) year	**409,728**	312,728
Later than one (1) year and not later than five (5) years	**78,638**	284,816
	488,366	597,544

27. COMMITMENTS (continued)

(b) Capital commitments

	Group 2010 RM	Group 2009 RM
i) Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	**50,955,344**	–
Contracted but not provided	**816,945**	4,537,429
	51,772,289	4,537,429
ii) Capital commitments of the Group to jointly control entities in respect of tank terminal business		
Approved but not contracted for	**26,700,000**	35,600,000

28. REVENUE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Contract revenue	**587,103,432**	485,999,560	–	–
Sale of products and services rendered	**552,042,150**	618,521,051	–	–
Dividend income from subsidiaries	–	–	**84,800,000**	60,000,000
	1,139,145,582	1,104,520,611	**84,800,000**	60,000,000

29. PROFIT BEFORE TAX

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	**3,844,445**	213,139	**–**	–
Auditors' remuneration:				
– Statutory:				
– current year	**427,028**	453,567	**54,000**	54,000
– (over)/under provision in prior years	**(6,800)**	22,950	**(16,000)**	1,450
– Non-statutory	**3,500**	3,000	**3,500**	3,000
Bad debts written off	**138,912**	55,433	**–**	–
Contract expenditure	**526,860,869**	461,659,906	**–**	–
Cost of inventories recognised as an expense	**303,851,287**	317,749,889	**–**	–
Depreciation of property, plant and equipment (Note 7)	**17,975,133**	16,141,396	**–**	–
Directors' remuneration (Note 30)	**21,434,521**	14,603,664	**358,500**	280,400
Interest on:				
– hire purchase	**244,829**	252,300	**–**	–
– bank overdraft	**–**	7,550	**–**	–
– bank loans	**1,835,104**	625,333	**1,010,912**	264,282
Loss/(Gain) on disposal of associate	**–**	231,496	**–**	(770,000)
Property, plant and equipment written off (Note 7)	**566,343**	314,685	**–**	–
Impairment loss of goodwill (Note 8)	**905,092**	–	**–**	–
Impairment loss of other investment	**–**	1,460,076	**–**	–
Inventory written off	**–**	25,147	**–**	–
Rental of				
– equipment	**114,795**	178,066	**–**	–
– premises	**7,253,177**	6,704,925	**–**	–
– storage tanks	**5,518,396**	4,704,796	**–**	–
Unrealised loss on foreign exchange	**2,485,731**	373,760	**50,000**	29,260
And crediting:				
Allowance for doubtful debts no longer required	**29,156**	57,866	**–**	–
Dividend income from subsidiaries (Note 28)				
– gross dividend	**–**	–	**7,800,000**	–
– single tier dividend	**–**	–	**77,000,000**	60,000,000
Gain on disposal of property, plant and equipment	**496,160**	408,639	**–**	–
Rental income	**831,419**	1,178,962	**–**	–
Realised gain on foreign exchange	**1,400,537**	446,212	**–**	–
Interest income from:				
– deposits with licensed banks	**2,348,501**	1,035,185	**70,449**	–
– others	**757,472**	331,184	**1,683,271**	735,965

30. DIRECTORS' REMUNERATION

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors of the Company:				
Executive:				
Other emoluments	**8,808,369**	4,997,680	**–**	–
Share options granted under ESOS	**982,084**	549,273	**–**	–
Non-Executive:				
Fees	**295,000**	225,000	**295,000**	225,000
Other emoluments	**111,500**	55,400	**63,500**	55,400
	10,196,953	5,827,353	**358,500**	280,400
Directors of the subsidiaries:				
Executive:				
Other emoluments	**10,296,622**	8,121,894	**–**	–
Share options granted under ESOS	**724,946**	438,417	**–**	–
Non-Executive:				
Other emoluments	**216,000**	216,000	**–**	–
	11,237,568	8,776,311	**–**	–
Total	**21,434,521**	14,603,664	**358,500**	280,400

The estimated monetary value of benefits-in-kind provided to the Executive Directors and Non-Executive Directors of the Company is RM297,223 (2009: RM174,230) and RM40,618 (2009: RM55,201) respectively.

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the subsidiaries is RM363,084 (2009: RM293,979).

