

PRESS RELEASE

FOR IMMEDIATE DISTRIBUTION

DESTINI BERHAD'S 9M2016 NET PROFIT UP 82% TO RM21 MILLION

KUALA LUMPUR, 22 November 2016 – Destini Berhad (“Destini” or the “Group”), a leading integrated engineering solutions provider today reported a 82% surge in net profit of RM21 million for its nine months ended 30 September 2016 (9MFY2016).

In 3QFY2016, the Group recorded a net profit of RM5 million on the back of RM48.6 million in revenue, as compared to a RM7.1 million net profit and RM90.33 million revenue the previous year.

The Group's 82% increase in net profit came from a net profit of RM11.5 million that was reported in the corresponding period in the previous year. Revenue also grew by 33% to RM239 million in 9MFY2016, as compared to RM179.2 million in the previous year.

Financial Summary (Unaudited)

RM'000	3 months ended 30 Sept 2016	3 months ended 30 Sept 2015		9 months ended 30 September 2016	9 months ended 30 September 2015	
	3Q2016	3Q2015	Chg	9MY2016	9MFY2015	Chg
Revenue	48,621	90,336	-46%	238,984	179,195	33%
Pre-tax profit	3,896	6,457	-40%	25,334	12,946	96%
Net profit attributable to shareholders*	4,953	7,108	-30%	21,016	11,544	82%

* Profit after tax and non-controlling interests

During the quarter under review, the Group's financial performance was mainly driven by its marine manufacturing services. Concurrently, the Group's provision of MRO services to the defence aviation sector remains a significant recurring income contributor.

Destini's Group Managing Director, Dato' Rozabil Abdul Rahman said, "Despite operating in a challenging global economic environment, the Group continues to report growth in its financial performance. Having a diversified income base across several industries has helped Destini mitigate the down cycle trend in certain industries and bolster the Group's overall financials".

"Moving forward, the Group is optimistic of securing more jobs from the marine sector as we see a lucrative future in the shipbuilding business. As it is, we are currently on track to deliver the first New Generation Patrol Craft (NGPC) for the Malaysian Maritime Enforcement Agency (MMEA) in December this year."

Recall that the Group was awarded a RM381.3 million contract to build six NGPC's for the maritime agency last year. On top of that, Destini had also recently entered into a joint-venture agreement with TH Heavy Engineering Berhad to pursue a contract to build three Offshore Patrol Vessels for the MMEA.

The Group remains committed to pursue growth opportunities across the industries it operates in, which include aviation, marine and land transport for both the defence and commercial sectors, as well as oil and gas.

"While we continue to invest to grow our commercial aviation business, our land transport division is on target to deliver the first seven units of motor trollies to Keretapi Tanah Melayu Berhad (KTM) in the first quarter of next year. There is a total of 35 units of motor trollies to be delivered over five tranches. Meanwhile on our oil and gas business, we are still bidding for more jobs and we are hopeful for a positive outcome soon," Dato Rozabil added.

ABOUT DESTINI BERHAD

DESTINI BERHAD (“**Destini**” or the “**Group**”) is an integrated engineering solutions provider with diverse interests in the aviation, marine, automotive as well as oil and gas industries. With a core business in ensuring safety and survival equipment efficiency in these industries, the Group excels in being one of the leading maintenance, repair and overhaul (MRO) service provider in the regions it has exposure in.

The Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini has evolved to provide a diversified range of products and services for the aviation, marine and automotive industries for both defence and commercial sectors. With a wider portfolio and coupled with Destini’s foray into oil and gas, the Group has expanded its geographical footprint over the Asian, Australian, Middle East and European regions.

The Group’s core values of perseverance, foresight, rational thinking and determination to succeed have helped nurture a strong working relationship with global customers from both the public and private sectors.

