



# DIALOG

**DIALOG GROUP BERHAD**

198901001388 (178694-V)

# RESILIENT

ANNUAL REPORT

# 2021

## FINANCIAL STATEMENTS



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This Annual Report is available at  
**[www.dialogasia.com](http://www.dialogasia.com)**



# 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 2021.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries, which serve a wide spectrum of the energy sector. The principal activities of the subsidiaries, as listed in Note 9 to the financial statements, are the provision of logistic assets & services in tank terminals & supply base, upstream assets & services, engineering, procurement, construction, commissioning & fabrication, specialist products & services, plant maintenance & catalyst handling services, petrochemicals and digital 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	543,064	102,895
Attributable to:		
Owners of the parent	543,141	102,895
Non-controlling interests	(77)	-
	543,064	102,895

## DIVIDENDS

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

- Final cash dividend of 1.90 sen per ordinary share, amounting to RM107,191,692 in respect of financial year ended 30 June 2020 was paid on 17 December 2020; and
- Interim cash dividend of 1.20 sen per ordinary share, amounting to RM67,708,766 in respect of financial year ended 30 June 2021 was paid on 29 June 2021.

The Directors recommended a final cash dividend of 1.90 sen per ordinary share, amounting to approximately RM107,300,000 in respect of the financial year ended 30 June 2021, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 5,641,642,303 to 5,645,732,458 by way of issuance of 4,090,155 new ordinary shares pursuant to the options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices of RM2.69 and RM2.93 per ordinary shares for cash.

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

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

## DIRECTORS' REPORT

### EMPLOYEES' SHARE OPTION SCHEME

The ESOS was approved by the shareholders at the Annual General Meeting held on 14 November 2018 and came into effect on 3 December 2018. The ESOS shall be in force for a period of ten (10) years until 2 December 2028 ("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 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the total issued ordinary shares of the Company (excluding treasury shares, if any) 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;
- (d) The maximum number of shares, which may be offered to any eligible employee shall be at the discretion of the ESOS Committee after taking into consideration, amongst others, the eligible employee's position, performance and length of service in the Company and its subsidiaries respectively, or such other matters that the ESOS Committee may in its discretion deem fit, 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 ordinary shares of the Company (excluding treasury shares, if any).
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee; and
- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company.

The number of unissued ordinary shares under the option scheme was as follows:

Option price	Number of options over ordinary shares					
	Balance as at 1.7.2020	Granted	Retracted*	Exercised	Balance as at 30.6.2021	Exercisable as at 30.6.2021
RM2.69	35,656,100	-	(1,547,500)	(2,379,955)	<b>31,728,645</b>	<b>4,456,493</b>
RM2.93	50,440,320	-	(2,741,060)	(1,710,200)	<b>45,989,060</b>	<b>3,890,656</b>
	86,096,420	-	(4,288,560)	(4,090,155)	<b>77,717,705</b>	<b>8,347,149</b>

\* Due to resignation

Since the implementation of the ESOS, a total of 88,543,320 options had been granted to the eligible employees of the Group of which a total of 6,417,000 options had been granted to the Executive Directors of the Company and persons connected to the Executive Directors. A total of 4,090,155 options had been exercised during the financial year of which 561,200 options has been exercised by the Executive Directors of the Company and persons connected to the Executive Directors.



## DIRECTORS' REPORT

### EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

There were no options granted to the Executive Directors and senior management of the Company and its subsidiaries during the financial year. Since the implementation of the ESOS until the end of financial year, the Executive Directors and senior management of the Company and its subsidiaries had been granted 11% of the total options available under the ESOS.

### REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 18 November 2020, 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 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 2016 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 5,645,732,458 (2020: 5,641,642,303) issued and fully paid ordinary shares as at 30 June 2021, 3,335,032 (2020: 3,335,032) ordinary shares purchased for RM3,624,613 (2020: RM3,624,613) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 5,642,397,426 (2020: 5,638,307,271).

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tan Sri Dr Ngau Boon Keat

Chan Yew Kai

Chin Kwai Fatt (Appointed on 19 November 2020)

Kamariyah Binti Hamdan

Siti Khairon Binti Shariff

Dato' Ismail Bin Karim

Mohamad Hafiz Bin Kassim

Juniwati Rahmat Hussin

Zainab Binti Mohd Salleh

Datuk Oh Chong Peng (Retired on 18 November 2020)



## DIRECTORS' REPORT

### DIRECTORS (CONTINUED)

In accordance with Clause 91 of the Company's Constitution, Tan Sri Dr Ngau Boon Keat, Dato' Ismail Bin Karim and Zainab Binti Mohd Salleh retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

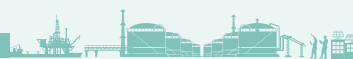
In accordance with Clause 96 of the Company's Constitution, Chin Kwai Fatt who was appointed to the Board during the year, retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

The names of Directors of subsidiaries are set out in the respective subsidiary's statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.7.2020/ Date of appointment	Bought	Sold	Balance as at 30.6.2021
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Tan Sri Dr Ngau Boon Keat	45,904,103	241,000	-	<b>46,145,103</b>
Chan Yew Kai	32,384,767	-	-	<b>32,384,767</b>
Kamariyah Binti Hamdan	1,636,300	-	-	<b>1,636,300</b>
Zainab Binti Mohd Salleh	7,391,879	122,600	(100,000)	<b>7,414,479</b>
Juniwati Rahmat Hussin	8,345	-	-	<b>8,345</b>
<u>Indirect interests:</u>				
Tan Sri Dr Ngau Boon Keat	1,032,245,842	197,600	-	<b>1,032,443,442</b>
Chan Yew Kai	3,000,000	-	-	<b>3,000,000</b>
Kamariyah Binti Hamdan	268,158	-	-	<b>268,158</b>
Dato' Ismail Bin Karim	63,472	-	-	<b>63,472</b>
Juniwati Rahmat Hussin	47,340	-	-	<b>47,340</b>



## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONTINUED)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

	Number of options over ordinary shares			
	Balance as at 1.7.2020	Granted	Exercised	Balance as at 30.6.2021
<b>Share options in the Company</b>				
<u>Direct interests:</u>				
Tan Sri Dr Ngau Boon Keat	2,174,000	-	(241,000)	<b>1,933,000</b>
Chan Yew Kai	1,514,000	-	-	<b>1,514,000</b>
Zainab Binti Mohd Salleh	1,063,000	-	(122,600)	<b>940,400</b>
<u>Indirect interest:</u>				
Tan Sri Dr Ngau Boon Keat	1,666,000	-	(197,600)	<b>1,468,400</b>

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

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 34 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 33 to the financial statements.

### DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 28 to the financial statements.

## DIRECTORS' REPORT

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had 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 necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.





## DIRECTORS' REPORT

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

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

#### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

#### SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 39 to the financial statements.

#### AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2021 are disclosed in Note 27 to the financial statements.

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

**Tan Sri Dr Ngau Boon Keat**  
Director

23 September 2021

**Chin Kwai Fatt**  
Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 92 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 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 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



**Tan Sri Dr Ngau Boon Keat**  
Director

23 September 2021



**Chin Kwai Fatt**  
Director

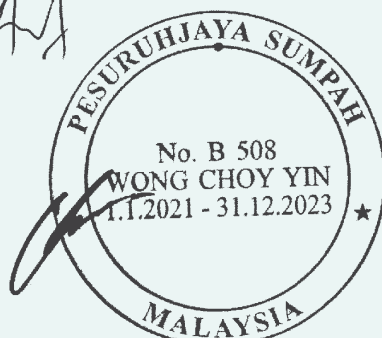
## STATUTORY DECLARATION

I, Zainab Binti Mohd Salleh (CA 7672), being the Director primarily responsible for the financial management of Dialog Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 92 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 in the state of  
Selangor Darul Ehsan this  
23 September 2021



Before me:



3 Damansara Shopping Mall  
3, Jalan SS20/27  
47400 Petaling Jaya  
Selangor Darul Ehsan



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIALOG GROUP BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Dialog Group Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of the financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### *Impairment assessments of intangible assets*

As disclosed in Note 8 to the financial statements, the Group has intangible assets of RM835,056,000.

Rights and concession and development of oil and gas assets totaling RM805,294,000 have been tested for impairment to assess the recoverability of the carrying amount of the intangible assets. The management assessed the recoverable amounts of the intangible assets by determining the cash generating units' value-in-use using the discounted cash flow method.

The determination of value-in-use is highly subjective as significant judgement is required to determine the appropriate future cash flow projections, operating profit margins, discount rates and growth rates.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIALOG GROUP BERHAD (Incorporated in Malaysia)

### Key Audit Matter (continued)

#### Audit response

The audit procedures, with the involvement of component auditors, included the following:

- (i) compared prior period projections to actual outcome to assess reliability of management forecasting process;
- (ii) compared cash flow projections against recent performance, assessed and challenged the key assumptions used in the projections to available external industry sources of data, while considering the impact of the COVID-19 pandemic;
- (iii) verified gross profit margins and growth rates to support the key assumptions used in the projections;
- (iv) assessed reasonableness of the pre-tax discount rate used for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) obtained an understanding of the methodology or assumptions adopted by the experts used by the Group who provided the forecasted oil and gas reserves and evaluated the competency of the experts by reference to their professional qualification and experience.

We have determined that there is no key audit matter to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIALOG GROUP BERHAD (Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIALOG GROUP BERHAD (Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
23 September 2021



**Koo Swee Lin**  
03281/08/2022 J  
Chartered Accountant





# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group		Company	
		30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Note					
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,759,469	2,025,946	-	-
Development of tank terminals	7	589,899	537,090	-	-
Intangible assets	8	835,056	777,208	-	-
Investments in subsidiaries	9	-	-	2,572,748	2,331,948
Investments in joint ventures and associates	10	1,504,761	1,283,385	-	-
Other investments	11	57,368	6,733	-	-
Deferred tax assets	12	49,521	66,895	-	-
Amounts owing by subsidiaries	13	-	-	392,236	359,908
		5,796,074	4,697,257	2,964,984	2,691,856
Current assets					
Inventories	14	66,200	84,708	-	-
Trade and other receivables	15	460,825	647,880	681	586
Amounts owing by subsidiaries	13	-	-	43,131	122,272
Amounts owing by joint ventures and associates	17	159,912	499,070	-	-
Current tax assets		32,213	16,739	-	-
Other investment	11	8,630	-	-	-
Cash and bank balances	18	1,453,356	1,240,389	215,068	349,000
		2,181,136	2,488,786	258,880	471,858
Assets classified as held for sale	19	-	3,986	-	-
TOTAL ASSETS		7,977,210	7,190,029	3,223,864	3,163,714
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	20	1,697,751	1,684,126	1,697,751	1,684,126
Treasury shares	20	(3,625)	(3,625)	(3,625)	(3,625)
Reserves	21	2,903,542	2,451,646	941,304	1,020,390
		4,597,668	4,132,147	2,635,430	2,700,891
Perpetual Sukuk Wakalah	22	498,940	-	498,940	-
Non-controlling interests		102,255	111,603	-	-
TOTAL EQUITY		5,198,863	4,243,750	3,134,370	2,700,891

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	23	<b>1,637,941</b>	1,453,461	<b>17,500</b>	187,500
Lease liabilities	6	<b>20,438</b>	14,317	-	-
Deferred tax liabilities	12	<b>4,475</b>	4,140	-	-
		<b>1,662,854</b>	1,471,918	<b>17,500</b>	187,500
<b>Current liabilities</b>					
Trade and other payables	24	<b>747,483</b>	930,803	<b>930</b>	3,570
Borrowings	23	<b>297,702</b>	457,684	<b>70,000</b>	271,344
Lease liabilities	6	<b>6,173</b>	5,382	-	-
Current tax liabilities		<b>64,135</b>	80,492	<b>1,064</b>	409
		<b>1,115,493</b>	1,474,361	<b>71,994</b>	275,323
<b>TOTAL LIABILITIES</b>		<b>2,778,347</b>	2,946,279	<b>89,494</b>	462,823
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,977,210</b>	7,190,029	<b>3,223,864</b>	3,163,714

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

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue</b>	26	<b>1,609,925</b>	2,303,448	<b>74,082</b>	538,135
Cost of sales and services		<b>(1,239,753)</b>	(1,786,587)	-	-
Gross profit		<b>370,172</b>	516,861	<b>74,082</b>	538,135
Fair value gain on deemed disposal of a joint venture	10(d)(vi)	-	28,538	-	-
Other operating income		<b>83,903</b>	73,512	<b>42,912</b>	21,528
Marketing and distribution costs		<b>(1,707)</b>	(2,351)	-	-
Administration expenses		<b>(39,058)</b>	(46,191)	<b>(2,777)</b>	(1,940)
Other operating expenses		<b>(19,357)</b>	(10,449)	-	-
Finance costs		<b>(26,376)</b>	(54,602)	<b>(8,084)</b>	(18,619)
Share of profit of joint ventures and associates, net of tax		<b>227,432</b>	241,961	-	-
<b>Profit before tax</b>	27	<b>595,009</b>	747,279	<b>106,133</b>	539,104
Tax expense	29	<b>(51,945)</b>	(99,184)	<b>(3,238)</b>	(1,353)
<b>Profit for the financial year</b>		<b>543,064</b>	648,095	<b>102,895</b>	537,751
<b>Profit for the financial year attributable to:</b>					
Owners of the parent		<b>543,141</b>	630,363	<b>102,895</b>	537,751
Non-controlling interests		<b>(77)</b>	17,732	-	-
		<b>543,064</b>	648,095	<b>102,895</b>	537,751

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

Basic earnings per ordinary share (sen)	30	<b>9.63</b>	11.18
Diluted earnings per ordinary share (sen)	30	<b>9.63</b>	11.18

