Supported by

DIALOG

DIALOG GROUP BERHAD
(178694-V)

109, Block G, Phileo Damansara 1
No. 9, Jalan 16/11, 46350 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : 6 03 7955 1199
Fax No. : 6 03 7955 8989
www.dialogasia.com

DIALOG GROUP BERHAD (178694-V)

ANNUAL REPORT 2012

DIALOG

DIALOG GROUP BERHAD
(178694-V)

ANNUAL REPORT 2012
Financial Statements

contents

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 2012.

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 10 to the financial statements, are the provision of specialist technical services and products, provision of engineering & construction, provision of plant maintenance & catalyst services, fabrication, provision of logistic services, provision of upstream services, 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'000	Company RM'000
Profit for the financial year	181,836	97,485
Attributable to:		
Owners of the parent	177,001	97,485
Non-controlling interests	4,835	–
	181,836	97,485

Dividends

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

(a) Final single tier dividend of 18% per ordinary share of RM0.10 each, amounting to RM35,691,654 in respect of the previous financial year was paid on 15 December 2011;

(b) Interim single tier dividend of 11% per ordinary share of RM0.10 each, amounting to RM26,216,316 in respect of the current financial year was paid on 29 June 2012; and

(c) Proposed final single tier dividend of 20% per ordinary share of RM0.10 each, amounting to approximately RM47,678,000 in respect of the current financial year as recommended by the Directors subsequent to the end of the reporting period 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 other than those disclosed in the financial statements.

Issue of Shares and Debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM199,581,543 to RM240,613,581 by way of issuance of 410,320,372 new ordinary shares of RM0.10 each pursuant to the following:

(i) 13,080,036 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.39 to RM1.48 per share for cash;

(ii) completion of the Rights Issue with Warrants Exercise with the listing and quotation of 396,873,868 new ordinary shares of RM0.10 each ("Rights Shares") and 198,436,934 warrants on 15 February 2012 on the basis of two (2) Rights Shares together with one (1) free Warrant for every ten (10) existing ordinary shares of RM0.10 each held in the Company on 9 January 2012 at the issue price of RM1.20 per Rights Share ("Rights Issue with Warrants" or "Rights Issue"); and

(iii) 366,468 warrants exercised at an exercise price of RM2.40 each for cash which resulted in 366,468 ordinary shares of RM0.10 each being allotted and issued.

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

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

Employees' Share Option Scheme

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

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act, 1965 in Malaysia;

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

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

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

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

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

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

Employees' Share Option Scheme (Continued)

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

(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 1.7.2011	Granted	Adjusted#	Retracted*	Exercised	Balance as at 30.6.2012^	Exercisable as at 30.6.2012
Revised option price#:							
RM0.93	2,541,920	–	139,931	(69,830)	(1,292,713)	1,319,308	1,319,308
RM1.04	20,118,800	–	1,445,732	(701,857)	(4,095,611)	16,767,064	2,542,669
RM0.81	7,461,560	–	506,974	(347,423)	(1,828,542)	5,792,569	560,068
RM0.39	6,339,060	–	430,182	(243,859)	(1,543,649)	4,981,734	312,283
RM0.47	6,580,000	–	551,320	–	(420,000)	6,711,320	610,120
RM0.64	15,310,800	–	1,227,749	(543,210)	(1,442,227)	14,553,112	1,199,598
RM0.94	30,571,000	–	2,496,747	(1,320,086)	(2,135,631)	29,612,030	983,639
RM1.37	5,484,000	–	462,240	(277,897)	(321,663)	5,346,680	262,266
RM2.04	46,396,000	–	4,043,931	(2,772,843)	–	47,667,088	–
RM1.78	–	3,264,000	273,450	(568,785)	–	2,968,665	–
	140,803,140	3,264,000	11,578,256	(6,845,790)	(13,080,036)	135,719,570	7,789,951

Adjustments to option price and number of options as a result of Rights Issue.
* Due to resignation or rejection of the options granted.
^ Exerciseable by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10% – 50% per year over vesting periods of 3 to 5 years.

Since the implementation of the ESOS until the end of the financial year, a total of 152,102,000 options had been granted to the eligible employees of the Group of which a total of 34,353,000 options had been granted to the Executive Directors of the Company and persons connected to the Executive Directors. A total of 30,085,096 options had been exercised since implementation of the ESOS until the end of the financial year of which 7,229,684 options had been exercised by the Executive Directors of the Company and persons connected to the Executive Directors.

During the financial year and since the implementation of the ESOS, the Executive Directors and senior management of the Company and its subsidiaries had been granted 0.1% and 21% of the total options available under the ESOS as at the end of the financial year respectively.

Directors' Report

Employees' Share Option Scheme (Continued)

The Company had been granted exemption by the Companies Commission of Malaysia vide its letter dated 9 August 2012 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 were individually granted in aggregate 1,800,000 options and above.

Other than those disclosed in the Directors' interests, the following employees are granted 1,800,000 options and above:

	-- Number of options over ordinary shares of RM0.10 each --			
	Balance as at 1.7.2011	Adjusted#	Exercised	Balance as at 30.6.2012
Loy Ah Wei	2,259,400	202,202	–	2,461,602
Mustaffa Kamal Bin Abu Bakar	1,809,400	140,725	(237,000)	1,713,125
Jamal Bin Kamaludin	1,613,200	111,582	(366,400)	1,358,382
Tan Lek Lek	1,501,400	109,722	(275,400)	1,335,722
Chong Chong Wooi	1,353,600	102,685	(206,200)	1,250,085
Ho Kam Yong	1,233,000	90,639	(220,200)	1,103,439

Adjustment to number of options as a result of Rights Issue.

Warrants 2012/2017

On 15 February 2012, the Company listed and quoted 198,436,934 free detachable Warrants pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every two (2) Rights Shares subscribed.

The Warrants are constituted by the Deed Poll dated 15 December 2011 ("Deed Poll").

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ("Warrantholder(s)") to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM2.40 during the 5-year period expiring on 12 February 2017 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 15 February 2012	198,436,934
Exercised during the financial year	(366,468)
As of 30 June 2012	198,070,466
Exercised subsequent to 30 June 2012	(200)
As of 5 October 2012	198,070,266

Repurchase of Own Shares

At the Annual General Meeting held on 24 November 2011, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

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

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

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

During the financial year, the Company repurchased 90,000 of its own ordinary shares of RM0.10 each from the open market for a total consideration of RM229,669 at an average price of RM2.55 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 in Malaysia and none of the treasury shares held were re-sold or cancelled during the financial year.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 2,406,135,805 (2011: 1,995,815,433) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2012, 22,834,971 (2011: 22,744,971) ordinary shares of RM0.10 each amounting to RM24,819,097 (2011: RM24,589,428) 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 2,383,300,834 (2011: 1,973,070,462).

Directors of the Company

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

Dr Ngau Boon Keat
Chan Yew Kai
Dato' Mohamed Zakri Bin Abdul Rashid
Datuk Oh Chong Peng
Chew Eng Kar
Kamariyah Binti Hamdan
Zainab Binti Mohd Salleh
Ja'afar Bin Rihan
Dr Junid Bin Abu Saham (Resigned on 1 July 2012)

In accordance with Article 96 of the Company's Articles of Association, Dr Ngau Boon Keat, Dato' Mohamed Zakri Bin Abdul Rashid and Datuk Oh Chong Peng retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Report

Directors' Interests

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

	------------------ Number of ordinary shares of RM0.10 each ------------------				
	Balance as at 1.7.2011	Bought	Rights issue	Sold	Balance as at 30.6.2012
Shares in the Company					
Direct interests:					
Dr Ngau Boon Keat	29,095,740	1,840,000	6,284,832	–	37,220,572
Chan Yew Kai	5,887,221	341,500	1,265,493	–	7,494,214
Dato' Mohamed Zakri Bin Abdul Rashid	1,147,288	–	230,459	(20,000)	1,357,747
Chew Eng Kar	1,685,572	219,200	386,862	–	2,291,634
Kamariyah Binti Hamdan	736,962	–	149,769	–	886,731
Zainab Binti Mohd Salleh	1,585,185	343,784	322,089	(40,000)	2,211,058
Dr Junid Bin Abu Saham	3,140,559	–	638,106	–	3,778,665
Indirect interests:					
Dr Ngau Boon Keat	497,961,657	99,200	101,185,313	–	599,246,170
Dato' Mohamed Zakri Bin Abdul Rashid	164,276	–	32,855	–	197,131
Chew Eng Kar	3,611,014	–	733,721	(50,000)	4,294,735
Kamariyah Binti Hamdan	101,959	–	20,704	–	122,663
Dr Junid Bin Abu Saham	78,540	–	16,009	–	94,549

	--- Number of options over ordinary shares of RM0.10 each ---			
	Balance as at 1.7.2011	Adjusted#	Exercised	Balance as at 30.6.2012
Share options in the Company				
Direct interests:				
Dr Ngau Boon Keat	18,660,000	1,505,388	(1,840,000)	18,325,388
Chan Yew Kai	9,676,600	835,487	(341,500)	10,170,587
Chew Eng Kar	4,247,600	360,535	(219,200)	4,388,935
Zainab Binti Mohd Salleh	3,353,200	300,107	(343,784)	3,309,523
Indirect interests:				
Dr Ngau Boon Keat	1,040,000	84,192	(99,200)	1,024,992

Adjustment to number of options as a result of Rights Issue.

Directors' Interests (Continued)

	Number of Warrants 2012/2017			
	Balance as at 1.7.2011	Allotted**	Sold	Balance as at 30.6.2012
Warrants in the Company				
Direct interests:				
Dr Ngau Boon Keat	–	3,142,416	–	3,142,416
Chan Yew Kai	–	632,746	–	632,746
Dato' Mohamed Zakri Bin Abdul Rashid	–	115,229	–	115,229
Chew Eng Kar	–	193,430	–	193,430
Kamariyah Binti Hamdan	–	74,884	–	74,884
Zainab Binti Mohd Salleh	–	161,044	(160,944)	100
Dr Junid Bin Abu Saham	–	319,052	(178,978)	140,074
Indirect interests:				
Dr Ngau Boon Keat	–	50,592,652	–	50,592,652
Dato' Mohamed Zakri Bin Abdul Rashid	–	16,427	–	16,427
Chew Eng Kar	–	366,860	(200,000)	166,860
Kamariyah Binti Hamdan	–	10,352	–	10,352
Dr Junid Bin Abu Saham	–	8,004	–	8,004

** Free warrants allotted as a result of Rights Issue.

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

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares, options over ordinary shares and warrants, 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 has 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 39 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as mentioned in Note 37 to the financial statements.

Directors' Report

Other Statutory Information Regarding the Group and the Company

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that 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 amount of bad debts written off or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(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 which is 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 months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

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

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

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

Significant Events During The Financial Year

The significant events during the financial year are disclosed in Note 44 to the financial statements.

Significant Event Subsequent to the End of the Reporting Period

The significant event subsequent to the end of the reporting period are disclosed in Note 45 to the financial statements.

Auditors

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

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

Dr Ngau Boon Keat
Director

Dato' Mohamed Zakri Bin Abdul Rashid
Director

Petaling Jaya
5 October 2012

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 14 to 106 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The information set out in Note 46 to the financial statements have been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

Dr Ngau Boon Keat
Director

Dato' Mohamed Zakri Bin Abdul Rashid
Director

Petaling Jaya
5 October 2012

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 14 to 106 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 2012

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 statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 105.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of their financial performance and 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 in Malaysia, we also report the following:

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

(c) We are satisfied that the 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 Reporting Responsibilities

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of such supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/14 (J)
Chartered Accountant

Kuala Lumpur
5 October 2012

Statements of Financial Position
as at 30 June 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	333,107	223,718	–	–
Development of tank terminals	8	62,647	–	–	–
Intangible assets	9	36,178	33,631	–	–
Investment in subsidiaries	10	–	–	472,445	246,753
Investment in associates	11	3,067	3,037	–	4
Interest in jointly controlled entities	12	368,872	144,925	80,424	75,169
Other investments	13	31,105	2,414	–	–
Deferred tax assets	14	16,706	13,887	–	–
Amount owing by a subsidiary	15	–	–	81,116	–
		851,682	421,612	633,985	321,926
Current assets					
Inventories	16	97,816	65,091	–	–
Trade and other receivables	17	429,274	299,269	1,976	29
Amounts owing by subsidiaries	15	–	–	95,097	40,666
Amounts owing by associates	19	–	552	–	–
Amounts owing by jointly controlled entities	20	86,566	13,259	2	15
Current tax assets		4,932	3,258	–	5
Cash and cash equivalents	21	579,550	278,463	301,121	27,834
		1,198,138	659,892	398,196	68,549
TOTAL ASSETS		2,049,820	1,081,504	1,032,181	390,475

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	240,614	199,582	240,614	199,582
Treasury shares	22	(24,819)	(24,589)	(24,819)	(24,589)
Reserves	23	977,806	408,119	665,038	174,456
		1,193,601	583,112	880,833	349,449
Non-controlling interests		44,427	36,800	–	–
TOTAL EQUITY		1,238,028	619,912	880,833	349,449
LIABILITIES					
Non-current liabilities					
Borrowings	24	254,788	58,421	130,000	40,000
Deferred tax liabilities	14	2,794	3,931	–	–
		257,582	62,352	130,000	40,000
Current liabilities					
Trade and other payables	27	462,015	326,185	910	536
Amounts owing to subsidiaries	28	–	–	20,357	490
Amounts owing to associates	19	743	739	–	–
Amounts owing to jointly controlled entities	20	2,021	918	–	–
Borrowings	24	69,105	51,629	–	–
Current tax liabilities		20,326	19,769	81	–
		554,210	399,240	21,348	1,026
TOTAL LIABILITIES		811,792	461,592	151,348	41,026
TOTAL EQUITY AND LIABILITIES		2,049,820	1,081,504	1,032,181	390,475