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

	Number of Directors Executive	Number of Directors Non-Executive
Less than RM50,000	–	3
RM100,001 – RM150,000	–	2
RM1,100,001 – RM1,150,000	1	–
RM1,700,001 – RM1,750,000	1	–
RM2,600,001 – RM2,650,000	1	–
RM4,600,001 – RM4,650,000	1	–
	4	5

31. TAX EXPENSE/(INCOME)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	**17,560,251**	13,177,234	**1,972,112**	–
Foreign income tax	**7,092,178**	9,767,393	**–**	–
	24,652,429	22,944,627	**1,972,112**	–
(Over)/Under provision in prior years	**(76,779)**	(142,318)	**116,329**	(24,520)
	24,575,650	22,802,309	**2,088,441**	(24,520)
Deferred tax (Note 13)				
Current year	**2,883,137**	(1,119,929)	**(1,883)**	–
(Over)/Under provision in prior years	**(2,105,104)**	288,244	**–**	–
	778,033	(831,685)	**(1,883)**	–
Tax expense/(income) for the financial year	**25,353,683**	21,970,624	**2,086,558**	(24,520)
Share of tax of the associates	**11,130,000**	8,760,000	**–**	–
Share of tax of the jointly controlled entities	**722,254**	4,815	**–**	–
Total tax expense/(income)	**37,205,937**	30,735,439	**2,086,558**	(24,520)

Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the fiscal year.

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

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

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Net profit for the financial year	**124,659,934**	101,485,285	**82,200,240**	60,473,230
Add: Total tax expense/(income)	**37,205,937**	30,735,439	**2,086,558**	(24,520)
Profit excluding tax	**161,865,871**	132,220,724	**84,286,798**	60,448,710

31. TAX EXPENSE/(INCOME) (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	%	**%**	**%**	**%**
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effect in respect of:				
Non allowable expenses	**1.1**	1.5	**0.1**	0.1
Tax exempt income	**(0.2)**	(0.4)	**(22.8)**	(25.1)
Lower tax rates in foreign jurisdiction	**(1.7)**	(2.8)	**–**	–
Deferred tax assets not recognised in loss making subsidiaries	**0.2**	– *	**–**	–
Utilisation of previously unrecognised deferred tax assets	**(0.1)**	–	**–**	–
Effect of different effective tax rate of the associates and jointly controlled entities	**– ***	(0.2)	**–**	–
	24.3	23.1	**2.3**	–
(Over)/Under provision in prior years				
– current tax	**– ***	(0.1)	**0.2**	–
– deferred tax	**(1.3)**	0.2	**–**	–
Average effective tax rate	**23.0**	23.2	**2.5**	–

* Percentage immaterial to disclose.

32. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares after deducting treasury shares (adjusted for the effect of the bonus issue of 2 for 5 for the previous financial year).

	Group	
	2010	**2009**
Net profit for the financial year attributable to ordinary equity holders of the Company (RM)	**118,296,732**	91,936,553
Weighted average number of ordinary shares in issue	**1,967,564,140**	1,957,840,426

32. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue and issuable (adjusted for the effect of the bonus issue of 2 for 5 for the previous financial year). The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between share price and exercise price.

	Group	
	2010	**2009**
Net profit for the financial year attributable to ordinary equity holders of the Company (RM)	**118,296,732**	91,936,553
Weighted average number of ordinary shares in issue	**1,967,564,140**	1,957,840,426
Weighted average number of ordinary shares deemed to have been issued for no consideration upon exercise	**1,957,776**	208,619
Weighted average number of ordinary shares for diluted earnings per share	**1,969,521,916**	1,958,049,045

Certain ESOS offer made were not included in the calculation of dilutive share because this effect would have been antidilutive.

33. DIVIDENDS

	Group and Company			
	2010		2009	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
Interim dividend paid, net of tax	**0.98**	**19,240,989**	0.90	12,586,053
Final dividend paid, net of tax	–	–	1.80	24,950,786
Final single tier dividend proposed	**1.80**	**35,265,139**	–	–
	2.78	**54,506,128**	2.70	37,536,839
Special share dividend distributed	–	–	1.80	24,877,380
	2.78	**54,506,128**	4.50	62,414,219

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

33. DIVIDENDS (continued)

A final single tier dividend in respect of the current financial year of 18% per ordinary share of RM0.10 each, amounting to RM35,265,139 has been proposed by the Directors after the balance sheet date for shareholder's approval at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year ended 30 June 2010 do not reflect this proposed final dividend. The proposed final dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained profits, in the financial year ending 30 June 2011.