For more information, please log on to <http://www.destinigroup.com>

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SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED 30 SEP 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Sep-16 RM ' 000	30-Sep-15 RM ' 000	30-Sep-16 RM ' 000	30-Sep-15 RM ' 000
1. Revenue	48,621	90,336	238,984	179,195
2. Profit before tax	3,896	6,457	25,334	12,946
3. Net Profit for the financial period	3,883	6,357	19,208	10,743
4. Profit after tax and non-controlling interest	4,953	7,108	21,016	11,554
5. Basic earnings per share (sen)	0.50	0.88	2.21	1.44
6. Net dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share (sen)	47.47	39.53

ADDITIONAL INFORMATION

FOR THE THIRD QUARTER ENDED 30 SEP 2016

INDIVIDUAL PERIOD

CUMULATIVE PERIOD

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Sep-16 RM ' 000	30-Sep-15 RM ' 000	30-Sep-16 RM ' 000	30-Sep-15 RM ' 000
1. Profit from operations	4,562	7,053	27,445	14,855
2. Gross interest income	1	-	27	60
3. Gross interest expense	(464)	(596)	(1,597)	(1,909)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEP 2016**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30-Sep-16 RM'000	As at 31-Dec-15 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	96,882	94,916
Land use rights	1,746	1,879
Investment in jointly control entity	(195)	319
Intangible Assets	196,479	196,756
Investment in quoted share	2,724	2,444
Other investments	320	320
	297,956	296,634
CURRENT ASSETS		
Inventories	27,219	13,782
Trade receivables	186,977	118,679
Other receivables and deposits	71,074	24,853
Amount owing by jointly control entity	591	591
Tax recoverable	2,311	402
Deposit with licensed bank	15,879	31,816
Cash and bank balances	19,724	12,064
	323,775	202,187
TOTAL ASSETS	621,731	498,821
EQUITY AND LIABILITIES		
SHARE CAPITAL	113,024	91,667
SHARE PREMIUM	255,133	195,717
TRANSLATION RESERVE	10,741	11,995
RETAINED PROFITS	72,318	51,302
<i>Equity attributable to owners of the parent</i>	451,216	350,681
NON-CONTROLLING INTEREST	(2,060)	(252)
<i>Total Equity</i>	449,156	350,429
LONG TERM LIABILITIES		
Deferred taxation	3,075	3,070
Hire purchase payables	933	2,383
Bank borrowings	25,638	21,438
	29,646	26,891
CURRENT LIABILITIES		
Amount owing to customer on contract	39,032	40,521
Trade payables	45,413	35,228
Other payables and accruals	33,216	10,506
Hire purchase payables	415	622
Bank borrowings	9,460	21,618
Tax Payable	15,393	13,006
	142,929	121,501
TOTAL EQUITY AND LIABILITIES	621,731	498,821
Net assets per share attributable to owners of the parent (sen)	47.47	39.53
Weighted average number of ordinary shares ('000 units)	950,620	887,031
Enlarged number of ordinary shares in issue ('000 units)	1,130,240	916,667

1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30-Sep-16 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-15 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30-Sep-16 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-15 RM'000
Revenue	48,621	90,336	238,984	179,195
Cost of sale	(26,529)	(72,130)	(164,145)	(127,401)
Gross profit	22,092	18,206	74,839	51,794
Other income	77	561	971	1,049
Administrative expenses	(14,856)	(10,789)	(41,282)	(33,948)
Depreciation	(2,751)	(925)	(7,083)	(4,040)
Profit from operations	4,562	7,053	27,445	14,855
Share-based payment expenses	-	-	-	-
Finance cost	(464)	(596)	(1,597)	(1,909)
Share of result of associates/JV	(202)	-	(514)	-
Profit before tax	3,896	6,457	25,334	12,946
Taxation	(13)	(100)	(6,126)	(2,203)
Net profit for the financial period	3,883	6,357	19,208	10,743
Other comprehensive income				
- Exchange Translation differences	(429)	1,401	(1,254)	4,582
Other comprehensive income for the financial period	(429)	1,401	(1,254)	4,582
Total comprehensive income for the financial period	3,454	7,758	17,954	15,325
Net Profit for the financial period attributable to:				
Owners of the parent	4,953	7,108	21,016	11,554
Non-controlling interests	(1,070)	(751)	(1,808)	(811)
	3,883	6,357	19,208	10,743
Total comprehensive income for the financial period attributable to:				
Owners of the parent	4,524	8,509	19,762	16,136
Non-controlling interests	(1,070)	(751)	(1,808)	(811)
	3,454	7,758	17,954	15,325
Earnings per share attributable to owners of the parent:				
- basic (sen)	0.50	0.88	2.21	1.44
- diluted (sen)	0.48	0.86	2.09	1.41
Weighted average number of ordinary shares ('000 units)	989,730	807,989	950,620	804,067
Enlarged number of ordinary shares in issue ('000 units)	1,130,240	808,026	1,130,240	808,026