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit for the financial year</b>	<b>543,064</b>	648,095	<b>102,895</b>	537,751
<b>Other comprehensive income:</b>				
<b>Items that may not be reclassified subsequently to profit or loss</b>				
Fair value gain on other investments	<b>29,890</b>	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translations	<b>(25,725)</b>	14,379	-	-
Fair value gain/(loss) on cash flow hedge	<b>20,947</b>	(15,949)	-	-
Share of other comprehensive gain/(loss) of joint ventures	<b>69,185</b>	(86,387)	-	-
	<b>64,407</b>	(87,957)	-	-
<b>Other comprehensive gain/(loss) for the financial year</b>	<b>94,297</b>	(87,957)	-	-
<b>Total comprehensive income for the financial year</b>	<b>637,361</b>	560,138	<b>102,895</b>	537,751
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>637,364</b>	546,530	<b>102,895</b>	537,751
Non-controlling interests	<b>(3)</b>	13,608	-	-
	<b>637,361</b>	560,138	<b>102,895</b>	537,751

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Note	Non-distributable						Distributable	Total attributable to owners of the parent RM'000	Perpetual Sukuk Wakalah RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Exchange translation reserve RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000				
Balance as at 1 July 2020		1,684,126	(3,625)	5,423	185,756	(177,841)	-	2,438,308	4,132,147	-	111,603	4,243,750
Profit for the financial year		-	-	-	-	-	-	543,141	543,141	-	(77)	543,064
Foreign currency translations		-	-	-	(25,799)	-	-	-	(25,799)	-	74	(25,725)
Fair value gain on cash flow hedge		-	-	-	-	20,947	-	-	20,947	-	-	20,947
Fair value gain on other investment		-	-	-	-	-	29,890	-	29,890	-	-	29,890
Share of other comprehensive income of joint ventures		-	-	-	5,701	63,484	-	-	69,185	-	-	69,185
Total comprehensive income		-	-	-	(20,098)	84,431	29,890	543,141	637,364	-	(3)	637,361
<b>Transactions with owners</b>												
Previous financial year:												
- Final dividend	31	-	-	-	-	-	-	(107,192)	(107,192)	-	-	(107,192)
Current financial year:												
- Interim dividend	31	-	-	-	-	-	-	(67,709)	(67,709)	-	-	(67,709)
Share options granted under ESOS		-	-	5,380	-	-	-	-	5,380	-	99	5,479
Issuance of ordinary shares pursuant to ESOS exercised		13,626	-	(2,025)	-	-	-	-	11,601	-	(188)	11,413
Share issues expenses		(1)	-	-	-	-	-	-	(1)	-	-	(1)
Issuance of Perpetual Sukuk Wakalah		-	-	-	-	-	-	-	-	500,000	-	500,000
Transaction costs for issuance of Perpetual Sukuk Wakalah		-	-	-	-	-	-	-	-	(1,060)	-	(1,060)
Distribution paid to holders of Perpetual Sukuk Wakalah		-	-	-	-	-	-	(10,346)	(10,346)	-	-	(10,346)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(5,354)	(5,354)
Acquisition of shares from non-controlling interests		-	-	-	-	-	-	(3,576)	(3,576)	-	(3,902)	(7,478)
Total transactions with owners		13,625	-	3,355	-	-	-	(188,823)	(171,843)	498,940	(9,345)	317,752
Balance as at 30 June 2021		1,697,751	(3,625)	8,778	165,658	(93,410)	29,890	2,792,626	4,597,668	498,940	102,255	5,198,863

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Note	Non-distributable					Distributable	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Exchange translation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000			
Balance as at 1 July 2019		1,684,126	(3,625)	-	164,318	(72,570)	2,017,307	3,789,556	115,558	3,905,114
Profit for the financial year		-	-	-	-	-	630,363	630,363	17,732	648,095
Foreign currency translations		-	-	-	18,503	-	-	18,503	(4,124)	14,379
Fair value loss on cash flow hedge		-	-	-	-	(15,949)	-	(15,949)	-	(15,949)
Share of other comprehensive income/(loss) of joint ventures		-	-	-	2,935	(89,322)	-	(86,387)	-	(86,387)
Total comprehensive income		-	-	-	21,438	(105,271)	630,363	546,530	13,608	560,138
<b>Transactions with owners</b>										
Previous financial year:										
- Final dividend		-	-	-	-	-	(129,681)	(129,681)	-	(129,681)
Current financial year:										
- Interim dividend	31	-	-	-	-	-	(67,660)	(67,660)	-	(67,660)
Share options granted under ESOS		-	-	5,423	-	-	-	5,423	135	5,558
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(19,498)	(19,498)
Acquisition of a subsidiary	9(i)	-	-	-	-	-	-	-	19,149	19,149
Acquisition of shares from non-controlling interests		-	-	-	-	-	(12,021)	(12,021)	(17,349)	(29,370)
Total transactions with owners		-	-	5,423	-	-	(209,362)	(203,939)	(17,563)	(221,502)
Balance as at 30 June 2020		1,684,126	(3,625)	5,423	185,756	(177,841)	2,438,308	4,132,147	111,603	4,243,750

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





# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Company	Note	Non-distributable			Distributable	Perpetual Sukuk Wakalah RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000		
Balance as at 1 July 2020		1,684,126	(3,625)	5,558	1,014,832	-	2,700,891
Profit for the financial year		-	-	-	102,895	-	102,895
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	102,895	-	102,895
<b>Transactions with owners</b>							
Previous financial year:							
- Final dividend	31	-	-	-	(107,192)	-	(107,192)
Current financial year:							
- Interim dividend	31	-	-	-	(67,709)	-	(67,709)
Share options granted under ESOS		-	-	5,479	-	-	5,479
Issuance of ordinary shares pursuant to ESOS exercised		13,626	-	(2,213)	-	-	11,413
Share issues expenses		(1)	-	-	-	-	(1)
Issuance of Perpetual Sukuk Wakalah		-	-	-	-	500,000	500,000
Transaction costs for issuance of Perpetual Sukuk Wakalah		-	-	-	-	(1,060)	(1,060)
Distribution paid to holders of Perpetual Sukuk Wakalah		-	-	-	(10,346)	-	(10,346)
Total transactions with owners		13,625	-	3,266	(185,247)	498,940	330,584
Balance as at 30 June 2021		1,697,751	(3,625)	8,824	932,480	498,940	3,134,370

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Company	Note	Non-distributable			Distributable	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	
Balance as at 1 July 2019		1,684,126	(3,625)	-	674,422	2,354,923
Profit for the financial year		-	-	-	537,751	537,751
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	537,751	537,751
<b>Transactions with owners</b>						
Previous financial year:						
- Final dividend		-	-	-	(129,681)	(129,681)
Current financial year:						
- Interim dividend	31	-	-	-	(67,660)	(67,660)
Share options granted under ESOS		-	-	5,558	-	5,558
Total transactions with owners		-	-	5,558	(197,341)	(191,783)
Balance as at 30 June 2020		1,684,126	(3,625)	5,558	1,014,832	2,700,891

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Note					
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		595,009	747,279	106,133	539,104
Adjustments for:					
Amortisation of intangible assets	8	114,032	96,409	-	-
Depreciation of property, plant and equipment	5	112,629	96,397	-	-
Fair value gain on deemed disposal of a joint venture	10(d)(vi)	-	(28,538)	-	-
Fair value gain on other investment		(5,978)	-	-	-
Loss/(Gain) on foreign exchange - unrealised		492	(4,845)	(2,100)	1,906
Gain on disposals of property, plant and equipment		(17,137)	(290)	-	-
Impairment losses on trade receivables	15(d)	909	1,440	-	-
Interest expense		25,842	53,819	8,084	18,619
Interest income		(28,503)	(52,302)	(22,647)	(22,924)
Intangible assets written off	8	96	-	-	-
Property, plant and equipment written off	5	106	72	-	-
Reversal of impairment losses on receivables	15(d)	(3,835)	(37)	-	-
Share of profit of joint ventures and associates		(227,432)	(241,961)	-	-
Share options granted under ESOS		5,479	5,558	-	-
Operating profit before working capital changes		571,709	673,001	89,470	536,705
Decrease in inventories		41,129	11,673	-	-
Decrease/(Increase) in trade and other receivables		172,437	76,762	(95)	(445)
(Increase)/Decrease in amounts owing by joint ventures and associates		(108,746)	238,811	-	-
(Decrease)/Increase in trade and other payables		(199,322)	(167,747)	(2,640)	2,075
Cash generated from operations		477,207	832,500	86,735	538,335
Dividends received		68,535	69,343	-	-
Interest received		28,503	52,302	4,298	4,422
Tax paid		(73,499)	(110,040)	(2,583)	(1,674)
Tax refunded		13,498	2,448	-	-
Net cash from operating activities		514,244	846,553	88,450	541,083

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Note					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisitions/Additions of:					
- subsidiaries, net of cash and cash equivalents acquired	9(i)	-	66,492	-	-
- interests in subsidiaries		-	-	(463,000)	(30,800)
- interests in joint ventures and associates		-	(52,530)	-	-
Repayments from/(Advances to):					
- subsidiaries		-	-	190,032	(73,959)
- a joint venture and an associate		438,503	439,188	-	-
Acquisition of shares from non-controlling interests		(7,478)	(29,370)	-	-
Redemption of redeemable preference shares		-	-	84,623	-
Development of tank terminals	7(d)	(76,137)	(55,825)	-	-
Interest received		-	-	18,349	18,502
Withdrawal/(Placements) of deposits pledged to licensed banks		37,092	(6,884)	-	-
Proceeds from disposals of property, plant and equipment		26,693	503	-	-
Purchases of:					
- intangible assets	8	(171,859)	(156,268)	-	-
- property, plant and equipment	5(c)	(811,623)	(647,261)	-	-
- other investments		(23,324)	-	-	-
Net cash used in investing activities		(588,133)	(441,955)	(169,996)	(86,257)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(25,842)	(53,819)	(8,084)	(18,619)
Dividends paid to non-controlling interests		(5,354)	(19,498)	-	-
Dividends paid to ordinary shareholders of the Company		(174,901)	(197,341)	(174,901)	(197,341)
Proceeds from issuance of ordinary shares pursuant to ESOS exercised		11,413	-	11,413	-
Net proceeds from issuance of Perpetual Sukuk Wakalah		498,940	-	498,940	-
Payments of lease liabilities		(6,817)	(4,764)	-	-
Drawdowns of bank loans		1,332,332	1,004,458	320,580	603,825
Repayments of bank loans		(1,296,848)	(786,300)	(690,198)	(595,737)
Distribution to Sukuk holders		(10,346)	-	(10,346)	-
Share issue expenses		(1)	-	(1)	-
Net cash from/(used in) financing activities		322,576	(57,264)	(52,597)	(207,872)
Net increase/(decrease) in cash and cash equivalents		248,687	347,334	(134,143)	246,954
Effect of exchange rate changes on cash and cash equivalents		3,133	(251)	211	(180)
Cash and cash equivalents at beginning of financial year		1,201,432	854,349	349,000	102,226
Cash and cash equivalents at end of financial year	18	1,453,252	1,201,432	215,068	349,000

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Bank Loans</b>					
Balance as at 1 July		<b>1,911,145</b>	1,674,363	<b>458,844</b>	449,030
Cash flows:					
- Drawdowns of bank loans		<b>1,332,332</b>	1,004,458	<b>320,580</b>	603,825
- Repayments of bank loans		<b>(1,296,848)</b>	(786,300)	<b>(690,198)</b>	(595,737)
Non-cash flows:					
- Effect of foreign exchange		<b>(10,986)</b>	18,624	<b>(1,726)</b>	1,726
Balance as at 30 June	23	<b>1,935,643</b>	1,911,145	<b>87,500</b>	458,844
<b>Lease Liabilities</b>					
Balance as at 1 July		<b>19,699</b>	17,703	-	-
Cash flows		<b>(8,027)</b>	(6,049)	-	-
Non-cash flows:					
- Unwinding of interest		<b>1,210</b>	1,285	-	-
- Acquisitions of property, plant and equipment	5(c)	<b>13,392</b>	6,666	-	-
- Effect of foreign exchange		<b>337</b>	94	-	-
Balance as at 30 June	6	<b>26,611</b>	19,699	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 1. CORPORATE INFORMATION

Dialog Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Dialog Tower, No. 15, Jalan PJU 7/5, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2021 comprise the Company and its subsidiaries and the Group's interests in joint ventures and associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. 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 23 September 2021.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries, which serve a wide spectrum of the energy sector. The principal activities of the subsidiaries, as listed in Note 9 to the financial statements, are the provision of logistic assets & services in tank terminals & supply base, upstream assets & services, engineering, procurement, construction, commissioning & fabrication, specialist products & services, plant maintenance & catalyst handling services, petrochemicals and digital 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 40.1 to the financial statements.

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.





