



***DESTINI***  
ENGINEERING SOLUTIONS

**ANNUAL REPORT 2024**



# CONTENTS

## OVERVIEW

About This Report	2
Our Business	4
Destini's Presence	6
Corporate Diary	7
Subsidiary and Sub-subsidiaries	13
Corporate structure (subsidiary and sub-subsidiaries)	15
Corporate Information	16

## LEADERSHIP

Board of Directors	18
Key Senior Management	22

## PERFORMANCE

Chairman's Statement	27
Management Discussion and Analysis	29

## SUSTAINABILITY REPORT

Commitment to Sustainability	36
Sustainability Governance	38
Stakeholders Engagement	39
Material Sustainability Matters	40

## GOVERNANCE

Corporate Governance Overview Statement	50
Statement on Risk Management and Internal Control	68
Audit Committee Report	71
Additional Compliance Information	74
Statement of Directors' Responsibilities	75

## FINANCIAL STATEMENTS

Financial Report	76
List of Properties Owned	233
Statistics of Shareholding	234
Notice of Twentieth (20) Annual General Meeting	240
Proxy Form	245

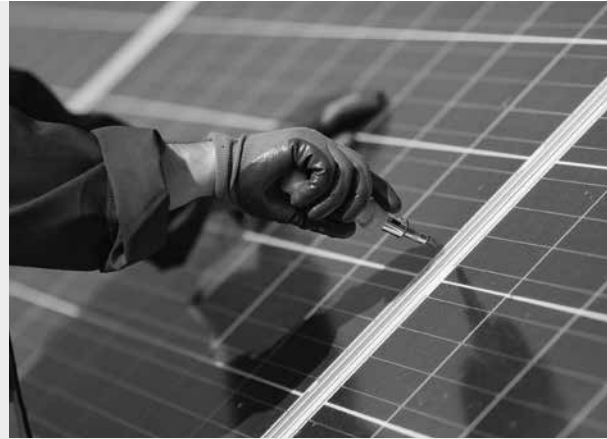
# ABOUT THIS REPORT

## BASIS OF THIS REPORT

We are pleased to present Destini Berhad’s 2024 Annual Report, in which we have adopted the International Framework as issued by the IFRS Foundation in January 2023. This report illustrates our commitment to good governance and transparency and also includes discussions surrounding sustainability and outlook to give our shareholders and stakeholders insights into our short-term and long-term plans.

This report provides insights on the Group, its subsidiaries, joint ventures and associates’ activities and performance during the period of 1 January 2023 to 30 June 2024. It also includes any material events that occurred after this date and up to the date of this report’s publication.

Enclosed in this report are the messages from Destini’s Non-Executive Chairman as well as Executive Director, Group Chief Operation Officer and Group Chief Financial Officer, which were approved by the Board of Directors (“Board”) on 23 October 2024. The information in this report addresses matters that are most material to our business and stakeholders.



## REPORTING APPROACH

### Integrated Report

This report aims to provide stakeholders with a comprehensive overview and assessment of Destini's financial and non-financial performance. Stakeholders will be able to better understand Destini's business and sustainability strategies, operational performance and our approach to governance.

### Financial Report

This report consists of the Directors' Report, Audited Financial Statements and Independent Auditors Report. Stakeholders will be able to find detailed financial disclosures to our shareholders, investors and other interested parties.

### Sustainability Report

This report discusses the Group's performance in Environmental, Social and Governance contexts. It describes our initiatives and their outcomes that are aimed at creating positive and sustainable impacts for our stakeholders.

### Reporting Framework

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Corporate Governance Guide by Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Code on Corporate Governance
- International/Malaysian Financial Reporting Standards
- International Integrated Reporting Framework
- Global Reporting Initiative ("GRI") Standards

### Assurance

- Internal controls and management assurance
- Compliance and internal audit reviews
- External audit by UHY Malaysia on financial statements, governance and sustainability report

This report contains forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances which could change. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.



# OUR BUSINESS

Destini Berhad (“Destini” or “the Company”) and its subsidiaries (“the Group”) is an integrated engineering solutions provider with diverse interest in the aviation & defence, energy, mobility and marine. The Group has business presence in Malaysia, Singapore, China, Australia, United Arab Emirates (“UAE”) and United Kingdom. Our services cover worldwide for local and international clients.

## AVIATION & DEFENCE



- Supplies safety and survival- related equipment and provides maintenance, repair and overhaul (“MRO”) services for the Royal Malaysian Airforce’s airborne and non-airbone assets and civil airline aircrafts, both fixed and rotary winged aircraft.
- Supplies of safety and survival equipments.
- Cylinder testing and calibration services.
- Aircraft search, rescue and salvage.

## ENERGY



- Engineering, Procurement, Construction, Installation and Commissioning of renewable energy systems.
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which include a comprehensive tubular and drilling programme.
- Supply of handling and drilling tools.

## OVERVIEW

## MOBILITY



- Provides Level 1 to Level 4 MRO services for Electric Trains.
- Assembly, fabrication, refurbishment and MRO of train sets and rail systems.

## MARINE



- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufactures proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.
- Provides MRO services relating to lifeboats, davits, load testing equipment, fire safety and other marine assets.

# DESTINI'S PRESENCE

1. UK
2. UAE
3. MALAYSIA
4. CHINA
5. SINGAPORE
6. AUSTRALIA



## OVERVIEW

## DESTINI'S CORPORATE DIARY

1991

**MARCH**

Satang Jaya Sdn Bhd ("**Satang Jaya**") commenced operations as an aviation tools and spare parts supplier.

1998

**MAY**

Satang Jaya was awarded the contract to provide maintenance, repair and overhaul ("**MRO**") services on the Royal Malaysian Air Force's ("**RMAF**") safety and survival equipment under the Ministry of Defence Malaysia's ("**MinDef**") RMAF Contractorisation Programme.

2005

**MARCH**

Satang Jaya entered Bursa Malaysia Securities Berhad ("**Bursa Securities**"), under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad ("**Satang Holdings**") in April 2007.

2008

**MAY**

Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 ("**PN17**") of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Securities.

2009

**JULY**

Satang Holdings shares were suspended from trading by Bursa Securities on 13 July.

2011

**SEPTEMBER**

As part of its regularisation plan, Satang Holdings changed its name to Destini Berhad to reflect a synergised and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.



2012

**MARCH**

Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd ("**SERT**").

**AUGUST**

The suspension of trading in Destini's shares was uplifted by Bursa Securities on 13 August after its regularisation plan was approved.

**DECEMBER**

Destini acquired a 51% stake in Singapore-based Vanguard Composite Engineering Pte Ltd (currently known as Vanguarde Pte Ltd), a company that manufactures lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

2013

**APRIL**

- Destini acquired the Techno Fibre Group to wholly- owned Techno Fibre Australia Pte Ltd, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.
- After completing its regularisation plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

**AUGUST**

The Group acquired its own building in Glenmarie Industrial Park, Shah Alam, to house its corporate office and workshop facility.

