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DIALOG GROUP BERHAD (178694-V)

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DIALOG

DIALOG GROUP BERHAD
(178694-V)

Annual Report **2009**



Continuous
Growth

DIALOG GROUP BERHAD (178694-V)

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Annual Report

Group's 10 Year Financial Summary

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenue (RM' million)	1,104.5	790.5	476.6	349.4	253.9	185.3	223.8	367.4	321.8	316.6
Profit before tax (RM' million)	123.5	97.2	59.0	53.2	35.5	40.8	36.1	67.8	56.0	51.0
Profit after tax (RM' million)	101.5	81.6	51.6	46.9	32.6	37.3	30.8	54.3	41.4	36.8
Net earnings per share (sen)	6.6	5.4	3.5	3.3	2.4	2.9	2.4	4.3	3.3	3.0
Shareholders' equity (RM' million)	440.6	379.2	324.5	313.6	291.2	275.8	223.5	196.8	145.9	110.9
Return on shareholders' equity (%)	22.4	21.5	15.4	14.8	11.5	15.0	14.7	31.7	32.2	38.5
Net cash dividend payment (RM' million)	37.7	32.1	22.5	20.9	18.7	16.7	11.6	10.3	6.5	5.4
Cash dividend rate (%)	36.0	31.0	22.0	21.0	19.0	17.0	15.0	13.0	10.5	13.0
Cash dividend payout ratio (%)	41.1	42.4	45.6	46.7	57.3	44.7	37.6	19.0	15.7	14.6
Net assets per share (sen)	31.5	27.1	23.3	23.0	21.3	21.1	17.6	15.7	11.8	9.1
Net cash per share (sen)	12.8	5.7	4.3	6.8	4.9	5.0	4.6	6.5	6.4	7.0

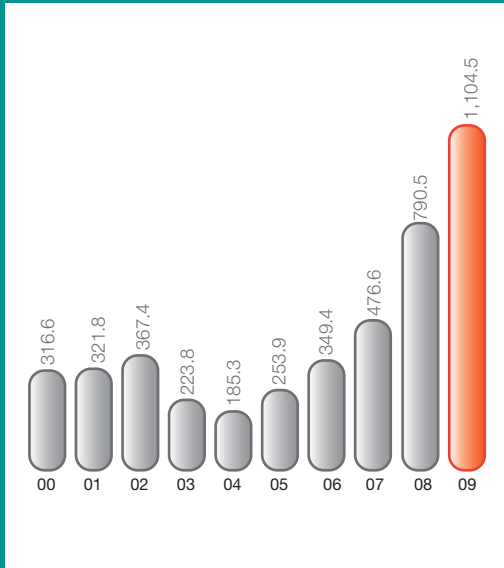
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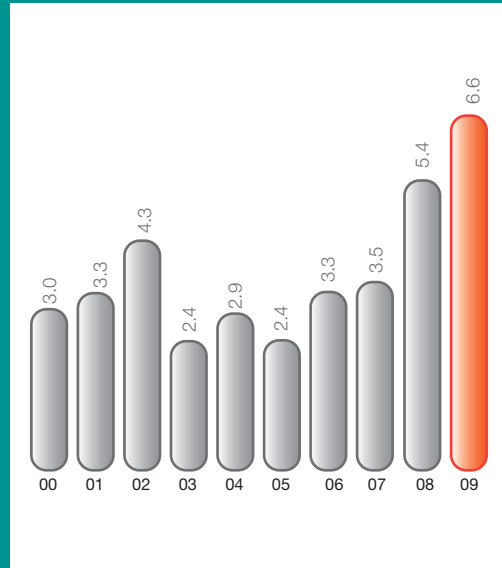
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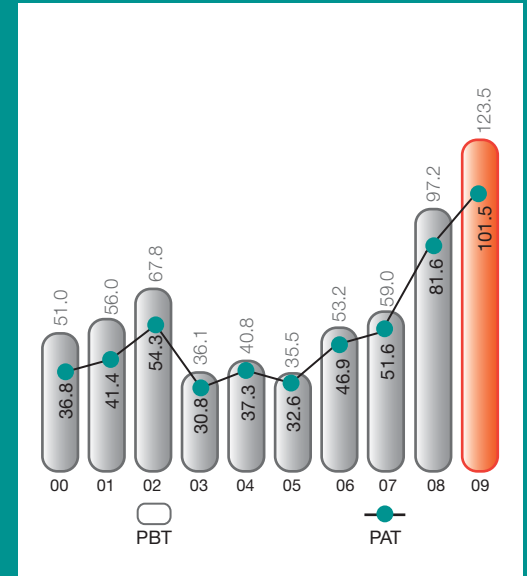
Revenue (RM' million)



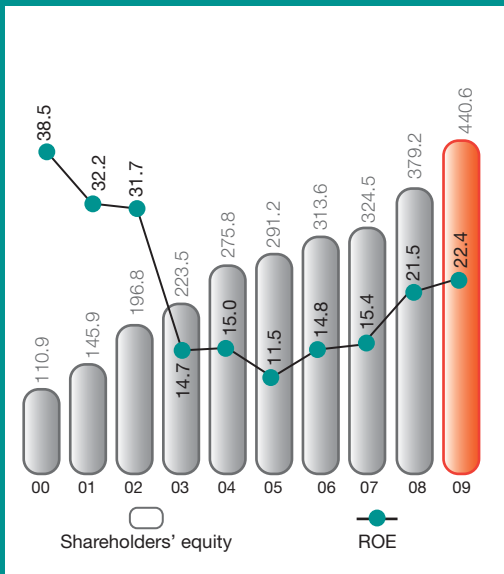
Net EPS (sen)



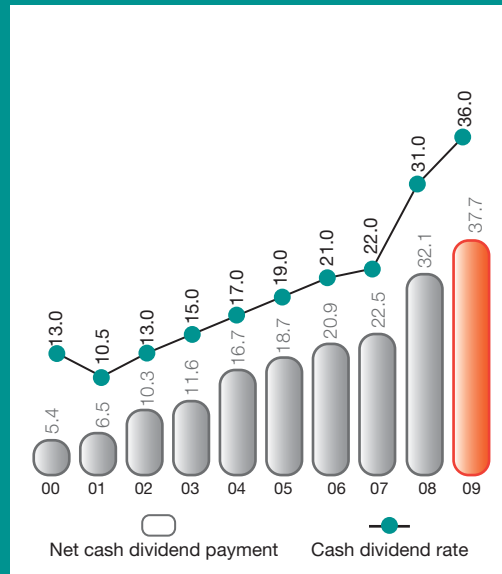
Profit before tax (RM' million) & Profit after tax (RM' million)