34. EMPLOYEE BENEFITS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, wages, bonuses and allowances	**94,226,847**	83,010,024	**180,000**	–
Directors' emoluments	**19,104,991**	13,119,574	**–**	–
Defined contribution plan	**7,519,125**	6,107,850	**21,600**	–
Share options granted under ESOS				
– Directors	**1,707,030**	987,690	**–**	–
– Other employees	**2,735,815**	1,641,198	**7,531**	–
Other employee benefits	**9,441,921**	6,144,413	**12,587**	–
	134,735,729	111,010,749	**221,718**	–

35. EMPLOYEE'S SHARE OPTION SCHEME

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

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries;

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

(c) The option price for a new share under the ESOS shall be the 5-day weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate, or at the par value of the shares, whichever is higher;

35. EMPLOYEE'S SHARE OPTION SCHEME (continued)

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

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

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

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

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

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

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

	--------------------------------Number of options over ordinary shares of RM0.10 each-------------------------------						
	Balance as at 1.7.2009	Granted	Adjusted ^	Retracted*	Exercised	Balance as at 30.6.2010	Exercisable as at 30.6.2010
Revised Option price^:							
– RM1.01	8,820,000	–	3,408,200	(579,000)	(888,200)	**10,761,000**	**5,151,520**
– RM1.12	18,252,000	–	7,157,600	(1,091,600)	–	**24,318,000**	**2,500,400**
– RM0.88	7,950,000	–	2,872,560	(908,200)	(320,300)	**9,594,060**	**744,260**
– RM0.42	6,549,000	–	2,314,720	(542,520)	(504,360)	**7,816,840**	**320,520**
– RM0.51	5,000,000	–	2,000,000	–	–	**7,000,000**	**–**
– RM0.69	–	13,241,000	5,124,000	(768,400)	–	**17,596,600**	**–**
	46,571,000	13,241,000	22,877,080	(3,889,720)	(1,712,860)	**77,086,500**	**8,716,700**

^ Adjustments to option price and number of options following the completion of bonus issue.

* Due to resignation or rejection of the options granted.

Share option exercised during the financial year resulted in the issuance of 1,712,860 (2009: Nil) ordinary shares at an average price of RM0.93 (2009: Nil). The related weighted average ordinary share price at the date of exercise was RM1.19 (2009: Nil).

35. EMPLOYEE'S SHARE OPTION SCHEME (continued)

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

Fair value of share options (RM)	0.272 – 0.712
Average share price at grant date (RM)	0.660 – 1.739
Exercise price adjusted for the effect of bonus issue (RM)	0.42 – 1.12
Expected volatility (%)	24.68 – 44.26
Expected life (years)	7 – 10
Risk free rate of interest (%)	3.10 – 4.25
Expected dividend yield (%)	1.549 – 4.780

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;

(ii) Associates as disclosed in Note 10 to the financial statements;

(iii) Jointly controlled entities as disclosed in Note 11 to the financial statements;

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

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

(vi) Overseas Technical Engineering and Construction Pte. Ltd. ("OTEC"), Toh Teck Seng Engineering & Construction Pte. Ltd. ("TTS") and Dialog OTEC Sdn. Bhd. ("DOSB") (collectively referred to as the "DEPL Group") whereby certain directors of subsidiaries have directorship and/or substantial interest in DEPL Group; and

(vii) Dialog Catalyst Services Sdn. Bhd. ("DCSSB") and Catalyst Handling Research & Engineering Limited ("CHREL") (collectively referred to as the "Catalyst Group") whereby a subsidiary director holds substantial indirect shareholdings and directorships in DCSSB and CHREL.