## OVERVIEW

## DESTINI'S CORPORATE DIARY

## 2014

**APRIL**

Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, currently known as Destini Oil Services Sdn Bhd (“**DOS**”).

**AUGUST**

Destini acquired a 50% stake in Detrac Sdn Bhd (“Detrac”) to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

## 2015

**APRIL**

Destini acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

**JUNE**

- Destini acquired an 80% stake in Safeair Technical Sdn Bhd (“**SAT**”), a company that provides Line Maintenance services for commercial airlines in local airports.
- Destini Aviation Sdn Bhd (“**DASB**”) entered into a joint venture agreement with UK-based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd (“**DAT**”), currently known as Avia Technique Asia Sdn Bhd. DAT was incorporated to carry on the provision of inspection, repair and overhaul services for commercial aircraft components

**NOVEMBER**

Destini acquired the remaining 49% stake in Vanguard, making the lifeboat maker a wholly-owned subsidiary of the Group.

**DECEMBER**

The Group acquired Destini Shipbuilding and Engineering Sdn Bhd (“**DSBE**”) to enable it to fabricate six 44.25-meter New Generation Patrol Craft (“**NGPC**”) worth RM381.30 million for the Malaysian Maritime Enforcement Agency (“**MMEA**”).

## 2016

**MARCH**

Vanguard receives contract to supply eight Self-Propelled Hyperbaric Lifeboats to UK-based JFD.

**APRIL**

Destini Prima Sdn Bhd (“**DPSB**”) entered into a Memorandum of Understanding with Advanced Military Maintenance, Repair and Overhaul Centre (“**AMMROC**”) L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

**JUNE**

SERT accepted its first rail-related award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and road rail vehicle for Keretapi Tanah Melayu Berhad (“**KTMB**”) worth RM62 million.

**SEPTEMBER**

TF Corp Pte Ltd subscribed 60% shares in IMES Marine Safety Systems Limited, the company currently known as Destini Marine Safety Solutions Ltd. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

**OCTOBER**

Destini entered into a Joint Venture Agreement with TH Heavy Engineering Berhad (“**THHE**”) to establish an unincorporated joint venture to procure the award for the supply, delivery, testing and commissioning of three 80-meter Offshore Patrol Vessels (“**OPV**”) for the MMEA.

**NOVEMBER**

DSBE and THHE's wholly-owned subsidiary THHE Fabricators Sdn Bhd, formed a joint venture company, Gigih Integrasi Sdn Bhd, to undertake the fabrication of the three OPVs. Gigih Integrasi Sdn Bhd is now known as THHE Destini Sdn Bhd.

**DECEMBER**

The Group secured a three-year contract extension to provide MRO services and to supply safety and survival related equipment to the RMAF for RM98.20 million.

## OVERVIEW

## 2017

**JANUARY**

THHE Destini Sdn Bhd, a 51:49 joint venture company between THHE and Destini, secured a contract worth RM738.9 million for the supply, delivery, testing and commissioning of three OPVs for the MMEA.

**FEBRUARY**

Destini acquired a 70% stake in safety and security equipment company, Halaman Optima Sdn Bhd, for RM5.5 million to enable the Group to supply six multipurpose armed reconnaissance helicopters worth RM321.9 million to Royal Malaysian Army.

**JUNE**

DASB entered into a Joint Venture and Shareholders Agreement with Sapura Aero Sdn Bhd to incorporate a joint venture company that is to be in the business of rotary wing and fixed aircraft sale, supply and provision of MRO in relation to aircraft and helicopters and the provision of programmes such as wet leasing and dry leasing of aircraft.

**NOVEMBER**

- DOS and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the Southeast Asian and South-East Asia Region.
- Destini Armada Pte Ltd acquired a 70% stake in AMS Marine Pte. Ltd, a Singapore-based company that is in the business of design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks and non-destructive testing to the marine and oil and gas industry.



## 2018

**APRIL**

- Destini Engineering Technologies Sdn Bhd (“**DET**”) inked an MOU with Felcra Berhad to provide MRO services for industrial facilities and equipment for agriculture and related industries within Malaysia and the ASEAN region.
- DOS was awarded a two-year umbrella contract by PETRONAS Carigali Sdn Bhd (“**PCSB**”) for the provision of well abandonment integrated services.
- Destini Prima Sdn Bhd (“**DPSB**”) accepted an award from the MinDef for an additional RM138 million to an existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF.

**MAY**

DOS was awarded a US\$8 million (RM31.76 million) contract to be Pakistan-based Lyallpur Oil Tool Pvt Ltd’s technical partner for tubular running services in Pakistan.

**JULY**

The Group received a conditional work order for the provision of well abandonment integrated services for Pulau B platform, off the coast of Terengganu. This came under the two-year umbrella contract by PCSB for the provision of well abandonment integrated services that Destini received in April.

**AUGUST**

DOS received an award from POSCO Daewoo Corporation for the provision of tubular running services in Myanmar for US\$5.2 million (RM21.17 million).

**DECEMBER**

DOS was awarded the provision of tubular handling, conductor installation and slot recovery equipment and service for the Pan Malaysia Petroleum Arrangement Contractors (“**PAC**”) Operators Drilling Program by PCSB.

## OVERVIEW

## DESTINI'S CORPORATE DIARY

## 2019

## JANUARY

- DPSB received a letter of extension from the Ministry of Home Affairs to provide MRO services, technical assistance and supply of spares related to safety and survival equipment, ground support and mechanical equipment, electronic equipment, airborne multisensory system and flight operations system the Royal Malaysia Police Air Wing for a period of three years until November 2021 for RM10 million.
- DOS received a letter of award for the provision of tubular running services for exploration and appraisal and infill drilling campaign at the lower part of the Gulf of Thailand near the South China Sea for Carigali-PTTEPI Operating Company Sdn Bhd. The tenure of the contract is two years with one-year extension option.

## MARCH

DOS was awarded the provision for tubular handling, conductor installation and slot recovery equipment and services for PAC Operators' Drilling Program for Sarawak Shell Berhad. The total value of the contract awarded depends on the work orders to be issued.

## APRIL

- Destini Rail Sdn Bhd incorporated a wholly-owned subsidiary, DLP Rail Sdn Bhd, as part of a plan to expand its future service offerings to include total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.
- DAT entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair, and carry out overhaul activities on aircraft safety equipment. The agreement's tenure is three years with an option to extend for another two years.

## MAY

Destini Rail Sdn Bhd entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn Bhd, and SVPR Consulting Services Sdn Bhd in respect of DPL Rail Sdn Bhd to draw upon the skills, expertise, experience and capabilities of each other in undertaking the business of rail-related projects in Malaysia and the region which among others, include engineering solutions and services, civil works, rolling stock, system and track works, asset management and maintenance services for rail projects.

## JULY

DOS received a three-year contract from Petrofac (Malaysia-PM304) Limited for the provision of tubular handling equipment and running services.