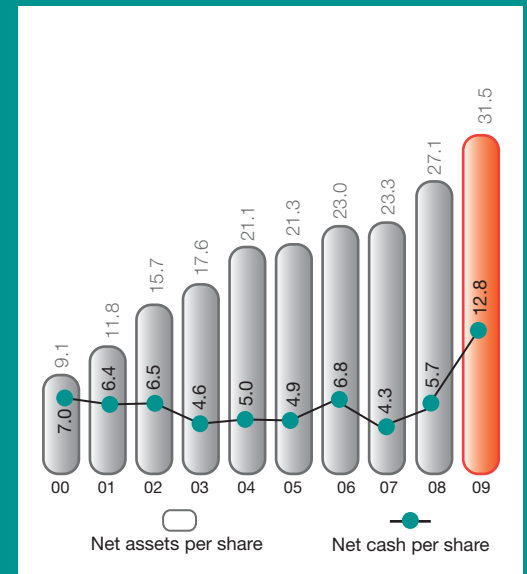
Shareholders' equity (RM' million) & Return on shareholders' equity (%)



Net cash dividend payment (RM' million) & Cash dividend rate (%)



Net assets per share (sen) & Net cash per share (sen)



Mission Statement

We, at Dialog Group Berhad (DIALOG or the Group), shall continuously enhance our competitiveness, competence and leadership positions in the provision of services to the oil, gas and petrochemical industry, namely:

- Logistic Services – Tank Terminals & Supply Base,
- Specialist Products and Services,
- Catalyst Handling Services,
- Plant Maintenance,
- Engineering & Construction,
- Fabrication,
- ePayment Technology & Solutions.

We shall honour our commitment to our clients based upon a corporate culture which is driven by a total commitment to quality, timely job completion and unfailing protection to health, safety and the environment.

We shall, as a responsible and caring corporate citizen, always actively support the Nation's aspirations and serve the best interest of the communities in which we work and live.

We shall continuously develop and retain a highly skilled, motivated and professional workforce which will generate the dynamics for extending the boundaries of our core competencies, thereby propelling the Group's business into strategic growth areas with a global reach and a diversified long term sustainable earnings base.



DIALOG in Brief



Since its commencement in 1984, DIALOG has grown into one of Malaysia's leading integrated specialist technical services providers to the oil, gas and petrochemical industry. The services provided range from upstream to downstream activities encompassing:

- Logistic Services - Tank Terminals & Supply Base,
- Specialist Products and Services,
- Catalyst Handling Services,
- Plant Maintenance,
- Engineering & Construction,
- Fabrication,
- ePayment Technology & Solutions.

Based in Kuala Lumpur, with offices and facilities in Malaysia, Singapore, Thailand, Indonesia, Vietnam, China, Hong Kong, Australia, Saudi Arabia, United Kingdom and USA, DIALOG has business interests and customers throughout the Asia Pacific region, the Middle East, Europe, Africa and USA. Among its customers are multi-national oil majors, national oil companies as well as multi-national engineering and services providers.

DIALOG was first listed on 6 May 1996 on the Second Board of the Kuala Lumpur Stock Exchange (KLSE) under the sector of Trading/Services. Four years later on 21 March 2000, DIALOG was transferred to the Main Board of the KLSE [now known as Main Market, Bursa Malaysia Securities Berhad] and was included as a component stock of the Kuala Lumpur Composite Index from 22 April 2002 to 5 July 2009 prior to the conversion of the KLCI to FBM KLCI on 6 July 2009.



Board of Directors



From left to right

CHEW ENG KAR

Director, Corporate Services

DATUK OH CHONG PENG

Independent Non-Executive Director

SITI KHAIRON BT SHARIFF

Non-Independent Non-Executive Director

**TAN SRI DATO' SERI MEGAT NAJMUDDIN
BIN DATUK SERI DR HAJI MEGAT KHAS**

Independent Non-Executive Director

NGAU BOON KEAT

Chairman and Group Managing Director

CHAN YEW KAI

Deputy Group Managing Director

ZAINAB BINTI MOHD SALLEH

Group Financial Controller and
Joint Company Secretary

DATO' MOHAMED ZAKRI BIN ABDUL RASHID

Independent Non-Executive Director

DR JUNID BIN ABU SAHAM

Independent Non-Executive Director

Chairman's Statement



DIALOG achieved a record revenue of RM1.1 billion, a 40% growth from last year with profit after tax increased by 24% to a record profit of RM101.5 million, as compared to RM81.6 million last year.

DEAR SHAREHOLDERS,

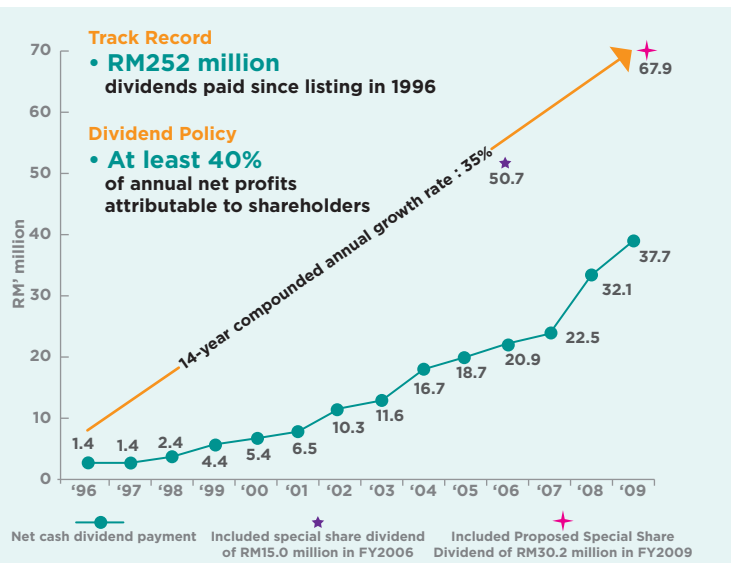
I am pleased to report that DIALOG has achieved another outstanding financial performance for the financial year ended 30 June 2009 (FY2009).

FINANCIAL PERFORMANCE

DIALOG achieved a record revenue of RM1.1 billion, a 40% growth from last year with profit after tax increased by 24% to a record profit of RM101.5 million, as compared to RM81.6 million last year. This is the first time the Group recorded a revenue exceeding RM1 billion and profit after tax exceeding RM100 million.

The outstanding financial results were contributed by all divisions, in particular the Specialist Products & Services Divisions, both in Malaysia and overseas.

Earnings per share improved to 6.57 sen from 5.40 sen and return on shareholders' equity for FY2009 was 22.4%. The Group's balance sheet continued to strengthen with total net assets expanded by 16% to RM440.6 million from RM379.2 million a year ago with net cash balances stood at RM126.7 million.



Dividend Records

DIVIDENDS

For FY2009, the Board of Directors recommends a final cash dividend of 24% less tax (FY2008: 20% less tax) per ordinary share of RM0.10 each. In addition, the Board also recommends a share dividend of 1 for 50 as a special dividend to commensurate with the 25th anniversary of DIALOG. Both these dividends are subject to the approvals of the shareholders at the forthcoming AGM.