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 4. OPERATING SEGMENTS

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

2021	Malaysia RM'000	Asia RM'000	Australia & New Zealand RM'000	Middle East RM'000	Other Countries RM'000	Total RM'000
<b>Segment profits</b>	<b>532,961</b>	<b>20,363</b>	<b>20,714</b>	<b>20,561</b>	<b>410</b>	<b>595,009</b>
Included in the measure of segment profits are:						
Revenue from external customers	779,693	237,347	419,018	172,633	1,234	1,609,925
Inter-segment revenue	14,052	7,384	13,827	8,317	-	43,580
Depreciation of property, plant and equipment	83,698	4,600	14,746	9,585	-	112,629
Amortisation of intangible assets	112,530	45	1,457	-	-	114,032
Interest expense	23,678	212	1,243	709	-	25,842
Interest income	27,622	857	24	-	-	28,503
Share of profit/(loss) of joint ventures and associates	227,602	(170)	-	-	-	227,432
<b>Segment assets</b>	<b>7,102,557</b>	<b>414,656</b>	<b>195,683</b>	<b>214,793</b>	<b>-</b>	<b>7,927,689</b>
Deferred tax assets						49,521
<b>Total assets</b>						<b>7,977,210</b>
Included in the measure of segment assets are:						
Investments in joint ventures and associates	1,504,197	564	-	-	-	1,504,761
Additions to non-current assets:						
- Property, plant and equipment	796,453	8,522	15,685	4,355	-	825,015
- Development of tank terminals	76,137	-	-	-	-	76,137
- Intangible assets	171,820	14	25	-	-	171,859
- Other investments	20,697	-	-	-	-	20,697
<b>Segment liabilities</b>	<b>2,565,542</b>	<b>74,630</b>	<b>84,231</b>	<b>49,469</b>	<b>-</b>	<b>2,773,872</b>
Deferred tax liabilities						4,475
<b>Total liabilities</b>						<b>2,778,347</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 4. OPERATING SEGMENTS (CONTINUED)

2020	Malaysia RM'000	Asia RM'000	Australia & New Zealand RM'000	Middle East RM'000	Other Countries RM'000	Total RM'000
<b>Segment profits</b>	691,922	8,088	16,973	29,865	431	747,279
Included in the measure of segment profits are:						
Revenue from external customers	1,317,720	425,692	329,788	224,344	5,904	2,303,448
Inter-segment revenue	53,476	42,650	4,202	-	-	100,328
Depreciation of property, plant and equipment	68,530	5,307	12,912	9,648	-	96,397
Amortisation of intangible assets	94,570	44	1,795	-	-	96,409
Interest expense	49,960	91	1,687	2,081	-	53,819
Interest income	49,109	2,832	52	309	-	52,302
Fair value gain on deemed disposal of a joint venture	28,538	-	-	-	-	28,538
Share of profit/(loss) of joint ventures and associates	242,220	(259)	-	-	-	241,961
<b>Segment assets</b>	6,210,466	483,346	173,118	256,204	-	7,123,134
Deferred tax assets						66,895
<b>Total assets</b>						7,190,029
Included in the measure of segment assets are:						
Investments in joint ventures and associates	1,282,649	736	-	-	-	1,283,385
Changes to non-current assets:						
- Property, plant and equipment	625,158	11,337	13,647	3,785	-	653,927
- Development of tank terminals	55,825	-	-	-	-	55,825
- Intangible assets	156,221	8	39	-	-	156,268
- Joint ventures and associates	(386,658)	-	-	-	-	(386,658)
<b>Segment liabilities</b>	2,737,377	80,929	82,174	41,659	-	2,942,139
Deferred tax liabilities						4,140
<b>Total liabilities</b>						2,946,279

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

#### Major customers

There is no single customer with revenue equal or more than 10% of the Group revenue during the financial year.

In the previous financial year, included in the Malaysia segment was revenue generated from a joint venture, Pengerang Terminals (Two) Sdn. Bhd. amounting to RM244,927,000.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2020 RM'000	Additions RM'000	Transfer from development of tank terminals (Note 7(d)) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Transfer to inventories (Note 14) RM'000	Reclassi- fications (Note 6) RM'000	Balance as at 30.6.2021 RM'000
<b>Carrying amount</b>										
Freehold land	27,896	-	-	-	-	-	-	-	-	27,896
Buildings	208,401	3,330	-	(3,971)	-	(6,486)	3,372	(9,900)	88,944	283,690
Furniture, fittings and office equipment	7,693	3,297	-	(15)	(2)	(5,472)	581	-	2,386	8,468
Plant, machinery and equipment	823,962	12,076	-	(1,372)	(104)	(80,173)	10,920	-	1,215,911	1,981,220
Vessel	12,986	-	-	-	-	(1,901)	(392)	-	-	10,693
Motor vehicles	9,627	382	-	(212)	-	(2,409)	90	-	-	7,478
Renovation and electrical installation	4,493	8	-	-	-	(1,497)	77	-	3,483	6,564
Building under construction	4,650	7,131	-	-	-	-	820	(12,601)	-	-
Plant and equipment under construction	692,410	784,451	23,328	-	-	-	8,050	-	(1,473,700)	34,539
	1,792,118	810,675	23,328	(5,570)	(106)	(97,938)	23,518	(22,501)	(162,976)	2,360,548
<b>Right-of-use</b>										
Leasehold land*	216,697	948	-	-	-	(7,906)	2,117	-	162,976	374,832
Land	7,472	5,460	-	-	-	(991)	(168)	-	-	11,773
Buildings	6,497	2,664	-	-	-	(3,052)	288	-	-	6,397
Motor vehicles	2,700	1,813	-	-	-	(1,561)	190	-	-	3,142
Plant and machinery	462	3,455	-	-	-	(1,181)	41	-	-	2,777
	233,828	14,340	-	-	-	(14,691)	2,468	-	162,976	398,921
	2,025,946	825,015	23,328	(5,570)	(106)	(112,629)	25,986	(22,501)	-	2,759,469

Group	At 30.6.2021		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	27,896	-	27,896
Buildings	341,200	(57,510)	283,690
Furniture, fittings and office equipment	76,249	(67,781)	8,468
Plant, machinery and equipment	2,594,766	(613,546)	1,981,220
Vessel	26,630	(15,937)	10,693
Motor vehicles	31,884	(24,406)	7,478
Renovation and electrical installation	17,271	(10,707)	6,564
Plant and equipment under construction	34,539	-	34,539
	3,150,435	(789,887)	2,360,548
<b>Right-of-use</b>			
Leasehold land*	421,105	(46,273)	374,832
Land	18,146	(6,373)	11,773
Buildings	14,874	(8,477)	6,397
Motor vehicles	7,871	(4,729)	3,142
Plant and machinery	4,861	(2,084)	2,777
	466,857	(67,936)	398,921
	3,617,292	(857,823)	2,759,469

\* Leasehold land are in respect of right-of-use assets for which the Group has land titles.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2019 RM'000	Additions RM'000	Transfer from development of tank terminals (Note 7(d)) RM'000	Transfer to assets held for sale (Note 19) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassifications (Note 6) RM'000	Balance as at 30.6.2020 RM'000
<b>Carrying amount</b>										
Freehold land	30,763	-	-	(2,867)	-	-	-	-	-	27,896
Buildings	205,803	262	-	(1,112)	-	-	(5,921)	(909)	10,278	208,401
Furniture, fittings and office equipment	8,520	4,485	-	-	(4)	(1)	(6,005)	698	-	7,693
Plant, machinery and equipment	762,531	42,656	-	-	(67)	(48)	(67,048)	1,723	84,215	823,962
Vessel	14,474	-	-	-	-	-	(1,939)	451	-	12,986
Motor vehicles	10,033	2,401	-	-	(142)	(23)	(2,577)	(65)	-	9,627
Renovation and electrical installation	4,289	2,196	-	(7)	-	-	(1,611)	(374)	-	4,493
Building under construction	10,296	4,165	-	-	-	-	-	467	(10,278)	4,650
Plant and equipment under construction	38,350	589,049	150,705	-	-	-	-	-	(85,694)	692,410
	1,085,059	645,214	150,705	(3,986)	(213)	(72)	(85,101)	1,991	(1,479)	1,792,118
Right-of-use										
Leasehold land*	218,936	2,047	-	-	-	-	(5,765)	-	1,479	216,697
Land	6,461	1,423	-	-	-	-	(983)	571	-	7,472
Buildings	6,758	1,731	-	-	-	-	(2,150)	158	-	6,497
Motor vehicles	1,905	2,108	-	-	-	-	(1,462)	149	-	2,700
Plant and machinery	-	1,404	-	-	-	-	(936)	(6)	-	462
	234,060	8,713	-	-	-	-	(11,296)	872	1,479	233,828
	1,319,119	653,927	150,705	(3,986)	(213)	(72)	(96,397)	2,863	-	2,025,946
<b>At 30.6.2020</b>										
Group	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000							
Freehold land	27,896	-	27,896							
Buildings	262,365	(53,964)	208,401							
Furniture, fittings and office equipment	71,419	(63,726)	7,693							
Plant, machinery and equipment	1,363,220	(539,258)	823,962							
Vessel	27,445	(14,459)	12,986							
Motor vehicles	32,371	(22,744)	9,627							
Renovation and electrical installation	14,324	(9,831)	4,493							
Building under construction	4,650	-	4,650							
Plant and equipment under construction	692,410	-	692,410							
	2,496,100	(703,982)	1,792,118							
Right-of-use										
Leasehold land*	255,065	(38,368)	216,697							
Land	13,000	(5,528)	7,472							
Buildings	11,744	(5,247)	6,497							
Motor vehicles	5,658	(2,958)	2,700							
Plant and machinery	1,387	(925)	462							
	286,854	(53,026)	233,828							
	2,782,954	(757,008)	2,025,946							

\* Leasehold land are in respect of right-of-use assets for which the Group has land titles.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land and right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment (excluding right-of-use assets) is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group 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. The principal depreciation periods and annual rates used are as follows:

Buildings	10 - 50 years
Furniture, fittings and office equipment	15% - 50%
Plant, machinery and equipment	2.5% - 20%
Vessel	15 years
Motor vehicles	20%
Renovation and electrical installation	15% - 33%

Freehold land has unlimited useful life and is not depreciated.

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

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of the right-of-use assets are as follows:

Leasehold land	up to 99 years
Land	3 - 25 years
Buildings	2 - 10 years
Motor vehicles	3 - 5 years
Plant and machinery	3 years

**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2021

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

	Group	
	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment	<b>825,015</b>	653,927
Financed by lease arrangements	<b>(13,392)</b>	(6,666)
Cash payments on purchase of property, plant and equipment	<b>811,623</b>	647,261

- (d) Certain freehold land and buildings with a carrying amount of RM122,216,000 (2020: RM124,320,000) are subject to fixed charges created to secure banking facilities granted to certain subsidiaries as disclosed in Note 23(h) to the financial statements.
- (e) Building and building under construction included property under development which has been reclassified to inventories during the financial year. The Group is developing the property with the intention to sell upon completion as disclosed in Note 14 to the financial statements.
- (f) Leasehold land is analysed as:

	Group	
	2021 RM'000	2020 RM'000
Short term (unexpired period less than 50 years)	<b>138,284</b>	144,169
Long term (unexpired period more than 50 years)	<b>236,548</b>	72,528
	<b>374,832</b>	216,697



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6. LEASES

## The Group as lessee

Right-of-use assets are presented as property, plant and equipment as disclosed in Note 5 to the financial statements.

Right-of-use assets	Balance as at 1.7.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fications (Note 5) RM'000	Balance as at 30.6.2021 RM'000
<b>Carrying amount</b>						
Leasehold land	216,697	948	(7,906)	2,117	162,976	374,832
Land	7,472	5,460	(991)	(168)	-	11,773
Buildings	6,497	2,664	(3,052)	288	-	6,397
Motor vehicles	2,700	1,813	(1,561)	190	-	3,142
Plant and machinery	462	3,455	(1,181)	41	-	2,777
	233,828	14,340	(14,691)	2,468	162,976	398,921

Lease liabilities	Balance as at 1.7.2020 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Exchange differences RM'000	Balance as at 30.6.2021 RM'000
<b>Carrying amount</b>						
Land	9,824	5,460	(1,605)	725	(158)	14,246
Buildings	6,595	2,664	(3,331)	295	144	6,367
Motor vehicles	2,784	1,813	(1,867)	152	310	3,192
Plant and machinery	496	3,455	(1,224)	38	41	2,806
	19,699	13,392	(8,027)	1,210	337	26,611

	2021 RM'000	2020 RM'000
<b>Represented by:</b>		
Non-current liabilities	20,438	14,317
Current liabilities	6,173	5,382
Lease liabilities owing to non-financial institutions	26,611	19,699

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 6. LEASES (CONTINUED)

#### The Group as lessee (continued)

Right-of-use assets are presented as property, plant and equipment as disclosed in Note 5 to the financial statements.  
(continued)

Right-of-use assets	Balance as at 1.7.2019 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fications (Note 5) RM'000	Balance as at 30.6.2020 RM'000
<b>Carrying amount</b>						
Leasehold land	218,936	2,047	(5,765)	-	1,479	216,697
Land	6,461	1,423	(983)	571	-	7,472
Buildings	6,758	1,731	(2,150)	158	-	6,497
Motor vehicles	1,905	2,108	(1,462)	149	-	2,700
Plant and machinery	-	1,404	(936)	(6)	-	462
	234,060	8,713	(11,296)	872	1,479	233,828

Lease liabilities	Balance as at 1.7.2019 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Exchange differences RM'000	Balance as at 30.6.2020 RM'000
<b>Carrying amount</b>						
Land	8,924	1,423	(1,223)	763	(63)	9,824
Buildings	7,188	1,731	(3,051)	355	372	6,595
Motor vehicles	1,591	2,108	(775)	126	(266)	2,784
Plant and machinery	-	1,404	(1,000)	41	51	496
	17,703	6,666	(6,049)	1,285	94	19,699

- (a) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect lease payments made, and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 5 to the financial statements.