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

Income Statements
for the Financial Year ended 30 June 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	30	1,633,808	1,208,378	93,200	131,075
Cost of sales and services		(1,441,067)	(1,024,293)	–	–
Gross profit		192,741	184,085	93,200	131,075
Other operating income		15,721	12,483	10,048	4,013
Marketing and distribution costs		(3,837)	(2,827)	–	–
Administration expenses		(28,877)	(26,660)	(1,285)	(1,147)
Other operating expenses		(1,957)	(2,069)	–	–
Finance costs		(4,170)	(3,053)	(3,214)	(1,591)
Share in results of jointly controlled entities and associates		55,297	38,548	–	–
Profit before tax	31	224,918	200,507	98,749	132,350
Tax expense	33	(43,082)	(40,382)	(1,264)	(4,815)
Profit for the financial year		181,836	160,125	97,485	127,535
Profit for the financial year attributable to:					
Owners of the parent		177,001	152,298	97,485	127,535
Non-controlling interests		4,835	7,827	–	–
		181,836	160,125	97,485	127,535

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

	Note	2012	2011
Basic earnings per ordinary share of RM0.10 each (sen)	34	7.67	7.11
Diluted earnings per ordinary share of RM0.10 each (sen)	34	7.60	7.06

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

Statements of Comprehensive Income
for the Financial Year ended 30 June 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the financial year	181,836	160,125	97,485	127,535
Other comprehensive income:				
Foreign currency translations	1,535	4,715	–	–
Cash flow hedge	92	(13)	–	–
Fair value loss on available-for-sale financial assets	(1,950)	–	–	–
Other comprehensive (loss)/ income for the financial year	(323)	4,702	–	–
Total comprehensive income for the the financial year	181,513	164,827	97,485	127,535
Total comprehensive income attributable to:				
Owners of the parent	176,717	155,656	97,485	127,535
Non-controlling interests	4,796	9,171	–	–
	181,513	164,827	97,485	127,535

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

Statements of Changes in Equity
for the Financial Year ended 30 June 2012

		<---------- Attributable to owners of the parent ---------->									
GROUP	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share options reserve RM'000	Exchange translation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2010		198,052	(19,158)	2,051	7,057	(3,902)	–	293,393	477,493	34,688	512,181
Effects of the adoption of FRS 139		–	–	–	–	–	–	(27)	(27)	–	(27)
Restated balance as at 1 July 2010		198,052	(19,158)	2,051	7,057	(3,902)	–	293,366	477,466	34,688	512,154
Profit for the year		–	–	–	–	–	–	152,298	152,298	7,827	160,125
Foreign currency translations		–	–	–	–	3,371	–	–	3,371	1,344	4,715
Cash flow hedge		–	–	–	–	–	(13)	–	(13)	–	(13)
Total comprehensive income		–	–	–	–	3,371	(13)	152,298	155,656	9,171	164,827
Transactions with owners											
Previous financial year:											
Final dividend		–	–	–	–	–	–	(35,398)	(35,398)	–	(35,398)
Current financial year:											
Interim dividend	35	–	–	–	–	–	–	(25,643)	(25,643)	–	(25,643)
Share options granted under ESOS		–	–	–	5,679	–	–	–	5,679	260	5,939
Share options exercised	22	1,530	–	19,512	(6,363)	–	–	–	14,679	(351)	14,328
Shares repurchased	22	–	(5,431)	–	–	–	–	–	(5,431)	–	(5,431)
Acquisition of subsidiaries	10	–	–	–	–	–	–	–	–	2,431	2,431
Acquisition of shares from non-controlling interest		–	–	–	–	–	–	(3,836)	(3,836)	(9,399)	(13,235)
Total transactions with owners		1,530	(5,431)	19,512	(684)	–	–	(64,877)	(49,950)	(7,059)	(57,009)
Share issue expenses		–	–	(60)	–	–	–	–	(60)	–	(60)
Balance as at 30 June 2011		199,582	(24,589)	21,503	6,373	(531)	(13)	380,787	583,112	36,800	619,912

GROUP	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share options reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		<---------- Attributable to owners of the parent									---------->		
Balance as at 1 July 2011		199,582	(24,589)	21,503	6,373	–	(531)	(13)	–	380,787	583,112	36,800	619,912
Profit for the year		–	–	–	–	–	–	–	–	177,001	177,001	4,835	181,836
Foreign currency translations		–	–	–	–	–	1,580	–	–	–	1,580	(45)	1,535
Cash flow hedge		–	–	–	–	–	–	86	–	–	86	6	92
Fair value loss on available-for-sale financial assets		–	–	–	–	–	–	–	(1,950)	–	(1,950)	–	(1,950)
Total comprehensive income		–	–	–	–	–	1,580	86	(1,950)	177,001	176,717	4,796	181,513
Transactions with owners													
Previous financial year: Final dividend	35	–	–	–	–	–	–	–	–	(35,692)	(35,692)	–	(35,692)
Current financial year: Interim dividend	35	–	–	–	–	–	–	–	–	(26,216)	(26,216)	–	(26,216)
Share options granted under ESOS		–	–	–	10,698	–	–	–	–	–	10,698	478	11,176
Share options exercised	22	1,308	–	15,534	(4,651)	–	–	–	–	–	12,191	(300)	11,891
Rights shares issued	22	39,687	–	268,505	–	168,056	–	–	–	–	476,248	–	476,248
Warrants exercised	22	37	–	1,153	–	(310)	–	–	–	–	880	–	880
Shares repurchased	22	–	(230)	–	–	–	–	–	–	–	(230)	–	(230)
Issuance of shares by subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	–	–	999	999
Acquisition of subsidiaries	10	–	–	–	–	–	–	–	–	–	–	3,634	3,634
Dividend paid to non-controlling interest		–	–	–	–	–	–	–	–	–	–	(329)	(329)
Dilution of interest in a subsidiary		–	–	–	–	–	–	–	–	51	51	(51)	–
Disposal of a subsidiary	10	–	–	–	–	–	–	–	–	–	–	(1,600)	(1,600)
Total transactions with owners		41,032	(230)	285,192	6,047	167,746	–	–	–	(61,857)	437,930	2,831	440,761
Share issue expenses **		–	–	(4,158)	–	–	–	–	–	–	(4,158)	–	(4,158)
Balance as at 30 June 2012		240,614	(24,819)	302,537	12,420	167,746	1,049	73	(1,950)	495,931	1,193,601	44,427	1,238,028

** Included an amount of non-audit fee of RM50,000 paid to the auditors of the Company.

COMPANY	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2010		198,052	(19,158)	2,016	7,679	79,590	268,179
Total comprehensive income		–	–	–	–	127,535	127,535
Transactions with owners							
Previous financial year: Final dividend		–	–	–	–	(35,398)	(35,398)
Current financial year: Interim dividend	35	–	–	–	–	(25,643)	(25,643)
Share options granted under ESOS		–	–	–	5,939	–	5,939
Share options exercised	22	1,530	–	19,512	(6,714)	–	14,328
Shares repurchased	22	–	(5,431)	–	–	–	(5,431)
Total transactions with owners		1,530	(5,431)	19,512	(775)	(61,041)	(46,205)
Share issue expenses		–	–	(60)	–	–	(60)
Balance as at 30 June 2011		199,582	(24,589)	21,468	6,904	146,084	349,449

Statements of Changes in Equity
for the Financial Year ended 30 June 2012

COMPANY	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share options reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011		199,582	(24,589)	21,468	6,904	–	146,084	349,449
Total comprehensive income		–	–	–	–	–	97,485	97,485
Transactions with owners								
Previous financial year: Final dividend	35	–	–	–	–	–	(35,692)	(35,692)
Current financial year: Interim dividend	35	–	–	–	–	–	(26,216)	(26,216)
Share options granted under ESOS		–	–	–	11,176	–	–	11,176
Share options exercised	22	1,308	–	15,534	(4,951)	–	–	11,891
Rights shares issued		39,687	–	268,505	–	168,056	–	476,248
Warrants exercised		37	–	1,153	–	(310)	–	880
Shares repurchased	22	–	(230)	–	–	–	–	(230)
Total transactions with owners		41,032	(230)	285,192	6,225	167,746	(61,908)	438,057
Share issue expenses **		–	–	(4,158)	–	–	–	(4,158)
Balance as at 30 June 2012		240,614	(24,819)	302,502	13,129	167,746	181,661	880,833

** Included an amount of non-audit fee of RM50,000 paid to the auditors of the Company.

Statements of Cash Flows
for the Financial Year ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		224,918	200,507	98,749	132,350
Adjustments for:					
Amortisation of intangible assets	9	1,577	300	–	–
Depreciation of property, plant and equipment	7	26,392	19,749	–	–
Dividend income from subsidiaries		–	–	(93,200)	(131,075)
Gain on disposal of property, plant and equipment		(404)	(940)	–	–
Impairment losses on receivables	17	486	44	–	–
Interest expenses		3,958	2,813	3,214	1,590
Interest income		(10,705)	(6,730)	(9,953)	(3,028)
Investment in an associate written off		–	–	4	–
Property, plant and equipment written off	7	40	2	–	–
Reversal of impairment losses on receivables	17	(29)	(3,751)	–	–
Share options granted under ESOS		11,030	5,876	–	–
Share in results of jointly controlled entities and associates		(55,297)	(38,548)	–	–
Unrealised gain on foreign exchange		(351)	(598)	(315)	(984)
Operating profit/(loss) before working capital changes		201,615	178,724	(1,501)	(1,147)
Increase in inventories		(32,415)	(42,388)	–	–
Increase in trade and other receivables		(104,746)	(482)	(1,947)	(19)
Net (increase)/decrease in amounts owing by associates		(224)	1,129	–	–
Net (increase)/decrease in amounts owing by jointly controlled entities		(67,660)	20,641	13	–
Increase/(Decrease) in trade and other payables		131,580	8,079	327	(456)
Cash generated from/(used in) operations		128,150	165,703	(3,108)	(1,622)
Interest received		8,243	6,730	9,953	555
Interest paid		(2,098)	(1,590)	(3,214)	(1,590)
Dividend received		45,250	38,550	93,200	126,766
Tax paid		(50,629)	(42,904)	(1,178)	(323)
Tax refunded		438	1,823	–	–
Net cash from operating activities		129,354	168,312	95,653	123,786

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	10	(2,832)	(58,617)	–	–
Acquisition of shares from non-controlling interest		–	(13,235)	–	–
Additional interest in subsidiaries		–	–	(219,613)	(97,272)
Development of tank terminals		(62,647)	–	–	–
Deposits paid for land acquisition	17	(21,587)	–	–	–
Incorporation of subsidiaries		–	–	–	(600)
Investment in jointly controlled entities		(215,253)	(6,611)	(5,109)	(4,302)
Purchase of other investments	13	(30,469)	(15)	–	–
Purchase of property, plant and equipment	7	(132,051)	(59,671)	–	–
Proceeds from disposal of property, plant and equipment		1,048	6,152	–	–
(Advances to)/Repayment from subsidiaries		–	–	(115,318)	50,931
Upliftment of deposits		262	1,559	–	–
Net cash used in investing activities		(463,529)	(130,438)	(340,040)	(51,243)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,860)	(1,223)	–	–
Dividend paid to non-controlling interests		(329)	–	–	–
Dividend paid to owners of the Company		(61,908)	(61,041)	(61,908)	(61,041)
Issuance of shares by subsidiary to non-controlling interests		999	–	–	–
Proceeds from shares issued					
– Rights issue		476,248	–	476,248	–
– Warrants		880	–	880	–
– ESOS		11,891	14,328	16,842	21,042
Repayment of hire purchase creditors		(1,735)	(1,772)	–	–
Drawdown of loan, net		217,129	28,122	90,000	–
Share issue expenses paid		(4,158)	(60)	(4,158)	(60)
Shares repurchased	22	(230)	(5,431)	(230)	(5,431)
Net cash from/(used in) financing activities		636,927	(27,077)	517,674	(45,490)
Net increase in cash and cash equivalents		302,752	10,797	273,287	27,053
Cash and cash equivalents at beginning of financial year					
As previously reported		274,326	258,075	27,834	781
Effects of exchange rate changes on cash and cash equivalents		1,306	5,454	–	–
As restated		275,632	263,529	27,834	781
Cash and cash equivalents at end of financial year	21	578,384	274,326	301,121	27,834

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

Notes to the Financial Statements
30 June 2012

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. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 October 2012.

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 10 to the financial statements, are the provision of specialist technical services and products, provision of engineering & construction, provision of plant maintenance & catalyst services, fabrication, provision of logistic services, provision of upstream services, 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") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 46 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. Significant Accounting Policies

4.1 Basis of accounting

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

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their 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 Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes to the Financial Statements
30 June 2012

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. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are modified to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. Significant Accounting Policies (Continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combination

<u>Business combinations from 1 July 2010 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 *Share-based Payment*; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the service are received.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.9(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

<u>Business combinations before 1 July 2010</u>

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.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.3 Business combination (continued)

Business combinations before 1 July 2010 (continued)

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 4.9(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 profit or loss 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.