The total cash dividend declared for FY2009 is 36% less tax per ordinary share of RM0.10 each. Including the special share dividend, the total payout ratio for FY2009 is 74%, which exceeds DIALOG's dividend policy of having a dividend payout ratio of at least 40% of annual profits attributable to shareholders. The compounded annual dividend growth rate since public listing in 1996 is 35%.

BUSINESS DEVELOPMENT

In June 2009, DIALOG signed a Memorandum of Understanding (“MOU”) with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated). The MOU is to conduct a detailed feasibility study and an environmental impact assessment to develop an independent deepwater storage terminal for crude oil and petroleum products with port facilities capable of handling very large crude carriers with a water depth of up to 26 metres. Pengerang is located at the southern tip of Johor state, close to international shipping routes and Singapore's international petroleum hub.

In July 2009, DIALOG then signed a Memorandum of Understanding with Vopak Asia Pte Ltd, which is part of the Royal Vopak Group (“VOPAK”) which enables VOPAK to become a strategic business partner in the development of the above independent deepwater storage terminal.

In August 2009, Dialog Services Saudi Arabia Company Limited secured from Saudi Ports Authority, Jubail Commercial Port a 34,500 sqm leased land to be developed into a Jubail Supply Base for integrated logistic services. This base will serve as a one-stop, integrated offshore logistic hub and resource centre for oilfield services, equipment and supplies, supporting the active and growing offshore oil and gas development in the Arabian Gulf.



MOU signing with Johor State Government

In anticipation of business growth potential, DIALOG will follow up with Phase 2 development from which an additional 28 hectares of land within the Jubail Commercial Port will be sought in later years. The proposed Jubail Supply Base once fully developed will occupy a total of about 31 hectares.

GENERAL REVIEW OF OPERATIONS

Our associated company, Kertih Terminals Sdn Bhd, continued to register sustainable profits for FY2009 whilst the development of the 400,000 cubic meters tank terminals in joint venture partnerships with MISC Bhd and Puma Energy Asia Pacific B.V. at the Tanjung Langsat Port is well in progress with the first phase comprising of MD/Naphtha tanks with storage capacity of 130,000 cubic meters which has commenced operations and has received its first product shipment in September 2009.

Sales of specialist products and services recorded another good year with sales revenue far exceeding the sales of last financial year. Demand for Shell MDS' Sarapar/Saraline base oil continued to grow both in Malaysia and overseas. We also delivered our first drilling base oil orders to Australia and the Middle East. During the year, we have also secured the first order of our Mercury Recovery Unit that integrates Johnson Matthey's mercury absorbent and our own design and fabrication capability. In addition, we had also secured our first sales of Birwelco's unique design of offshore flare system. We expect demand for our products in these sectors to grow strongly.

The Catalyst Handling division continued to register strong performance with more than 50% growth in revenue for FY2009. Dialog Services, Inc in USA broke new grounds by successfully completing the first major catalyst handling services for Western Refining Inc., El Paso, Texas USA.

The Plant Maintenance division recorded a steady growth in revenue for the current financial year with the completion of shutdown works at PETRONAS Penapisan (Melaka) as well as plant incinerator improvement project in OPTIMAL, Terengganu. Various maintenance, shutdown and turnaround works are currently in progress in Malaysia and Singapore

that will provide long term sustainable earnings growth to the Group. The Division has also expanded its operations to Saudi Arabia and has successfully performed bolting works, chemical and steam cleaning works for various companies.

The Engineering & Construction division progressed with the EPCC works for the petroleum products terminal projects for Langsat Terminal (One) Sdn Bhd, the Sabah Sarawak Pipeline project and 65,000m³ Penjuru Phase II project for Vopak Terminals Pte Ltd. During the year, we were awarded the Mercury Removal Unit EPCC project for Petronas Penapisan Terengganu.

Our Fabrication and Advance Composite Piping system division also continued to record steady growth in the current financial year. We had successfully completed fabrication works and manufacturing and installation of advance composite piping system for multi-national oil companies. We have secured our first long term contract with PETRONAS Carigali to replace corroded carbon steel or alloy metal firewater pipes and other failed imported GRE pipes for their existing platforms in Sabah.

HUMAN RESOURCES DEVELOPMENT

We will continue to focus on developing our human capital to ensure that our employees are well equipped to deal with every challenge to meet DIALOG's growth globally. Being an integrated specialist technical services provider to the oil, gas and petrochemical industry, the Group will constantly strive to support, honour and value our staff through dedicated programs that promote continuous learning and growth, in both personal and professional skills.

DIALOG has been running the "Young Graduates Programme" for the last twelve years to train fresh graduates from various fields, mainly those from engineering.

In addition, DIALOG also offers Employees' Share Option Scheme to employees as part of the Group's strategies to attract and to retain talents.

HEALTH, SAFETY & ENVIRONMENT

DIALOG recorded a 3.04 million manhours without a Lost Time Injury (LTI) for FY2009 up till February 2009. The cumulative manhours without LTI over the last 5 years was 11.28 million manhours.

During the year, DIALOG's subsidiaries have been awarded with:-

- a. PETRONAS Major Contractor Category Silver Award, Malaysia
- b. OHSAS 18001:1999 certification, Singapore
- c. Safe Star Award by Workplace Safety and Health Council, Singapore.

This high performance, however, was not maintained with 2 LTI recorded in February 2009 and May 2009 and a fatality in August 2009, at the ongoing construction of the Langsat Terminal (One) project. Learning from this painful experience, the Management has taken concerted efforts to put in place stringent measures to improve Health, Safety and Environment (HSE) practices at the work site.

DIALOG shall strive for HSE excellence in its pursuit of its future projects and businesses. Additional resources and HSE Management System are being progressively introduced to the various business units of the Group including OHSAS 18001:2007 and MS ISO 14001:2004 certification as appropriate.

QUALITY ASSURANCE

Most of DIALOG's subsidiaries are accredited with ISO certifications and also awarded with "U", "U2" and "S" certificates by ASME and "NB" and "R" certificates by the National Board of Boiler & Pressure Vessel Inspectors.

Dialog Systems Sdn Bhd and Pacific Advance Composites Sdn Bhd have been awarded the newly revised ISO9001:2008 certification by SIRIM endorsed by United Kingdom Accreditation Services and The International Certification Network.

CORPORATE GOVERNANCE

DIALOG's Directors and Management continue to be committed in maintaining good corporate governance by constantly having in place an effective corporate governance framework which is in line with the Malaysian Code on Corporate Governance. The principles and best practices of corporate governance are practiced across the Group to ensure that high standards of transparency, accountability and integrity are attained in managing the Group's business. The Board believes that having a strong corporate governance framework is the key to enhancing sustainable shareholders' value and the Group's financial performance as well as protecting stakeholders' interests.

PROSPECTS

Based on the recent International Energy Agency report, the global oil demand is revised up nearly 0.5 mb/d for both 2009 and 2010, to 84.4 mb/d and 85.7 mb/d respectively, mostly stronger than expected data in Organisation for Economic Corporate & Development (OECD) North America and non-OECD Asia. The global economy is stabilising and most nations will begin to return to trend growth within the next 12 to 24 months.