The Group recognises variable lease payments when the condition that triggers those payments occur while lease payments associated with short-term leases (leases with lease term of 12 months or less) and low-value assets (leases for which the underlying asset is RM20,000 and below) are recognised on a straight-line basis over the lease terms. The variable lease payments and lease payments associated with short-term leases and low-value assets are recognised in profit or loss as rental expenses as disclosed in Note 27 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6. LEASES (CONTINUED)

## The Group as lessee (continued)

- (b) The following table sets out the carrying amounts, the weighted average incremental borrowing rates as at the end of the reporting period and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>2021</b>						
Lease liabilities	5.01	6,173	4,473	5,721	10,244	26,611
<b>2020</b>						
Lease liabilities	6.18	5,382	3,004	4,670	6,643	19,699

- (c) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2021</b>				
Lease liabilities	7,332	13,556	13,604	34,492
<b>2020</b>				
Lease liabilities	6,490	10,642	9,237	26,369

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 7. DEVELOPMENT OF TANK TERMINALS

	Group	
	2021 RM'000	2020 RM'000
Development of tank terminals, at cost	<b>589,899</b>	537,090

- (a) Included in development of tank terminals are land and site preparation costs and other expenditure directly attributable to the development of the tank terminals. Development of tank terminals are stated at cost less any accumulated impairment losses.
- (b) Development of tank terminals will be reclassified as either property, plant and equipment upon completion and when it is determined for own use or investments in joint ventures when investors to the future joint ventures are identified.
- (c) During the financial year, interest expense of RM17,113,000 (2020: RM21,470,000) was capitalised at rates ranging from 2.97% to 3.80% (2020: 3.34% to 4.89%) per annum in relation to the development of tank terminals.
- (d) The movements in carrying amounts of development of tank terminals are as follows:

	Note	Group	
		2021 RM'000	2020 RM'000
Balance as at 1 July		<b>537,090</b>	631,970
Additions		<b>76,137</b>	55,825
Transfer to property, plant and equipment	5	<b>(23,328)</b>	(150,705)
Balance as at 30 June		<b>589,899</b>	537,090



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 8. INTANGIBLE ASSETS

Group	Balance as at 1.7.2020 RM'000	Additions RM'000	Written off RM'000	Amortisation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30.6.2021 RM'000
<b>Carrying amount</b>						
Goodwill	14,006	-	-	-	88	14,094
Rights and concession	73,061	-	-	(4,987)	-	68,074
Development of oil and gas assets	675,032	168,099	-	(105,911)	-	737,220
Development of prototypes	10,608	550	-	(493)	-	10,665
Intellectual property	1,285	-	-	(1,280)	(5)	-
Computer software	3,216	3,210	(96)	(1,361)	34	5,003
	<b>777,208</b>	<b>171,859</b>	<b>(96)</b>	<b>(114,032)</b>	<b>117</b>	<b>835,056</b>

Group	At 30.6.2021		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	20,763	(6,669)	14,094
Rights and concession	85,368	(17,294)	68,074
Development of oil and gas assets	1,212,641	(475,421)	737,220
Development of prototypes	13,457	(2,792)	10,665
Intellectual property	14,950	(14,950)	-
Computer software	31,879	(26,876)	5,003
	<b>1,379,058</b>	<b>(544,002)</b>	<b>835,056</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 8. INTANGIBLE ASSETS (CONTINUED)

Group	Balance as at 1.7.2019 RM'000	Additions RM'000	Acquisition of a subsidiary (Note 9(i)) (Restated) RM'000	Amortisation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30.6.2020 (Restated) RM'000
<b>Carrying amount</b>						
Goodwill	13,962	-	-	-	44	14,006
Rights and concession	28,811	-	46,237	(1,987)	-	73,061
Development of oil and gas assets	306,940	147,778	306,906	(86,592)	-	675,032
Development of prototypes	8,775	2,313	-	(480)	-	10,608
Intellectual property	2,742	-	-	(1,452)	(5)	1,285
Computer software	2,957	6,177	-	(5,898)	(20)	3,216
	364,187	156,268	353,143	(96,409)	19	777,208

Group (Restated)	At 30.6.2020		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	20,639	(6,633)	14,006
Rights and concession	85,368	(12,307)	73,061
Development of oil and gas assets	1,044,543	(369,511)	675,032
Development of prototypes	12,907	(2,299)	10,608
Intellectual property	14,853	(13,568)	1,285
Computer software	28,670	(25,454)	3,216
	1,206,980	(429,772)	777,208

Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 8. INTANGIBLE ASSETS (CONTINUED)

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

	Group	
	2021 RM'000	2020 (Restated) RM'000
Malaysia	509	509
Australia and New Zealand	13,342	13,255
Other Asian countries	243	242
	<b>14,094</b>	14,006

Restatement

In the previous financial year, included in goodwill was a provisional amount of RM46,237,000 arising from the acquisition of Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") as disclosed in Note 9(i) to the financial statements.

In July 2020, which is within the measurement period after the acquisition of additional shares in HBP in August 2019, the Group has reclassified the provisional goodwill to rights and concession assets as it has been determined by management that the fair value of this asset acquired relates solely to the rights and concession of the Oilfield Sharing Contract ("OSC").

As mentioned in Note 9(f), HBP subsequently changed its name to Dialog Bayan Petroleum Sdn. Bhd..

Impairment

The Group tests goodwill for impairment annually. 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.

The value-in-use of other remaining goodwill is determined by discounting the pre-tax cash flows based on financial budgets prepared by the Group for the respective CGUs covering a five-year period based on the following key assumptions:

	2021 %	2020 %
<b>Growth rates:</b>		
Malaysia	5.0	5.0
Australia and New Zealand	8.0	8.0
Other Asian countries	8.0	8.0
<b>Pre-tax discount rate</b>	<b>7.4</b>	7.4

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

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the goodwill assessed as at 30 June 2021 as their recoverable amounts were in excess of their carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021

#### 8. INTANGIBLE ASSETS (CONTINUED)

##### (a) Impairment (continued)

Judgement is required in the estimation of the present value of future cash flows generated by the CGU, which involves uncertainties and are affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could affect the results of the Group's tests for impairment of goodwill.

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

As mentioned in Note 8(a), rights and concession now includes that of the OSC of the Bayan field located in Bintulu, Sarawak. The OSC expires on 31 December 2036 and the expenditure of the rights and concession is amortised over the useful life of the OSC.

- (c) Development of oil and gas assets represents costs incurred in re-development and enhancement of oil recovery of the above fields located in Bintulu, Sarawak under the PSC and OSC. When production commences, the accumulated costs for the relevant fields are amortised using unit of production method, over the life of the area according to the rate of depletion of the proved developed reserves. Accumulated costs related to seismic study activities are amortised using the remaining-period method, over its estimated economic useful life which is determined to be over the PSC and OSC periods. Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the year in which the decision to abandon the area is made.
- (d) Development of prototypes represents the development of centralised switching infrastructure undertaken by a subsidiary. Development of prototypes are amortised on a straight-line basis commencing from the date they are available for use. The principal amortisation periods used are five (5) to fifteen (15) years.
- (e) Intellectual property represents skilled sets on welding process and procedures used in fabrication activities. Intellectual property is amortised on a straight-line basis over a period of ten (10) years commencing from the date of acquisition.
- (f) Computer software is not integral to the hardware of the Group and can be separately identified. Computer software is amortised over its estimated useful life of two (2) to three (3) years using the straight-line method.
- (g) Impairment assessment of other intangible assets

In assessing indicators of impairment during the financial year, management considered the current environment and performance of the CGUs. For CGUs with indications of impairment, management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and commodity prices, oil production, cost of productions as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of these other intangible assets and no impairment has been recorded in the current financial year.





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted equity shares, at cost	<b>1,743,972</b>	965,595
Equity loan/Advances to subsidiaries	<b>819,952</b>	1,360,795
Equity contributions in subsidiaries in respect of ESOS	<b>8,824</b>	5,558
	<b>2,572,748</b>	2,331,948

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the Company's separate financial statements at cost less impairment losses, if any.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Equity loan/Advances to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiaries with a long term source of additional capital.

Impairment for equity loan/advances to subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 15(g) to the financial statements.

No expected credit loss is recognised arising from equity loan/advances to subsidiaries as the amount is negligible.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021

#### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Dialog E & C Sdn. Bhd.	Malaysia	100%	100%	Provision of engineering, procurement, construction and commissioning services.
Dialog Plant Services Sdn. Bhd.	Malaysia	100%	100%	Provision of engineering, procurement, construction and commissioning services and provision of plant turnaround and specialist maintenance work.
Saga Dialog Sdn. Bhd.	Malaysia	100%	100%	Mechanical works, construction of tankage pipings and pipelines, installation of equipment, hookup and commissioning and 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%	Engineering, manufacturing and installation of composite pipe system.
Dialog Petroleum Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Corporate Sdn. Bhd.	Malaysia	100%	100%	Provision of management, consultancy and administration services.
Dialog Equity Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
*Dialog Systems (Asia) Pte. Ltd.	Singapore	100%	100%	Investment holding.
Dialog Services Sdn. Bhd.	Malaysia	60%	60%	Provision of consultancy, technical support services and marketing of specialty equipment.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Dialog Energy Sdn. Bhd.	Malaysia	100%	100%	Provision of upstream support services.
Infodasia Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology support and services.
Dialog Properties Sdn. Bhd.	Malaysia	100%	100%	Letting out and management of properties.
Dialog Pengerang Sdn. Bhd.	Malaysia	100%	100%	Investment holding and involved in the development of tank terminal and logistic services.
Dialog D & P Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Upstream Services Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Equity (Two) Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Resources Sdn. Bhd.	Malaysia	100%	100%	Petroleum development, appraisal and production operations.
Pengerang Deepwater Terminals Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Dialog Terminals Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Dialog Terminals Operations Sdn. Bhd.	Malaysia	100%	100%	Provision of terminals management and operational services.
<b>Subsidiary of Saga Dialog Sdn. Bhd.</b>				
Dialog Construction Sdn. Bhd.	Malaysia	100%	100%	Construction of plant and civil engineering works.
<b>Subsidiaries of Dialog Fabricators Sdn. Bhd.</b>				
Dialog OTEC Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Overseas Manufacturing (Johor) Sdn. Bhd.	Malaysia	80%	80%	Fabrication and installation of tanks, pipelines and other activities related thereto.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
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	100%	100%	Investment holding and contracting of petroleum and petrochemical related works.
*Dialog Services Pte. Ltd.	Singapore	100%	100%	Investment holding.
@PT. Dialog Sistemindo	Indonesia	90%	90%	Provision of marketing of specialty chemicals and equipment and technical support services.
@Dialog Systems (Thailand) Ltd.	Thailand	49%	49%	Contracting of petroleum and petrochemical related works and trading in specialty chemicals and equipment.
Dialog (Labuan) Ltd.	Malaysia	100%	100%	Investment holding.
@Dialog Services 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.
@Dialog Fitzroy Limited	New Zealand	90%	90%	Provision of heavy fabrication & multi-disciplined engineering.
Dialog Systems (Labuan) Ltd.	Malaysia	100%	100%	Provision of specialist products & services.
*Dialog Systems International FZE	United Arab Emirates	100%	100%	Provision of specialist products & services.
Subsidiaries of Dialog Engineering Pte. Ltd.				
*Dialog Plant Services Pte. Ltd.	Singapore	100%	100%	Provision of plant maintenance services and general civil and mechanical engineering works.
*OTEC Holdings Pte. Ltd.	Singapore	74%	74%	Investment holding.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Subsidiaries of Dialog (Labuan) Ltd.				
@Dialog Services Saudi Arabia Co. Ltd.	Kingdom of Saudi Arabia	60%	60%	Contracting of petroleum and petrochemical related works and trading in specialty chemicals and equipment.
@Dialog Jubail Supply Base Co. Ltd.	Kingdom of Saudi Arabia	60%	60%	Provision of logistic services of a supply base and trading of base oil.
Dialog Marine (Labuan) Ltd.	Malaysia	100%	100%	Logistics services for the marketing of specialist product in the petroleum and petrochemical industry.
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 Dialog Plant Services Sdn. Bhd.				
Dialog Catalyst Services Sdn. Bhd.	Malaysia	100%	100%	Provision of catalyst and process material handling services.
Subsidiaries of Dialog Petroleum Sdn. Bhd.				
Oriental Valley Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Senyum Bestari Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Idaman Tropikal Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Corak Dahlia Sdn. Bhd.	Malaysia	100%	100%	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
Name of company		2021	2020	
Subsidiary of Dialog Services Pte. Ltd.				
*EC-Dialog Pte. Ltd.	Singapore	100%	100%	Investment holding.
Subsidiary of Dialog E & C Sdn. Bhd.				
Dialog Offshore Engineering Sdn. Bhd.	Malaysia	100%	100%	Provision of engineering design, consulting and project management.
Subsidiary of Infodasia Sdn. Bhd.				
DIV Services Sdn. Bhd.	Malaysia	60%	60%	Provision of payment system and services, IT systems and other IT services.
Subsidiaries of Dialog Pengerang Sdn. Bhd.				
Pengerang Marine Operations Sdn. Bhd.	Malaysia	100%	100%	Provision of marine operation, maintenance and other related marine services.
Sungai Rengit Industrial Estate Sdn. Bhd.	Malaysia	100%	100%	Industrial estate development.
Subsidiary of Dialog Systems (Thailand) Ltd.				
@Dialog Technology & Services Limited	Thailand	49%	49%	Dormant.
Subsidiaries of Dialog Fitzroy Limited				
@Dialog Fitzroy Australia Pty. Ltd.	Australia	90%	90%	Provision of heavy fabrication and multi-disciplined engineering.
@Dialog Fitzroy Tower Services Limited	New Zealand	91%	91%	Provision of power pylon painting services.
@Fineline Services Limited	New Zealand	90%	90%	Provision of plate profile cutting services.
@104 Dixon Street Limited	New Zealand	90%	90%	Property development.
^Dialog Offshore Services (NZ) Limited	New Zealand	91%	-	Provision of offshore services.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
<b>Subsidiary of DIV Services Sdn. Bhd.</b>				
DIV Systems Sdn. Bhd.	Malaysia	<b>39%</b>	39%	Providing and operating payment system and other IT services.
<b>Subsidiary of Dialog Upstream Services Sdn. Bhd.</b>				
Dialog Subsurface Technology Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Marketing and provision of seismic technology and other related upstream services.
<b>Subsidiary of Dialog D &amp; P Sdn. Bhd.</b>				
*Dialog Bayan Petroleum Sdn. Bhd. (formerly known as Halliburton Bayan Petroleum Sdn. Bhd.)	Malaysia	<b>100%</b>	95%	Provision of services and technology in petroleum production industry.
<b>Subsidiaries of Dialog Equity (Two) Sdn. Bhd.</b>				
Dialog LNG Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Investment holding.
Pengerang LNG Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of terminal storage facilities and handling services.
Pengerang Terminals (Six) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Subsidiary of EC-Dialog Pte. Ltd.				
*Catalyst Handling Research & Engineering Limited	United Kingdom	100%	100%	Specialised in catalyst handling, research and engineering.
Subsidiaries of Dialog Terminals Sdn. Bhd.				
Dialog Terminals Langsat (1) Sdn. Bhd.	Malaysia	100%	100%	Provision of tank terminal storage facilities and handling services.
Dialog Terminals Langsat (2) Sdn. Bhd.	Malaysia	100%	100%	Provision of tank terminal storage facilities and handling services.
Dialog Terminals Langsat (3) Sdn. Bhd.	Malaysia	100%	100%	Provision of tank terminal storage facilities and handling services.
Dialog Terminals Pengerang CTF Sdn. Bhd.	Malaysia	100%	100%	Provision of common tankage facilities.
Dialog Terminals Pengerang (5) Sdn. Bhd.	Malaysia	100%	100%	Provision of tank terminal storage facilities and handling services.