4.4 Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the 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 profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

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

Leasehold land	11 – 99 years
Buildings	15 – 50 years
Furniture, fittings and office equipment	15% – 50%
Plant, machinery, equipment and cabin	5% – 20%
Motor vehicles	20%
Renovation and electrical installation	15%

Freehold land has unlimited useful life and is not depreciated.

4. Significant Accounting Policies (Continued)

4.4 Property, plant and equipment and depreciation (continued)

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

4.5 Development of tank terminals

Development of tank terminals comprises land reclamation, dredging, site preparation cost and other expenditure that is directly attributable to the development of tank terminals. Development of tank terminals are stated at cost less any accumulated impairment losses.

Development of tank terminals is reclassified as property, plant and equipment when it is determined for own use or investment in jointly controlled entities when the investors to the jointly controlled entity are identified.

At the end of each reporting period, the carrying amount of development of tank terminals is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

4.6 Leases and hire purchase

(a) Finance leases and hire purchase

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

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

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.6 Leases and hire purchase (continued)

(b) Operating leases

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

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

(c) Leases of land

For leases of land, the leases are classified as operating or finance leases in the same way as leases of other assets.

4.7 Construction contracts

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

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

4.8 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have 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 less impairment losses, if any.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Advances by the Company to the subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are for the purposes of providing the subsidiaries with a long term source of additional capital. It is, in substance, an addition to the Company's investment in the subsidiaries and accordingly, is accounted for under FRS 127 as part of investment in subsidiaries.

4. Significant Accounting Policies (Continued)

4.8 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 statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net 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 profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

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

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 associates is based on the audited financial statements made up to 30 June 2012.

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

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.8 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 statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in 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' profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains 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.

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 audited financial statements made up to 30 June 2012 except for Kertih Terminals Sdn. Bhd., Tracerco Asia Sdn. Bhd., BC Petroleum Sdn. Bhd. and Fineline Services Limited which is based on unaudited financial statements made up to 30 June 2012.

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

4. Significant Accounting Policies (Continued)

4.9 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount 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 and 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.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.9 Intangible assets (continued)

(b) Other intangible assets (continued)

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

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 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 profit or loss as incurred.

Intellectual property

Intellectual property relates to welding process and procedures acquired through business combination and is initially measured at cost. After initial recognition, welding procedures are stated at cost less accumulated amortisation and any accumulated impairment losses.

Intellectual property is amortised on a straight line basis over a period of 10 years commencing from the date of acquisition and are assessed for any indication that the assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset to determine whether impairment is required in accordance with Note 4.10 below. The amortisation expense on intellectual property is recognised in profit or loss.

4.10 Impairment of non-financial 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 the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

4. Significant Accounting Policies (Continued)

4.10 Impairment of non-financial assets (continued)

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with 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 for which the future cash flows estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU, including the allocated goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in the profit or loss immediately.

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

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

4.11 Inventories

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

Cost is determined using the first-in-first-out basis. The cost of 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.

4.12 Financial instruments

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

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

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.12 Financial instruments (continued)

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

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

After initial recognition, financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets for the purpose of subsequent measurement.

The Group's financial assets include cash and deposits with licensed banks, loan and receivables and other investments. The financial assets of the Group are classified into the following categories:

(i) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

4. Significant Accounting Policies (Continued)

4.12 Financial instruments (continued)

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or market place convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. After initial recognition, a financial liability is classified as financial liabilities at fair value through profit or loss or other financial liabilities for the purpose of subsequent measurement.

The Group's financial liabilities comprise payables and borrowings. The financial liabilities are classified as other financial liabilities.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.12 Financial instruments (continued)

(c) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(d) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

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

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

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 profit or loss 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. Significant Accounting Policies (Continued)

4.13 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

4.14 Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.15 Income taxes

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

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(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 statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of 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 the end of each reporting period. 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 rights to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

4. Significant Accounting Policies (Continued)

4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits 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 the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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.

4.17 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 non-controlling interest.

4.18 Employee benefits

4.18.1 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.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.18 Employee benefits (continued)

4.18.2 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.

4.18.3 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 the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, 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 earnings.

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

4.19 Foreign currencies

4.19.1 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.

4.19.2 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 end of reporting period are translated into the respective functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. Significant Accounting Policies (Continued)

4.19 Foreign currencies (continued)

4.19.3 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 profit or loss. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

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

4.19.4 Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the net investment of the Company in foreign operations, are recognised in profit or loss in the separate financial statements of the Company. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

4.20 Revenue recognition

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

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

(a) Construction contracts

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

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

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

(b) Services

Revenue from rendering of services is recognised in profit or loss upon performance of services.

Notes to the Financial Statements
30 June 2012

4. Significant Accounting Policies (Continued)

4.20 Revenue recognition (continued)

(c) 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.

(d) Dividend income

Dividend income is recognised when the rights 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.

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.22 Operating segments

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

5. Adoption of New FRSs and Amendments to FRSs

5.1 New FRSs adopted during the current financial year

The Group adopted the following FRS issued by the Malaysian Accounting Standards Board ("MASB").

The following FRSs and their consequential amendments, Amendments to FRSs and IC Interpretations that are effective during the financial year have been adopted by the Group:

FRSs/Interpretations		Effective date
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
Improvements to FRSs (2010)		1 January 2011
Amendments to IC Interpretation 14	FRS 119 – Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

There is no impact upon adoption of the above new FRSs and Amendments to FRSs during the current financial year.

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 30 June 2013.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ended 30 June 2012 in accordance with MFRS which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2013 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

		Effective date
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013

Notes to the Financial Statements
30 June 2012

5. Adoption of New FRSs and Amendments to FRSs (Continued)

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

		Effective date
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurements*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
	Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contracts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
Amendments to MFRS 1	*Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014

5. Adoption of New FRSs and Amendments to FRSs (Continued)

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

		Effective date
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle		1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance		1 January 2013
MFRS 3	*Business Combinations (as issued by the International Accounting Standards Board ('IASB') in March 2004)*	1 January 2013
MFRS 127	*Consolidated and Separate Financial Statements (as issued by the IASB in December 2003)*	1 January 2013
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129	*Disclosure – Service Concession Arrangements*	1 January 2012
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2012

The Group does not expect any material impact on its financial position and performance arising from the adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations.

Notes to the Financial Statements
30 June 2012

6. Significant Accounting Estimates and Judgments

6.1 Changes in estimates

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. The Directors are of the opinion that there are no changes in estimates during the financial year.

6.2 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.

6.3 Key sources of estimation uncertainty

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

6.3.1 Impairment of goodwill on consolidation

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

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

Significant 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. The key assumptions used are disclosed in Note 9 to the financial statements.

6.3.2 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.

6.3.3 Impairment of receivables

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

6. Significant Accounting Estimates and Judgments (Continued)

6.3 Key sources of estimation uncertainty (continued)

6.3.4 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 4.4 to the financial statements reflects the Group's estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

6.3.5 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.

6.3.6 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.

6.3.7 Impairment of intangible assets

The Group reviews the carrying amounts of the intangible assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of intangible assets requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets.

Significant 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.

6.3.8 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 37 to the financial statements.

Notes to the Financial Statements
30 June 2012

7. Property, Plant and Equipment

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Acquisition of subsidiaries (Note 10) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fications RM'000	Balance as at 30.6.2012 RM'000
Carrying amount									
Freehold land	52,950	104	–	–	–	–	–	–	53,054
Leasehold land	5,568	–	–	–	–	(48)	–	–	5,520
Buildings	42,788	858	–	–	–	(2,079)	453	298	42,318
Furniture, fittings and office equipment	7,596	5,853	855	(2)	(2)	(4,772)	225	2,211	11,964
Plant, machinery, equipment and cabin	57,176	14,233	24	(226)	(38)	(15,067)	516	121,240	177,858
Motor vehicles	9,074	1,729	203	(416)	–	(3,211)	11	–	7,390
Renovation and electrical installation	3,973	1,397	–	–	–	(1,215)	77	–	4,232
Building under construction	11,034	19,737	–	–	–	–	–	–	30,771
Plant and equipment under construction	33,559	88,140	–	–	–	–	2,050	(123,749)	–
	223,718	132,051	1,082	(644)	(40)	(26,392)	3,332	–	333,107

	---------------- At 30.6.2012 ----------------		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	53,054	–	53,054
Leasehold land	7,737	(2,217)	5,520
Buildings	55,508	(13,190)	42,318
Furniture, fittings and office equipment	35,536	(23,572)	11,964
Plant, machinery, equipment and cabin	259,219	(81,361)	177,858
Motor vehicles	28,291	(20,901)	7,390
Renovation and electrical installation	11,093	(6,861)	4,232
Building under construction	30,771	–	30,771
	481,209	(148,102)	333,107

7. Property, Plant and Equipment (Continued)

Group	Balance as at 1.7.2010 RM'000	Additions RM'000	Acquisition of subsidiaries (Note 10) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi-fications RM'000	Balance as at 30.6.2011 RM'000
Carrying amount									
Freehold land	52,540	410	–	–	–	–	–	–	52,950
Leasehold land	10,414	10	–	(4,836)	–	(114)	94	–	5,568
Buildings	38,057	3,271	2,931	–	–	(1,158)	(313)	–	42,788
Furniture, fittings and office equipment	5,941	2,529	1,945	(67)	–	(2,779)	27	–	7,596
Plant, machinery, equipment and cabin	34,165	7,817	25,646	(175)	–	(11,985)	1,482	226	57,176
Motor vehicles	7,824	2,242	1,998	(134)	–	(3,022)	166	–	9,074
Renovation and electrical installation	2,779	729	1,176	–	(2)	(691)	(18)	–	3,973
Building under construction	723	10,311	–	–	–	–	–	–	11,034
Plant and equipment under construction	1,268	32,423	–	–	–	–	94	(226)	33,559
	153,711	59,742	33,696	(5,212)	(2)	(19,749)	1,532	–	223,718

	---------------- At 30.6.2011 ----------------		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	52,950	–	52,950
Leasehold land	7,737	(2,169)	5,568
Buildings	53,750	(10,962)	42,788
Furniture, fittings and office equipment	27,078	(19,482)	7,596
Plant, machinery, equipment and cabin	144,322	(87,146)	57,176
Motor vehicles	30,479	(21,405)	9,074
Renovation and electrical installation	9,193	(5,220)	3,973
Building under construction	11,034	–	11,034
Plant and equipment under construction	33,559	–	33,559
	370,102	(146,384)	223,718

Notes to the Financial Statements
30 June 2012

7. Property, Plant and Equipment (Continued)

(a) The strata titles of certain buildings with a carrying amount of RM5,228,000 (2011: RM5,373,000) 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	
	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment	132,051	59,742
Financed by hire purchase arrangements	–	(71)
Cash payments on purchase of property, plant and equipment	132,051	59,671

(c) Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with a carrying amount of RM2,222,000 (2011: RM4,251,000). Certain freehold land, buildings and plant & machinery with a carrying amount of RM174,185,000 (2011: RM42,012,000) are subject to fixed and floating charges created to secure banking facilities granted to certain subsidiaries as disclosed in Note 25 to the financial statements.

(d) Additions during the financial year include:

	Group	
	2012 RM'000	2011 RM'000
Interest expense capitalised on		
– freehold land	104	410
– building under construction	1,299	–
– plant and equipment under construction	1,303	–
	2,706	410

Interest was capitalised at rates ranging from 2.11% to 4.56% (2011: 3.70% to 4.03%) per annum.

(e) Leasehold land is analysed as:

	Group	
	2012 RM'000	2011 RM'000
Short term (unexpired period less than 50 years)	2,195	2,207
Long term (unexpired period more than 50 years)	3,325	3,361
	5,520	5,568

8. Development of Tank Terminals

	Group 2012 RM'000	2011 RM'000
Development of tank terminals, at cost	62,647	–

Included in development of tank terminals are land reclamation, dredging and site preparation cost and other expenditure directly attributable to the development of the tank terminals.

During the financial year, interest cost amounted to RM1,116,000 was capitalised at rates ranging from 4.34% to 4.46% per annum in relation of the development of the tank terminals.

9. Intangible Assets

Group	Balance as at 1.7.2011 RM'000	Additions (Note 10) RM'000	Amortisation RM'000	Exchange differences RM'000	Balance as at 30.6.2012 RM'000
Carrying amount					
Goodwill	18,682	3,903	–	365	22,950
Development costs	3,034	–	(405)	–	2,629
Intellectual property	11,915	–	(1,172)	(144)	10,599
Total	33,631	3,903	(1,577)	221	36,178

	Balance as at 1.7.2010 RM'000	Additions (Note 10) RM'000	Amortisation RM'000	Exchange differences RM'000	Balance as at 30.6.2011 RM'000
Carrying amount					
Goodwill	5,402	12,939	–	341	18,682
Development costs	3,034	–	–	–	3,034
Intellectual property	–	11,700	(300)	515	11,915
Total	8,436	24,639	(300)	856	33,631

Notes to the Financial Statements
30 June 2012

9. Intangible Assets (Continued)

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

	Group	
	2012 RM'000	2011 RM'000
Malaysia	509	509
Singapore	1,945	1,914
Australia & New Zealand	11,489	11,306
Other Asia	5,941	1,942
Other countries	3,066	3,011
	22,950	18,682

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
Singapore	15
Australia & New Zealand	10
Other Asia	25
Other countries	15
Pre-tax weighted average cost of capital	14

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 2012 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. The development cost are amortised on a straight line basis over a period of 15 years.