Being an integrated specialist technical services provider to the oil, gas and petrochemical industry, the Group remains focused on the recurring business in plant maintenance and catalyst handling services and the provision of the specialist products and services which are growing despite the current challenging economic situation. In addition, the Group shall continue to seek opportunities to grow its business with long term sustainable income, such as its investments in tank terminals and supply base business.

With the above proven business model, the Group concentrates to invest heavily in human capital in order to meet the growing business demand from our customers worldwide. The Group will continue to strengthen and widen its presence in existing markets and penetrate new ones in the Middle East, USA, Europe, Africa and South America.

Barring any unforeseen circumstances, the Group is optimistic that its performance will be favourable for the financial year ending 30 June 2010.



Launching of MyKasih programme, a CSR activity supported by DIALOG



New Zealand Annual Dinner & Dance 2009 co-sponsored by DIALOG

APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I welcome Datuk Oh Chong Peng, our new Independent Director to the Board. With his wealth of experience and knowledge, I am confident that Datuk Oh will contribute significantly to DIALOG's continued growth.

The Board of Directors and I also wish to express our sincere appreciation to our customers, principals, technology partners and business partners and associates for their continued support and confidence in the Group.

As always, our heartfelt thanks to our management and staff for their dedication, contribution and untiring commitment to the Group. Your undivided support to the Group over the last years has positioned the Group well to continue to take on new challenges and also to achieve new milestones.

Finally, our deepest appreciation to you, our shareholders, for your invaluable trust, confidence in and continuing support to the Group.

NGAU BOON KEAT

Chairman and Group Managing Director

Board of Directors' Profile



NGAU BOON KEAT is the co-founder and major shareholder of DIALOG and has been with the Group since 1984. He was appointed to the DIALOG Board on 2 January 1990 and is currently the Chairman and Group Managing Director of DIALOG, Chairman of the Remuneration Committee and ESOS Committee. He is also a board member of Kertih Terminals Sdn Bhd and Centralised Terminals Sdn Bhd. He is also the founder and director of MyKasih Foundation and a director of WGC 2012.

He is a Malaysian, aged 61, and holds a Bachelor Degree (Hons.) in Mechanical Engineering from the University of Canterbury, New Zealand. He is a member of the Institution of Engineers, Malaysia and the Institution of Engineers, Singapore. He is also a Registered Professional Engineer with the Board of Engineers, Malaysia.

He began his career in 1972 as a Refinery Engineer with Mobil Singapore Pte Ltd. He worked at Petronas Malaysia from 1975 to 1980 where he held various positions from Production Engineer to Engineering Manager. He has more than 37 years of working experience in both upstream and downstream of the oil, gas and petrochemical industry.



CHAN YEW KAI was appointed as the Deputy Group Managing Director of DIALOG on 23 September 2005.

He is a Malaysian, aged 55 and holds a first class honours degree in Chemical Engineering from the University of Malaya. He is a member of the Institute of Engineers, Malaysia and is a Professional Engineer registered with the Board of Engineers, Malaysia.

He joined DIALOG in 1993 as General Manager and was later promoted as Director and Chief Executive Officer of Dialog Systems (Asia) Pte Ltd, overseeing the operations of the Group's Business Development, Marketing, Technical Services and Petroleum Retail. He has over 31 years of experience in the oil, gas and petrochemical industry encompassing plant operations, project engineering and management, marketing and business development. He was formerly with ICI for 9 years and PETRONAS for 5 years.



DATO' MOHAMED ZAKRI BIN ABDUL RASHID was appointed to the DIALOG Board on 18 June 1999 and is an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee and ESOS Committee.

He is a Malaysian, aged 66, and holds a Bachelor of Arts Degree with Honours and a Diploma in Public Administration from the University of Malaya. He also holds a Masters Degree in Public Administration from the University of Southern California, U.S.A.

He retired from government service in 1998 as the Director General of the Department of Immigration of Malaysia after having served the department for more than 4 years. Previously he had served the Government in various capacities in the Ministry of Transport, Ministry of Finance and the Prime Minister's Department for more than 30 years. He is also a director of Hartalega Holdings Bhd.



DR JUNID BIN ABU SAHAM was appointed to the DIALOG Board on 29 June 1995 and is an Independent Non-Executive Director. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee, and is also the Chairman of the Risk Advisory Committee.

He is a Malaysian, aged 67 and graduated with Bachelor and Masters Degrees in Economics from the University of Canterbury, New Zealand. He also holds a Ph.D. (Economics) from the University of Hull, United Kingdom.

He has vast working experience in audit, banking, finance and business consulting spanning a period of over nearly 35 years. He was formerly with Arab-Malaysian Merchant Bank (now known as AmlInvestment Bank Berhad) for 16 years, and for 10 years as director of Kepner-Tregoe (M) Sdn Bhd, a constituent company of Kepner-Tregoe Inc. a Princeton, N.J. U.S.A. based corporate consulting and training firm. Throughout his business consulting years, he has acted as corporate adviser to a number of companies in the finance, information, communication and technology industries. Currently, he is also a director of Industronics Berhad, Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad) and Areca Capital Sdn Bhd, a fund management company.



TAN SRI DATO' SERI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS was appointed as an Independent Non-Executive Director of DIALOG on 18 April 2002. He is also a member of the Audit Committee.

He is a Malaysian, aged 65, and holds an Honours Degree in Law from the University of Singapore. He is active in the corporate sector and holds several important posts. He is the President of both the Federation of Public Listed Companies Berhad and the Malaysian Institute of Corporate Governance. He is currently also active in the Malaysian Institute of Integrity.

He currently sits as the Non-Executive Chairman of 4 public listed companies, ie. Asian Pac Holdings Berhad, Formis Resources Berhad, Tradewinds Corporation Berhad and MajuPerak Holdings Berhad. He sits as an Independent Non-Executive Director on the Board of SEG International Bhd and Salcon Berhad.

He is an Adjunct Professor of Law at University Utara Malaysia. A Veteran UMNO state root, he has been a member of the political party's Disciplinary Committee since its establishment in 2002.



DATUK OH CHONG PENG was appointed as an Independent Non-Executive Director of DIALOG on 9 January 2009. He is also a member of the Audit Committee.

He is a Malaysian, aged 65. He is a qualified Chartered Accountant and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants.

He was a senior partner of Coopers & Lybrand (now known as PricewaterhouseCoopers), Malaysia (1974-1997). He was a Committee Member of the Kuala Lumpur Stock Exchange (1990-1996) and also a past President (1994-1996), Council Member (1981-2002) of the MICPA and was also a member of the Malaysian Accounting Standards Board (2003-2009).