+ Details of accretion of interest in subsidiary during the financial year are disclosed in Note 38 to the financial statements.

@ Subsidiaries audited by BDO member firms.

\* Subsidiaries not audited by BDO PLT or BDO member firms.

^ Subsidiary newly incorporated during the financial year.





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) The Group considers that it controls Dialog Systems (Thailand) Ltd., Dialog Technology & Services Limited and DIV Systems Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board and the power to govern the relevant activities of these entities.
- (e) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 30 June 2021 and 30 June 2020.
- (f) Accretion of interests in subsidiary during the financial year ended 30 June 2021

In June 2021, Dialog D & P Sdn. Bhd. ("DDPSB"), a wholly owned subsidiary of the Company, acquired the remaining 5% equity interest in Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") for a total cash consideration of USD1,802,000 (equivalent to RM7,478,030). Pursuant to that, HBP is now a wholly owned subsidiary of DDPSB. Subsequent to the end of the financial year, the Group changed HBP's name to Dialog Bayan Petroleum Sdn. Bhd..

- (g) During the financial year, the Company subscribed into Redeemable Preference Shares ("RPS") issued by the following subsidiaries as follows:
  - (i) 463,000 units of RPS at an issue price of RM1,000 per share in Dialog Corporate Sdn. Bhd. via cash amounted to RM463,000,000; and
  - (ii) 400,000 units of RPS at an issue price of RM1,000 per share in Dialog Pengerang Sdn. Bhd. via capitalisation of equity loan to the subsidiary amounted to RM400,000,000.
- (h) During the financial year, the below wholly-owned subsidiaries of the Company redeemed their RPS as follows:
  - (i) Dialog Equity (Two) Sdn. Bhd. redeemed its 19,400 units RPS of RM1,000 each at redemption sum of RM19,400,000;
  - (ii) Dialog Equity Sdn. Bhd. redeemed its 552,000 units RPS of RM10 each at redemption sum of RM5,520,000; and
  - (iii) Dialog Systems (Asia) Pte. Ltd. redeemed its 6,944,444 units RPS of SGD3.60 each at redemption sum of SGD24,999,998, equivalent to RM59,703,189.

- (i) Acquisition of subsidiary during the financial year ended 30 June 2020

In August 2019, DDPSB, a wholly owned subsidiary of the Company, acquired an additional 25% equity interest in HBP for a total cash consideration of USD8,220,000 (equivalent to RM34,560,990). Pursuant to that, DDPSB held 75% equity interest in HBP and HBP became a subsidiary of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021

#### 9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (i) Acquisition of subsidiary during the financial year ended 30 June 2020 (continued)

The fair value of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	Note	At date of acquisition RM'000
Intangible assets	8	306,906
Receivables		43,343
Cash and bank balances		101,053
Payables		(374,707)
Total identified net assets		76,595
Non-controlling interests		(19,149)
Provisional goodwill arising from acquisition		46,237
Total deemed purchase consideration		103,683
Less: Carrying value of interest in a joint venture previously held	10(d)(vi)	(40,584)
Less: Fair value gain on deemed disposal of a joint venture	10(d)(vi)	(28,538)
Purchase consideration		34,561
Cash and cash equivalents of a subsidiary acquired		(101,053)
Net cash inflow of the Group on acquisition		(66,492)

Had the acquisition occurred on 1 July 2019, it would not have any material effect on the earnings, net assets or gearing of the Group for the financial year ended 30 June 2020.

- (j) Accretion of interests in subsidiaries during the financial year ended 30 June 2020

In August 2019, Dialog Systems (Asia) Pte. Ltd. ("DSAPL"), a wholly owned subsidiary of the Company, acquired an additional 2.5% equity interest in Dialog Fitzroy Limited ("DFL") for a total cash consideration of NZD644,820 (equivalent to RM1,766,235). Pursuant to that, DFL became a 90% owned subsidiary of DSAPL.

In October 2019, Dialog E & C Sdn. Bhd. ("DECSB"), a wholly owned subsidiary of the Company, acquired the remaining 45% equity interest in Dialog Offshore Engineering Sdn. Bhd. ("DOESB") for a total cash consideration of RM1, with net liabilities acquired of RM25,657. Pursuant to that, DOESB became a wholly owned subsidiary of DECSB.

In December 2019, DDPSB acquired an additional 20% equity interest in HBP subsequent to the acquisition of 25% equity interest as disclosed in Note 9(i) to the financial statements for a total cash consideration of USD6,576,000 (equivalent to RM27,629,650). Pursuant to that, HBP became a 95% owned subsidiary of DDPSB.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
<b>Joint ventures</b>		
Unquoted equity shares, at cost	798,455	798,455
Share of post-acquisition reserves, net of the Group's unrealised profit and dividends	427,531	227,318
Exchange differences	(1,137)	5,564
	<b>1,224,849</b>	1,031,337
<b>Associates</b>		
Unquoted equity shares, at cost	179,307	179,307
Share of post-acquisition reserves, net of the Group's unrealised profit and dividends	99,207	71,340
Exchange differences	1,398	1,401
	<b>279,912</b>	252,048
	<b>1,504,761</b>	1,283,385

- (a) Investments in joint ventures and associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

- (b) Impairment assessment

The recoverable amounts of these investments were determined based on the value-in-use model where judgements and estimates have been made on their future results and key assumptions applied to cash flow forecasts. These key assumptions include forecast growth in future revenue, operating profit margins and an appropriate pre-tax discount rate.

Management has determined that the recoverable amounts are in excess of the carrying amounts of these investments and no impairment loss has been recorded in the financial statements.

- (c) The most recent available financial statements of the joint ventures and associates are used by the Group in applying the equity method. The Group's share of results of joint ventures and associates are based on the audited financial statements made up to 30 June 2021 except for Kertih Terminals Sdn. Bhd., BC Petroleum Sdn. Bhd., Pengerang Terminals (Two) Sdn. Bhd. and Pengerang LNG (Two) Sdn. Bhd., which are based on unaudited financial statements made up to 30 June 2021.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(d) Joint ventures

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
*Kertih Terminals Sdn. Bhd.	Malaysia	30%	30%	Provision of bulk chemical storage and handling services.
Pengerang Terminals Sdn. Bhd.	Malaysia	51%	51%	Investment holding company and provision of management and operational services.
Pengerang Terminals (Two) Sdn. Bhd.	Malaysia	25%	25%	Provision of terminal storage facilities for petroleum and petrochemical products.
^*BC Petroleum Sdn. Bhd.	Malaysia	32%	32%	Inactive.
<b>Subsidiary of Pengerang Terminals Sdn. Bhd.</b>				
Pengerang Independent Terminals Sdn. Bhd.	Malaysia	46%	46%	Provision of independent petroleum terminal facilities for the handling, storage processing and distribution of oil, petroleum and petrochemical products.

\* Not audited by BDO PLT or BDO member firms.

^ On 11 September 2020, the joint venture has resolved to wind up by way of a Members' Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016.

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



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(d) Joint ventures (continued)

(iii) The summarised financial information of material joint ventures are as follows:

	Pengerang Terminals Sdn. Bhd. and its subsidiary	
	2021 RM'000	2020 RM'000
<b>Assets</b>		
Non-current assets	2,486,447	2,560,932
Cash and cash equivalents	222,337	143,177
Other current assets	42,164	52,747
Total assets	2,750,948	2,756,856
<b>Liabilities</b>		
Non-current financial liabilities (excluding trade and other payables)	680,750	828,125
Financial liabilities (excluding trade and other payables)	201,563	212,205
Other current liabilities (including trade and other payables)	30,092	60,261
Total liabilities	912,405	1,100,591
Net assets	1,838,543	1,656,265
<b>Results</b>		
Revenue	337,244	272,056
Depreciation of property, plant and equipment	(96,821)	(85,766)
Interest income	1,043	1,945
Interest expense	(42,177)	(50,124)
Tax expense	(683)	(918)
Profit for the financial year	141,185	87,784
Other comprehensive income/(loss)	27,798	(9,914)
Total comprehensive income	168,983	77,870

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(d) Joint ventures (continued)

- (iv) The reconciliation of net assets of material joint ventures to the carrying amounts of the investments in joint ventures are as follows:

	Pengerang Terminals Sdn. Bhd. and its subsidiary	
	2021 RM'000	2020 RM'000
Share of net assets	937,657	844,695
Adjustment for unrealised profits, foreign currency translation and others	(73,545)	(66,765)
Carrying amount	864,112	777,930
<b>Share of results for the financial year</b>		
Share of profit or loss	72,004	44,770
Share of other comprehensive income/(loss)	14,178	(5,056)
Share of total comprehensive income	86,182	39,714

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

	Group	
	2021 RM'000	2020 RM'000
Carrying amounts of interests in joint ventures	360,737	253,407
<b>Share of results for the financial year</b>		
Share of profit or loss	75,526	180,847
Share of other comprehensive income/(loss)	55,007	(81,331)
Share of total comprehensive income	130,533	99,516
Dividend income from joint ventures	16,500	39,000

- (vi) Deemed disposal of a joint venture during the financial year ended 30 June 2020

In August 2019, Dialog D & P Sdn. Bhd. ("DDPSB"), a wholly owned subsidiary of the Company, acquired an additional 25% equity interest in Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") for a total cash consideration of USD8,220,000 (equivalent to RM34,560,990). Pursuant to that, DDPSB held 75% equity interest in HBP and HBP became a subsidiary of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(d) Joint ventures (continued)

(vi) Deemed disposal of a joint venture during the financial year ended 30 June 2020 (continued)

The details of the deemed disposal were as follows:

Group	Note	At date of disposal RM'000
Cost of investment		2,500
Share of post-acquisition reserves		38,084
Share of interest in joint venture	9(i)	40,584
Fair value of interest held		(69,122)
Fair value gain on deemed disposal	9(i)	(28,538)

(e) Associates

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021	2020	
Associate of Dialog LNG Sdn. Bhd.		25%	25%	Provision of Liquefied Natural Gas 'LNG' terminal storage, regasification of LNG into natural gas and handling services.
*Pengerang LNG (Two) Sdn. Bhd.	Malaysia			
Associate of Dialog OTEC Pte. Ltd.		32%	32%	Construction services.
*Dialog OTEC E and C Inc.	Philippines			

\*Not audited by BDO PLT or BDO member firms.

(ii) The Group does not have any associate, which is individually material to the Group for both financial years ended 30 June 2021 and 30 June 2020.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(e) Associates (continued)

(iii) Set out below is the financial information of all associates on an aggregate basis:

	Group	
	2021 RM'000	2020 RM'000
Carrying amounts of interests in associates	279,912	252,048
<b>Share of results for the financial year</b>		
Share of profit or loss	79,902	16,344
Share of other comprehensive income	-	-
Share of total comprehensive income	79,902	16,344
Dividend income from associates	52,035	30,343

### 11. OTHER INVESTMENTS

	Group	
	2021 RM'000	2020 RM'000
Non-current		
<b>Financial assets at fair value through other comprehensive income</b>		
- Quoted shares outside Malaysia	43,150	-
- Unquoted shares and bonds in Malaysia	4,082	4,082
- Unquoted government bonds in Malaysia	5,000	-
- Unquoted shares outside Malaysia	5,136	2,651
	57,368	6,733
Current		
<b>Financial assets at fair value through profit or loss</b>		
- Quoted shares outside Malaysia	8,630	-
	65,998	6,733





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 11. OTHER INVESTMENTS (CONTINUED)

- (a) The non-current other investments were classified as financial assets at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.
- (b) The current other investment was classified as financial asset at fair value through profit or loss.
- (c) All regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.
- (d) Fair value of quoted ordinary shares outside Malaysia was determined by reference to the exchange quoted market prices at the close of the business on the reporting date. The fair value of quoted ordinary shares of the Group was categorised as Level 1 in the fair value hierarchy.
- (e) Unquoted shares and unquoted government bonds of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares and unquoted government bonds of the Group are estimated based on the price to book valuation model.
- (f) The following table shows a reconciliation of Level 3 fair values of other investments:

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July	6,733	6,648
Addition on investments during the financial year		
- At cost	7,563	-
Exchange differences	(78)	85
Balance as at 30 June	14,218	6,733

- (g) Sensitivity analysis for other investments are not material to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021

## 12. DEFERRED TAX

### Recognised deferred tax assets and liabilities

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

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets	49,521	66,895
Deferred tax liabilities	(4,475)	(4,140)
	45,046	62,755

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

	Note	Group	
		2021 RM'000	2020 RM'000
Balance as at 1 July		62,755	45,346
Recognised in profit or loss			
- property, plant and equipment		(6,642)	(31,367)
- amounts due from customers for contract works		6,439	442
- unabsorbed capital allowances		8,596	7,622
- unabsorbed tax allowances		(2,761)	29,766
- unused tax losses		5,202	(3,744)
- accrued liabilities		(29,813)	9,352
- unrealised profits		(636)	(612)
- other deductible temporary differences		1,906	5,971
	29	(17,709)	17,430
Exchange differences		-	(21)
Balance as at 30 June		45,046	62,755



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 12. DEFERRED TAX (CONTINUED)