(c) Intellectual property are skilled sets on welding process and procedure used in fabrication activities and are amortised on a straight line basis over a period of 10 years.

10. Investment in Subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted equity shares:		
– At cost	241,041	239,911
Advances to subsidiaries	218,440	–
Equity contributions in subsidiaries in respect of ESOS	12,964	6,842
	472,445	246,753

Advances to subsidiaries are unsecured, not repayable within the next twelve months and interest free.

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	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, debottlenecking.
Dialog Systems Sdn. Bhd.	Malaysia	100%	100%	Marketing of specialty chemicals, catalysts and absorbents, petroleum additives, drilling base oil and specialty equipment, and provision of specialist technical services.
Dialog E & I Sdn. Bhd.	Malaysia	100%	100%	Specialised electrical and instrumentation, construction, commissioning and calibration services.
Dialog Fabricators Sdn. Bhd.	Malaysia	100%	100%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Pacific Advance Composites Sdn. Bhd.	Malaysia	100%	100%	Manufacturing, engineering and installation of composite pipe system.
Dialog Petroleum Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Corporate Sdn. Bhd.	Malaysia	100%	100%	Provision of management consultancy and administration services.

Notes to the Financial Statements
30 June 2012

10. Investment in Subsidiaries (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	2011	Principal activities
Dialog Equity Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
* Dialog Systems (Asia) Pte. Ltd.	Singapore	100%	100%	Investment holding.
Dialog Services Sdn. Bhd.	Malaysia	60%	60%	Provision of consultancy, technical support services and marketing of specialty equipment.
Dialog Energy Sdn. Bhd.	Malaysia	100%	100%	Provision of upstream support services.
Infodasia Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology support and services.
Dialog Properties Sdn. Bhd.	Malaysia	100%	100%	Letting out and management of properties.
Dialog Pengerang Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog D & P Sdn. Bhd.	Malaysia	100%	100%	Investment holding and provision of upstream support services.
Dialog Upstream Services Sdn. Bhd. (f.k.a. Corak Merah Sdn. Bhd.)	Malaysia	100%	100%	Investment holding.
Subsidiary of Saga Dialog Sdn. Bhd.				
Dialog Construction Sdn. Bhd.	Malaysia	100%	100%	Construction of plant and civil engineering works.
Subsidiary of Dialog Fabricators Sdn. Bhd.				
Dialog OTEC Sdn. Bhd.	Malaysia	100%	100%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Subsidiaries of Dialog Systems (Asia) Pte. Ltd.				
* Dialog Systems Pte. Ltd.	Singapore	100%	100%	Marketing of specialty chemicals and equipment and provision of technical services.
* Dialog Engineering Pte. Ltd.	Singapore	89%	89%	Investment holding and contracting of oil, gas and petrochemical related works.
* Dialog Services Pte. Ltd.	Singapore	100%	100%	Provision of catalyst and process material handling services.

10. Investment in Subsidiaries (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activities
Subsidiaries of Dialog Systems (Asia) Pte. Ltd. (continued)				
+* PT. Dialog Sistemindo	Indonesia	90%	95%	Provision of marketing of specialty chemicals and equipment and technical support services.
Dialog International (L) Ltd.	Malaysia	51%	51%	Supply of specialty chemicals.
* Dialog Systems (Thailand) Ltd.	Thailand	49%	49%	Contracting of 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.
Dialog Services Pty. Ltd.	Australia	100%	100%	Marketing of specialty chemicals and equipment, and provision of catalyst and process material handling services.
* Dialog Petroleum Technical Services (Beijing) Limited	China	100%	100%	Provision of technical consulting and technical services.
* Dialog OTEC Pte. Ltd.	Singapore	80%	80%	Investment holding.
@ Fitzroy Engineering Group Limited	New Zealand	90%	90%	Provision of heavy fabrication and multi-disciplined engineering.
*+Anewa Engineering Private Limited	India	51%	–	Provision of engineering design services.
+Dialog Services (Vietnam) Company Limited	Vietnam	100%	–	Dormant.
+Dialog Systems (Labuan) Ltd.	Malaysia	100%	–	Provision of specialist products & services.
+Dialog Systems International FZE	United Arab Emirates	100%	–	Provision of specialist products & services.
Subsidiaries of Dialog Engineering Pte. Ltd.				
* Dialog Plant Services Pte. Ltd.	Singapore	80%	80%	Provision of plant maintenance services and general civil and mechanical engineering works.
* OTEC Holdings Pte. Ltd.	Singapore	65%	65%	Investment holding.

Notes to the Financial Statements
30 June 2012

10. Investment in Subsidiaries (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activities
Subsidiaries of Dialog (Labuan) Ltd.				
@ GNT International Limited	Hong Kong	–	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.
+* Dialog Jubail Supply Base Company Ltd.	Kingdom of Saudi Arabia	60%	–	Provision of logistic services of a supply base.
Subsidiary of Dialog OTEC Pte. Ltd.				
* Overseas Technical Engineering and Construction Pte. Ltd.	Singapore	80%	80%	General stainless steel fabrication and supply of fabricated construction material, engineering equipment and related spares.
Subsidiary of Overseas Technical Engineering and Construction Pte. Ltd.				
Overseas Manufacturing (Johor) Sdn. Bhd.	Malaysia	80%	80%	Fabrication of steel storage tanks and structures.
Subsidiary of Dialog Plant Services Sdn. Bhd.				
Dialog Catalyst Services Sdn. Bhd.	Malaysia	71%	71%	Provision of catalyst and process material handling services.
Subsidiaries of Dialog Petroleum Sdn. Bhd.				
Oriental Valley Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Senyum Bestari Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Cendana Sutera Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Idaman Tropikal Sdn. Bhd.	Malaysia	100%	100%	Petroleum retailing.
Corak Dahlia Sdn. Bhd.	Malaysia	100%	100%	Inactive.
Emas Merdu Sdn. Bhd.	Malaysia	100%	100%	Inactive.
Dialog Mall Sdn. Bhd.	Malaysia	100%	100%	Inactive.
Tempo Setara Sdn. Bhd.	Malaysia	100%	100%	Dormant.

10. Investment in Subsidiaries (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activities
Subsidiaries of Dialog Services Pte. Ltd.				
* Dialog Services Europe Limited	United Kingdom	71%	71%	Investment holding.
Dialog Services, Inc.	United States of America	71%	71%	Provision of catalyst and process material handling services.
Subsidiary of Dialog Services Europe Limited				
* Dialog Technivac Limited	United Kingdom	71%	71%	Provision of catalyst and process material handling services.
Subsidiary of Dialog E & C Sdn. Bhd.				
Dialog Engineering Sdn. Bhd.	Malaysia	100%	100%	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.
Subsidiaries of Dialog Pengerang Sdn. Bhd.				
+Pengerang LNG Sdn. Bhd.	Malaysia	100%	–	Dormant.
+Pengerang Terminals (Two) Sdn. Bhd.	Malaysia	100%	–	Dormant.
+Pengerang LNG (Two) Sdn. Bhd.	Malaysia	100%	–	Dormant.
Subsidiary of Dialog Systems (Thailand) Ltd.				
* Dialog Technology & Services Limited (f.k.a Ultimate Technology & Services Co. Ltd.)	Thailand	49%	49%	Fabrication of steel structures, process skids, pressure vessels, pipe spools, platform and ladder for process plants.
Subsidiary of Fitzroy Engineering Group Limited				
Fitzroy Engineering Australia Pty. Ltd.	Australia	90%	90%	Provision of heavy fabrication and multi-disciplined engineering.

Notes to the Financial Statements
30 June 2012

10. Investment in Subsidiaries (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	2011	Principal activities
Subsidiary of ePetrol Services Sdn. Bhd.				
ePetrol Systems Sdn. Bhd.	Malaysia	39%	39%	Provision of centralised interchange services.

\+ Details of the acquisition and incorporation of subsidiaries during the financial year are disclosed in Note 44 to the financial statements
@ Subsidiaries audited by BDO member firms
* Subsidiaries not audited by BDO Malaysia or BDO member firms

Acquisition of subsidiaries during the financial year ended 30 June 2012

In September 2011, Dialog Systems (Asia) Pte. Ltd. (“DSAPL”), a wholly-owned subsidiary of the Company, completed its acquisition of 51% equity interest in Anewa Engineering Private Limited ("Anewa"), India, for a total cash consideration of Rs117,145,000 (equivalent to RM7,685,000).

Anewa is an outsourcing company which provides engineering design to customers, mainly multinational companies in India, Middle East and South East Asia in the oil, gas and petrochemical industry.

The fair value of the net assets acquired and cash flow arising from the acquisition are as follows:

	RM’000
Property, plant and equipment	1,082
Trade and other receivables	2,973
Cash and cash equivalents	4,853
Trade and other payables	(1,285)
Borrowings	(115)
Deferred tax liabilities	(92)
Total identified net assets	7,416
Non-controlling interests	(3,634)
Goodwill arising from acquisition (Note 9)	3,903
Total purchase consideration	7,685
Cash and cash equivalents on the subsidiary acquired	(4,853)
Net cash outflow of the Group on acquisition	2,832

If the acquisition had occurred on 1 July 2011, the Group’s revenue and profit after tax for the financial year ended 30 June 2012 would have been RM1,634,333,000 and RM181,848,000 respectively.

Transaction costs related to the acquisition of RM164,000 have been recognised in profit or loss as other operating expenses.

10. Investment in Subsidiaries (Continued)

Disposal of a subsidiary during the financial year ended 30 June 2012

In June 2012, Dialog (Labuan) Ltd. disposed off its entire 57% equity interest, representing 570,000 ordinary shares of USD1.00 each in GNT International Limited, for a total consideration of USD673,000 (approximately RM2,131,000).

The fair value of the net assets disposed off and cash flow arising from the disposal are as follows:

	At date of disposal RM'000
Other receivables	1,620
Amount due from holding company	2,131
Cash and cash equivalents	9
Trade and other payables	(20)
Total identified net assets	3,740
Non-controlling interests	(1,600)
Net assets	2,140
Consideration by offsetting against amount due from holding company	(2,131)
Cash and cash equivalents disposed off	(9)
Net cash outflow of the Group on disposal	–

The financial results of the subsidiary disposed off is immaterial to the Group.

Acquisition of subsidiaries during the financial year ended 30 June 2011

(i) In March 2011, the Group subscribed for 500,000 ordinary shares of RM1 each, representing 100% equity interest of Dialog Pengerang Sdn. Bhd. ("DPSB"). DPSB acquired the entire shareholdings of Pengerang Terminals Sdn. Bhd. ("PTSB") comprising 2 ordinary shares of RM1 each at par. Subsequently, the paid up capital of PTSB was increased to RM500,000 comprising of 500,000 ordinary shares.

In March 2011, PTSB acquired the entire shareholdings of Pengerang Independent Terminals Sdn. Bhd., comprising 2 ordinary shares of RM1 each at par.

In June 2011, DPSB divested 49% of its equity interests in PTSB to Vopak Terminal Pengerang BV ("Vopak") following the signing of joint venture agreement with Vopak. PTSB is now 51% owned by DPSB and the investment is classified as an investment in jointly controlled entities.

(ii) In April 2011, the Group through its 49% owned subsidiary, acquired 19,900 ordinary shares, representing 99.5% equity interest in Ultimate Technology & Services Co. Ltd. (now known as Dialog Technology & Services Limited), a company incorporated in Thailand for a cash consideration of THB79.0 million (approximately RM7.9 million).

(iii) In April 2011, the Group completed its acquisition of 2,382,352 ordinary shares, representing 90% equity interest of Fitzroy Engineering Group Limited ("FEGL") (a company incorporated in New Zealand), for a cash consideration of NZD13.5 million (approximately RM32.3 million).

Notes to the Financial Statements
30 June 2012

10. Investment in Subsidiaries (Continued)

The fair value of the net assets acquired and cash flow arising from the acquisition are as follows:

	2011 RM'000
Property, plant and equipment	33,696
Intangible assets	11,700
Investment in a jointly controlled entity	3,515
Inventories	1,033
Trade and other receivables	30,684
Current tax assets	18
Cash and cash equivalents	(18,398)
Trade and other payables	(26,486)
Current tax payables	(34)
Borrowings	(5,100)
Deferred tax liabilities	(917)
Total identified net assets	29,711
Non-controlling interests	(2,431)
Goodwill arising from acquisition (Note 9)	12,939
Total purchase consideration	40,219
Cash and cash equivalents on the subsidiaries acquired	18,398
Net cash outflow of the Group on acquisition	58,617

If the acquisition had occurred on 1 July 2010, the Group's revenue and net profit for the financial year ended 30 June 2011 would have been RM1,336,608,000 and RM160,434,000 respectively.

11. Investment in Associates

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted equity shares, at cost	2,736	2,740	–	4
Share of post acquisition reserves	39	59	–	–
Exchange difference	292	238	–	–
	3,067	3,037	–	4

11. Investment in Associates (Continued)

The associates are as follows:

Name of company	Country of incorporation	Effective interest in equity 2012	2011	Principal activities
Direct:				
#LMK Resources (Malaysia) Sdn. Bhd.	Malaysia	–	40%	Dormant.
Indirect:				
Overseas Technical Engineering & Construction Sdn. Bhd.	Malaysia	39%	39%	Inactive.
* EC-Dialog Pte. Ltd.	Singapore	40%	40%	Investment holding.