## OCTOBER

DOS was awarded the PAN Malaysia Umbrella Contract for the Provision of Integrated Well Services for Intervention, Workover and Abandonment for PACs from PCSB. The contract runs on a call-out basis through the issuance of work orders and would expire in 2024 unless it is extended.

## DECEMBER

DPSB secured RM50.18 million contract from MinDef for the extension of the existing contract to provide MRO services and the supply of safety and survival equipment to the RMAF. The tenure of the contract was one year starting October 2019 to October 2020.

## 2020

## APRIL

DOS received a letter of award for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia) Limited's drilling campaign. The tenure of the contract is four years with a one-year extension option.

## JULY

- DETSB was awarded a contract from Wira Syukur (M) Sdn Bhd to provide mechanical and electrical systems for the commercial development of GrenePark Village in Semenyih for a sum of RM17.39 million.
- DPSB was awarded a contract from MinDef to supply non-proprietary aircrafts parts for the RMAF. It allows DPSB and 29 other local companies identified by MinDef to participate in parcels of bidding should RMAF require any non-proprietary aircraft parts. The contract has a combined ceiling of RM121 million.

## DECEMBER

DPSB received a letter of award from MinDef for the extension of the existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF for RM30.37 million.

## OVERVIEW

## 2021

**FEBRUARY**

Destini entered into a 70:30 joint venture and shareholders agreement with KTMB to enable the Group to expand its capabilities to provide heavy maintenance work on rail assets in Malaysia.

**AUGUST**

DOS secured an award from Repsol Oil and Gas Malaysia for the provision of Tubular Handling and Conductor Installation Equipment and Services.

**OCTOBER**

Destini inked a Memorandum of Understanding with Siemens Mobility Sdn Bhd for the latter to act as Destini's Technical Assistance Advisor in providing MRO services for electrical trainset components in Malaysia.

**NOVEMBER**

- Destini entered into a Heads of Agreement with Indonesia State-Owned PT Industry Kereta Api ("PT INKA") to identify and pursue opportunities in the railway system business sector and infrastructure projects in Indonesia, Malaysia and the region.
- Destini divested its 51% stake in THHE Desitini Sdn Bhd to THHE to concentrate on its other investments.

**DECEMBER**

Destini secured its maiden solar project from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar photovoltaic systems at IWK's sewerage treatment plants across Malaysia.

## 2022

**JANUARY**

- DPSB accepted a Letter of Award for the extension of an existing contract to provide MRO services and the supply of safety and survival equipment to RMAF for RM88 million.
- DPSB accepted a Letter of Award to provide MRO services and the supply of component and spare parts for safety and survival equipment to the Malaysian Army's Aviation Wing for RM0.99 million.

**MARCH**

DOS bagged a contract from EnQuest Petroleum Production Malaysia Ltd for the provision of tubular handling services off the coast of Terengganu.

**MAY**

M Rail Technics Sdn Bhd ("MRail") accepted a contract worth RM531.39 million from the Ministry of Transport Malaysia for Level 4 MRO on 35 units of Six Car Train Sets operated by KTMB for four and a half years.

**JUNE**

Destini hands over six multipurpose armed reconnaissance helicopters model MD530G to the Royal Malaysian Army after the completion of its Final Acceptance Test. These assets are manufactured by MD Helicopter Inc., a company based in the United States of America.

**SEPTEMBER**

- MRail accepted a contract worth approximately RM163.61 million from the Ministry of Transport Malaysia for the provision of Level 4 MRO services of 10 Electric Trains Sets operated by KTMB.
- Destini ESS Sdn Bhd, a 70% owned subsidiary of Destini Berhad, signed an exclusive distribution agreement with Alpha ESS International Pte Ltd, a Singapore-based company, to locally distribute energy storage systems for residential and commercial application, electric vehicle energy plus storage solution, and new products developed and manufactured by Alpha Ess Group.

## 2023

**JUNE**

- DPSB accepted a letter of award from MinDef for the procurement of scheduled and unscheduled maintenance, testing, technical services (modification, training, publication and consultation) and supply of spare parts and related components, for the non-airborne equipment to the RMAF. The value of the contract is approximately RM25.44 million.
- DPSB accepted a letter of award from the MinDef for the procurement, supply and delivery of 70MM rockets (2.72 inch) to the Malaysian Army. The value of the contract is approximately RM18.75 million.

## OVERVIEW

## DESTINI'S CORPORATE DIARY

## JULY

- DOS accepted the Service Order from Northern Gulf Petroleum Pte Ltd for the Provision of Conductor Hammering and Tubular Running Services to support Rossukon Project, Gulf of Thailand, located at Rossukan field, block G6/48, offshore Gulf of Thailand, Kingdom of Thailand. The value of the contract is approximately USD 488,000.00.
- DPSB accepted a contract from the MinDef for the supply of Non-proprietary aircraft spare parts for the RMAF for a contract ceiling. For the contract ceiling of RM403.8 million, to be shared with 29 other contractors. The contract will expire on 30 June 2025.

## SEPTEMBER

- DPSB accepted a letter of award from MinDef for the procurement, supply and delivery of FZ Rocket Motor to the RMAF. The value of the contract is RM19.04 million.
- Destini Energy Sdn. Bhd entered into a non-binding Collaboration Agreement with Maxland Energy Sdn. Bhd., a wholly-owned subsidiary of Priceworth International Berhad, currently known as Maxland Berhad. The parties shall collaborate with each other to develop and embark on renewable energy projects, including installation of solar panels at Indah Water Konsortium's sewerage treatment plants, solar power projects in Sandakan, Malaysia and Victoria, Australia, and any other renewable energy projects to be secured by the Parties.
- Destini on 15 September 2023, entered into a Memorandum of Understanding ("MOU") with National Defence University of Malaysia to collaborate in the areas of Research and Innovation, Training and Industrial Collaboration Programme.

## JUNE

- On 12 June 2024, the Company completed the Share Consolidation following the listing of and quotation for 499,059,412 Consolidated Shares and 166,353,160 Consolidated Warrants B on the Main Market of Bursa Malaysia Securities Berhad
- As of 30 June 2024, Destini has streamlined its corporate structure by consolidating operations and removing dormant entities. This restructuring has not only reduced administrative complexities and optimising costs but also sharpened the Group's focus on its core competencies. The following entities have either been struck off or transferred as part of this process:

## Struck Off:

1. Vanguarde Marine Engine Pte. Ltd.
2. PT Destini Marina Perkasa
3. Satang Environmental Sdn Bhd.
4. Satang-ICS Global Sdn. Bhd.
5. DB Precision Sdn. Bhd.
6. DB Communications Sdn. Bhd.
7. Destini Alpha ESS Sdn. Bhd.
8. Destini Upstream Sdn. Bhd.
9. DLP Rail Sdn. Bhd.
10. Destini Ventures Sdn. Bhd.
11. Land Auto Technology Sdn. Bhd.
12. Destini Aero Teknologi Sdn. Bhd.
13. Destini First Sdn. Bhd.
14. Vanguarde Offshore Pte. Ltd.
15. TF Corp Saudi Arabia Co. Ltd.
16. HS Destini Sdn. Bhd.
17. Destini ESS Sdn. Bhd.
18. Destini Empire Properties Sdn. Bhd.
19. Vanguard Safety Technologies Sdn. Bhd.
20. Destini Australia Pty Ltd

## Transferred:

1. Safeair Technical Sdn. Bhd.
2. Avia Technique Asia Sdn. Bhd.  
(Formerly known as Destini Avia Technique Sdn Bhd)
3. Blackstone Dagangan Pte. Ltd.
4. Destini HRTC Sdn. Bhd.
5. Destini Engineering Technologies Sdn. Bhd.
6. System Enhancement Resources & Technologies Sdn. Bhd.