## Recognised deferred tax assets and liabilities (continued)

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

	Group	
	2021 RM'000	2020 RM'000
<b>Deferred tax assets</b>		
Unused tax losses	9,173	3,971
Unabsorbed capital allowances	24,483	15,887
Unabsorbed tax allowances	27,005	29,766
Unrealised profits	11,192	11,828
Accrued liabilities	12,220	42,033
Other deductible temporary differences	8,514	6,608
Deferred tax assets (before off-setting)	92,587	110,093
Offsetting	(43,066)	(43,198)
Deferred tax assets (after off-setting)	49,521	66,895
<b>Deferred tax liabilities</b>		
Property, plant and equipment	47,331	40,689
Amounts due from customers for contract works	210	6,649
Deferred tax liabilities (before off-setting)	47,541	47,338
Offsetting	(43,066)	(43,198)
Deferred tax liabilities (after off-setting)	4,475	4,140

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit would be available against which the unused tax losses and the capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 12. DEFERRED TAX (CONTINUED)

#### Recognised deferred tax assets and liabilities (continued)

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

#### 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	
	2021 RM'000	2020 RM'000
Property, plant and equipment	(273,774)	(250,928)
Unabsorbed tax allowances	1,231,270	489,885
Accrued liabilities	1,209	1,748
Unused tax losses		
- Expires by 30 June 2022	23	33
- Expires by 30 June 2023 to 2028	45,631	28,160
	1,004,359	268,898

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

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

### 13. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
<b>Non-current assets:</b>		
Amounts owing by subsidiaries	392,236	359,908
<b>Current assets:</b>		
Amounts owing by subsidiaries	43,131	122,272

- (a) Amounts owing by subsidiaries are classified as financial assets measured at amortised cost.
- (b) The non-current amounts owing by subsidiaries represent unsecured advances of RM313,590,000 (2020: RM291,709,000), which bear interest at rates ranging from 2.97% to 4.04% (2020: 3.34% to 4.54%) per annum. The advances together with the interest receivable thereon, which amounted to RM392,236,000 (2020: RM359,908,000) are not repayable within the next twelve (12) months.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 13. AMOUNTS OWING BY SUBSIDIARIES (CONTINUED)

- (c) The amounts owing by subsidiaries are denominated in RM.
- (d) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the amounts owing by subsidiaries of the Company that are exposed to interest rate risk:

Company	Weighted average effective interest rate per annum %	Within 1 year RM'000	More than 1 year RM'000	Total RM'000
<b>30 June 2021</b>				
Floating rate	3.11	42,000	313,590	355,590
<b>30 June 2020</b>				
Fixed rate	4.50	-	98,218	98,218
Floating rate	3.99	-	193,491	193,491

- (e) Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 15(g) to the financial statements.
- (f) No expected credit loss is recognised arising from amounts owing by subsidiaries as the amount is negligible.

### 14. INVENTORIES

	Note	Group	
		2021 RM'000	2020 RM'000
<b>At cost</b>			
Construction materials		5,294	4,940
Trading inventories		38,405	79,768
Development costs – transfer from property, plant and equipment	5	22,501	-
		<b>66,200</b>	84,708

- (a) The costs of construction materials and trading inventories are determined using the first-in-first-out basis.
- (b) Development costs are measured at lower of cost and net realisable value. The cost will be recognised as an expense when the control of the asset is transferred to the customer.
- (c) During the financial year, inventories of the Group recognised as cost of sales amounted to RM187,784,000 (2020: RM362,017,000).

## NOTES TO THE FINANCIAL STATEMENTS

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## 15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade receivables</b>					
Third parties		<b>284,791</b>	344,845	-	-
Amounts due from customers for contract works	16	<b>127,646</b>	260,693	-	-
		<b>412,437</b>	605,538	-	-
Less: Impairment losses		<b>(909)</b>	(3,835)	-	-
Total trade receivables		<b>411,528</b>	601,703	-	-
<b>Other receivables</b>					
Other receivables		<b>20,837</b>	27,484	<b>625</b>	530
Deposits		<b>15,752</b>	6,569	<b>5</b>	5
Total other receivables		<b>36,589</b>	34,053	<b>630</b>	535
<b>Total receivables</b>		<b>448,117</b>	635,756	<b>630</b>	535
Hedge derivative assets		<b>26</b>	28	-	-
Prepayments		<b>12,682</b>	12,096	<b>51</b>	51
		<b>460,825</b>	647,880	<b>681</b>	586

- (a) Total receivables are classified as financial assets measured at amortised cost. Hedge derivative assets are classified as financial assets at fair value through profit or loss.
- (b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 7 to 60 days (2020: 7 to 60 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) The foreign currency exposure of trade and other receivables of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Australian Dollar	-	1,206
Euro	<b>83</b>	483
Renminbi	<b>8</b>	335
Singapore Dollar	<b>5,714</b>	681
Sterling Pound	<b>3,017</b>	6,193
United States Dollar	<b>11,875</b>	11,175



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 15. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment losses. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The probabilities of non-payments by the trade receivables are adjusted by forward-looking information i.e. Unemployment rate (2020: Non-Performing Loan ratio), and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss ("ECL") for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss. On confirmation that the trade receivables would not be collectable, the gross carrying values of the assets would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Movements in the impairment losses for trade receivables are as follows:

	Group	
	Credit impaired	
	2021 RM'000	2020 RM'000
Balance as at 1 July	3,835	2,368
Charge for the financial year	909	1,440
Reversal of impairment losses	(3,835)	(37)
Exchange differences	-	64
Balance as at 30 June	909	3,835

Credit impaired allowance refer to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Group	Gross carrying amount RM'000	Impaired RM'000	Total 30 June RM'000
<b>2021</b>			
Current	253,508	-	253,508
Past due			
61 to 90 days	18,580	-	18,580
91 to 120 days	4,633	-	4,633
More than 120 days	8,070	(909)	7,161
	31,283	(909)	30,374
	284,791	(909)	283,882
<b>2020</b>			
Current	290,853	-	290,853
Past due			
61 to 90 days	20,148	-	20,148
91 to 120 days	13,481	-	13,481
More than 120 days	20,363	(3,835)	16,528
	53,992	(3,835)	50,157
	344,845	(3,835)	341,010

- (f) Included in trade receivables is total retention sum for contract works amounting to RM1,667,000 (2020: RM21,610,000).
- (g) Impairment of other receivables, amounts owing by subsidiaries and amounts owing by joint ventures and associates are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit loss along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit loss along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit loss along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on operating performance of the other receivables, changes to contractual terms, payment delays and past due information. A significant increase in credit risk is presumed if contractual payments are more than 90 days.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) (continued)

The probabilities of non-payments by other receivables, amounts owing by subsidiaries and amounts owing by joint ventures and associates are adjusted by forward-looking information i.e. Non-Performing Loan ratio (2020: Non-Performing Loan ratio) and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other receivables, amounts owing by subsidiaries and amounts owing by joint ventures and associates.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

- (h) No expected credit loss is recognised arising from other receivables as the amount is negligible.
- (i) The fair value of hedge derivative assets of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the financial year.
- (j) The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

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

	Note	Group	
		2021 RM'000	2020 RM'000
Amounts due from customers for contract works	15	127,646	260,693
Amounts due to customers for contract works	24	(15,201)	(18,770)
		112,445	241,923

- (a) Amounts due from/(to) customers for contract works represent the timing differences in revenue recognition and progress billings as at the end of the reporting period.

Amounts due from customers for contract works are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Amounts due to customers for contract works are recognised as revenue when performance obligations are satisfied.

- (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period are within two (2) years.
- (c) Impairment for amounts due from customers from contract works that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 15(d) to the financial statements.
- (d) No expected credit loss is recognised arising from amounts due from customers for contract works as the amount is negligible.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 17. AMOUNTS OWING BY JOINT VENTURES AND ASSOCIATES

- (a) Amounts owing by joint ventures and associates are classified as financial assets measured at amortised cost.
- (b) The amounts owing by joint ventures and associates represented normal trade transactions and payments made on behalf, which were interest-free, unsecured and repayable within next twelve (12) months in cash and cash equivalents, except for an amount of RM447,903,000 owing by an associate, which bore interest at a fixed rate of 6.50% per annum in the previous financial year.
- (c) The foreign currency exposure of amount owing by an associate of the Group is as follows:

	Group	
	2021 RM'000	2020 RM'000
United States Dollar	2,920	2,983

- (d) In the previous financial year, the following table sets out the carrying amount, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the amount owing by an associate of the Group that was exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	Within 1 year RM'000	Total RM'000
<b>30 June 2020</b>			
Fixed rate	6.50	447,903	447,903

- (e) Impairment for amounts owing by joint ventures and associates are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 15(g) to the financial statements.
- (f) No expected credit loss is recognised arising from amounts owing by joint ventures and associates as the amount is negligible.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	699,499	868,102	14,516	76,247
Deposits with licensed banks (not more than three months)	753,857	372,287	200,552	272,753
As reported in the statements of financial position	1,453,356	1,240,389	215,068	349,000
Less:				
Bank balances and deposits pledged to licensed banks	(104)	(38,957)	-	-
Cash and cash equivalents included in the statements of cash flows	1,453,252	1,201,432	215,068	349,000

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks of the Group and of the Company have an average maturity period of 30 days (2020: 30 days).
- (c) The foreign currency exposure of cash and bank balances are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Australian Dollar	330	395	-	-
Euro	938	182	-	-
Japanese Yen	172	189	-	-
Korean Won	6	6	-	-
New Zealand Dollar	672	18	-	-
Papua New Guinea Kina	33	31	-	-
Singapore Dollar	7,961	9,991	-	-
Sterling Pound	731	121	-	-
United States Dollar	64,042	91,460	2,294	3,400

- (d) The bank balances and deposits pledged to licensed banks are for bank guarantees and term loans granted to certain subsidiaries as disclosed in Note 23(h) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 18. CASH AND BANK BALANCES (CONTINUED)

- (e) The weighted average effective interest rate of deposits with licensed banks of the Group and of the Company as at the end of each reporting period are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Fixed rates	1.71	2.03	1.88	2.28

- (f) No expected credit loss is recognised arising from the cash and bank balances and deposits with financial institutions because the probability of default by these financial institutions are negligible.

### 19. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment	-	3,986

- (a) Assets classified as held for sale were in relation to disposal of property, plant and equipment as disclosed in Note 5 to the financial statements.
- (b) In February 2020, the Group had entered into Sale and Purchase Agreement to dispose of a piece of freehold land with a petrol station and a convenience store which were all situated on the land together with all the fixtures, fittings and equipment situated, affixed or installed therein. The assets were presented within total assets of the Malaysia segment as disclosed in Note 4 to the financial statements.

The property, plant and equipment classified as held for sale at the end of the reporting period were as follows:

Group	At 30.6.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	2,867	-	2,867
Building	1,754	(642)	1,112
Plant, machinery and equipment	1,627	(1,627)	-
Renovation and electrical installations	254	(247)	7
Furniture, fittings and office equipment	372	(372)	-
	6,874	(2,888)	3,986

The disposals were completed during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 20. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
<b>Issued and fully paid</b>				
Balance as at 1 July	5,641,642	1,684,126	5,641,642	1,684,126
Issuance of ordinary shares pursuant to ESOS exercised	4,090	13,626	-	-
Share issue expenses	-	(1)	-	-
Balance as at 30 June	5,645,732	1,697,751	5,641,642	1,684,126

- (a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 5,641,642,303 to 5,645,732,458 by way of issuance of 4,090,155 new ordinary shares pursuant to the options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices of RM2.69 and RM2.93.
- (b) Of the total 5,645,732,458 (2020: 5,641,642,303) issued and fully paid ordinary shares as at 30 June 2021, 3,335,032 (2020: 3,335,032) ordinary shares purchased for RM3,624,613 (2020: RM3,624,613) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 5,642,397,426 (2020: 5,638,307,271).
- (c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

## 21. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-distributable:</b>				
Share options reserve	8,778	5,423	8,824	5,558
Exchange translation reserve	165,658	185,756	-	-
Hedging reserve	(93,410)	(177,841)	-	-
Fair value reserve	29,890	-	-	-
	110,916	13,338	8,824	5,558
<b>Distributable:</b>				
Retained earnings	2,792,626	2,438,308	932,480	1,014,832
	2,903,542	2,451,646	941,304	1,020,390

- (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 capital. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 21. RESERVES (CONTINUED)

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) 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.

(d) Fair value reserve

The fair value reserve relates to the fair valuation of financial assets categorised as financial assets at fair value through other comprehensive income.

### 22. PERPETUAL SUKUK WAKALAH

	Group and Company	
	2021 RM'000	2020 RM'000
Issuance at nominal value	500,000	-
Less: Transaction costs	(1,060)	-
Net nominal value	498,940	-

During the financial year, the Company had obtained approval for an Islamic notes issuance programme of up to an aggregate amount of RM3,000,000,000 in nominal value based on the Shariah principle of Sukuk Programme with the Securities Commission Malaysia. The Sukuk Programme, which has a perpetual programme tenure, provides the Company the flexibility to issue, from time to time, senior Islamic medium term notes ("Senior Sukuk Wakalah") and/or subordinated perpetual Islamic notes ("Perpetual Sukuk Wakalah") subject to the aggregate outstanding nominal amount not exceeding RM3,000,000,000 at any point in time.

The sums raised from the Sukuk Programme, which are moneys borrowed from the subscribers are used for the following Shariah-compliant purpose:

- (a) To finance investments, acquisition, capital expenditure, working capital requirements, repayment of intercompany borrowings; and/or
- (b) For general corporate purposes of the Company and/or its subsidiaries, associates and/or joint venture companies; and/or
- (c) To refinance existing financing/debt obligations.

In November 2020, the Company issued RM500,000,000 Perpetual Sukuk Wakalah pursuant to the Sukuk Programme.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 22. PERPETUAL SUKUK WAKALAH (CONTINUED)

This Perpetual Sukuk Wakalah is a financial instrument which has the following features:

- (a) A perpetual non-callable 7 years at profit rates of 4.15% per annum, payable semi-annually and are redeemable at the option of the Company subject to the terms of the Perpetual Sukuk Wakalah;
- (b) Direct, unsecured and subordinated obligations of the Company and shall rank pari passu without any preference amongst themselves and the Perpetual Sukuk Wakalah will be issued with a perpetual tenure that does not have a fixed maturity date; and
- (c) The Perpetual Sukuk Wakalah is rated and issued under the Shariah principle of Wakalah Bi Al-Istithmar and shall be transferable and tradable.