1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEP 2016**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT END OF CURRENT PERIOD (Unaudited) 30-Sep-16 RM' 000	AS AT END OF PRECEDING YEAR (Audited) 31-Dec-15 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	25,334	25,416
Adjustments for:-		
Amortization of intangible	-	551
Amortization of land use right	-	39
Bad debts written off	-	18
Depreciation of property, plant and equipment	9,443	11,340
Fair value adjustment on investment in securities (quoted share)	-	3,334
Impairment loss on other receivable	-	1
Interest expense	1,597	2,506
Interest Income	(27)	(363)
Inventory written down	-	66
Property plant and equip written off	-	126
Reversal of impairment of trade and other receivable	-	(18)
Share of (profit)/loss in investment in a associate company	514	242
Unrealised Foreign Exchange (Gain)/ Loss	-	(156)
	-	-
Operating profit before working capital changes	36,861	43,102
Inventories	(13,437)	2,819
Receivables	(113,750)	(51,291)
Payable	32,900	(10,572)
Amount due to contract customers	(1,489)	40,507
Joint venture	-	(591)
Directors	-	285
	-	-
Cash used in operations	(58,915)	24,259
Tax paid	(3,740)	(2,506)
Interest paid	(1,597)	(3,321)
Interest received	27	363
Net cash used in operating activities	(64,225)	18,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint venture	-	(560)
Investment in other	-	(40)
Proceeds from disposal of property, plants and equipment	-	602
Purchase of property, plant and equipment	(11,408)	(14,870)
Purchase of Quoted Shares	(280)	-
Addition of intangible assets	-	(268)
Acquisition of add interest from non controlling interest	-	(10,852)
Net cash inflow arising from acquisition of subsidiaries	-	(244)
	-	-
Net cash used in investing activities	(11,688)	(26,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	15,354
Repayment of term loan	(7,957)	(8,931)
Repayment of finance lease liabilities	(1,658)	(1,033)
Changes in LC or credit of TR	-	(6,016)
Proceeds from issuance of Share (ESOS)	-	5,317
Proceeds from exercise of warrants	82,571	31
Utilisation of share premium for issuance expenses	-	(120)
Decreased/(Increased) in Fixed Deposit pledge to licensed banks	-	(6,973)
	-	-
Net cash generated from financing activities	72,956	(2,371)
CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(2,957)	(9,808)
EFFECT OF EXCHANGE RATE FLUCTUATIONS	(1,254)	8,165
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,793	29,436
CASH AND CASH EQUIVALENTS END OF PERIOD	23,582	27,793
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER COMPRISE OF:		
Deposit with licensed bank	15,879	31,816
Cash and bank balances	19,724	12,064
Bank overdraft	-	(323)
	35,603	43,557
Deposit with licensed bank (pledge)	(11,667)	(15,410)
Cash at bank pledged with license bank	(354)	(354)
	23,582	27,793

1) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes to the quarterly report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEP 2016**
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2015	79,942	126,613	1,490	3,830	36,182	248,057	7,489	255,546
Net profit for the financial year	-	-	-	-	21,166	21,166	(3,839)	17,327
Exchanges translation differences for foreign operations	-	-	-	8,165	-	8,165	-	8,165
Total comprehensive income for the financial year	-	-	-	8,165	21,166	29,331	(3,839)	25,492
Transactions with owner:								
Issue of ordinary shares:								
- pursuant to business combination	10,715	64,286	-	-	-	75,001	-	75,001
- pursuant to share options exercised	1,003	4,915	(602)	-	-	5,316	-	5,316
- pursuant to warrants exercised	7	23	-	-	-	30	-	30
Share issuance expenses	-	(120)	-	-	-	(120)	-	(120)
Share-based payment transactions	-	-	(888)	-	888	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	16	16
Acquisition of additional interest from non-controlling interest	-	-	-	-	(6,934)	(6,934)	(3,918)	(10,852)
Total transaction with owners	11,725	69,104	(1,490)	-	(6,046)	73,293	(3,902)	69,391
At 31 December 2015 (Audited)	91,667	195,717	-	11,995	51,302	350,681	(252)	350,429