His directorships in other public companies include Alliance Financial Group Berhad (Chairman), British American Tobacco (Malaysia) Berhad, IJM Corporation Berhad, IJM Plantations Berhad, Kumpulan Europlus Berhad and Malayan Flour Mills Berhad. He is also a Trustee of UTAR Education Foundation and a Member of the Labuan Offshore Financial Services Authority. He also serves on the Listing Committee of Bursa Malaysia.



CHEW ENG KAR is the Director, Corporate Services of DIALOG. He was appointed to the DIALOG Board on 24 February 1998.

He is a Malaysian, aged 50, and holds a professional qualification with the Association of Chartered Certified Accountants, United Kingdom and is also a Chartered Accountant with the Malaysian Institute of Accountants.

He has been with DIALOG since 1992, where he joined as the Group Finance Manager and was later promoted to General Manager, Group Finance before he was appointed to his current position. He has more than 25 years of working experience in corporate and financial management.



SITI KHAIRON BT SHARIFF was appointed as a Non-Independent Non-Executive Director of the DIALOG Board on 17 February 2005, representing Employees Provident Fund Board (“EPF”), which is a substantial shareholder of DIALOG.

She is a Malaysian, aged 55, and holds a Bachelor of Economics (Hons.) Degree from University Malaya and MA (Econs) Degree from University of Philippines. She retired from EPF in 2008 as the General Manager, Fund Investment Department after having served the department for 12 years. She was a lecturer at University Putra Malaysia for 16 years prior to joining the EPF.



ZAINAB BINTI MOHD SALLEH is the Group Financial Controller and Joint Company Secretary of DIALOG. She was appointed to the DIALOG Board on 15 May 2007. She is also the Secretary of the Nomination Committee, Remuneration Committee and ESOS Committee.

She is a Malaysian, aged 43, and holds a Bachelor of Commerce in Accountancy from University of New South Wales, Australia and is a Chartered Accountant with the Malaysian Institute of Accountants.

She joined DIALOG in 1995 as Accountant and was later promoted to Group Financial Controller and Joint Company Secretary. She has over 21 years of working experience in auditing and financial management.

Mr Ngau Boon Keat is a deemed major shareholder of DIALOG.

None of the Directors has any family relationship with any director and/or major shareholder of DIALOG, any conflict of interest with DIALOG and any conviction for offences within the past 10 years.

Senior Management's Profile (Malaysia)



MUSTAFFA KAMAL ABU BAKAR joined DIALOG in 2001 and is the Chief Executive Officer of Dialog E & C Sdn Bhd and Dialog Plant Services Sdn Bhd. He holds a Bachelor of Science Degree, majoring in Mechanical Engineering from the Nevada-Reno University, USA. He has more than 22 years of working experience in the oil, gas and petrochemical industry. He was formerly with PETRONAS Carigali Sdn Bhd for 5 years and with other oil and gas related companies in design consultancy, construction and fabrication, and maintenance & specialised services.



JAMAL KAMALUDIN joined DIALOG in 1995 and is the Chief Executive Officer, New Ventures. He is currently involved in DIALOG's ventures in tank terminals business on build, own and operate basis, both locally and overseas. He holds a Bachelor of Science Degree in Chemical Engineering from the University of Aston in Birmingham, United Kingdom and is a Professional Engineer registered with the Board of Engineers, Malaysia. He has more than 27 years of working experience in the oil, gas and petrochemical industry, in both upstream and downstream activities and was formerly with Esso Production Malaysia Inc. for 13 years.



NG YEE SIANG joined DIALOG in 1991 and presently is the Technical Advisor to E&C Division. He holds a Bachelor Degree in Engineering (Mechanical) from Monash University, Australia and is a Registered Professional Engineer with the Board of Engineers Malaysia. He has over 35 years of EPCC project management experience in both upstream / downstream of the oil, gas and petrochemical industry. Prior to joining DIALOG, he worked with Singapore Petroleum Co. Refinery for 2 years, PETRONAS upstream exploration & production for 13 years and 4 years as General Manager of Shapadu on hook up / commissioning work.



CHAN FOK KYONG joined DIALOG in 1996 and is the Vice President, Technical for centralised tankage facility business. He holds a Diploma in Mechanical Engineering and has more than 34 years of experience in project management and construction of oil and gas facilities. He was formerly with Brunei Shell Petroleum Co. and Esso Production Malaysia Inc.



ALIZAN ABDUL MANAN joined DIALOG in 1998 and is the Head of Marketing and Business Development responsible for the Malaysian Operations. He holds a Bachelor Degree in Chemical Engineering from Loughborough University of Technology, United Kingdom and a Master Degree in Business Administration from Ohio University. He is a member of the Institution of Engineers, Malaysia and a registered professional engineer in Malaysia. He has over 27 years of working experience in plant operations, project feasibility study, engineering design and project management and was formerly with Esso Production Malaysia Inc., KTA Tenaga and Tenaga Nasional Berhad.



NG CHONG WAH joined DIALOG in April 2007 and is the Director, Corporate Planning. He graduated in Chemical Engineering from the University of Malaya in 1974. He worked in Singapore Petroleum Company (Refinery) for two years before he joined PETRONAS in 1976. He worked for 28 years with PETRONAS and his experience spanned from technical, commercial, marketing, business development, business planning, business evaluation and acquisition, corporate planning, international to senior management before he retired in 2003.



HO KAM YONG joined DIALOG in 2000 and is the Director, Corporate Development. She holds a Master of Business Administration and a Bachelor Degree in Corporate Finance from University of North Texas, U.S.A. She has more than 17 years of working experience in the development of macro strategies and risk management. Prior to joining DIALOG, she was a Strategic Planning Manager for the Hong Leong Group Malaysia assisting the Executive Chairman in the development of macro strategies to ensure future implications of all decisions are taken into consideration covering all the risk factors.



TAN KONG SENG joined DIALOG in 2009 and is the Head of HSE for the Group. He holds a Bachelor of Engineering from the Canterbury, New Zealand and a Management Diploma from the New Zealand Institute of Management. He is a member of the National Institute of Occupational Safety and Health (Malaysia) and Social of Petroleum Engineers. He has over 36 years of experience in the oil, gas and petrochemical industry, focusing on health, safety and environment for the last 18 years.



SUHAIMI MOHAMED joined DIALOG in 1997 and is the Director of Dialog Services Sdn Bhd. His last assignment was the Director of Dialog Services Saudi Arabia Company Limited where he was based in Al Jubail, Saudi Arabia. He holds a Chemical Engineering Degree from University of Tennessee, U.S.A. He has more than 22 years of working experience in plant turnaround and maintenance work and was formerly with PETRONAS.



LINDSAY TAN joined DIALOG in 1988 and is the Head of Contracts. She holds a Diploma in Technology (Building) and has over 28 years of working experience in the oil, gas and petrochemical industry.



JESSIE KU joined DIALOG in 2007 and is the Head of Human Resources and Administration, for the Group. She holds a Diploma in Personnel Management and has over 26 years of working experience. This was acquired in the operating environments of several multi-national companies within the manufacturing, consultancy and professional services sectors.