In compliance with Paragraph 16 of MFRS 132 *Financial instruments: Presentation*, the Perpetual Sukuk Wakalah is classified as equity. The classification of the Perpetual Sukuk Wakalah as equity is for accounting purposes and this does not alter its substance, nature and characteristic as a borrowing. Hence, the distribution paid under the Perpetual Sukuk Wakalah is for all intent and purposes akin to interest and would be treated as such for the purposes of income tax pursuant to Section 2(7) of the Income Tax Act 1967, despite the fact that it is recognised in equity in the period in which they are paid in this financial report.

The Perpetual Sukuk Wakalah is a fixed rate instrument. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

### 23. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Secured</b>				
Term loans				
- non-current	1,135,950	649,801	-	-
- current	47,165	131,367	-	-
	1,183,115	781,168	-	-
<b>Unsecured</b>				
Term loans				
- non-current	501,991	703,660	17,500	87,500
- current	250,537	102,807	70,000	61,250
Revolving credits				
- non-current	-	100,000	-	100,000
- current	-	223,510	-	210,094
	752,528	1,129,977	87,500	458,844
	1,935,643	1,911,145	87,500	458,844
<b>Represented by:</b>				
- non-current	1,637,941	1,453,461	17,500	187,500
- current	297,702	457,684	70,000	271,344
	1,935,643	1,911,145	87,500	458,844

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 23. BORROWINGS (CONTINUED)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Term loan agreements entered into by the Group and the Company include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.
- (c) The borrowings of the Group and of the Company are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
New Zealand Dollar	13,376	26,677	-	-
Ringgit Malaysia	968,317	1,302,905	87,500	368,750
Singapore Dollar	953,950	-	-	-
Sterling Pound	-	2,487	-	-
United States Dollar	-	579,076	-	90,094
	<b>1,935,643</b>	<b>1,911,145</b>	<b>87,500</b>	<b>458,844</b>

- (d) The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group and the Company for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group and the Company based on its size and its business risk. The fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the financial year.
- (e) The Group has the following outstanding interest rate swap contracts:

	Contract/Notional value		Net fair value losses
	FC'000	RM'000	RM'000
<b>2021</b>			
<b>Interest rate swap contracts</b>			
With maturity less than 1 year:			
Ringgit Malaysia	-	21,069	(51)
<b>2020</b>			
<b>Interest rate swap contracts</b>			
With maturity 1 year to 2 years:			
Ringgit Malaysia	-	59,629	(364)
With maturity within 3 years:			
United States Dollar	111,200	475,936	(20,073)





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 23. BORROWINGS (CONTINUED)

- (f) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group and of the Company that are exposed to interest rate risk:

	Weighted average effective interest rate per annum %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>						
<b>30 June 2021</b>						
<b>Bank loans</b>						
Floating rates	2.47	297,702	307,205	1,184,736	146,000	1,935,643
<b>30 June 2020</b>						
<b>Bank loans</b>						
Floating rates	4.06	457,684	356,401	730,932	366,128	1,911,145
<b>Company</b>						
<b>30 June 2021</b>						
<b>Bank loans</b>						
Floating rates	3.21	70,000	17,500	-	-	87,500
<b>30 June 2020</b>						
<b>Bank loans</b>						
Floating rates	3.67	271,344	70,000	117,500	-	458,844

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 23. BORROWINGS (CONTINUED)

- (g) The table below summarises the maturity profile of the borrowings of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group</b>				
<b>30 June 2021</b>				
Bank loans	343,325	1,598,781	150,497	2,092,603
<b>30 June 2020</b>				
Bank loans	533,449	1,234,976	381,079	2,149,504
<b>Company</b>				
<b>30 June 2021</b>				
Bank loans	71,553	17,546	-	89,099
<b>30 June 2020</b>				
Bank loans	286,872	193,767	-	480,639

- (h) Term loans of the Group are secured by certain property, plant and equipment and bank balances pledged to licensed banks as disclosed in Note 5(d) and Note 18(d) to the financial statements, assignments of contract proceeds and negative pledge of shares of certain subsidiaries.
- (i) Included in the borrowings of the Group is RM1,603,205,000 (2020: RM1,556,669,000) obtained under Islamic financing facility.

## NOTES TO THE FINANCIAL STATEMENTS

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## 24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade payables</b>					
Third parties		<b>565,532</b>	648,540	-	-
Amounts due to customers for contract works	16	<b>15,201</b>	18,770	-	-
Total trade payables		<b>580,733</b>	667,310	-	-
<b>Other payables</b>					
Other payables		<b>3,806</b>	41,186	<b>11</b>	-
Accruals		<b>162,829</b>	201,301	<b>919</b>	3,570
Total other payables		<b>166,635</b>	242,487	<b>930</b>	3,570
<b>Total payables</b>		<b>747,368</b>	909,797	<b>930</b>	3,570
Hedge derivative liabilities		<b>115</b>	21,006	-	-
		<b>747,483</b>	930,803	<b>930</b>	3,570

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost except for hedge derivative liabilities, which are classified as financial liabilities at fair value through profit or loss.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 1 to 90 days (2020: 1 to 90 days).
- (c) The foreign currency exposure of trade and other payables of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Euro	<b>242</b>	203
Japanese Yen	<b>327</b>	-
Singapore Dollar	<b>1,124</b>	2,088
Sterling Pound	-	2,567
United States Dollar	<b>2,491</b>	5,834

- (d) The fair value of hedge derivative liabilities of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 24. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

- (f) The maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one (1) year.

### 25. COMMITMENTS

- (a) Operating lease commitments

The Group as a lessor

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

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

	Group	
	2021 RM'000	2020 RM'000
Not later than one (1) year	181	703
Later than one (1) year and not later than five (5) years	47	30
	<b>228</b>	733

- (b) Capital commitments

	Group	
	2021 RM'000	2020 RM'000
(i) Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	2,400	4,200
Contracted but not provided for	4,100	6,100
	<b>6,500</b>	10,300
(ii) Commitments in respect of tank terminal business	<b>86,200</b>	778,000
(iii) Commitments in respect of upstream business	<b>312,000</b>	408,000



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 26. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue from contracts with customers:</b>				
- Contract revenue	770,208	1,253,007	-	-
- Sale of products and services rendered	839,717	1,050,441	-	-
<b>Other revenue:</b>				
- Dividend income from subsidiaries	-	-	74,082	538,135
	<b>1,609,925</b>	2,303,448	<b>74,082</b>	538,135
<b>Timing of revenue recognition:</b>				
- Transferred over time	813,131	1,296,260	-	-
- Transferred at a point in time	796,794	1,007,188	-	-
	<b>1,609,925</b>	2,303,448	-	-

## (a) Construction contracts

Revenue from construction contracts is recognised over the period of the contract using input method, which by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of that performance obligation if control of the assets transfers over time.

## (b) Services rendered

Revenue in respect of the rendering of services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligations over time.

Revenue from services rendered in the provision of tank terminal facilities for the energy sector is recognised at a point in time in the profit or loss upon performance services.

## (c) Sale of products

Revenue from sale of products is recognised at a point in time when the products have been transferred to the customers and coincide with the delivery of products and services and acceptance by customers.

## (d) Dividend income

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 27. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the notes to the financial statements, the profit before tax is arrived at:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging:				
Auditors' remuneration:				
- Statutory audit:				
- current year	1,129	1,189	60	60
- under provision in prior years	11	39	5	1
- Non-statutory audit	4	4	4	4
Contract expenditure	560,455	881,880	-	-
Interest expense on:				
- bank loans	24,602	52,508	8,084	18,619
- bank overdraft	30	26	-	-
- lease liabilities	1,210	1,285	-	-
Rental expense of:				
- low-value items	524	455	-	-
- short-term leases	4,019	7,494	-	-
And crediting:				
Gain on disposals of property, plant and equipment	17,137	290	-	-
Interest income from:				
- deposits with licensed banks	14,159	20,540	4,298	4,422
- advances to an associate	14,344	31,762	-	-
- advances to subsidiaries	-	-	18,349	18,502
Rental income	1,281	1,356	-	-

- (a) Interest income is recognised as it accrues, using the effective interest method.
- (b) Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.
- (c) Net gains and losses arising from financial instruments are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	31,429	50,899	22,647	22,924
Financial liabilities at amortised cost	(25,842)	(53,819)	(8,084)	(18,619)
	5,587	(2,920)	14,563	4,305



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 28. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company:				
Executive:				
Emoluments other than fees	9,383	9,604	-	-
Share options granted under ESOS	298	323	-	-
Non-Executive:				
Fees	883	735	883	735
Other emoluments	522	424	450	337
Total	11,086	11,086	1,333	1,072

The estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM64,000 (2020: RM74,000).

## 29. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	29,408	100,947	3,238	1,353
Foreign income tax	9,278	14,980	-	-
	38,686	115,927	3,238	1,353
(Over)/Under provision in prior years	(4,450)	687	-	-
	34,236	116,614	3,238	1,353
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	18,475	(5,679)	-	-
Over provision in prior years	(766)	(11,751)	-	-
	17,709	(17,430)	-	-
Tax expense for the financial year	51,945	99,184	3,238	1,353
Share of tax of joint ventures and associates	32,991	12,400	-	-
Total tax expense including joint ventures and associates	84,936	111,584	3,238	1,353

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 29. TAX EXPENSE (CONTINUED)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the financial year	<b>543,064</b>	648,095	<b>102,895</b>	537,751
Add: Total tax expense including joint ventures and associates	<b>84,936</b>	111,584	<b>3,238</b>	1,353
Profit before tax	<b>628,000</b>	759,679	<b>106,133</b>	539,104

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Applicable tax rate	<b>24.0</b>	24.0	<b>24.0</b>	24.0
Tax effects in respect of:				
Non allowable expenses	<b>2.2</b>	5.2	<b>0.8</b>	0.2
Tax exempt income	<b>(5.1)</b>	(4.0)	<b>(21.7)</b>	(24.0)
Lower tax rates in foreign jurisdiction	<b>(1.5)</b>	(1.8)	-	-
Effect of different effective tax rate of the joint ventures and associates	<b>(5.3)</b>	(4.9)	-	-
Utilisation of previously unrecognised deferred tax assets	-	(2.4)	-	-
(Over)/Under provision in prior years:	<b>14.3</b>	16.1	<b>3.1</b>	0.2
- current tax	<b>(0.7)</b>	0.1	-	-
- deferred tax	<b>(0.1)</b>	(1.5)	-	-
Average effective tax rate	<b>13.5</b>	14.7	<b>3.1</b>	0.2





## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 29. TAX EXPENSE (CONTINUED)

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

Items that may be reclassified subsequently to profit or loss	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>2021</b>			
Foreign currency translations	(25,725)	-	(25,725)
Fair value gain on cash flow hedge	20,947	-	20,947
Share of other comprehensive gain of joint ventures	69,185	-	69,185
	<b>64,407</b>	<b>-</b>	<b>64,407</b>
<b>2020</b>			
Foreign currency translations	14,379	-	14,379
Fair value loss on cash flow hedge	(15,949)	-	(15,949)
Share of other comprehensive loss of a joint venture	(86,387)	-	(86,387)
	<b>(87,957)</b>	<b>-</b>	<b>(87,957)</b>

Item that may not be reclassified subsequently to profit or loss	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>2021</b>			
Fair value gain on other investment	29,890	-	29,890

### 30. EARNINGS PER ORDINARY SHARE

- (a) Basic

The basic and 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 after deducting treasury shares.

	Group	
	2021	2020
Profit for the financial year attributable to ordinary equity holders of the parent (RM'000)	<b>543,141</b>	630,363
Weighted average number of ordinary shares in issue ('000)	<b>5,640,694</b>	5,638,307
Basic earnings per ordinary share (sen)	<b>9.63</b>	11.18

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 30. EARNINGS PER ORDINARY SHARE (CONTINUED)

(b) Diluted

Diluted earning per ordinary share for the financial year is calculated by dividing the profit for the financial year end attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year end 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 is 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	
	2021	2020
Profit for the financial year attributable to ordinary equity holders of the parent (RM'000)	<b>543,141</b>	630,363
Weighted average number of ordinary shares in issue ('000)	<b>5,640,694</b>	5,638,307
Effects of dilution due to ESOS ('000)	<b>1,527</b>	-
Adjusted weighted average number of ordinary shares applicable to diluted earning per share ('000)	<b>5,642,221</b>	5,638,307
Diluted earnings per ordinary share (sen)	<b>9.63</b>	11.18

### 31. DIVIDENDS

	Group and Company			
	2021		2020	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Interim cash dividend paid	<b>1.20</b>	<b>67,709</b>	1.20	67,660
Final cash dividend proposed/paid	<b>1.90*</b>	<b>107,300</b>	1.90	107,192
	<b>3.10</b>	<b>175,009</b>	3.10	174,852

The dividend per share is based on ordinary shares.

\* The Directors recommended a final cash dividend of 1.90 sen per ordinary share, amounting to approximately RM107,300,000 in respect of the financial year ended 30 June 2021, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the financial year ended 30 June 2021 do not reflect this proposed final cash dividend. The proposed final cash dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2022.