	Share Capital RM '000	Share Premium RM '000	ESOS Reserve RM '000	Foreign Currency Translation Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interest RM '000	Total Equity RM '000
At 1 January 2016	91,667	195,717	-	11,995	51,302	350,681	(252)	350,429
Net profit for the financial year	-	-	-	-	21,016	21,016	(1,808)	19,208
Exchanges translation differences for foreign operations	-	-	-	(1,254)	-	(1,254)	-	(1,254)
Total comprehensive income for the financial year	-	-	-	(1,254)	21,016	19,762	(1,808)	17,954
Transactions with owner:								
Issue of ordinary shares:								
- pursuant to business combination	-	-	-	-	-	-	-	-
- pursuant to share options exercised	-	-	-	-	-	-	-	-
- pursuant to warrants exercised	21,357	59,425	-	-	-	80,782	-	80,782
Share issuance expenses	-	(9)	-	-	-	(9)	-	(9)
Share-based payment transactions	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Acquisition of additional interest from non-controlling interest	-	-	-	-	-	-	-	-
Total transaction with owners	21,357	59,416	-	-	-	80,773	-	80,773
At 30 September 2016 (Unaudited)	113,024	255,133	-	10,741	72,318	451,216	(2,060)	449,156

A1. Significant Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015, which were prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

The financial statements of the Group has been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with MFRS, IFRS and the Companies Act, 1965 in Malaysia.

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs did not have any significant impacts on the financial statements of the Group and of the Company.

A2. Audit Report

The annual financial statement of the Company for the year ended 31 December 2015 was reported on without qualification.

A3. Seasonal or cyclical factors

The principal business operations of the Group are not materially affected by seasonal or cyclical factors during the financial quarter.

A4. Items of unusual nature and amount

There is no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of its nature, size or incidence.

A5. Material changes in estimates

There is no material change in estimates of amounts reported that will have a material effect in the financial quarter.

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Sep 2016

A6. Issuance or Repayment of Debt or Equity Securities

There is no issuance or repayment of debt or equity securities, share buybacks, share cancellations, shares held as treasury shares or resale of treasury shares in the financial quarter.

The detail movement of the issued and paid up capital and share premium reserved for the company are as follows:

A6. Issuance or Repayment of Debt or Equity Securities (Cont'd)

	No. of shares Issued and fully paid up ordinary shares of RM0.10 each	Share Capital	Share Premium	ESOS Reserves	Total
	'000	RM'000	RM'000	RM'000	RM'000
As at 1 Jan 2016	916,670	91,667	195,717	-	287,384
Issue of ordinary shares:					
- Pursuant to warrant exercised	213,570	21,357	59,425		80,782
Exercise expenses	-	-	(9)	-	(9)
As at 30 Sep 2016	1,130,240	113,024	255,133	-	368,657

A7. Dividend Paid

No interim dividend has been paid or declared during the current quarter.

A8. Segmental Analysis

a) Analysis of Segmental Revenue and Result

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
- Services and trading	48,621	90,336	238,984	179,195
- Construction	-	-	-	-
Elimination of inter-segment	-	-	-	-
Total	48,621	90,336	238,984	179,195
Segment result				
- Services and trading	3,883	6,357	19,208	10,743
- Construction	-	-	-	-
Profit after tax	3,883	6,357	19,208	10,743

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Sep 2016

A8. Segmental Analysis (Cont'd)

b) Analysis by Geographical Area

	Current Quarter			
	3 months ended 30 Sep 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	41,743	6,878	-	48,621
Inter segment	-	-	-	-
Total	41,743	6,878	-	48,621