2024

## MARCH

On 13 March 2024, the company completed the Rights Issue with Warrants following the listing and quotation of 3,327,063,258 Rights Shares and 1,663,531,629 Warrants on the Main Market of Bursa Securities. The Company has used the proceeds from the Rights Issue with Warrants in the following manner:-

# SUBSIDIARY AND SUB-SUBSIDIARIES

**Destini Prima Sdn. Bhd. [199101013420 (223732-V)]**

Distribution and supply of safety and survival related equipment for defence and commercial aviation and marine industries.

**Halaman Optima Sdn. Bhd. [201101004714 (932855-V)]**

Manufactures, imports and exports safety and security products and defense equipment.

**Destini Aviation Sdn. Bhd. [199501038645 (367847-D)]**

Investment holding.

**Invation Aero Sdn. Bhd. [201701010172 (1224337-K)]**

- Business of sale rotary wing and fixed wing aircraft.
- Supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters.
- Provision of programs such as wet leasing and dry leasing of aircraft and helicopters.

**Destini Oil Services Sdn. Bhd. [201001021567 (905337-M)]**

Provision of Tubular Running Services (TRS), Conductor Installation, Casing While Drilling (CWD up to Level 2), Drill Bits & Hole Enlargement Tools and Trading, Importing, Processing, Blending, Shipping, Transporting, Storage and Distribution of Oil and Gas Products and its Derivatives, including but not limited to Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), Crude Oil, Jet Fuel, Diesel and Gasoline.

**Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.**

**(Trade License No. CN-1415749)**

- Provides oil and gas production facilities operation and maintenance services.
- Engaged in onshore and offshore oil, gas field and facilities services.

**Destini Energy Sdn. Bhd. [200001020740 (523347-K)]**

Business of energy generation, transmission, distribution, power trading based on thermal, hydro, biomass, nuclear and gas including manufacturing, trading, import, export, installation, and operation of solar systems for energy generation including solar photovoltaic, solar thermal, solar chimney and any other solar based devices used in households, industry and commercial establishments.

**Hijau Baiduri Sdn. Bhd. [202101028241 (1428541-K)]**

Business of energy generation, transmission, distribution, power trading based on thermal, hydro, biomass, nuclear and gas including manufacturing, trading, import, export, installation and operation of solar systems for energy generation including solar photovoltaic, solar thermal and any other solar based devices used in households, industry and commercial establishments.

**Destini Armada Sdn. Bhd. [199601006251 (378597-W)]**

Investment holding.

**Teknologi Mobiliti Sdn. Bhd. [201401025741 (1101831-X)]**

Research and development of mechatronic systems including software customization, repair and maintenance of electronic systems, support and consultation on system development.

**Destini Rail Sdn. Bhd. [201701039771 (1253943-P)]**

Operation of mass transit and other urban transport.

## SUBSIDIARY AND SUB-SUBSIDIARIES

**M Rail Technics Sdn. Bhd. [202101013065 (1413364-D)]**

Maintenance, repair and overhaul of electric trains for domestic and regional markets.

**Destini Global Investment L.L.C (1306314)**

- Investment in commercial enterprises and management
- Investment in oil and natural gas projects

**Destini Armada Pte. Ltd. (201228769N)**

Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipment.

**Vanguard Pte. Ltd. (198700526G)**

Manufacture and offer service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

**Vanguard (Nantong) F.R.P. Co., Ltd (3200775411024)**

Manufacturing, maintaining and trading of fiber-reinforced plastic ("FRP") ships, FRP products and life-saving equipment.

**TF Corp Pte. Ltd. (201310889H)**

Investment holding.

**Techno Fibre (Australia) Pty Ltd (ACN 103 625 618)**

Provides maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping.

**Techno Fibre (M) Sdn. Bhd. [200001019664 (522271-P)]**

**(Formerly known as Armada Delmar Sdn. Bhd.)**

Engaged in lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

**Techno Fibre (S) Pte. Ltd. (199300541H)**

- Repairing and service of fibre composite lifeboats and davits.
- Building and repairing ships, tankers and other ocean-going vessels.

**Techno Fibre Middle East Marine Services FZE (06585)**

Providing installation and maintenance of marine equipment.

**T F Emirates Marine Services L.L.C. (TN-1794649)**

Engaged in the business of onshore and offshore oil and gas field and facilities services, marine machines and equipment repairing and maintenance.

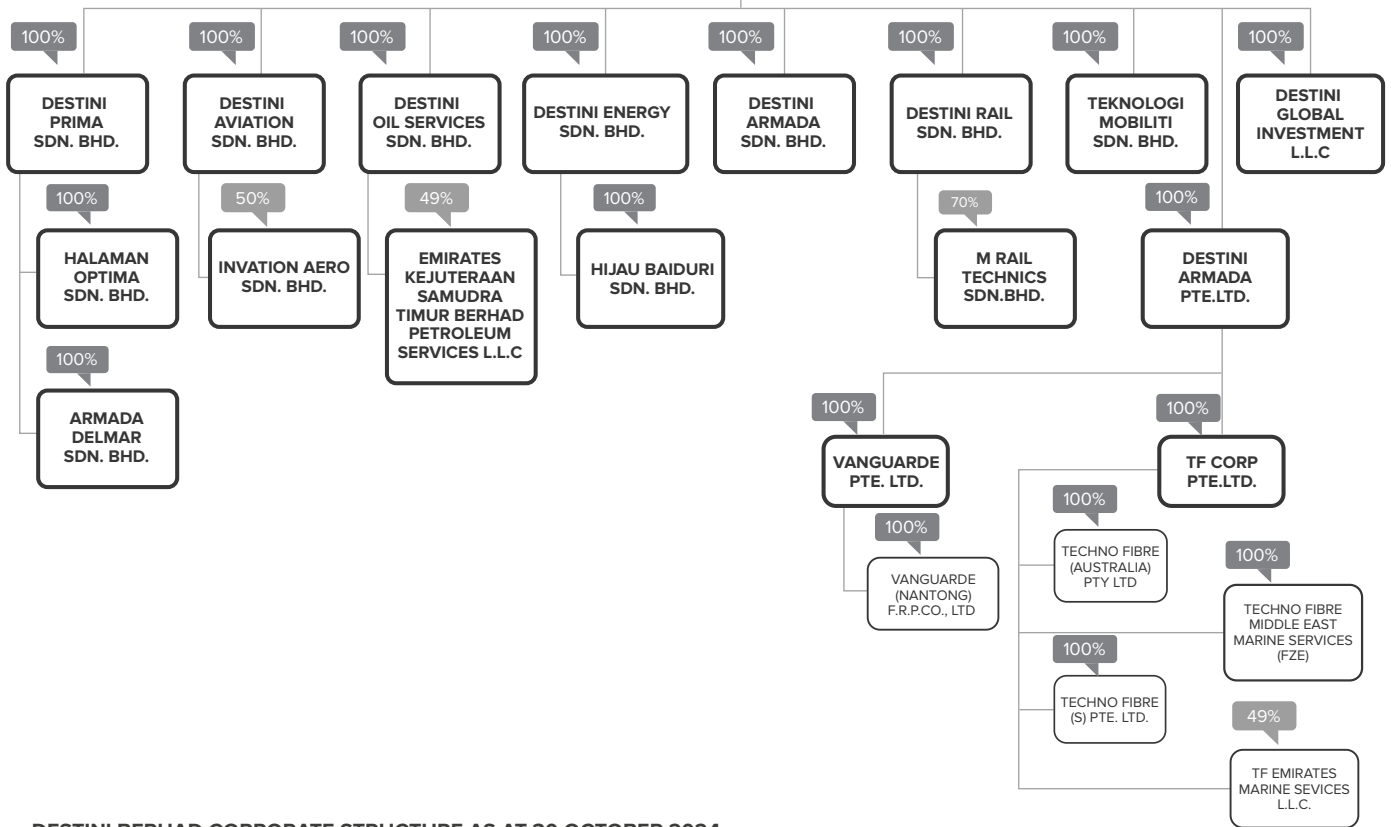
**Destini Marine Safety Solutions Ltd (SC500305)**

Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

OVERVIEW

# CORPORATE STRUCTURE (SUBSIDIARY AND SUB-SUBSIDIARIES)

## DESTINI



DESTINI BERHAD CORPORATE STRUCTURE AS AT 30 OCTOBER 2024

## OVERVIEW

## CORPORATE INFORMATION

## Board of Directors

**Dato' Abd Aziz bin Haji Sheikh Fadzir**

Non-Independent & Non-Executive Chairman  
 (Redesignated from Independent & Non-Executive Director to Non-Independent & Non-Executive Director on 10 July 2023)  
 (Redesignated from Non-Independent & Non-Executive Director to Non-Independent & Non-Executive Chairman on 11 March 2024)

**Ismail bin Mustaffa**

Executive Director  
 (Appointed on 28 August 2023)

**Dato' Bahudin bin Mansor**

Independent & Non-Executive Director  
 (Appointed on 19 June 2023)

**Syed Javed Islam**

Independent & Non-Executive Director  
 (Appointed on 10 May 2023)

## Audit Committee

**Dato' Bahudin bin Mansor**

Independent & Non-Executive Director  
 (Appointed as Audit Committee Chairman on 19 June 2023)

**Syed Javed Islam**

Independent & Non-Executive Director  
 (Appointed as Audit Committee member on 19 June 2023)

## Nomination and Remuneration Committee

**Dato' Bahudin bin Mansor**

Independent & Non-Executive Director  
 (Appointed as Nomination and Remuneration Committee Chairman on 19 June 2023)

**Syed Javed Islam**

Independent & Non-Executive Director  
 (Appointed as Nomination and Remuneration Committee member on 19 June 2023)

## Risk Management Committee

**Syed Javed Islam (Chairman)**

Independent & Non-Executive Director  
 (Appointed as Risk Management Committee member on 10 May 2023)  
 (Redesignated as Risk Management Committee Chairman on 19 June 2023)

**Dato' Bahudin bin Mansor**

Independent & Non-Executive Director  
 (Appointed as Risk Management Committee member on 19 June 2023)

**Ismail bin Mustaffa**

Executive Director  
 (Appointed as Risk Management Committee member on 28 August 2023)

## Company Secretaries

Tan Tong Lang  
 (MAICSA 7045482/ SSM PC No. 202208000250)

Thien Lee Mee  
 (LS0010621/ SSM PC No. 201908002254)

## OVERVIEW

### Auditors

Messrs. UHY Malaysia  
Firm Number: AF 1411  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200, Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03-2279 3088  
Fax : 03-2279 3099

### Principal Banker

AmBank Islamic Berhad  
[199401009897 (295576-U)]

Malayan Banking Berhad  
[196001000142 (0003813-K)]

### Registered Office

No. 10 Jalan Jurunilai U1/20  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5567 0333  
Fax : 03-5569 1233  
Email : info@destinigroup.com  
Website : www.destinigroup.com

### Corporate Office

No. 10 Jalan Jurunilai U1/20  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5567 0333  
Fax : 03-5569 1233  
Email : info@destinigroup.com  
Website: www.destinigroup.com

### Registrar

Insurban Corporate Services Sdn. Bhd.  
[198101010136 (76260-W)]  
149, Jalan Aminuddin Baki Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03-7729 5529  
Fax : 03-7728 5948  
Email : insurban@gmail.com

### Investor Relations

Chin Yoon Sean  
No. 10, Jalan Jurunilai U1/20  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan  
Email : info@destinigroup.com  
Tel : 03-5567 0333  
Fax : 03-5569 1233

### Destini Share Information

Company name: Destini Berhad

### Stock name

DESTINI

### Stock code

7212

### Ticker code

- DSTN:MK (Bloomberg)  
- DEST.KL (Reuters)

### Financial year end

30 June

# BOARD OF DIRECTORS

## DATO' ABD AZIZ BIN HAJI SHEIKH FADZIR

Non-Independent & Non-Executive Chairman

<b>Nationality/ Gender/ Age</b>	: Malaysian/ Male/ 61
<b>Date of Appointment as Independent Non-Executive Director</b>	: 5 July 2023
<b>Redesignation to Non-Independent and Non-Executive Director</b>	: 10 July 2023
<b>Redesignation to Non-Independent and Non-Executive Chairman</b>	: 11 March 2024
<b>Areas of Expertise</b>	: Property, Construction, Plantation, Tourism
<b>Board Committees Membership(s)</b>	: Nil
<b>Number of Board Meeting Attended</b>	: 5/5
<b>Tenure as Director</b>	: 1 year 3 months

### Qualification

1. Bachelor of Science in Accounting, Indiana University – Purdue University ,Indiana, United States of America

Dato' Abd Aziz was first appointed to the Board of Destini Berhad as an Independent Non-Executive Director on 5 July 2023 and was redesignated as Non-Independent and Non-Executive Director on 10 July 2023. On 11 March 2024, he was then redesignated as Non-Independent and Non-Executive Chairman of the Company. He had served in several constructions and property development companies prior to joining Gold Bridge Engineering and Construction Berhad as the Executive Director in charge of the overall management and operations since 1989.