Deregistered during the financial year
* Not audited by BDO Malaysia or BDO member firms

The financial statements used for equity accounting of the above associates are co-terminous with those of the Group.

The summarised financial information of the associates is as follows:

	Group 2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	1,411	1,253
Non-current assets	6,246	5,566
Total assets	7,657	6,819
Current liabilities	282	444
Total liabilities	282	444
Results		
Revenue	407	747
(Loss)/Profit for the financial year	(102)	95

Notes to the Financial Statements
30 June 2012

12. Interest in Jointly Controlled Entities

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted equity shares, at cost	213,576	33,828	18,732	15,982
Advances to jointly controlled entities	97,197	59,125	61,526	59,125
Equity contribution in jointly controlled entities in respect of ESOS	166	62	166	62
Share of post acquisition reserves, net of group's unrealised profit and dividend	57,891	51,654	–	–
Exchange difference	42	256	–	–
	368,872	144,925	80,424	75,169

Advances to jointly controlled entities are unsecured, not repayable within the next twelve months and interest free except for an amount of RM58,960,000 (2011: RM54,384,000) which bears interest at rates ranging from 4.29% to 4.5% (2011: 3.94% to 4.5%) per annum.

The details of the jointly controlled entities are as follows:

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activities
Direct:				
Centralised Terminals Sdn. Bhd.	Malaysia	55%	55%	Investment holding.
Indirect:				
* Kertih Terminals Sdn. Bhd.	Malaysia	30%	30%	Providing bulk chemical storage and handling services.
Tracerco Asia Sdn. Bhd.	Malaysia	50%	50%	Provision of patented nucleonic instruments and range of diagnostic services using radioisotope technology.
Pengerang Terminals Sdn. Bhd.	Malaysia	51%	51%	Investment holding company and provision of management and operational services.
Fineline Services Limited	New Zealand	45%	45%	Provision of steel related works.
Dialog Atlas Global Sdn. Bhd.	Malaysia	55%	–	To market, promote and supply of seismic technology and services.
* BC Petroleum Sdn. Bhd.	Malaysia	32%	–	Management, development and production of petroleum.

12. Interest in Jointly Controlled Entities (Continued)

The details of the jointly controlled entities are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2012	2011	Principal activities
Subsidiaries of Centralised Terminals Sdn. Bhd.				
Langsat Terminal (One) Sdn. Bhd.	Malaysia	44%	44%	Provision of tank terminal storage facilities and handling services.
Langsat Terminal (Two) Sdn. Bhd.	Malaysia	44%	44%	Provision of tank terminal storage facilities and handling services.
Langsat Terminal (Three) Sdn. Bhd.	Malaysia	55%	–	Dormant. Incorporated during the financial year as disclosed in Note 44 to the financial statements.
Subsidiary of Pegerang Terminals Sdn. Bhd.				
Pengerang Independent Terminals Sdn. Bhd.	Malaysia	46%	51%	Provision of independent petroleum terminal facilities for the handling, storage, processing and distribution of oil, petroleum and petrochemical products.

* Not audited by BDO Malaysia or BDO member firms

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

	Group 2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	557,192	91,571
Non-current assets	1,249,903	784,053
Total assets	1,807,095	875,624
Current liabilities	293,147	64,968
Non-current liabilities	791,397	504,323
Total liabilities	1,084,544	569,291

Notes to the Financial Statements
30 June 2012

12. Interest in Jointly Controlled Entities (Continued)

	Group 2012 RM'000	Group 2011 RM'000
Results		
Revenue	390,839	272,965
Expenses including finance costs and tax expense	(223,283)	(155,680)
Profit for the financial year	167,556	117,285

13. Other Investments

	Group 2012 RM'000	Group 2011 RM'000
Non-current		
Available-for-sale financials assets		
– Unquoted shares in Malaysia	1,792	1,792
– Unquoted shares outside Malaysia	8,231	1,788
– Quoted shares outside Malaysia	22,256	–
– Club membership, unquoted	340	324
	32,619	3,904
Less: Impairment loss	(1,514)	(1,490)
	31,105	2,414

(a) Information on the fair value hierarchy is disclosed in Note 41 to the financial statements.

(b) The movement in carrying amount is as follows:

	Group 2012 RM'000	Group 2011 RM'000
At beginning of financial year	2,414	2,430
Additional investment during the financial year	30,469	15
Exchange differences	172	(31)
Fair value adjustment	(1,950)	–
At end of financial year	31,105	2,414

Included in the unquoted shares outside Malaysia is an investment amounting to RM165,000 (2011: RM157,000) 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.

14. Deferred Tax

Recognised deferred tax assets and liabilities

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets	16,706	13,887	–	–
Deferred tax liabilities	(2,794)	(3,931)	–	–
	13,912	9,956	–	–

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance at 1 July	9,956	2,685	–	2
Acquisition of subsidiaries (Note 10)	(92)	(917)	–	–
Recognised in profit or loss (Note 33)				
– property, plant and equipment	1,562	(355)	–	–
– amounts due from customers for contract works	(3,932)	2,696	–	–
– unabsorbed capital allowances	(406)	25	–	–
– unused tax losses	749	556	–	–
– accrued expenses	5,475	4,203	–	–
– unrealised profits	887	1,514	–	–
– other temporary differences	1,490	(366)	–	(2)
	5,825	8,273	–	(2)
Exchange differences	(1,777)	(85)	–	–
Balance at 30 June	13,912	9,956	–	–

Notes to the Financial Statements
30 June 2012

14. Deferred Tax (Continued)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets				
Unused tax losses	2,560	1,811	–	–
Unabsorbed capital allowances	392	798	–	–
Unrealised profits	5,925	5,038	–	–
Accrued expenses	22,708	17,233	–	–
Other deductible temporary differences	4,149	2,659	–	–
Deferred tax assets (before offsetting)	35,734	27,539	–	–
Offsetting	(19,028)	(13,652)	–	–
Deferred tax assets (after offsetting)	16,706	13,887	–	–
Deferred tax liabilities				
Property, plant and equipment	4,212	3,905	–	–
Amounts due from customers for contract works	17,610	13,678	–	–
Deferred tax liabilities (before offsetting)	21,822	17,583	–	–
Offsetting	(19,028)	(13,652)	–	–
Deferred tax liabilities (after offsetting)	2,794	3,931	–	–

Unrecognised deferred tax assets

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

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses	9,173	5,699
Unabsorbed capital allowances	447	181
Accrued expenses	246	87
	9,866	5,967

15. Amounts Owing by Subsidiaries

	Note	Company 2012 RM'000	Company 2011 RM'000
Non-current assets:			
Amount owing by a subsidiary	(a)	81,116	–
Current assets:			
Amounts owing by subsidiaries	(b)	95,097	40,666

(a) The amount owing by a subsidiary represents unsecured advances of RM80,000,000 (2011: Nil) which bears interest at rate ranging from 4.34% to 4.46% (2011: Nil) per annum. The advances together with the interest receivable thereon amounted to RM81,116,000 (2011: Nil) are not repayable within the next twelve months.

(b) The amounts owing by subsidiaries are non-trade in nature, unsecured, repayable on demand and interest free except for an amount of RM10,922,000 (2011: RM19,890,000) owing by a subsidiary which bears interest at rate of 4.5% (2011: 4.5%) per annum.

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

	Company 2012 RM'000	Company 2011 RM'000
United States Dollar	7,446	891
New Zealand Dollar	11,022	20,043
Singapore Dollar	24,739	606

16. Inventories

	Group 2012 RM'000	Group 2011 RM'000
At cost		
Construction materials	3,512	4,227
Trading inventories	94,304	60,864
	97,816	65,091

Notes to the Financial Statements
30 June 2012

17. Trade and Other Receivables

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade receivables				
Third parties	246,329	204,665	–	–
Amount due from customers for contract works (Note 18)	138,425	78,476	–	–
Hedge derivative assets	90	71	–	–
	384,844	283,212	–	–
Less: Impairment loss	(557)	(419)	–	–
Total trade receivables	384,287	282,793	–	–
Other receivables				
Other receivables	5,412	6,629	1,921	23
Deposits	27,450	3,615	5	6
Prepayments	12,128	6,301	50	–
	44,990	16,545	1,976	29
Less: Impairment loss	(3)	(69)	–	–
Total other receivables	44,987	16,476	1,976	29
	429,274	299,269	1,976	29

(a) The normal credit terms of trade receivables granted by the Group range from 7 to 60 days (2011: 7 to 60 days).

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

	Group 2012 RM'000	Group 2011 RM'000
Euro	900	51
Australian Dollar	303	603
Singapore Dollar	376	2,903
Sterling Pound	9,605	15,799
United States Dollar	35,485	25,476

17. Trade and Other Receivables (Continued)

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

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	223,835	170,198
Past due, not impaired:		
61 to 90 days	12,805	20,169
91 to 120 days	5,509	8,439
More than 120 days	3,623	5,440
	21,937	34,048
Past due and impaired	557	419
	246,329	204,665

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Based on past experience, the Group is satisfied that no impairment is necessary in respect of these trade receivables. These trade receivables are substantially from companies with good collection track record and no recent history of default. These trade receivables are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and individually impaired at the end of the reporting period are as follows:

	Group	
	2012 RM'000	2011 RM'000
Trade receivables, gross	557	419
Less: Impairment loss	(557)	(419)
	–	–

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Notes to the Financial Statements
30 June 2012

17. Trade and Other Receivables (Continued)

(d) The reconciliation of movement in impairment loss are as follows:

	Group 2012 RM'000	Group 2011 RM'000
At beginning of financial year	488	4,186
Reversal of impairment loss	(29)	(3,751)
Charge for the financial year	486	44
Written off during the financial year	(385)	–
Exchange differences	–	9
At end of financial year	560	488
Represented by:		
Impairment loss on trade receivables	557	419
Impairment loss on other receivables	3	69
	560	488

(e) Information on financial risks of trade and other receivables is disclosed in Note 42 to the financial statements.

(f) Included in trade receivables is total retention sum for contract works amounting to RM135,000 (2011: RM205,000).

(g) Included in deposits of the Group is deposit paid for the acquisition of land amounting to RM21,587,000 (2011: Nil).

18. Amounts Due from/(to) Customers for Contract Works

	Group 2012 RM'000	Group 2011 RM'000
Aggregate costs incurred to date	1,180,432	1,158,164
Add: Attributable profits	142,275	190,295
	1,322,707	1,348,459
Less: Progress billings	(1,187,659)	(1,318,017)
	135,048	30,442
Represented by:		
Amounts due from customers for contract works (Note 17)	138,425	78,476
Amounts due to customers for contract works (Note 27)	(3,377)	(48,034)
	135,048	30,442

18. Amounts Due from/(to) Customers for Contract Works (Continued)

Additions to aggregate costs incurred during the financial year include:

	Group	
	2012 RM'000	2011 RM'000
Hire of plant and machinery and motor vehicles	6,509	6,358

19. Amounts Owing by/(to) Associates

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

20. 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.

21. Cash and Cash Equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	312,279	195,971	100,371	17,754
Deposits with licensed banks	267,271	82,492	200,750	10,080
As reported in the statements of financial position	579,550	278,463	301,121	27,834
Less:				
Deposits pledged to licensed banks	(1,166)	(1,428)	–	–
Bank overdrafts (Note 24)	–	(2,709)	–	–
Cash and cash equivalents included in the statements of cash flows	578,384	274,326	301,121	27,834

Notes to the Financial Statements
30 June 2012

21. Cash and Cash Equivalents (Continued)

(a) Deposits of the Group and the Company have an average maturity period of 30 days (2011: 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	
	2012 RM'000	2011 RM'000
Euro	465	55
Japanese Yen	144	568
Australian Dollar	19	7
Singapore Dollar	1,349	1,785
Sterling Pound	3,037	2,477
United States Dollar	17,931	4,200

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 42 to the financial statements.

(d) The deposits pledged to licensed banks are for bank guarantee facilities granted to certain subsidiaries.

22. Share Capital

	Group and Company			
	2012		2011	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Ordinary shares of RM0.10 each:				
Authorised:				
Balance as at 1 July	2,500,000	250,000	2,500,000	250,000
Created during the financial year	2,500,000	250,000	–	–
Balance as at 30 June	5,000,000	500,000	2,500,000	250,000
Issued and fully paid:				
Balance as at 1 July	1,995,815	199,582	1,980,523	198,052
ESOS	13,080	1,308	15,292	1,530
Rights issue	396,874	39,687	–	–
Warrants	366	37	–	–
Balance as at 30 June	2,406,135	240,614	1,995,815	199,582

During the financial year, the authorised share capital of the Company was increased from RM250,000,000 to RM500,000,000 by the creation of additional 2,500,000,000 new ordinary shares of RM0.10 each.