36. RELATED PARTY DISCLOSURES (continued)

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

	2010 RM	2009 RM
Transactions with associates:		
Dividends received	**27,000,000**	57,520,733
Subcontract works received	**2,406,918**	2,344,321
Rental of motor vehicles received	**–**	20,000
Transactions with jointly controlled entities:		
Commission received	**194,227**	56,878
Expenses recovered	**10,987**	70,805
Rental of premises received	**29,051**	29,051
Services rendered	**125,365**	138,712
Interest receivable	**757,472**	311,184
Subcontract works received	**94,489,118**	95,900,928
Purchases and services	**(679,055)**	(5,643,220)
Transactions with companies owned by a Director of the Company and his immediate family members:		
Rental of premises paid and payable	**–**	(28,000)
Transactions with ePetrol Group:		
Provision of IT system and related services by ePetrol Services	**2,480,450**	–
Supply of Petrolkad system to ePetrol Services	**430,028**	–
Transactions with DEPL Group:		
Provision of subcontract works by OTEC	**487,320**	–
Provision of management services to OTEC	**1,551,655**	2,512,558
Provision of subcontract works by TTS	**8,296,961**	8,526,082
Provision of management services to TTS	**2,838,390**	2,447,986
Provision of subcontract works by DOSB	**38,567**	1,422,449
Interest charged to TTS	**–**	121,985
Transactions with Catalyst Group:		
Provision of subcontract works by DCSSB	**588,818**	3,160,261
Provision of intellectual property right by CHREL	**562,812**	145,172
Sale of equipment by DCSSB	**–**	479,875

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business.

36. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

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

	Group	
	2010	**2009**
Balance as at 1 July	**22,329,000**	15,021,000
As at date of appointment as Director	**589,960**	195,000
Adjustment for the offer of bonus issue	**11,299,760**	–
Granted	**6,175,000**	7,540,000
Resigned	**(4,188,800)**	(427,000)
Exercised	**(812,500)**	–
Balance as at 30 June	**35,392,420**	22,329,000

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

(d) Material contracts

There were no material contracts which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interest subsisting at the end of the financial year ended 30 June 2010 or entered into since the end of the previous financial year.

37. OPERATING SEGMENTS

The Group is principally involved in providing integrated technical services to the oil, gas 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, interest and depreciation as included in the internal management report reviewed by chief operating decision maker.

2010	Malaysia RM	Asia Pacific countries RM	Other countries RM	Total RM
Segment profit/(loss)	**120,235,868**	**32,888,356**	**(3,110,607)**	**150,013,617**
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	634,335,000	490,600,935	14,209,647	1,139,145,582
Inter-segment revenue	1,212,413	30,864,677	–	32,077,090
Depreciation	6,596,249	10,643,481	735,403	17,975,133
Interest expenses	1,649,084	420,876	9,973	2,079,933
Interest income	2,963,053	142,920	–	3,105,973
Allowance for doubtful debts	3,844,445	–	–	3,844,445
Impairment loss of goodwill	905,092	–	–	905,092
Share of profits in jointly controlled entities	1,785,742	–	–	1,785,742
Share of profits in associates	31,821,180	28,265	–	31,849,445
Segment assets	597,052,843	275,957,910	11,885,137	884,895,890
Deferred tax assets				8,819,069
Total assets				893,714,959
Included in the measure of segment assets are:				
Investment in associates	85,017,674	2,523,026	–	87,540,700
Interest in jointly controlled entities	55,418,250	170,148	–	55,588,398
Addition to property, plant and equipment	6,747,328	12,947,440	435,138	20,129,906
Addition to intangible assets	1,361,294	–	–	1,361,294
Segment liabilities	246,837,397	111,322,307	17,239,688	375,399,392
Deferred tax liabilities				6,133,740
Total liabilities				381,533,132

37. OPERATING SEGMENTS (continued)

2009 (As restated)	Malaysia RM	Asia Pacific countries RM	Other countries RM	Total RM
Segment profit	72,497,506	50,386,860	571,543	123,455,909
Included in the measure of segment profit are:				
Revenue from external customers	464,141,374	624,842,609	15,536,628	1,104,520,611
Inter-segment revenue	3,024,562	12,570,294	–	15,594,856
Depreciation	7,254,924	8,180,511	705,961	16,141,396
Interest expenses	444,068	428,097	13,018	885,183
Interest income	985,169	381,200	–	1,366,369
Allowance for doubtful debts	23,595	189,544	–	213,139
Share of losses in jointly controlled entities	(1,325,648)	–	–	(1,325,648)
Share of profits in associates	28,909,050	–	–	28,909,050
Segment assets	489,861,875	246,031,498	12,911,187	748,804,560
Deferred tax assets				7,878,262
Total assets				756,682,822
Included in the measure of segment assets are:				
Investment in associates	80,192,052	2,620,786	–	82,812,838
Interest in jointly controlled entities	23,041,591	–	–	23,041,591
Addition to property, plant and equipment	11,529,881	17,685,412	1,294,081	30,509,374
Addition to intangible assets	2,753,229	–	–	2,753,229
Segment liabilities	183,214,854	95,474,041	2,262,702	280,951,597
Deferred tax liabilities				4,318,631
Total liabilities				285,270,228