Formerly, he served as a board member of several public listed companies namely Kretam Holdings Berhad, Safeguard Corporation Berhad, Utusan (Melayu) Malaysia Berhad and TH Heavy Engineering Berhad. He was also an Independent Non-Executive Director of Destini Berhad from 30 August 2017 until 18 May 2018.

Dato' Abd Aziz also served in the Board of Government Investment Companies and Agencies namely Universiti Utara Malaysia, Tourism Malaysia, Rangkaian Hotel Seri Malaysia Sdn Bhd, Kedah State Economic Development Corporation and Suria Strategic Energy Resources Sdn Bhd.

He is currently the Non-Independent Non-Executive Chairman of Maxland Berhad. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company or its subsidiaries. He does not have any convictions for any offences within the past five (5) years or any public sanction or penalty imposed by regulatory bodies during the financial period ended 30 June 2024.

**DATO' BAHUDIN BIN MANSOR**

Independent &amp; Non-Executive Director

<b>Nationality/ Gender/ Age</b>	: Malaysian/ Male/ 64
<b>Date of Appointment as Independent Non-Executive Director</b>	: 19 June 2023
<b>Areas of Expertise</b>	: Audit, Taxation, Finance and Administration
<b>Board Committees Membership(s)</b>	: i. Audit Committee ii. Nomination and Remuneration Committee iii. Risk Management Committee
<b>Number of Board Meeting Attended</b>	: 5/5
<b>Tenure as Director</b>	: 1 year 4 months

**Qualification**

1. Degree in Accounting and Finance, Drake University Des Moines, Iowa, United States of America
2. Advance Diploma in Accounting, Institute Technology Mara, Malaysia
3. Member of Malaysian Institute of Accountants
4. Member of Chartered Tax Institute of Malaysian
5. Member of Australian Chartered Public Accountants

Dato' Bahudin Bin Mansor was appointed to the Board of Destini as an Independent Non-Executive Director on 19 June 2023. Dato' Bahudin graduated from Drake University Des Moines, Iowa, United States of America with a Bachelor of Science. Majoring in Accounting and Finance and holds an Advance Diploma in Accounting from the Institute of Technology Mara and is a member of the Malaysian Institute of Accountants (MIA) and CPA Australia.

He is a sole proprietor of Bahudin & Associates a Chartered Accountant firm, which offer statutory audit, tax consultant and adviser, and accounting service to corporate business and individual. He has held various senior management positions with companies in various institutions with a total of 42 years experiences in Audit, Taxation, Finance and Administration.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company or its subsidiaries. He does not have any convictions for any offences within the past five (5) years or any public sanction or penalty imposed by regulatory bodies during the financial period ended 30 June 2024.

## BOARD OF DIRECTORS

### ENCIK SYED JABED ISLAM

Independent & Non-Executive Director

<b>Nationality/ Gender/ Age</b>	: Malaysian/ Male/ 59
<b>Date of Appointment as Independent Non-Executive Director</b>	: 10 May 2023
<b>Areas of Expertise</b>	: Accounting, Financial Management
<b>Board Committees Membership(s)</b>	: i. Audit Committee ii. Nomination and Remuneration Committee iii. Risk Management Committee
<b>Number of Board Meeting Attended</b>	: 5/6
<b>Tenure as Director</b>	: 1 year 5 months

#### Qualification

1. Master of Accountancy, University of Dhaka
2. Bachelor of Commerce, Dhaka College

Encik Syed Javed Islam was appointed to the Board of Destini as an Independent Non-Executive Director on 10 May 2023.

Encik Syed Javed is currently working as a Chief Financial Officer/ Group accountant of Aseania Developement Sdn. Bhd., a subsidiary company of Gold Bridge Engineering & Construction Berhad since 2010. He has more than 32 years of working experience in the field of Accountancy and Financial Management.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company or its subsidiaries. He does not have any convictions for any offences within the past five (5) years or any public sanction or penalty imposed by regulatory bodies during the financial period ended 30 June 2024.

**ENCIK ISMAIL BIN MUSTAFFA**

Executive Director

<b>Nationality/ Gender/ Age</b>	: Singaporean/ Male/ 61
<b>Date of Appointment as Executive Director</b>	: 28 August 2023
<b>Areas of Expertise</b>	: Accounting, Finance
<b>Board Committees Membership(s)</b>	: Risk Management Committee
<b>Number of Board Meeting Attended</b>	: 4/4
<b>Tenure as Director</b>	: 1 year 2 months

**Qualification**

1. Bachelor of Science (Hons) in Finance and Accounting from University of Salford, England
2. Diploma in Business Studies from Ngee Ann Polytechnic, Singapore
3. General Management Programme from National University of Singapore

Encik Ismail Bin Mustaffa was appointed to the Board of Destini Berhad in August 2023. He holds a Bachelor of Science (Hons.) in Finance and Accounting from University of Salford, England.

Encik Ismail has over 30 years of experience in the auditing, financial and asset management with his last attachment being the Chief Executive Officer of Destini Armada Group which he managed Destini's international marine business covering Singapore, Australia, China, UAE and United Kingdom.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company or its subsidiaries. He does not have any convictions for any offences within the past five (5) years or any public sanction or penalty imposed by regulatory bodies during the financial period ended 30 June 2024.

# KEY SENIOR MANAGEMENT

## MOHAMED NIZA BIN HJ ABU BAKAR

Group Chief Operation Officer

**Nationality/ Gender/ Age** : Malaysian/ Male/ 49

**Date of Appointment** : February 2024

### Areas of Expertise:

1. Strategic and Corporate Planning
2. Transformational Change / Restructuring Exercise
3. Fund Raising Exercise
4. Corporate Finance
5. Mergers and Acquisitions
6. Business Development and Sales

### Qualifications:

- Bachelor of Arts in Accountancy Studies (Honours), University of Portsmouth, U.K.

### Working Experience:

- Group Chief Operation Officer, Destini Berhad (February 2024 – present)
- Group Chief Executive Officer, Raffcomm Group of Companies (2022 – 2024)
- Executive Director, TH Heavy Engineering Berhad (2020 – 2022)
- Corporate Advisory (2018 – 2020)
- Group Chief Financial Officer, Chulia Life Sciences Sdn Bhd (2017 – 2018)
- Group Chief Financial Officer, Biosis Group Berhad (2015 – 2016)
- Chief Executive Officer, Federation of Investment Managers Malaysia (2014)
- MustaphaRaj Sdn Bhd (2012 – 2013)
- Chief Executive Officer, Tracoma Holdings Berhad (2010 – 2012)
- Managing Director, Newbina Engineering Sdn Bhd (2009 – 2010)
- Chief Finance Officer, Tracoma Holdings Berhad (2007 – 2008)
- Senior Manager Finance, Profen Sdn Bhd (2005 – 2007)
- Senior Executive, Banking Supervision, Bank Negara Malaysia (2000 – 2005)