22. Share Capital (Continued)

The issued and paid-up share capital has also been increased from RM199,581,543 to RM240,613,581 by way of issuance of 410,320,372 new ordinary shares of RM0.10 each pursuant to the following:

(i) 13,080,036 shares options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.39 to RM1.48 per share for cash;

(ii) completion of the Rights Issue with Warrants Exercise with the listing and quotation of 396,873,868 new ordinary shares of RM0.10 each ("Rights Shares") and 198,436,934 warrants on 15 February 2012 on the basis of two (2) Rights Shares together with one (1) free Warrant for every ten (10) existing ordinary shares of RM0.10 each held in the Company on 9 January 2012 at the issue price of RM1.20 per Rights Share ("Rights Issue with Warrants" or "Rights Issue"); and

(iii) 366,468 warrants exercised at an exercise price of RM2.40 each for cash which resulted in 366,468 ordinary shares of RM0.10 each being allotted and issued.

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

During the financial year, the Company repurchased 90,000 of its own ordinary shares of RM0.10 each from the open market for a total consideration of RM229,669 at an average price of RM2.55 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 in Malaysia and none of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 2,406,135,805 (2011: 1,995,815,433) issued and fully paid ordinary shares of RM0.10 each as at 30 June 2012, 22,834,971 (2011: 22,744,971) ordinary shares of RM0.10 each amounting to RM24,819,097 (2011: RM24,589,428) 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 2,383,300,834 (2011: 1,973,070,462).

23. Reserves

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable:				
Share premium	302,537	21,503	302,502	21,468
Share options reserve	12,420	6,373	13,129	6,904
Warrants reserve	167,746	–	167,746	–
Exchange translation reserve	1,049	(531)	–	–
Hedging reserve	73	(13)	–	–
Fair value reserve	(1,950)	–	–	–
	481,875	27,332	483,377	28,372
Distributable:				
Retained earnings	495,931	380,787	181,661	146,084
	977,806	408,119	665,038	174,456

23. Reserves (Continued)

(a) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share premium. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

(b) Warrants reserve

The warrants reserve represents the fair value assigned to the warrants of RM0.8469 each. The fair value was determined using the Black-Scholes-Merton option pricing model. Warrants reserve is transferred to share premium account upon the exercise of the warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(c) Exchange translation reserve

Exchange translation 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.

(d) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(e) Fair value reserve

The fair value reserve relates to the fair valuation of financial assets categorised as available-for-sale.

(f) Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has balance in the tax exempt account to distribute dividend payments up to RM13,594,000 out of its entire retained earnings. The Company has moved to a single tier system and as a result, dividend payments out of the Company's retained earnings would not be subject to any tax at the level of its shareholders.

24. Borrowings

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current liabilities:				
Bank loans (Note 25)	67,762	47,164	–	–
Bank overdrafts (Note 21)	–	2,709	–	–
Hire purchase creditors (Note 26)	1,343	1,756	–	–
	69,105	51,629	–	–
Non-current liabilities:				
Bank loans (Note 25)	254,588	57,036	130,000	40,000
Hire purchase creditors (Note 26)	200	1,385	–	–
	254,788	58,421	130,000	40,000
Total borrowings	323,893	110,050	130,000	40,000
Represented by:				
Bank loans (Note 25)	322,350	104,200	130,000	40,000
Bank overdrafts (Note 21)	–	2,709	–	–
Hire purchase creditors (Note 26)	1,543	3,141	–	–
	323,893	110,050	130,000	40,000

25. Bank Loans

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Secured				
Term loans	129,434	23,407	–	–
Short-term loans	37,916	–	–	–
	167,350	23,407	–	–
Unsecured				
Short-term loans	25,000	40,793	–	–
Revolving credit	130,000	40,000	130,000	40,000
	155,000	80,793	130,000	40,000
	322,350	104,200	130,000	40,000

(a) The term loans are secured by certain property, plant and equipment of the Group as disclosed in Note 7(c) and guaranteed by the Company.

(b) The secured short-term loans are guaranteed by a subsidiary.

(c) Information on financial risks of bank loans is disclosed in Note 42 to the financial statements.

Notes to the Financial Statements
30 June 2012

26. Hire Purchase Creditors

	Group 2012 RM'000	Group 2011 RM'000
Minimum hire purchase payments:		
– not later than one year	1,516	1,864
– later than one year and not later than five years	220	1,711
Total minimum hire purchase	1,736	3,575
Less: Future interest charges	(193)	(434)
Present value of hire purchase liabilities	1,543	3,141
Repayable as follows:		
Current:		
– not later than one year	1,343	1,756
Non-current:		
– later than one year and not later than five years	200	1,385
	1,543	3,141

Information on financial risks of hire purchase creditors is disclosed in Note 42 to the financial statements.

27. Trade and Other Payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties	378,009	202,473	–	–
Amount due to customers for contract works (Note 18)	3,377	48,034	–	–
Hedge derivative liabilities	192	57	47	–
	381,578	250,564	47	–
Other payables				
Other payables	8,647	4,282	–	–
Accruals	71,790	71,339	863	536
	80,437	75,621	863	536
	462,015	326,185	910	536

27. Trade and Other Payables (Continued)

(a) The credit terms of trade payables range from 7 to 60 days (2011: 7 to 60 days).

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

	Group	
	2012 RM'000	2011 RM'000
Australian Dollar	4,306	–
Euro	746	2
Ringgit Malaysia	1,196	1,047
Singapore Dollar	1,353	376
Sterling Pound	9,517	5,942
United States Dollar	26,270	4,573

28. Amounts Owing to Subsidiaries

The amounts owing to subsidiaries are non-trade in nature, unsecured, repayable on demand.

The foreign currency exposure of amounts owing to subsidiaries of the Company are as follows:

	Company	
	2012 RM'000	2011 RM'000
Singapore Dollar	–	490

29. Commitments

(a) Operating lease commitments

(i) The Group as lessee

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

The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than one year	14,242	13,470
Later than one year and not later than five years	14,845	7,182
Later than five years	7,014	7,395
	36,101	28,047

Notes to the Financial Statements
30 June 2012

29. Commitments (Continued)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

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

The Group has aggregate future minimum lease receivable as at the end of the reporting period as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than one year	190	184
Later than one year and not later than five years	102	157
	292	341

(b) Capital commitments

	Group	
	2012 RM'000	2011 RM'000
(i) Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	85,400	143,865
Contracted but not provided	43,700	67,468
	129,100	211,333
(ii) Commitments of the Group to jointly controlled entities in respect of tank terminal business	320,000	308,308
(iii) Capital commitment in respect of investment in a subsidiary	1,900	3,000

30. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contract revenue	827,723	676,509	–	–
Sale of products and services rendered	806,085	531,869	–	–
Dividend income from subsidiaries	–	–	93,200	131,075
	1,633,808	1,208,378	93,200	131,075

31. Profit Before Tax

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging:				
Amortisation of intangible assets (Note 9)	1,577	300	–	–
Auditors' remuneration:				
– Statutory:				
– current year	632	450	54	54
– under/(over) provision in prior years	81	20	(16)	(16)
– Non-statutory	129	4	4	4
Contract expenditure	780,568	609,617	–	–
Cost of inventories recognised as an expense	435,558	287,280	–	–
Depreciation of property, plant and equipment (Note 7)	26,392	19,749	–	–
Directors' remuneration (Note 32)	27,532	25,272	488	450
Impairment losses on receivables (Note 17)	486	44	–	–
Interest on:				
– bank loans	3,256	2,325	3,214	1,590
– bank overdrafts	370	236	–	–
– hire purchase	332	252	–	–
Property, plant and equipment written off (Note 7)	40	2	–	–
Rental expense of				
– equipment	1,027	341	–	–
– premises	10,594	7,582	–	–
– storage tanks	7,113	4,868	–	–
Investment in associate written off	–	–	4	–
Profit before tax is arrived at after crediting:				
Dividend income from				
– subsidiaries (Note 30)				
– gross dividend	–	–	–	17,235
– single tier dividend	–	–	93,200	113,840

Notes to the Financial Statements
30 June 2012

31. Profit Before Tax (Continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after crediting: (continued)				
Gain on disposal of property, plant and equipment	404	940	–	–
Reversal of impairment loss on receivables (Note 17)	29	3,751	–	–
Rental income	1,900	1,412	–	–
Realised gain on foreign exchange	76	371	–	–
Unrealised gain on foreign exchange	351	598	315	984
Interest income from:				
– deposits with licensed banks	8,243	4,444	5,521	555
– advances to jointly controlled entities	2,462	2,286	2,525	2,322
– advances to subsidiaries	–	–	1,907	151

32. Directors' Remuneration

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company:				
Executive:				
Other emoluments	9,698	10,396	–	–
Share options granted under ESOS	2,307	1,016	–	–
Non-Executive:				
Fees	415	390	415	390
Other emoluments	73	60	73	60
	12,493	11,862	488	450
Directors of the subsidiaries:				
Executive:				
Other emoluments	13,834	12,472	–	–
Share options granted under ESOS	1,037	722	–	–
Non-Executive:				
Other emoluments	168	216	–	–
	15,039	13,410	–	–
Total	27,532	25,272	488	450

32. Directors' Remuneration (Continued)

The estimated monetary value of benefits-in-kind provided to the Executive Directors and Non-Executive Directors of the Company is RM204,000 (2011: RM172,000) and RM25,000 (2011: RM64,000) respectively.

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the subsidiaries is RM234,000 (2011: RM328,000).

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

	Number of Directors	
	Executive	Non-Executive
RM50,001 – RM100,000	–	3
RM100,001 – RM150,000	–	2
RM1,350,001 – RM1,400,000	1	–
RM2,200,001 – RM2,250,000	1	–
RM3,400,001 – RM3,450,000	1	–
RM5,150,001 – RM5,200,000	1	–
	4	5

33. Tax Expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	37,662	34,695	1,268	4,644
Foreign income tax	13,022	11,127	–	–
	50,684	45,822	1,268	4,644
(Over)/Under provision in prior years	(1,777)	2,833	(4)	169
	48,907	48,655	1,264	4,813
Deferred tax (Note 14)				
Current year	(6,577)	(5,608)	–	2
Under/(Over) provision in prior years	752	(2,665)	–	–
	(5,825)	(8,273)	–	2
Tax expense for the financial year	43,082	40,382	1,264	4,815
Share of tax of jointly controlled entities and associates	14,010	11,454	–	–
Total tax expense	57,092	51,836	1,264	4,815

Notes to the Financial Statements
30 June 2012

33. Tax Expense (Continued)

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 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 of the Group and of the Company are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the financial year	181,836	160,125	97,485	127,535
Add: Total tax expense	57,092	51,836	1,264	4,815
Profit excluding tax	238,928	211,961	98,749	132,350

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Applicable tax rate	25.0	25.0	25.0	25.0
Tax effect in respect of:				
Non-allowable expenses	1.6	1.6	0.3	0.2
Tax exempt income	–	–	(24.0)	(21.7)
Lower tax rates in foreign jurisdiction	(1.2)	(2.0)	–	–
Deferred tax assets not recognised in loss making subsidiaries	0.4	0.2	–	–
Effect of different effective tax rate of the associates and jointly controlled entities	(1.5)	(0.4)	–	–
	24.3	24.4	1.3	3.5
Under/(Over) provision in prior years				
– current tax	(0.7)	1.3	–	0.1
– deferred tax	0.3	(1.2)	–	–
Average effective tax rate	23.9	24.5	1.3	3.6

34. Earnings Per Ordinary Share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2012	2011
Profit for the financial year attributable to ordinary equity holders of the parent (RM'000)	177,001	152,298
Weighted average number of ordinary shares in issue ('000)	2,307,759	2,141,753#
Basic earnings per ordinary share (sen)	7.67	7.11

\# The weighted average number of ordinary shares for the previous financial year has been restated to reflect the retrospective adjustments arising from the Rights Issue Exercise which was completed during the financial year.

(b) Diluted

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

	Group	
	2012	2011
Profit for the financial year attributable to equity holders of the parent (RM'000)	177,001	152,298
Weighted average number of ordinary shares in issue ('000)	2,307,759	2,141,753
Effects of dilution due to:		
– ESOS ('000)	19,999	13,990
– Warrants ('000)	828	–
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	2,328,586	2,155,743
Diluted earnings per ordinary share (sen)	7.60	7.06

Notes to the Financial Statements
30 June 2012

35. Dividends

	Group and Company			
	2012		2011	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Interim single tier dividend paid	1.10	26,216	1.30	25,643
Final single tier dividend proposed/paid	2.00	47,678	1.80	35,692
	3.10	73,894	3.10	61,335

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

A final single tier dividend in respect of the current financial year of 20% per ordinary share of RM0.10 each, amounting to approximately RM47,678,000 has been proposed by the Directors, subject to the shareholder's approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year ended 30 June 2012 do not reflect this proposed final single tier dividend. The proposed final single tier dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2013.

36. Employee Benefits

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries, wages, bonuses and allowances	145,911	116,894	–	150
Directors' emoluments	23,532	22,868	–	–
Defined contribution plan	11,236	8,687	–	18
Share options granted under ESOS				
– Directors	3,344	1,738	–	–
– Other employees	7,686	4,201	–	(7)
Other employee benefits	12,202	11,250	2	17
	203,911	165,638	2	178

37. Employees' Share Option Scheme

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

(a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees of the Company and its subsidiaries as defined in the Companies Act, 1965 in Malaysia;

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

(c) The option price for a new 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;

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

   (i) not more than 50% of the shares available under the ESOS 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% per year over vesting periods of 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.