Inter-segment revenue are carried out at arm's length.

38. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

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

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's policy is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost. The Group also attempts to limit its exposure for all committed transactions by entering into foreign currency forward contracts.

The foreign currency forward contracts which have been entered by the Group for its trade receivables, other receivables and trade payables are as follows:

At 30 June 2010	Contractual amount in Foreign Currency (FC)	Equivalent amount in Ringgit Malaysia (RM)	Average contractual rate 1 FC/RM	Expiry date
United States Dollar	2,126,113	7,100,653	3.3397	17.08.10 – 04.02.11

At 30 June 2010	Contractual amount in Foreign Currency (FC)	Equivalent amount in Thailand Baht (THB)	Average contractual rate 1 FC/THB	Expiry date
Euro	173,614	7,100,800	40.9000	30.09.10
Sterling Pound	495,683	23,629,200	47.6700	29.12.10

At 30 June 2010	Contractual amount in Foreign Currency (FC)	Equivalent amount in Singapore Dollar (SGD)	Average contractual rate 1 FC/SGD	Expiry date
United States Dollar	100,000	141,390	1.4139	30.07.10

38. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

At 30 June 2009	Contractual amount in Foreign Currency (FC)	Equivalent amount in Ringgit Malaysia (RM)	Average contractual rate 1 FC/RM	Expiry date
United States Dollar	7,277,890	25,695,749	3.5307	15.06.09 – 03.07.10
Singapore Dollar	1,306,890	3,129,864	2.3949	15.07.09 – 14.10.09
Sterling Pound	82,322	449,248	5.4572	20.07.09 – 07.12.09
Euro	64,000	309,760	4.8400	12.08.09
Japanese Yen	28,500,000	1,115,205	0.0391	30.09.09

At 30 June 2009	Contractual amount in Foreign Currency (FC)	Equivalent amount in Thailand Baht (THB)	Average contractual rate 1 FC/THB	Expiry date
Euro	144,822	6,922,485	47.8000	30.10.09

(ii) Interest rate risk

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

38. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(ii) Interest rate risk (continued)

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier:

Group	Note	Average effective interest rate per annum %	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	After 5 years RM	Total RM
At 30 June 2010									
Financial assets									
Deposits with licensed banks	20	1.90	200,824,680	–	–	–	–	–	200,824,680
Financial liabilities									
Hire purchase creditors	25	5.16	1,779,519	1,386,859	1,122,038	37,936	–	–	4,326,352
Bank loans	24	2.94 – 4.75	46,636,137	6,337,897	6,337,897	5,716,145	1,775,000	3,150,000	69,953,076
At 30 June 2009									
Financial assets									
Deposits with licensed banks	20	1.24	121,379,891	–	–	–	–	–	121,379,891
Financial liabilities									
Hire purchase creditors	25	5.16	1,990,487	1,846,168	1,415,647	1,175,010	39,728	–	6,467,040
Bank loans	24	2.64 – 4.75	25,216,770	4,774,623	4,955,153	3,372,891	2,507,327	4,725,000	45,551,764
Company									
At 30 June 2010									
Financial assets									
Deposits with licensed banks	20	2.42	700,000	–	–	–	–	–	700,000
Financial liabilities									
Bank loans	24	3.47	40,000,000	–	–	–	–	–	40,000,000
At 30 June 2009									
Financial assets									
Deposits with licensed banks	20	–	–	–	–	–	–	–	–
Financial liabilities									
Bank loans	24	2.64	20,000,000	–	–	–	–	–	20,000,000

38. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Credit risk

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

As at 30 June 2010, the Group has a placement of RM200,824,680 (2009: RM121,379,891) in deposits with certain licensed banks in Malaysia and other countries in Asia Pacific. Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposure to credit risk are represented by the carrying amounts in the balance sheets.