## NOTES TO THE FINANCIAL STATEMENTS

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### 32. EMPLOYEE BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Salaries, wages, bonuses and allowances	<b>235,329</b>	338,840
Directors' remuneration:		
- emoluments other than fees	<b>14,591</b>	20,104
Defined contribution plans	<b>23,460</b>	23,681
Share options granted under ESOS:		
- Directors	<b>716</b>	716
- Other employees	<b>4,763</b>	4,842
Other employee benefits	<b>14,013</b>	14,975
	<b>292,872</b>	403,158

### 33. EMPLOYEES' SHARE OPTION SCHEME

The ESOS was approved by the shareholders at the Annual General Meeting held on 14 November 2018 and came into effect on 3 December 2018. The ESOS shall be in force for a period of ten (10) years until 2 December 2028 ("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 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the issued ordinary shares of the Company (excluding treasury shares, if any) 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;
- (d) The maximum number of shares, which may be offered to any eligible employee shall be at the discretion of the ESOS Committee after taking into consideration, amongst others, the eligible employee's position, performance and length of service in the Company and its subsidiaries respectively, or such other matters that the ESOS Committee may in its discretion deem fit, 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 ordinary shares of the Company (excluding treasury shares, if any).
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee; and
- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 33. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

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

Option price	Number of options over ordinary shares					
	Balance as at 1.7.2020	Granted	Retracted*	Exercised	Balance as at 30.6.2021	Exercisable as at 30.6.2021
RM2.69	35,656,100	-	(1,547,500)	(2,379,955)	<b>31,728,645</b>	<b>4,456,493</b>
RM2.93	50,440,320	-	(2,741,060)	(1,710,200)	<b>45,989,060</b>	<b>3,890,656</b>
	86,096,420	-	(4,288,560)	(4,090,155)	<b>77,717,705</b>	<b>8,347,149</b>

\* Due to resignation

The fair value of share options 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 option measured at grant date and the assumptions used are as follows:

	2021	2020
Average share price at grant date (RM)	<b>2.99 - 3.31</b>	2.99 - 3.31
Exercise price (RM)	<b>2.69 - 2.93</b>	2.69 - 2.93
Fair value of share options (RM)	<b>0.52 - 0.57</b>	0.52 - 0.57
Risk free rate of interest (%)	<b>4.10</b>	4.10
Expected dividend yield (%)	<b>1.31 - 1.35</b>	1.31 - 1.35
Expected volatility (%)	<b>23.65 - 27.57</b>	23.65 - 27.57

### 34. RELATED PARTY DISCLOSURES

#### (a) Identities of related parties

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) Joint ventures and associates as disclosed in Note 10 to the financial statements;
- (iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group; and
- (iv) DIV Services Sdn. Bhd. ("DIV Services"), DIV Systems Sdn. Bhd. ("DIV Systems") and Dialog Innovation Ventures Sdn. Bhd. ("DIV") and its subsidiaries (collectively referred to as the "DIV Group"), whereby a Director cum substantial shareholder of the Company is also a director and/or substantial shareholder in DIV Group.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 34. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions

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

	2021 RM'000	2020 RM'000
<b>Group</b>		
Transactions with joint ventures and associates:		
Dividend income	68,535	69,343
Interest income	14,344	31,762
Sub-contract works received	16,777	286,453
Transactions with DIV Group:		
Provision of IT system and related services by DIV Services	1,575	4,463
Rental of premises to DIV Services	317	409
<b>Company</b>		
Transactions with subsidiaries:		
Dividend income	74,082	538,135
Interest income on advances	18,349	18,502

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

(c) Compensation of key management personnel

The key management personnel comprises the Executive Directors of the Group 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	
	2021 Number (‘000)	2020 Number (‘000)
Balance as at 1 July	10,621	2,372
Granted	-	8,249
Exercised	(794)	-
Balance as at 30 June	9,827	10,621

The terms and conditions of the ESOS are detailed in Note 33 to the financial statements.

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 30 June 2021 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 2021

### 35. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### (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 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 2021 and 30 June 2020.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. The net debt-to-equity ratios as at 30 June 2021 and 30 June 2020 are as follows:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings	23	<b>1,935,643</b>	1,911,145	<b>87,500</b>	458,844
Less: Cash and bank balances	18	<b>(1,453,356)</b>	(1,240,389)	<b>(215,068)</b>	(349,000)
Net debt/(Net cash)		<b>482,287</b>	670,756	<b>(127,568)</b>	109,844
Total equity attributable to owners of the parents		<b>4,597,668</b>	4,132,147	<b>2,635,430</b>	2,700,891
Net debt-to-equity ratio		<b>0.10</b>	0.16	<b>*</b>	0.04

Pursuant to the requirements of Practice Note No. 17 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the share capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2021.

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

\*Not required as the Company is in net cash position.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

**35. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Financial risk management**

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

**(i) Foreign currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

At the end of the reporting period, such foreign currency balances amounted to RM74,885,000 (2020: RM102,393,000) and RM2,294,000 (2020: RM3,400,000) for the Group and the Company respectively. The Group's policy is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost. The Group also attempts to limit its exposure for all committed transactions by entering into foreign currency forward contracts. As such, the fluctuations in foreign currencies are not expected to have a significant financial impact to the Group.

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

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate RM/FC	Expiry date
<b>30 June 2021</b>				
Australian Dollar	32	100	3.15	20.08.2021
Euro	550	2,702	4.91	07.07.2021 - 03.09.2021
Singapore Dollar	2,075	6,374	3.07	18.08.2021 - 08.10.2021
United States Dollar	2,623	10,829	4.13	08.09.2021 - 10.12.2021

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 35. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(i) Foreign currency risk (continued)

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

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Indonesian Rupiah (IDR'000)	Average contractual rate IDR/FC	Expiry date
<b>30 June 2021</b>				
United States Dollar	102	1,470,807	14,420	30.07.2021 - 31.08.2021

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in United States Dollar (USD'000)	Average contractual rate FC/USD	Expiry date
<b>30 June 2021</b>				
Japanese Yen	20,400	187	109.0	29.10.2021

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in United States Dollar (USD'000)	Average contractual rate USD/FC	Expiry date
<b>30 June 2021</b>				
Australian Dollar	98	74	0.75	16.07.2021

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in New Zealand Dollar (NZD'000)	Average contractual rate FC/NZD	Expiry date
<b>30 June 2021</b>				
Australian Dollar	155	167	0.93	23.07.2021 - 31.08.2021
United States Dollar	100	145	0.69	07.07.2021 - 20.08.2021



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 35. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Financial risk management (continued)

## (i) Foreign currency risk (continued)

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

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Ringgit Malaysia (RM'000)	Average contractual rate RM/FC	Expiry date
<b>30 June 2020</b>				
Australian Dollar	406	1,206	2.97	29.12.2020
Euro	434	2,088	4.81	30.07.2020 - 07.01.2021
Singapore Dollar	14	42	3.00	10.07.2020
Sterling Pound	515	2,787	5.41	03.08.2020 - 07.10.2020
United States Dollar	3,005	12,854	4.28	15.07.2020 - 18.12.2020

Group	Contractual amount in Foreign Currency (FC'000)	Equivalent amount in Thai Baht (Baht'000)	Average contractual rate Baht/FC	Expiry date
<b>30 June 2020</b>				
Euro	30	1,057	35.23	31.08.2020
Sterling Pound	327	12,791	39.12	15.07.2020

Sensitivity analysis for foreign currency risk

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

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021

#### 35. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Financial risk management (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to the Group's and the Company's bank borrowings, Perpetual Sukuk Wakalah, lease liabilities, deposits placed with licensed banks and advances to its subsidiaries.

##### Sensitivity analysis for interest rate risk

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

##### (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 and the Company also seek to invest cash assets safely and profitably with approved financial institutions in line with the Group's and the Company's policy.

Deposits with licensed banks, that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

##### Exposure to credit risk

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Note 15 to the financial statements.

##### Credit risk concentration profile

At the end of each reporting period, the Group and the Company have no significant concentration of credit risk except for the amounts owing by two (2) joint ventures, an associate and subsidiaries constituting 26% (2020: 44%) and 98% (2020: 99%) of total receivables of the Group and of the Company respectively. The Group and the Company do not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

##### (iv) Liquidity and cash flow risk

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



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 35. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Financial risk management (continued)

##### (v) Market price risk

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

The Group is exposed to market price risk arising from its investment in quoted shares outside Malaysia. The instruments are classified as financial assets at fair value through profit or loss and at fair value through other comprehensive income.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

### 36. CONTINGENT LIABILITIES - UNSECURED

- (a) The Company provides corporate guarantees up to a total amount of RM2,192,650,000 (2020: RM1,076,529,000) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM1,660,930,000 as at 30 June 2021 (2020: RM679,095,000).
- (b) In addition, the Company also provides a sponsor's undertaking to financial institutions for the provision of cash flow deficiency support of up to SGD58,463,000 (2020: SGD83,155,000), equivalent to RM180,651,000 (2020: RM255,287,000) for project financing secured by a joint venture.

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

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

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

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 37. MATERIAL LITIGATIONS

The Company and its wholly owned subsidiary, Dialog Pengerang Sdn. Bhd. ("DPengerang") have received a Writ and Statement of Claim dated 18 April 2019 ("the Suit") from Teguh Kemajuan Sdn. Bhd. ("TKSB").

TKSB was the owner of a piece of land held under GRN82359 Lot 1208 Mukim Pengerang, District of Kota Tinggi, Johor, which was previously compulsorily acquired by the State Government of Johor as part of the land forming part of Pengerang Independent Terminals Sdn. Bhd. ("PITSB")'s land. The land acquisition was completed in April 2013. PITSB, a joint venture company between DIALOG, Vopak Group and the State Government of Johor, is currently operating an independent storage terminal.

TKSB had challenged the compulsory land acquisition under a judicial review, which has been dismissed by the courts and TKS B has exhausted its rights of appeal. In addition to the judicial review, TKS B also challenged the original compulsory land acquisition price awarded. TKS B was successfully awarded a higher price in January 2018. However, TKS B is appealing against this decision at the Federal Court and the matter is pending the appeal.

TKSB is now claiming against the Company, amongst others, for conspiracy to injure TKS B by lawful and unlawful means, and/or unjust enrichment, and/or a claim based on constructive trust and the reliefs sought are, amongst others, damages in the sum of US\$1,354,262,406 (or its equivalent in Ringgit Malaysia at the time of judgment or payment) as the projected profits which would have been gained by TKS B if TKS B had not been deprived of the use and development of the land, exemplary damages; interests; costs and such further reliefs as may be just.

The Company and Dialog Pengerang Sdn. Bhd. have filed their respective applications to strike out the Suit.

The Suit has been struck out with costs for the Defendants on 6 October 2020. However, TKS B has filed a notice to appeal to the Court of Appeal on 28 October 2020 against the decision of the High Court Judge in allowing the Defendants' striking out application of the said suit. The hearing of the appeal is fixed for hearing on 29 October 2021 at the Court of Appeal.

The Suit did not have a material impact on the operational and financial position of the Group for the financial year ended 30 June 2021.

### 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO, which has been further extended until the conditions set by the Government of Malaysia for the various phases of the National Recovery Plan are achieved.

Whilst the world is experiencing a prolonged economic downturn due to COVID-19 global pandemic which had caused demand disruptions of petroleum products, the Group has maintained a very prudent approach and taken proactive steps in managing the Group's finances. Capital expenditure and operating expenses have been reviewed and cost reduction measures are ongoing without jeopardizing our operations and service delivery to customers.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(a) (continued)

The Group has also continued to prioritise the health and safety of its employees, and implemented necessary COVID-19 mitigation measures such as physical distancing at work, workplace segregation, staggered work hours and lunch breaks, flexible working arrangements including working from home, virtual meetings, temperature checks and regular workplace sanitisation.

Given the continued uncertainty posted by the COVID-19 pandemic, the Group continues to monitor both local and global developments closely, and remain proactive and vigilant in mitigating any potential impacts to the Group's businesses.

- (b) In September 2020, the Company had obtained approval for an Islamic notes issuance programme of up to an aggregate amount of RM3,000,000,000 in nominal value based on the Shariah principle of Sukuk Programme with the Securities Commission Malaysia. The Sukuk Programme, which has a perpetual programme tenure, provides the Company the flexibility to issue, from time to time, senior Islamic medium term notes ("Senior Sukuk Wakalah") and/or subordinated perpetual Islamic notes ("Perpetual Sukuk Wakalah") subject to the aggregate outstanding nominal amount not exceeding RM3,000,000,000 at any point in time.

Subsequent in November 2020, the Company completed the first issuance of RM500,000,000 Perpetual Sukuk Wakalah in nominal value with tenure of perpetual non-callable 7 years with a periodic distribution rate 4.15% per annum.

- (c) In June 2021, Dialog D & P Sdn. Bhd. ("DDPSB"), a wholly owned subsidiary of the Company, acquired the remaining 5% equity interest in Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") for a total cash consideration of USD1,802,000 (equivalent to RM7,478,030). Pursuant to that, HBP is now a wholly owned subsidiary of DDPSB. The Group then changed HBP's name to Dialog Bayan Petroleum Sdn. Bhd..

### 39. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In August 2021, Dialog Fabricators Sdn. Bhd. ("DFSB"), a wholly owned subsidiary of the Company, had entered into a Joint Venture Agreement ("JVA") with Morimatsu Technology and Service Company ("MTS") to collaborate and provide one-stop engineering and fabrication services of critical process equipment, pressure vessels and modular plant/facility solutions.

Subsequent in September 2021, Morimatsu Dialog (Malaysia) Sdn. Bhd. ("MDMSB") is incorporated with an initial issued and paid-up share capital of RM1,000 comprising 1,000 ordinary shares whereby MTS holds 51% equity stake and DFSB holds 49% equity stake, respectively.

MDMSB will provide a one-stop engineering and fabrication services of critical process equipment, pressure vessels and modular plant/facility solutions to support various industries and will serve its customers locally and internationally from Pengerang, Johor Darul Ta'zim which is strategically located with a private load out jetty.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

### 40. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 40.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform MFRS 139 and MFRS 7</i>	1 January 2020
<i>Amendments to MFRS 16 Covid-19 - Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Insurance Contract - Extensions of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020 (effective immediately)

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and the Company.

#### 40.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i>	1 April 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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



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## MyKasih Foundation

is a non-profit organisation that provides food aid, health awareness, children's education, financial literacy programmes and skills training programmes to less fortunate Malaysians.



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