	Preceding Quarter			
	3 months ended 30 Sep 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	79,354	10,982	-	90,336
Inter segment	-	-	-	-
Total	79,354	10,982	-	90,336

	Cumulative Quarter			
	9 months ended 30 Sep 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	216,826	22,158	-	238,984
Inter segment	-	-	-	-
Total	216,826	22,158	-	238,984

	Preceding Cumulative Quarter			
	9 months ended 30 Sep 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sale	136,583	42,612	-	179,195
Inter segment	-	-	-	-
Total	136,583	42,612	-	179,195

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Sep 2016

	30 Sep 2016			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	559,911	61,820	-	621,731
Segment liabilities	143,756	28,817	-	172,575
Depreciation	6,804	279	-	7,083
	30 Sep 2015			
	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
Segment Assets	303,193	115,760	-	418,953
Segment liabilities	57,509	86,059	-	143,568
Depreciation	3,682	358	-	4,040

A9. Valuation of property, plant and equipment

There was no valuation of property plant and equipment for the financial quarter.

A10. Significant Events During The Financial Quarter

During the financial period, the following significant events took place for the Company and its subsidiaries:

1. Destini Prima Sdn. Bhd., a wholly-owned subsidiary of the Company has on 19 April 2016 entered into a Memorandum of Understanding with AMMROC (Advanced Military Maintenance, Repair And Overhaul Center) L.L.C. ("AMMROC") for the purpose to provide a framework for developing a business case supporting the formation of a strategic alliance or other strategic agreement for the provision of the maintenance, repair, and overhaul of aircraft escape systems to targeted customers.

AMMROC is a limited liability company established in the Emirate of Abu Dhabi provides maintenance, repair and overhaul ("MRO") services to government owned or operated aircraft including those of the UAE Armed Forces and other aerospace customers worldwide.

2. System Enhancement Resources & Technologies Sdn. Bhd., a wholly-owned subsidiary of Destini, had on 20 June 2016, accepted a Letter of Award from Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and new road rail vehicle for a total contract sum of RM62,003,000 only for the period of twenty-four (24) months.
3. TF Corp Pte Ltd, had on 5 September 2016 subscribed for 1,500 new ordinary shares of GBP1.00 each in Imes Marine Safety Systems Limited at a subscription price of GBP50 each for a total cash consideration of GBP75,000 (equivalent to approximately RM401,707.50) only. The Subscription was funded via internally generated funds.

A11. Changes in Composition of the Group

There no changes in composition of the Group for the quarter under review.

A12. Significant Events Subsequent To the Financial Quarter

Subsequent to the financial period, the following significant events took place for the Company and its subsidiaries:

1. Destini Berhad on 27 October 2016 entered into a Joint Venture Agreement (“JVA”) with TH Heavy Engineering Berhad (“THHE”) to establish an unincorporated joint venture to procure the award of contract in relation to the works related to the supply, delivery, testing and commissioning of three (3) units of approximately 80 metres Offshore Patrol Vessels (“OPV”) complete with fittings and accessories for the Malaysian Maritime Enforcement Agency (“MMEA”) (“Project”), including the performance of an Industrial Collaboration Program (“ICP”) as required by the Government of Malaysia and thereafter to undertake the execution and completion of the works in relation to the Project (“Works”) on a negotiated proposal basis (“Joint Venture”).

A13. Contingent Liabilities or Assets

Except as disclosed below, there were no material contingent liabilities or assets during the financial quarter.

Banker’s guarantees in favour of the local authorities for the purpose of development projects
- Secured

Year to Date 30-Sep-16 RM ‘000	Year to Date 31-Dec-15 RM ‘000
26,493	26,493

A14. Capital Commitments

Approved and contracted for :

Year to Date 30-Sep-16 RM ‘000	Year to Date 31-Dec-15 RM ‘000
-	-

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter ended 30 Sep 2016.

Part B: Explanatory Notes Pursuant to Appendix 9B of The Listing Requirements Of The Bursa Malaysia Securities Berhad.