JEFFREY GERARD PERERA joined DIALOG in 2008 and is the Managing Director of the ePetrol Group of companies. He is responsible for the development and commercialisation of integrated payment technology, systems, services and solutions, especially those relating to MyKad use. He holds a Diploma in Banking Studies from the Institute of Bankers, London and has 29 years of working experience with HSBC Malaysia, where his last posting was Head of Card Business. Prior to joining e-Petrol, he was Country Manager for Visa International in Malaysia, Brunei and Guam where he served for 4 years.



ROKMANHILI ZAKARIA joined DIALOG in 1998 and is the Business Development Manager responsible for business development activities for DIALOG's centralised tankage facility services business. He holds a Bachelor of Science in Chemical Engineering from Purdue University, U.S.A. He has more than 13 years of working experience in the oil, gas and petrochemical industry.



MOHD AFFANDI YUSUF joined DIALOG in 2008 and is the Director, Business Development of Dialog Systems Sdn Bhd. He holds a Bachelor of Engineering Degree, majoring in Mechanical Engineering from Lakehead University, Canada. He has more than 19 years of working experience in the oil and gas industry. He was formerly with PETRONAS Carigali Sdn Bhd for 6 years and with other oil and gas related companies in project management, onshore fabrication, offshore hook up / commissioning and business development.



ANDREW LAI joined DIALOG in 1986. He is a Director of P.T. Dialog Sistemindo and Marketing Director responsible for business strategy and development of our locally-manufactured FIBERBOND® FRP Piping System covering Asia and Australia regions. He is also the Senior Sales Manager for specialty products and services. He has more than 27 years of working experience in the oil, gas, petrochemical and marine industry.

Senior Management's Profile (International)



CHONG CHONG WOOLI joined DIALOG in 1986 and is the Chief Executive Officer, Catalyst Handling division and President of the Group's Singapore and International Operations. He holds a Bachelor of Science Degree in Civil Engineering from the University of Aston in Birmingham, United Kingdom. He has over 26 years of working experience in the oil, gas and petrochemical industry.



TAN LEK LEK joined DIALOG in 1995 and is the Director of Operations, Construction & Maintenance. He is also the Director of Technical Audit for the Group. He holds a Bachelor Degree with Honours in Mechanical Engineering from the University of Malaya. He is a member of the Institution of Engineers, Malaysia and the Institution of Engineers, Singapore and a Registered Professional Engineer in Malaysia and Singapore. He has more than 32 years of multi discipline working experience in construction, commissioning and maintenance of onshore and offshore oil and gas facilities, petrochemical plants, water and waste water treatment plants, both locally and overseas.



LOY AH WEI joined DIALOG in 1986 and is the Director for Special Function for the Group and Chairman of Toh Teck Seng Engineering & Construction Pte Ltd. He holds a Master of Science Degree from the University of Manchester, United Kingdom. He is a Chartered Engineer and is also registered with the Singapore Professional Engineers' Board. He has over 37 years of working experience in the oil, gas and petrochemical industry and was formerly with Mobil for 3 years and Western Geophysical for 5 years.



LING KUI MUK joined DIALOG in 2007 and is the Head of Engineering for the Group. He holds dual degree from the University of New South Wales, Australia with a Bachelor of Engineering and a Master of Engineering Science. He is a member of the Institution of Engineers, Singapore and a Registered Professional Engineer in Singapore. He has more than 20 years of professional design experience in mechanical engineering in the oil and gas industry.



LIM DAW WOEI joined DIALOG in 1998 and is the Fabrication Director for the fabrication business unit. He holds an Honours Degree in Mechanical Engineering and a Master Degree in Business Administration from Strathclyde University, United Kingdom. He has 15 years of working experience in the oil, gas and petrochemical industry.



STEPHEN JOHN WILLIAMS joined DIALOG in 2001 and is the Executive Director of Catalyst Handling division. He graduated from the British Gas Technical College, United Kingdom. He has more than 31 years of working experience in all aspects of catalyst handling and related activities both onshore and offshore of the oil, gas and petrochemical industry.



YOSHIYUKI HIRAOKA is the Managing Director of OTEC Holdings Pte Ltd and holds a Bachelor Degree from Kogakuin University, Tokyo, Japan. He has over 38 years of working experience in engineering design and project management in the oil, gas and petrochemical industry and was formerly with Fuji Kantetsu Kogyo Co Ltd, Japan.



LEE HAM is Director of OTEC Holdings Pte Ltd. He is a Fellow of the Chartered Institute of Management Accountants, United Kingdom and also a Chartered Accountant with the Malaysian Institute of Accountants. He has over 33 years of working experience in finance and administration management in the manufacturing and oil, gas and petrochemical industry.



TOH TECK SENG is the Managing Director of Toh Teck Seng Engineering & Construction Pte Ltd since 1991. He has over 28 years of working experience in the oil, gas and petrochemical industry including specialisation in practical know-how of tank cleaning and desludging works in process industry for over two decades in Singapore.



TAN CHEE WAH is Director of Toh Teck Seng Engineering & Construction Pte Ltd. He has over 22 years of working experience for various project planning and execution in the oil, gas and petrochemical industry in Singapore.



TOH CHEE SENG joined DIALOG in 1995 and is currently the Senior Vice President, International Marketing and Sales. He holds a Bachelor of Science Degree in Chemical Engineering from Mississippi State University, USA. He has more than 14 years of working experience in the oil, gas and petrochemical industry.



STEVEN TEOW YEE joined DIALOG in 2004 and is the Marketing Manager of Dialog Systems Pte Ltd. He holds an Honours Degree in Chemical Engineering from the National University of Singapore and a Diploma in Marketing from the Chartered Institute of Marketing (United Kingdom). He has 11 years of working experience in the sales and marketing of specialty chemicals and catalysts. He was formerly with GE Plastics in Shanghai, China.



EDISON SINAGA joined DIALOG in 2000 and is the Director of PT. Dialog Sistemindo, Indonesia. He holds a Bachelor Degree in Chemical Engineering from Institute Technology Bandung, Indonesia. He has more than 16 years of working experience in the oil, gas and petrochemical industry in Indonesia and was formerly with ICI.



SITTICHAJ TALAPNAK joined DIALOG in 2002 and is the Country Manager of Dialog Systems (Thailand) Limited, Thailand. He holds a Bachelor Degree in Electrical Engineering from Mahanakorn University of Technology Bangkok, Thailand. He has 18 years of working experience in project engineering, project management, plant maintenance and business development for oil, gas and petrochemical industry. He was formerly with PTT Gas for 6 years and Samsung Engineering for 5 years.



ANDY COPLAND joined DIALOG in 1995 and is the General Manager of Dialog Services Pty Ltd, Australia and also the Head of QA/QC activities for the Group. He holds extensive inspection qualifications, a Certificate of Quality Assurance from New Zealand and is a Lead Quality Systems Auditor. He has over 23 years of worldwide working experience in a variety of roles in the oil, gas and petrochemical industry.