(iv) Liquidity risk

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

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 30 June 2010 approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Group	
	Carrying amount RM	Fair value RM
As at 30 June 2010		
Recognised		
Other investments – unquoted shares	**2,080,759**	*
Borrowings – bank loans with fixed interest rate	**298,240**	#
Borrowings – hire purchase	**4,326,352**	#

38. FINANCIAL INSTRUMENTS (continued)

(b) Fair values (continued)

	Group	
	Carrying amount RM	Fair value RM
As at 30 June 2009		
Recognised		
Other investments – unquoted shares	2,067,641	*
Borrowings – bank loans with fixed interest rate	2,281,400	#
Borrowings – hire purchase	6,467,040	#

* It is not practical to estimate the fair value of the other investments because of the inability to estimate fair value without incurring excessive costs. The Group believe that the carrying amount represents the recoverable amount.

\# The carrying amount of the non-current hire purchase creditors and bank loans with fixed interest rate approximate their fair values as the current rates offered to the Group approximate the market rates for the similar borrowing of the same remaining maturities.

The following methods and assumptions are used to determine fair values of the financial instruments:

(i) In respect of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

(ii) The fair values of borrowings which are accounted for as long term financial liabilities are estimated based on future contractual cash flows discounted at current market assessments of the time value of money and the risk specific to the liabilities.

38. FINANCIAL INSTRUMENTS (continued)

(b) Fair values (continued)

Unrecognised financial instrument

(i) Financial derivative instrument is used to hedge foreign exchange risk associated with certain sale and purchase transactions. The contracted principal amount of the derivative and the corresponding fair value adjustment not recognised in the balance sheet is analysed below:

	Group	
	Contracted amount RM	Fair value favourable RM
As at 30 June 2010		
Forward foreign exchange contracts	**10,687,472**	**104,724**
As at 30 June 2009		
Forward foreign exchange contracts	31,475,144	118,099

(ii) The fair value adjustment on financial guarantee contract not recognised in the balance sheet is analysed below:

	Group		Company	
	Contract Amount RM	Fair value RM	Contract Amount RM	Fair value RM
As at 30 June 2010				
Corporate guarantee issued to licensed banks and third parties for certain subsidiaries	–	–	**388,628,569**	**1,554,514**
Letter of Undertaking issued to a jointly controlled entity	**37,400,000**	**187,000**	**37,400,000**	**187,000**
As at 30 June 2009				
Corporate guarantee issued to licensed banks and third parties for certain subsidiaries	–	–	396,072,000	1,584,288
Letter of Undertaking issued to a jointly controlled entity	37,400,000	187,000	37,400,000	187,000

39. CONTINGENT LIABILITIES – UNSECURED

The Company provides corporate guarantees up to a total amount of RM348,288,569 (2009: RM352,612,000) 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 totaling RM93,720,876 as at 30 June 2010 (2009: RM98,397,266).

The Company has also given corporate guarantees amounting to RM40,340,000 (2009: RM43,460,000) to third parties for supply of goods and warehouse licenses to certain subsidiaries. Consequently, the Company is contingently liable for the amounts owing by these subsidiaries to the third parties totaling RM20,093,306 as at 30 June 2010 (2009: RM15,244,725).

In addition, the Company also provides a Letter of Undertaking to a jointly controlled entity for the provision of cash flow deficiency support up to RM37,400,000 (2009: RM37,400,000) for banking facilities secured by a subsidiary company of this jointly controlled entity.

40. COMPARATIVE FIGURES

The effects of the reclassifications of the comparative figures following the adoption of the Amendment to FRS 117 as mentioned in Note 5.1 (b) are as below:

30 June 2009

Group	As restated RM	As previously stated RM
Balance sheet		
Property, plant and equipment	155,358,576	144,692,476
Prepaid lease payments for land	–	10,666,100
Cash flow statements and profit before tax		
Depreciation of property, plant and equipment	16,141,396	15,975,802
Amortisation of prepaid lease payments for land	–	165,594

01 July 2008

Group

Carrying amount of property, plant and equipment

Property, plant and equipment	140,625,272	129,821,900
Prepaid lease payments for land	–	10,803,372

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