Notes to the Financial Statements
30 June 2012

37. Employees' Share Option Scheme (Continued)

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

	----------------------- Number of options over ordinary shares of RM0.10 each -----------------------						
	Balance as at 1.7.2011	Granted	Adjusted#	Retracted*	Exercised	Balance as at 30.6.2012^	Exercisable as at 30.6.2012
Revised option price#:							
RM0.93	2,541,920	–	139,931	(69,830)	(1,292,713)	1,319,308	1,319,308
RM1.04	20,118,800	–	1,445,732	(701,857)	(4,095,611)	16,767,064	2,542,669
RM0.81	7,461,560	–	506,974	(347,423)	(1,828,542)	5,792,569	560,068
RM0.39	6,339,060	–	430,182	(243,859)	(1,543,649)	4,981,734	312,283
RM0.47	6,580,000	–	551,320	–	(420,000)	6,711,320	610,120
RM0.64	15,310,800	–	1,227,749	(543,210)	(1,442,227)	14,553,112	1,199,598
RM0.94	30,571,000	–	2,496,747	(1,320,086)	(2,135,631)	29,612,030	983,639
RM1.37	5,484,000	–	462,240	(277,897)	(321,663)	5,346,680	262,266
RM2.04	46,396,000	–	4,043,931	(2,772,843)	–	47,667,088	–
RM1.78	–	3,264,000	273,450	(568,785)	–	2,968,665	–
	140,803,140	3,264,000	11,578,256	(6,845,790)	(13,080,036)	135,719,570	7,789,951

Adjustments to option price and number of options as a result of Rights Issue.

* Due to resignation or rejection of the options granted.

^ Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares between 10%-50% per year over vesting periods of 3 to 5 years.

Share option exercised during the financial year resulted in the issuance of 13,080,036 (2011: 15,292,200) ordinary shares at an average price of RM0.91 (2011: RM0.94). The related weighted average ordinary share price at the date of exercise was RM2.42 (2011: RM1.92).

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

	2012	2011
Expected life (years)	5 – 10	6 – 10
Average share price at grant date (RM)	0.66 – 2.44	0.66 – 2.44
Exercise price (RM)	0.39 – 1.48	0.42 – 2.20
Fair value of share options (RM)	0.15 – 0.74	0.25 – 0.78
Risk free rate of interest (%)	3.10 – 4.25	3.10 – 4.25
Expected dividend yield (%)	1.55 – 4.78	1.55 – 4.78
Expected volatility (%)	24.68 – 45.83	24.68 – 45.72

38. Warrants 2012/2017

On 15 February 2012, the Company listed and quoted free detachable Warrants of 198,436,934 pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every two (2) Rights Share subscribed.

The Warrants are constituted by the Deed Poll dated 15 December 2011 ("Deed Poll").

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ("Warrantholder(s)") to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM2.40 during the 5-year period expiring on 12 February 2017 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 15 February 2012	198,436,934
Exercised during the year	(366,468)
As of 30 June 2012	198,070,466
Exercised subsequent to 30 June 2012	(200)
As of 5 October 2012	198,070,266

39. Related Party Disclosures

(a) Identities of related parties

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Associates as disclosed in Note 11 to the financial statements;

(iii) Jointly controlled entities as disclosed in Note 12 to the financial statements;

Notes to the Financial Statements
30 June 2012

39. Related Party Disclosures (Continued)

(a) Identities of related parties (continued)

Related parties of the Group include (continued):

(iv) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel 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"), Dialog Plant Services Pte. Ltd. ("DPSPL") 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. On 9 June 2011, certain directors and/or substantial shareholders ceased to have interest in DEPL Group. Accordingly, transactions with OTEC and DOSB after 9 December 2011 are no longer considered as related party transactions; and

(vii) Dialog Catalyst Services Sdn. Bhd. ("DCSSB"), Dialog Technivac Limited ("DTL") and Catalyst Handling Research & Engineering Limited ("CHREL") (collectively referred to as the "Catalyst Group") whereby a subsidiary's director holds substantial indirect shareholdings and directorships in DCSSB, DTL and CHREL. On 19 March 2012, the said director ceased to have indirect shareholdings and directorships in the Catalyst Group. Accordingly, transactions with Catalyst Group after 19 September 2012 are no longer considered as related party transactions.

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

	2012 RM'000	2011 RM'000
Transactions with jointly controlled entities:		
Commission received	481	526
Dividend income	45,250	38,757
Interest receivable	2,525	2,322
Rental of premises received	29	29
Retainer fees received	713	716
Services rendered	123	123
Subcontract works received	407,011	109,965
Purchases and services	(5,081)	(1,231)
Tank rental expenses	(2,157)	–
Transactions with ePetrol Group:		
Provision of IT system and related services by ePetrol Services	4,403	3,988
Provision of centralised interchange and other related services to ePetrol Services	654	849
Provision of IT system and related services by ePetrol Holding	482	–

39. Related Party Disclosures (Continued)

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

	2012 RM'000	2011 RM'000
Transactions with DEPL Group:		
Provision of subcontract works by OTEC	130	236
Provision of management services to OTEC	–	1,799
Provision of subcontract works by DPSPL	4,313	2,474
Provision of management services to DPSPL	1,717	2,409
Transactions with Catalyst Group:		
Provision of subcontract works by DCSSB	–	997
Provision of intellectual property rights by CHREL	733	579
Provision of subcontract works by DTL	31	93

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

(c) Compensation of key management personnel

The key management personnel comprise all Directors and their remuneration during the financial year are disclosed in Note 32 to the financial statements.

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

	Group	
	2012 '000	2011 '000
Balance as at 1 July	55,034	35,392
As at date of appointment as Director	2,743	326
Adjustment for the effect of Rights Issue	4,735	–
Granted	–	26,637
Resigned	(2,546)	(1,026)
Exercised	(5,444)	(6,295)
Balance as at 30 June	54,522	55,034

The terms and conditions of the ESOS are detailed in Note 37 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 2012 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

Notes to the Financial Statements
30 June 2012

40. 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 as included in the internal management report reviewed by chief operating decision maker.

2012	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Other Asia RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	182,582	20,265	13,217	13,365	(4,511)	224,918
Included in the measure of segment profits/(losses)are:						
Revenue from external customer	801,629	120,641	294,207	405,016	12,315	1,633,808
Inter-segment revenue	10,827	127,872	761	4,352	–	143,812
Depreciation	7,965	6,967	5,087	5,586	787	26,392
Amortisation	404	–	1,173	–	–	1,577
Interest expenses	2,655	688	556	43	16	3,958
Interest income	10,204	196	59	246	–	10,705
Impairment of receivables	–	–	–	486	–	486
Reversal of impairment of receivables	29	–	–	–	–	29
Share of results in jointly controlled entities and associates	54,652	(20)	665	–	–	55,297
Segment assets	1,342,240	271,988	130,217	273,719	14,950	2,033,114
Deferred tax assets						16,706
Total assets						2,049,820
Included in measure of segment assets are:						
Investment in jointly controlled entities and associates	364,523	3,067	4,349	–	–	371,939
Additions to non-current assets:						
– Property, plant & equipment	27,898	5,526	27,405	71,066	156	132,051
– Development of tank terminals	62,647	–	–	–	–	62,647
– Jointly controlled entities	215,399	–	–	–	–	215,399
– Intangible assets	–	–	–	3,903	–	3,903
Segment liabilities	514,843	96,790	44,030	135,444	17,891	808,998
Deferred tax liabilities						2,794
Total liabilities						811,792

40. Operating Segments (Continued)

2011	Malaysia RM'000	Singapore RM'000	Australia & New Zealand RM'000	Other Asia RM'000	Other countries RM'000	Total RM'000
Segment profits/(losses)	153,063	19,410	6,671	22,047	(684)	200,507
Included in the measure of segment profits/(losses) are:						
Revenue from external customer	598,760	202,160	73,419	312,025	22,014	1,208,378
Inter-segment revenue	5,018	37,154	–	–	–	42,172
Depreciation	6,471	8,528	422	3,561	767	19,749
Amortisation	–	–	300	–	–	300
Interest expenses	2,260	221	236	64	32	2,813
Interest income	6,561	120	8	36	5	6,730
Reversal of impairment of receivables	3,751	–	–	–	–	3,751
Share of results in jointly controlled entities and associates	38,283	96	169	–	–	38,548
Segment assets	581,308	254,630	97,555	118,476	15,648	1,067,617
Deferred tax assets						13,887
Total assets						1,081,504
Included in measure of segment assets are:						
Investment in jointly control entities and associates	140,984	3,037	3,941	–	–	147,962
Additions to non-current assets:						
– Property, plant & equipment	17,349	2,251	12,034	27,074	1,034	59,742
– Jointly controlled entities	6,848	–	3,515	–	–	10,363
– Intangible assets	–	–	24,639	–	–	24,639
Segment liabilities	222,773	64,259	40,058	111,090	19,481	457,661
Deferred tax liabilities						3,931
Total liabilities						461,592

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

Notes to the Financial Statements
30 June 2012

41. Financial Instruments

(a) Capital management

The primary objective of the Group's capital management is to maintain a strong capital base, good credit rating and healthy capital ratios to support its businesses and maximise its shareholders value.

To manage the capital structure, the Group uses various methods including issuance of new shares, share buyback, distribution of cash and share dividend payments to shareholders and debt financing. The Group’s dividend policy is to make a dividend payout ratio of at least 40% of profit attributable to owners of the parent for each financial year. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2012 and 30 June 2011.

The Group monitors capital utilisation on the basis of debt-to-equity ratio. The debt-to-equity ratios as at 30 June 2012 and 30 June 2011 are as follows:

		Group		Company	
	Note	2012 RM’000	2011 RM’000	2012 RM’000	2011 RM’000
Borrowings	24	323,893	110,050	130,000	40,000
Less: Cash and bank balances	21	(579,550)	(278,463)	(301,121)	(27,834)
Net (cash)/debt		(255,657)	(168,413)	(171,121)	12,166
Total equity		1,193,601	583,112	880,833	349,449
Debt-to-equity ratio		Net cash	Net cash	Net cash	0.03

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders’ equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and that such shareholders’ equity is not less than RM40 million. The Company has complied with this requirement.

(b) Financial instruments

(i) Categories of financial instruments

Group 2012	Loans and receivables RM’000	Available-for-sale RM’000	Total RM’000
Financial assets:			
Other investments	–	31,105	31,105
Trade and other receivables	278,631	90	278,721
Amounts owing by jointly controlled entities	86,566	–	86,566
Cash and cash equivalents	579,550	–	579,550
	944,747	31,195	975,942

41. Financial Instruments (Continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Group 2012	Other financial liabilities RM'000	Total RM'000
Financial liabilities:		
Borrowings	323,893	323,893
Amounts owing to associates	743	743
Amounts owing to jointly controlled entities	2,021	2,021
Trade and other payables	458,638	458,638
	785,295	785,295

Company 2012	Loans and receivables RM'000	Total RM'000
Financial assets:		
Trade and other receivables	1,926	1,926
Amounts owing by subsidiaries	176,213	176,213
Amounts owing by jointly controlled entities	2	2
Cash and cash equivalents	301,121	301,121
	479,262	479,262

Company 2012	Other financial liabilities RM'000	Total RM'000
Financial liabilities:		
Borrowings	130,000	130,000
Amounts owing to subsidiaries	20,357	20,357
Trade and other payables	910	910
	151,267	151,267

Notes to the Financial Statements
30 June 2012

41. Financial Instruments (Continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Group 2011	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets:			
Other investments	–	2,414	2,414
Trade and other receivables	214,421	71	214,492
Amounts owing by associates	552	–	552
Amounts owing by jointly controlled entities	13,259	–	13,259
Cash and cash equivalents	278,463	–	278,463
	506,695	2,485	509,180

Group 2011	Other financial liabilities RM'000	Total RM'000
Financial liabilities:		
Borrowings	110,050	110,050
Amounts owing to associates	1,519	1,519
Amounts owing to jointly controlled entities	138	138
Trade and other payables	278,151	278,151
	389,858	389,858

Company 2011	Loans and receivables RM'000	Total RM'000
Financial assets:		
Trade and other receivables	29	29
Amounts owing by subsidiaries	40,666	40,666
Amounts owing by jointly controlled entities	15	15
Cash and cash equivalents	27,834	27,834
	68,544	68,544

41. Financial Instruments (Continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

	Other financial liabilities RM'000	Total RM'000
Financial liabilities:		
Borrowings	40,000	40,000
Amounts owing to subsidiaries	490	490
Trade and other payables	536	536
	41,026	41,026

(ii) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values are as follows:

		2012		2011	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Recognised					
Financial assets:					
Other investments					
– unquoted shares	13	8,509	8,509	2,090	2,090
– club membership	13	340	340	324	324
Financial liabilities:					
Hire purchase liabilities	26	1,543	1,543	3,141	3,141
Group					
Unrecognised					
– Letter of undertaking issued to a jointly controlled entity	43	–	94	–	94
– Sponsor's undertaking to financial institutions	43	–	412	–	–
Company					
Unrecognised					
Contingent liabilities					
– Corporate guarantee issued to licensed banks and third parties for certain subsidiaries	43	–	1,147	–	1,360
– Letter of undertaking issued to a jointly controlled entity	43	–	94	–	94
– Sponsor's undertaking to financial institutions	43	–	412	–	–

Notes to the Financial Statements
30 June 2012

41. Financial Instruments (Continued)

(c) Methods and assumptions used to estimate fair value

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

I. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

II. Unquoted shares and club membership

It was not practicable to estimate the fair value of the Group's investment in unquoted shares and club memberships due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

III. Quoted shares

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

IV. Hire purchase liabilities

The carrying amount of hire-purchase liabilities are reasonable approximation of fair value due to the current rates offered to the Group approximate the market rates for similar borrowing of the same remaining maturities.

V. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

VI. Amount owing by a subsidiary accounted for as long term financial asset

The fair value of the financial instrument is estimated based on future contractual cash flows discounted at market lending rate for similar types of lending or borrowing arrangements at the end of the reporting period.

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

41. Financial Instruments (Continued)

(d) Fair value hierarchy (continued)

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The Group and the Company held the following financial instruments carried at fair value on the statements of financial position:

Financial instruments measured at fair value

Group 2012	Note	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial assets					
– Quoted shares	13	22,256	22,256	–	–
– Hedge derivative assets	17	90	–	90	–
Other financial liabilities					
– Hedge derivative liabilities	27	192	–	192	–
Company 2012					
Other financial liabilities					
– Hedge derivative liabilities	27	47	–	47	–
Group 2011					
Available-for-sale financial assets					
– Hedge derivative assets	17	71	–	71	–
Other financial liabilities					
– Hedge derivative liabilities	27	57	–	57	–

During the financial year ended 30 June 2012, there were no transfers between Level 1 and Level 2 fair value measurement.

42. 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 and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

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

The unexpired foreign currency forward contracts which have been entered by the Group and the Company for its trade and other receivables and trade payables as at end of the reporting period are as follows:

At 30 June 2012 Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
Australian Dollar	93	289	3.11	02.07.2012 to 15.08.2012
Euro	19	76	4.10	06.11.2012
New Zealand Dollar	500	1,223	2.45	30.08.2012 to 28.12.2012
Singapore Dollar	49	122	2.48	10.12.2012 to 19.12.2012
Sterling Pound	267	1,318	4.94	16.07.2012 to 01.03.2013
United States Dollar	10,030	31,737	3.16	05.07.2012 to 04.01.2013

At 30 June 2012 Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in United States Dollar (USD'000)	Average contractual rate FC/USD	Expiry date
Singapore Dollar	505	400	0.79	25.07.2012 to 27.08.2012

At 30 June 2012 Company	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
New Zealand Dollar	500	1,223	2.45	30.08.2012 to 28.12.2012
United States Dollar	24	76	3.19	03.08.2012

42. Financial Risk Management Objectives and Policies (Continued)

(i) Foreign currency risk (continued)

At 30 June 2011 Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate FC/RM	Expiry date
Singapore Dollar	651	1,574	2.42	15.12.2011 to 08.02.2012
Sterling Pound	436	2,157	4.95	26.08.2011 to 03.11.2011
United States Dollar	918	2,848	3.10	05.07.2011 to 30.12.2011

At 30 June 2011 Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Thai Baht (THB'000)	Average contractual rate FC/THB	Expiry date
Euro	105	4,620	44.20	28.12.2011

Sensitivity analysis for foreign currency risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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

Sensitivity analysis for interest rate risk

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

Notes to the Financial Statements
30 June 2012

42. Financial Risk Management Objectives and Policies (Continued)

(ii) Interest rate risk (continued)

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

Group	Note	Average effective interest rate per annum %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2012									
Financial assets									
Deposits with licensed banks	21	3.05	267,271	–	–	–	–	–	267,271
Financial liabilities									
Hire purchase creditors	26	4.30	1,343	179	13	8	–	–	1,543
Bank loans	25	3.38	67,762	24,302	153,031	22,831	15,738	38,686	322,350
At 30 June 2011									
Financial assets									
Deposits with licensed banks	21	1.72	82,492	–	–	–	–	–	82,492
Financial liabilities									
Bank overdraft	24	6.00	2,709	–	–	–	–	–	2,709
Hire purchase creditors	26	4.13	1,756	1,327	58	–	–	–	3,141
Bank loans	25	3.22	47,164	6,371	5,740	41,775	1,575	1,575	104,200

Company	Note	Average effective interest rate per annum %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2012									
Financial assets									
Deposits with licensed banks	21	3.30	200,750	–	–	–	–	–	200,750
Financial liabilities									
Bank loans	25	4.28	–	–	130,000	–	–	–	130,000
At 30 June 2011									
Financial assets									
Deposits with licensed banks	21	3.20	10,080	–	–	–	–	–	10,080
Financial liabilities									
Bank loans	25	4.32	–	–	–	40,000	–	–	40,000

42. 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.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancement for trade and other receivables is disclosed in Note 17 to the financial statements.

<u>Credit risk concentration profile</u>

The Group has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In 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.

Notes to the Financial Statements
30 June 2012

42. Financial Risk Management Objectives and Policies (Continued)

(iv) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities:

30 June 2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	458,638	–	–	458,638
Amounts owing to associates	743	–	–	743
Amounts owing to jointly controlled entities	2,021	–	–	2,021
Hire purchase creditors	1,516	220	–	1,736
Bank loans	77,335	231,270	39,635	348,240
Total undiscounted financial liabilities	540,253	231,490	39,635	811,378
Company				
Financial liabilities:				
Trade and other payables	910	–	–	910
Amounts owing to subsidiaries	20,357	–	–	20,357
Bank loans	5,585	137,329	–	142,914
Total undiscounted financial liabilities	26,852	137,329	–	164,181

30 June 2011	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	278,151	–	–	278,151
Amounts owing to associates	739	–	–	739
Amounts owing to jointly controlled entities	918	–	–	918
Bank overdrafts	2,709	–	–	2,709
Hire purchase creditors	1,756	1,385	–	3,141
Bank loans	50,151	60,010	1,636	111,797
Total undiscounted financial liabilities	334,424	61,395	1,636	397,455
Company				
Financial liabilities:				
Trade and other payables	536	–	–	536
Amounts owing to subsidiaries	490	–	–	490
Bank loans	1,746	43,942	–	45,688
Total undiscounted financial liabilities	2,772	43,942	–	46,714

43. Contingent Liabilities – Unsecured

The Company provides corporate guarantees up to a total amount of RM457,768,000 (2011: RM346,441,000) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM201,722,000 as at 30 June 2012 (2011: RM106,078,000).

The Company has also given corporate guarantees amounting to RM1,100,000 (2011: RM52,610,000) to third parties for supply of goods and warehouse licenses to certain subsidiaries. The amounts owing by these subsidiaries to the third parties totalled RM1,100,000 as at 30 June 2012 (2011: RM32,686,345).

In addition, the Company also provides the following undertakings:

a) an undertaking letter to a jointly controlled entity for the provision of cash flow deficiency support up to RM37,400,000 (2011: RM37,400,000) for banking facilities secured by a subsidiary company of a jointly controlled entity; and

b) sponsor's undertaking to certain financial institutions up to USD51,840,000, approximately RM164,851,000 (2011: Nil) in relation to term loan facility granted to a jointly controlled entity.

44. Significant Events During The Financial Year

i) In July 2011, the Group through its wholly-owned subsidiary, Dialog Upstream Services Sdn. Bhd. ("DUS"), incorporated Dialog Atlas Global Sdn. Bhd. ("DAG") with an initial issued and paid-up share capital of RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

   In February 2012, DUS entered into a shareholders' agreement with Atlas Global Oil and Gas Services Limited ("ATG") to subscribe for a total of 999,000 new ordinary shares of RM1.00 each in DAG which resulted in the enlarged issued share capital of DAG being held by DUS (55%) and ATG (45%).

ii) In July 2011, Pengerang Terminals Sdn. Bhd. ("PTSB"), a 51% owned jointly controlled entity, entered into a shareholders' agreement with the State Secretary, Johor (Incorporated) ("SSI") to invest in Pengerang Independent Terminals Sdn. Bhd. ("PITSB"). PTSB holds 90% equity stake in PITSB and the balance 10% equity stake is held by SSI.

iii) In August 2011, Dialog D & P Sdn. Bhd. ("Dialog D & P"), together with ROC Oil Malaysia (Holdings) Sdn. Bhd. ("ROC Oil") and PETRONAS Carigali Sdn. Bhd. ("PCSB"), signed a Small Field Risk Service Contract ("SFRSC") with Petroliam Nasional Berhad ("PETRONAS").

   Subsequently in September 2011, Dialog D & P entered into a shareholders' agreement with ROC Oil and PCSB to invest in BC Petroleum Sdn. Bhd. ("BCP"). The participating interests of Dialog D & P, ROC Oil and PCSB in BCP are 32%, 48% and 20% respectively.

   The SFRSC has been novated to BCP to carry out the management, operation and development of the SFRSC including the funding for the cost of development and production of petroleum from Balai Cluster Fields, located offshore Bintulu, Sarawak.

iv) In September 2011, Dialog Systems (Asia) Pte. Ltd. ("DSAPL"), a wholly-owned subsidiary of the Company, completed its acquisition of 51% equity interest in Anewa Engineering Private Limited ("Anewa"), India, for a total cash consideration of Rs117,145,000 (equivalent to RM7,685,000).

v) In September 2011, a subsidiary, PT. Dialog Sistemindo, Indonesia ("PTDS"), increased its issued and paid-up share capital to USD400,000 from USD340,000 by way of issuing 60 new shares of USD1,000 each at par for cash. As a result of the said enlarged issued and paid-up share capital, the Group's equity interest in PTDS was diluted from 95% to 90%.

vi) In October 2011, DSAPL incorporated Dialog Services (Vietnam) Company Limited ("Dialog Vietnam"), in Ho Chi Minh City, Vietnam with an initial registered capital of USD100,000 (equivalent to RM318,000).

Notes to the Financial Statements
30 June 2012

44. Significant Events During the Financial Year (Continued)

vii) In October 2011, Centralised Terminals Sdn. Bhd. ("CTSB"), a 55% owned jointly controlled entity, entered into a shareholders' agreement ("SHA") with China Aviation Oil (Singapore) Corporation Ltd ("CAO") to undertake the design, development, operation, management and maintenance of an oil storage tank terminal facility. CTSB also incorporated a wholly-owned subsidiary, Langsat Terminal (Three) Sdn. Bhd. ("Lgt-3") with an initial issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each, representing 100% of the paid-up share capital. On 20 August 2012, the SHA between CTSB and CAO was mutually terminated as not all of the conditions precedent of the SHA had been fulfilled within the required timeframe of CTSB and CAO.

viii) In October 2011, DSAPL incorporated Dialog Systems (Labuan) Ltd. ("DSLL") in the Federal Territory of Labuan, Malaysia with an issued and paid-up capital of USD2.00 (equivalent to RM6) comprising of 2 ordinary shares.

ix) In December 2011, Dialog (Labuan) Ltd., a wholly-owned subsidiary of the Company, together with Sedres Maritime Co. Ltd. incorporated Dialog Jubail Supply Base Company Ltd. ("DJSB"), in Jubail, the Kingdom of Saudi Arabia.

DJSB has a capital of SAR2,000,000 with shareholding proportion of Dialog (Labuan) Ltd. (60%) and Sedres Maritime Co. Ltd. (40%).

x) In February 2012, Dialog Pengerang Sdn. Bhd. ("DPSB") a wholly-owned subsidiary of the Company, incorporated Pengerang LNG Sdn. Bhd. ("PgLNG") and Pengerang Terminals (Two) Sdn. Bhd. ("PT-2") with an initial issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each, respectively.

xi) In March 2012, DSAPL incorporated Dialog Systems International FZE ("DSIF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates with an initial capital of AED1,000,000 (equivalent to RM833,000) comprising of 1 ordinary share of AED1,000,000 each.

xii) LMK Resources (Malaysia) Sdn. Bhd. ("LMK"), a dormant associate company which the Company held 40% equity stake, has voluntarily applied to be struck-off from the Registrar of Companies Commission of Malaysia. In March 2012, LMK had been struck-off from the Registrar.

xiii) In April 2012, DPSB incorporated Pengerang LNG (Two) Sdn. Bhd. ("PgLNG-2") with an initial issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

xiv) In June 2012, Dialog (Labuan) Ltd. disposed off its entire 57% equity interest, representing 570,000 ordinary shares of United States Dollars ("USD") 1.00 each in GNT International Limited ("GNT"), for a total consideration of USD 673,000 (approximately RM2,131,000).

45. Significant Event Subsequent to the End of the Reporting Period

In August 2012, Dialog E & C Sdn. Bhd. disposed off its entire 100% equity interest, representing 500,000 ordinary shares of RM1.00 each in Dialog Engineering Sdn. Bhd. for cash consideration of RM500,000.

46. Supplementary Information on Realised and Unrealised Profits or Losses

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries:				
– Realised	516,790	400,528	181,901	145,150
– Unrealised	6,623	297	(240)	934
	523,413	400,825	181,661	146,084
Total share of retained earnings from associates:				
– Realised	41	57	–	–
– Unrealised	(2)	(1)	–	–
Total share of retained earnings from jointly controlled entities:				
– Realised	100,976	94,046	–	–
– Unrealised	(18,062)	(21,199)	–	–
Total before consolidation				
– Realised	617,807	494,631	181,901	145,150
– Unrealised	(11,441)	(20,903)	(240)	934
	606,366	473,728	181,661	146,084
Less: Consolidation adjustments	(110,435)	(92,941)	–	–
Total retained earnings	495,931	380,787	181,661	146,084