TAN NGEEMENG joined DIALOG in 2007 and is the Country Manager for Dialog Services Saudi Arabia Company Limited. He has 16 years of working experience in Saudi Arabia covering variety of discipline that includes logistics, procurement, sales and marketing of industrial products & services for the oil, gas and petrochemical industry.



MD NASIR BIN AHMAD joined DIALOG in 2009 and is the General Manager of Jubail Supply Base Saudi Arabia. He holds a Bachelor of Science in Maritimes Studies and International Transport from University of Wales, Cardiff, United Kingdom and a Diploma in International Trade from University Darul Iman of Terengganu, Malaysia. He has 13 years of working experience in the supply base business and fabrication industry. He was formerly with Kemaman Supply Base for 12 years and with Mushtari of EPIC Group for a year.



FANG MIN joined DIALOG in 2009 and is the Country Manager for China. He holds a Bachelor Degree in Geology from Jiangnan Petroleum Institute, Hubei, China and a Master Degree in Economics from University of International Business and Economics, Beijing, China. He has more than 15 years of working experience in the oil and gas industry. He was formerly with CNOOC, Halliburton, Wood Mackenzie and ION in Beijing, China.



DAVID MORGAN joined DIALOG in 1997 as the General Manager for Dialog Technivac for catalyst services in United Kingdom. He has a total of 25 years of working experience in the oil, gas and petrochemical industry worldwide. With his vast experience, he is responsible for the operations of the growing catalyst market of United Kingdom, Europe and North Africa.

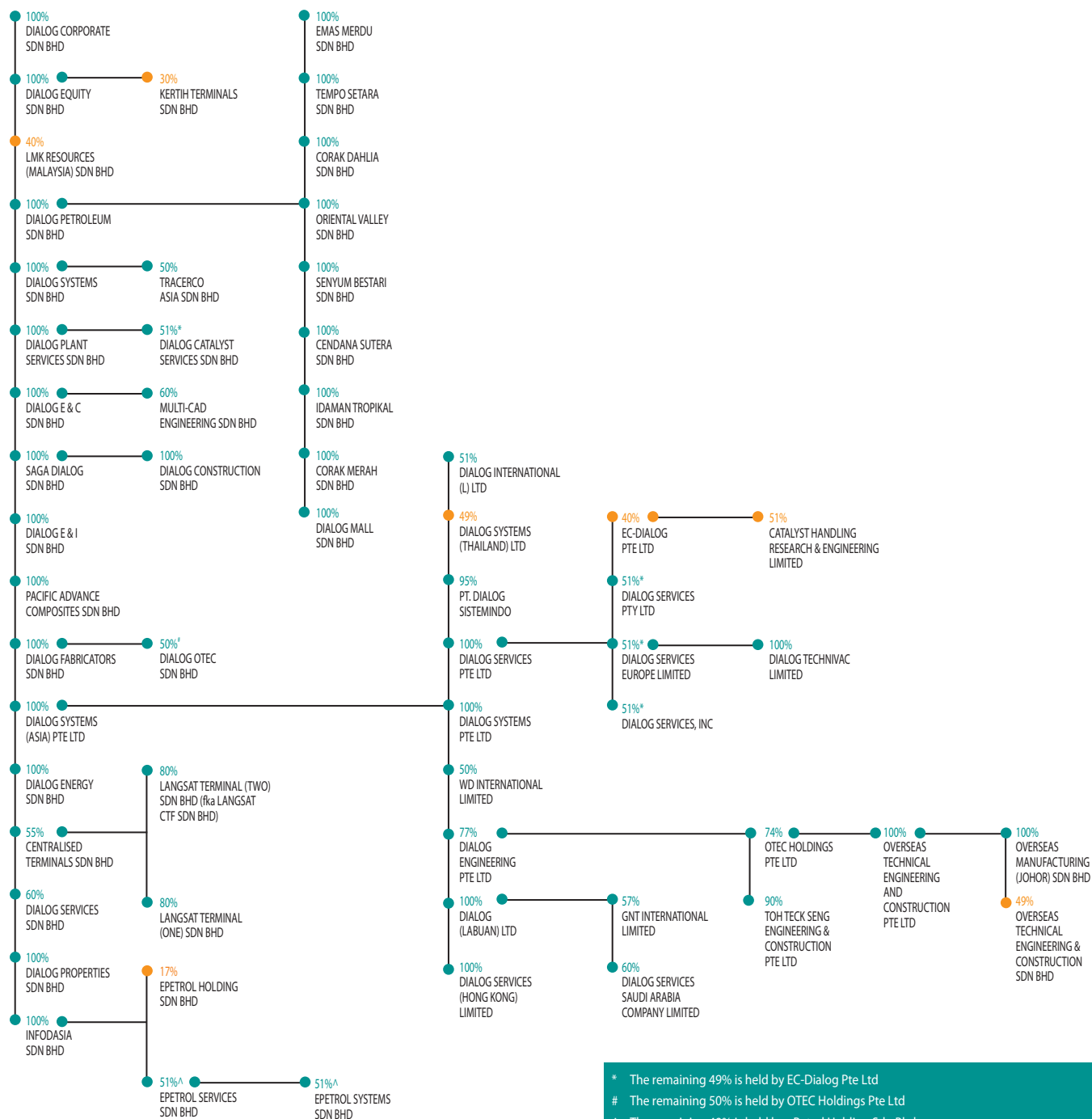


RAYMUNDO ALAMOS joined DIALOG in 2008 and is the General Manager for Dialog Services, Inc for North America. He brings with him 18 years of working experience in the North American petrochemical and refinery catalyst field. His management skills have been developed by managing established companies as well as being on the frontline of major projects throughout the US and abroad.

Corporate Structure as at 30 September 2009

DIALOG

DIALOG GROUP BERHAD



* The remaining 49% is held by EC-Dialog Pte Ltd

The remaining 50% is held by OTEC Holdings Pte Ltd

^ The remaining 49% is held by ePetrol Holding Sdn Bhd

Quality and Safety

QUALITY ASSURANCE & QUALITY CONTROL

Dialog Systems Sdn Bhd and Pacific Advance Composites Sdn Bhd have been awarded the newly revised ISO9001:2008 certification by SIRIM QAS International Sdn Bhd, endorsed by United Kingdom Accreditation Services (UKAS) and The International Certification Network (IQNet). Dialog Systems Sdn Bhd and Pacific Advance Composites Sdn Bhd are the first two DIALOG subsidiaries to achieve the new ISO9001:2008 certification.

Dialog E&C Sdn Bhd, Dialog Plant Services Sdn Bhd, Dialog Systems Pte Ltd, Overseas Manufacturing (Johor) Sdn Bhd, Toh Teck Seng Engineering & Construction Pte Ltd and Overseas Technical Engineering and Construction Pte Ltd, all have successfully maintained their respective ISO9001:2000 certification.