B1. Review of Performance

For the financial period ended 30 Sep 2016, the Group's revenue increased by 34% to RM238.98 million as compared to RM179.20 million in the preceding year corresponding period. The main contributor to the increased in revenue was marine manufacturing services.

Profit after tax and non-controlling interests increased by 84% to RM21.02 million as compared to RM11.55 million reported in the preceding year's corresponding period. The improvement in financial performance is mainly attributed to the increase in demand for the Group's MRO services and marine manufacturing services.

B2. Review of Current Quarter against Preceding Quarter

The Group registered a revenue of RM48.62 million for the current quarter under review compared to RM108.61 million in the preceding quarter. The Group's profit after tax and non-controlling interests decreased by 45% to RM4.95 million for the current quarter under review as compared to profit after tax and non-controlling interests of RM8.90 million in the preceding quarter. Lower revenue and profit were mainly due to lower order for the Group's MRO services and marine manufacturing services.

B3. Commentary on Prospects for the Next Financial Quarter

The directors expect the Group's operating environment to remain challenging and competitive. Barring unforeseen circumstances, the Board foresees the Group's operational results for the financial year 2016 will be satisfactory.

B4. Profit Forecast and Profit Guarantee

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

B5. Taxation

Individual Quarter		Cumulative Quarter	
Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
30-Sep-16 RM '000	30-Sep-15 RM '000	30-Sep-16 RM '000	30-Sep-15 RM '000

Current taxation	(13)	(100)	(6,126)	(2,203)
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B6. Corporate Proposals

There was no other corporate proposals announce but not yet completed as at the date of this quarterly report.

B7. Group Borrowings and Debt Securities

Group borrowings were as follows:

B7.1 Short Term Borrowings

	30-Sep-16 RM '000	30-Sep-15 RM '000
<u>Secured</u>		
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	415	396
Overdraft	-	-
Bank Borrowing	7,037	7,406
<i>Denominated in Singapore Dollar (SGD):</i>		
Hire Purchase Payables	-	-
Bank Borrowing	304	453
<i>Denominated in Chinese Renminbi (CNY):</i>		
Term Loans	2,119	2,396
Total	9,875	10,651

B7.2 Long Term Borrowings

	30-Sep-16 RM '000	30-Sep-15 RM '000
<u>Secured</u>		
<i>Denominated in Ringgit Malaysia:</i>		
Hire Purchase Payables	933	904
Term Loan	16,837	23,777
<i>Denominated in Singapore Dollar (SGD):</i>		
Bank Borrowing	8,801	87
Total	26,571	24,768

B8. Material Litigation

As at the date of this announcement, the Group is not engaged in any outstanding material litigation, which has a material effect on the financial position or the business of the Group and the Board.

B9. Dividends

The Board has not recommended any dividend for the financial quarter.

B10. Notes to the Statement of Comprehensive Income

	Individual quarter 30-Sep-16 RM '000	Year to date 30-Sep-16 RM '000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	2,751	7,083
Interest expenses	464	1,597

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 Sep 2016

B11. Earnings Per Share

The basic earnings per share for the quarter and year to date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Attributable to owners of parent (RM'000)	4,953	7,108	21,016	11,554
Weighted average number of ordinary shares ('000) in issue	989,730	807,989	950,620	804,067
Basic earnings per share (sen)	0.50	0.88	2.21	1.44

The dilute earnings per share for the quarter and year to date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Current Quarter	Current Year To Date	Preceding Year Current Quarter
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Attributable to owners of parent (RM'000)	4,953	7,108	21,016	11,554
Weighted average number of ordinary shares ('000) in issue	989,730	807,989	950,620	804,067
Effect of dilution : conversion of warrants	0.50	0.88	2.21	1.44
Adjusted weighted average number of ordinary shares in issue and Issuable('000)	1,032,528	824,216	1,003,330	820,295
Diluted earnings per share (sen)	0.48	0.86	2.09	1.41

B12. Disclosure of realised and unrealised profit

	Year to Date 30-Sep-16 RM'000	Year to Date 31-Dec-15 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	35,272	13,402
Less : consolidation adjustments	37,046	36,928
Total retained profits	72,318	50,330

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
Managing Director