For the Quality Control section, Dialog Plant Services Sdn Bhd is the holder of “U”, “U2” and “S” certificates from The American Society of Mechanical Engineers (ASME) and; “NB” and “R” certificates from the National Board of Boiler & Pressure Vessel Inspectors. Overseas Manufacturing (Johor) Sdn Bhd is also the holder of the ASME “U” and “U2” certificates.

On the composites pipe business, Pacific Advance Composites Sdn Bhd is the holder of ABS Product Type Approval (PTA) certificates and ABS Manufacturing Assessment (MA) certificate, both awarded by American Bureau of Shipping (ABS).

By securing and maintaining the various quality certification, DIALOG has demonstrated a clear commitment to continuously providing and upholding the highest quality of products and services to our customers.

HEALTH, SAFETY & ENVIRONMENT

DIALOG recorded a 3.04 million manhours without a Lost Time Injury (LTI) for FY2009 up till February 2009. The cumulative manhours without LTI over the last 5 years was 11.28 million manhours.

During the year, DIALOG’s subsidiaries have been awarded with:-

- PETRONAS Major Contractor Category Silver Award, Malaysia
- OHSAS 18001:1999 certification, Singapore
- Safe Star Award by Workplace Safety and Health Council, Singapore.

This high performance, however, was not maintained with 2 LTI recorded in February 2009 and May 2009 and a fatality in August 2009, at the ongoing construction of the Langsat Terminal (One) project. Learning from this painful experience, the Management has taken concerted efforts to put in place stringent measures to improve Health, Safety and Environment (HSE) practices at the work site.

DIALOG shall strive for HSE excellence in its pursuit of its future projects and businesses. Additional resources and HSE Management System are being progressively introduced to the various business units of the group including OHSAS 18001:2007 and MS ISO 14001:2004 certification as appropriate.



Dialog Plant Services is the winner of the SILVER Award for PETRONAS GROUP HSE AWARDS under the category of Major Contractor for the FY2007/2008

Review of Operations



Langsat Terminal (One) tank terminals in Tanjung Langsat, Johor

LOGISTIC SERVICES - TANK TERMINALS & SUPPLY BASE

Our associated company, Kertih Terminals Sdn Bhd (KTSB), continued to register sustainable profits for FY2009. KTSB has a total of 42 tanks with a combined storage capacity of about 400,000 cubic meters. Total throughput tonnage for FY2009 was 2.7 million metric tons.

The development of the 400,000 cubic meters tank terminals in joint venture partnerships with MISC Bhd and Puma Energy Asia Pacific B.V. on a “build, own, operate and transfer” basis at the Tanjung Langsat Port is well in progress. The first phase of the development comprising of MD/Naphtha tanks of 130,000 cubic meters storage capacity has commenced operations and has received its first product shipment in September 2009. The second phase consisting of fuel oil tanks of 270,000 cubic meters storage capacity is under construction and expected to commence operation in the first half of 2010.

At Pengerang, in southern Johor, we are carrying out a detailed feasibility

study and an environmental impact assessment to develop an independent deepwater storage terminal for crude oil and petroleum products with port facilities capable of handling very large crude carriers with a water depth of up to 26 metres. This venture is being undertaken with the Johor State Government and a strategic business partner, Vopak Asia Pte Ltd.

SPECIALIST PRODUCTS AND SERVICES

Sales of specialist products and services recorded another good year with sales revenue far exceeding the sales of last financial year. Demand for Shell MDS' Sarapar/Saraline base oil continued to grow both in Malaysia and overseas. Major customers in Malaysia include Sarawak Shell, Talisman, PETRONAS Carigali, MI Drilling, Petrofac and Newfield. Internationally, we have managed to secure our first drilling base oil orders from Australia and the Middle East which we believe would serve as the key entry point to the growing market in these regions. Other international customers like PTTEP, Chevron Indonesia, ConocoPhillips,

Brunei Shell, Cairn Energy, ONGC, CPOC and many others from India, Thailand, Myanmar, Indonesia and Brunei have given us repeated orders.

The other major contributor was the Johnson Matthey's Mercury Removal Absorbents for offshore and onshore gas treatment activities. We have secured new customers, ie Carigali Hess and received repeat orders from Chevron/PTTEP in Thailand and ConocoPhillips in Indonesia.

Sales of other specialist products such as @Balance Managed Pressure Drilling, Enventure Global Technology's Solid Expandable Tubulars (SET™), Lisega's dynamic pipe supports and hangers continued to remain strong.

A significant breakthrough was achieved when we secured the first order of our Mercury Recovery Unit that integrates Johnson Matthey's mercury absorbent and our own design and fabrication capability. In addition we had also secured our first sales of Birwelco's unique design of offshore flare system. We expect demand for our products in these sectors to grow strongly.

The business unit is well positioned to offer a wide range of specialist services in the growing upstream sector, in particular, in the next growth sector of tertiary enhanced oil recovery from matured oil and gas fields. We will continue to seek more technology partners so that we can explore and develop new technologies to enhance our existing technologies to better serve our customers.

TRACERCO Process Diagnostic & Specialist Measurement Instruments

Tracerco Asia Sdn Bhd, a jointly owned entity, had registered steady growth in revenue during the year under review. We were awarded the contract to supply TRACERCO Profiler™ for Petronas Carigali Angsi and Cairn India's Mangala Terminal project in Rajasthan.

We had also performed the first mercury level measurement at the mercury-trap

vessel for Shell Philippines and rendered our Pig Tracking service to Murphy for its Kikeh operation. In addition, we had successfully completed the TRACERCO Diagnostics™ Wet Gas Meter Calibration for Talisman Malaysia.

Our first analytical laboratory in the Asia Pacific region is now in operation in Petaling Jaya, Selangor. This laboratory is equipped with state-of-art analytical instruments and endorsed by Tracerco's Tracer Technology Centre in the UK, a body accredited with ISO standards.

CATALYST HANDLING SERVICES

This division continued to register strong performance with more than 50% growth in revenue for FY2009. Our excellent safe practices and professional catalyst handling services have gained industry wide acceptance and recognition by our existing customers as well as oil majors

worldwide. This has led to the establishment of numerous long term service agreements with existing customers. Our other new customers are Ethylene and FPG Oleochemicals in Malaysia and Alliance Refining Company, Thailand, TOTAL & SABIC in UK, Gassco in Germany, In Amenas & El Gassi in Algeria, NGL in Qatar and Coastal Chemical in USA.

In November 2008, our new set up, Dialog Services, Inc in USA broke new grounds by successfully completing the first major catalyst handling services for Western Refining Inc., El Paso, Texas USA.

The division will continue to capitalise on its strength and market the one-stop solution on advanced catalyst handling technology to potential customers. On this premise, the business unit has recruited more skilled workers and equipped them with necessary training to cater for the expansion in the catalyst handling business.



Country Managers for Specialist Products and Services division



Catalyst handling services in USA