## ARIS KEFLI BIN MOHAMAD YUSOF

Group Chief Financial Officer

**Nationality/ Gender/ Age** : Malaysian/ Male/ 55

**Date of Appointment** : May 2017

### Areas of Expertise:

1. Accounting

### Qualifications:

- Member of the Malaysian Institute of Accountants, Malaysia
- Chartered Institute of Management Accountants, United Kingdom
- Member of Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, United Kingdom
- Advanced Diploma in Accountancy, UiTM

### Working Experience:

- Head of Accounts and Finance, Destini Berhad (2012 – 2017)
- Chief Financial Officer, Imatex Berhad (2000 – 2012)
- Accountant, U-Wood Holding Berhad (1996 – 2000)
- Senior Accounts Executive, Propel Berhad (1993 – 1996)

## LEADERSHIP

**KHAIRUL RIZAL BIN OSMAN**

Head of Internal Audit

**Nationality/ Gender/ Age** : Malaysian/ Male/ 52**Date of Appointment** : 1 April 2022**Areas of Expertise:**

1. Accounts and Finance
2. Financial Management
3. Investment Management

**Qualifications:**

- Bachelor in Business Administration, Universiti Teknologi MARA
- Diploma in Banking Studies, Universiti Teknologi MARA
- Certified in Internal Auditing for Financial Institutions (CIAFIN)
- Associate Qualification in Islamic Finance (AQIF)

**Working Experience:**

- Head of Internal Audit, Destini Berhad (2015 – 2018)
- Assistant Manager, Malaysian Industrial Development Finance (2007 – 2015)
- Head, Fraud & Authorisation Department, Cards Business, Affin Bank Berhad (2005 – 2007)
- Assistant Vice President, Group Internal Audit, Affin Bank Berhad (2000 – 2005)
- Senior Executive, Group Internal Audit, Bank Islam (M) Berhad (1997 – 2000)
- Credit Officer, Bank Islam (M) Berhad (1993 – 1996)

**DATUK MAJOR (R) KABOL BIN SURAT**

Chief Executive Officer of Destini Prima Sdn Bhd

**Nationality/ Gender/ Age** : Malaysian/ Male/ 63**Date of Appointment** : March 2013**Areas of Expertise:**

1. Business Management
2. Aviation

**Qualifications:**

- Master of Business Administration, Charles Sturt University, Australia
- Advanced Diploma in Business & Management, Swansea College, UK
- Diploma in Strategic & Defense Studies, University Malaya
- Malaysian Armed Forces Staff College, Haigate, Kuala Lumpur

**Working Experience:**

- CEO, Destini Prima Sdn Bhd (2011 – present)
- Executive Vice President and CEO, Satang Jaya Sdn Bhd (2008 – 2011)
- Senior Vice President, Group Business Development, Satang Holdings Berhad (2007)
- General Manager, Executive Chairman's Office, Satang Holdings Berhad (2006 – 2007)
- Senior Manager, Executive Chairman's Office, Satang Holdings Berhad (2005 – 2006)
- Royal Malaysian Air Force (1981 – 2005)

## KEY SENIOR MANAGEMENT

### FAIZAL BIN AHMAD

Chief Executive Officer of Destini Oil Services Sdn Bhd

**Nationality/ Gender/ Age** : Malaysian/ Male/ 48

**Date of Appointment** : November 2021

#### Areas of Expertise:

1. Operations
2. Contract Management

#### Qualifications:

- BSc in Civil Engineering, University of South Wales, UK (formerly University of Glamorgan)

#### Working Experience:

- Project Director III, Telekosang Hydro (2020 – 2021)
- Operation Manager, Thailand, Scomi Oiltools (2017 – 2019)
- Country Manager, Qatar, Scomi Oiltools (2012 – 2016)
- Operation Manager, Turkmenistan, Scomi Oiltools (2007 – 2012)

### GOH YET LOONG

Chief Executive Officer, M Rail Technics Sdn. Bhd.

**Nationality/ Gender/ Age** : Malaysian/ Male/ 46

**Date of Appointment** : December 2023

#### Areas of Expertise:

1. Strategy & Operations
2. Mergers & Acquisitions (M&A)

#### Qualifications:

- Master of Business Administration, INSEAD, France
- Bachelor in Electrical Engineering & Computer Science, University of California, Berkeley

#### Working Experience:

- CEO, M Rail Technics Sdn. Bhd. (2023 – Present)
- Business Owner (2013 – 2023)
- Consultant, McKinsey & Company (2008 – 2013)
- Program Manager, Applied Materials (2002 – 2006)

## LEADERSHIP

**AHSEN HAFEEZ**

Chief Operating Officer of TechnoFibre Group  
& Regional Head – Destini Middle East

**Nationality/ Gender/ Age** : Canadian/ Male/ 39

**Date of Appointment** : November 2023

**Areas of Expertise:**

1. Business Development / Sales
2. Marine Equipment Manufacturing
3. MRO and Ship Repair
4. Defence, Oil & Gas, and Marine

**Qualifications:**

- Master of Business Administration, Liverpool John Moores University, UK
- Bachelor of Science in Business Management
- Quality Management Certification

**Working Experience:**

- Chief Operating Officer, TechnoFibre Group and Regional Head, Destini (December 2023 – Present)
- Business Development Head, Current Scientific Corp, BC, Canada (June 2023 – December 2023)
- Head of Business Development, COMNAV, Richmond, Canada (January 2020 – June 2023)
- General Manager, Technofibre Middle East Marine Services, UAE (2012 – 2019)

**NIZATUL ASMAR BT CHEK UMAR**

Senior Manager - Human Capital & Administration

**Nationality/ Gender/ Age** : Malaysian/ Female/ 52

**Date of Appointment** : June 2024

**Areas of Expertise:**

1. Strategic Human Resource Planning
2. Employee Relations
3. Performance Management

**Qualifications**

- Master of Business Administration, International Business from University East London
- Bac. Education, TESL from University Putra Malaysia

**Working Experience**

- Head of Business Support, HR & Admin, Sarawak Cable Berhad (2022-2023)
- Head of Human Resource & Admin, Lactalis Groupe - Petaling Jaya Dairy S/B (2021 - 2022)
- General Manager, S.E.A Human Resource & Administration, Aliaxis Group - Paling Industries S/B (2019 - 2021)
- Head of Human Resource, Scomi Group Bhd (2003 - 2019)
- Senior Executive, Human Resource, Suria Business Solutions S/B (1997 - 2003)

## KEY SENIOR MANAGEMENT

### MOHAMED ALIFF BIN MOHAMED SAAD

Manager, Corporate Affairs

**Nationality/ Gender/ Age** : Malaysian/ Male/ 32

**Date of Appointment** : February 2024

#### Areas of Expertise:

1. Corporate Affairs
2. Company Secretarial
3. Strategic Planning
4. Corporate Licensing

#### Qualifications:

- Bachelor in Office Systems Management, Business Management, Universiti Teknologi MARA (UiTM)

#### Working Experience:

- Manager, Corporate Affairs, Destini Berhad (February 2024 – Present)
- Assistant Manager, Corporate & Strategic Planning, Destini Berhad (September 2021 – January 2024)
- Executive, Corporate Affairs and Secretarial, Destini Berhad (January 2015 – September 2021)

### ALL MEMBERS OF THE KEY SENIOR MANAGEMENT

- Does not hold any directorships in any public listed companies.
- Have no family relationship with any director or major shareholder of the Company.
- Have no conflict of interest with the Company or its subsidiaries
- Does not have any convictions for any offences within the past five (5) years or any public sanction or penalty imposed by regulatory bodies during the financial period ended 30 June 2024.

# CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report and Financial Statements of Destini Berhad for the financial period ended 30 June 2024. The past 18 months was marked by significant challenges and shifts in the global and domestic landscapes. It was also a period of adaptation, resilience, and progress for Destini.

## The challenges

The World Health Organization's declaration in May 2023 that COVID-19 was no longer a global health emergency provided a sense of hope and optimism. However, the global economic uncertainties persisted due to factors such as rising inflation, increasing protectionism, slower economic growth in China and the conflicts in Ukraine and the Middle East.

Domestically, Malaysia's GDP growth moderated to 3.7% from a robust 8.7% in 2022, as the country, much like the rest of the world, faced slower external demand. Although we entered 2023 with very much political instability that affected the local business climate, the Madani government managed to manoeuvre the challenges and brought stability and steadily steering the nation towards economic growth backed by both the local and international investors.

## Overcoming the challenges

At Destini, we understand that challenges are inevitable in an interconnected world. Yet, we remain focused on building a resilient and adaptable organization. Despite the adverse business climate as mentioned above, we navigated these obstacles with determination and strategic foresight. In response to the market dynamics, the Group has implemented a comprehensive turnaround strategy that focused on strengthening its core operations while building resilience for sustainable growth.

The core of our turnaround plan is anchored in five strategic thrusts:

### a) Organisational Optimization

Reviewing and optimising the Group's organisational structure. Through careful evaluation of our core business sectors, Destini has streamlined its corporate structure by consolidating operations and removing dormant entities. This restructuring has not only reduced administrative complexities and optimising costs but also sharpened the Group's focus on its core competencies.

### b) Stakeholder Engagement Programs

Destini has introduced initiatives to strengthen relationships with key stakeholders, including customers in both public and private sectors, financial institutions, shareholders, and employees, ensuring alignment and trust across all fronts.

### c) Financial Restructuring

Re-engineering and rebuilding our financials strength via new fund raising exercises both the debt and equity, strengthening the balance sheet, cost optimisation and revenue generation activities. Although Destini recorded a loss of RM136 million this financial period, these initiatives are expected to strengthen our balance sheet and pave the way for positive financial outcomes in coming years.

## CHAIRMAN'S STATEMENT

### d) Digital Transformation and Performance Management

Adopting new Enterprise Management Systems that improves the Group's operational efficiencies. The implementation of Oracle's NetSuite ERP system, marked a significant step toward digital transformation. This integrated platform enhances operational visibility and decision-making capabilities across the organization. Complementing this technological advancement, Destini has introduced a robust performance management framework, incorporating detailed Key Performance Indicators and performance-based incentives to foster accountability and excellence throughout the organisation.

### e) Building a Sustainable Growth Pipeline

Building the order book for future growth and delivering sustainable shareholders' value. As at the end of this financial year, the Group's order book stands at almost RM1.0 billion. To further develop a robust growth pipeline, the Group is currently exploring opportunities and new business potentials across its four sectors namely Rail, Aviation and Defence, Oil & Gas and Marine amounting to about RM12.0 billion over the next 5 years.

### Commitment to Sustainability and Governance

Our commitment to sustainability and strong corporate governance remains steadfast. Destini has continued to uphold rigorous environmental, social, and governance (ESG) practices, ensuring that our business growth is aligned with the global transition toward a low-carbon economy. Our initiatives in renewable energy, particularly solar projects, have not only reduced our carbon footprint but also positioned us as a forward-thinking organization in the sustainability space.

### Moving Forward

As we look ahead, we are confident that the groundwork we have laid will enable us to overcome future challenges and capitalise on new opportunities. The global economy may remain volatile, but with the continued support of our shareholders, employees, and business partners, Destini is well-equipped to deliver sustained growth and long-term value.

By staying agile and proactively responding to industry shifts, we are committed to leveraging our strengths and expanding our footprint in key markets. Together, with a shared vision and a dedication to excellence, we are prepared to seize every opportunity that aligns with our long-term objectives and reinforces our mission.

### Appreciation

On behalf of the Board, I would like to extend our sincere appreciation to Tan Sri Azhar Bin Azizan @ Harun, Independent Non-Executive Chairman and Encik Abdul Rahman Bin Mohamed Rejab, Executive Chairman, upon their retirement from the Group. The Group also saw the retirement of Dato' Mohd Zahir Bin Zahur Hussain (Group Managing Director), Dato' Ahmad Suhaimi Bin Endut (Independent Non-Executive Director), Puan Nurwahida Mohd Yaakub (Independent Non-Executive Director), Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Non-Independent Non-Executive Director), Datuk Kabil Bin Surat (Executive Director) and Puan Farah Nadia Binti Fazaruddin (Independent Non-Executive Director) from Destini's Board of Directors. Their contributions to the Group have been unparalleled, and they leave a lasting legacy of excellence.

Destini also extends our heartfelt gratitude to our shareholders for their unwavering support and confidence in our vision and management. We wish to express our sincere appreciation to our esteemed customers, business associates and regulatory authorities for their ongoing trust and collaboration.

At the heart of Destini's success lies in the commitment of our employees. Their loyalty, sacrifices and resilience in supporting the Board and management team to navigate the group through the challenging market conditions to achieve our corporate missions have been instrumental to our turnaround success; and positioning Destini to achieve greater success in the coming years.

Thank you.

**Dato' Abd Aziz Bin Haji Sheikh Fadzir**

Non-Independent Non-Executive Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)



## 1. Overview of the Business and Financial Performance

For the financial period ended 30 June 2024, Destini Berhad faced an array of business challenges but demonstrated resilience through strategic execution and operational efficiency. Our revenue for the financial period was RM159.33 million, compared to RM186.17 million in FY2022. This decrease of 14% reflects the challenging global economic environment, marked by inflationary pressures and subdued demand after the upliftment of COVID-19 restrictions in 2022.

Despite these hurdles, we replenished our order book to RM846.00 million, bolstered by contracts secured in the aviation, defense, and mobility divisions. Our ability to secure these high-value contracts reflects the market's confidence in our capabilities and positions us well for future growth.

However, the Group registered a loss after tax and non-controlling interest of RM133.47 million in FPE2024, largely attributed to higher financing costs and impairment charges amounting to RM146.46 million. These losses were primarily from trade receivables, investments in subsidiaries, and intangible assets, which we have proactively addressed to ensure better financial performance moving forward.

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### 2. Segmental Analysis



- Destini's aviation and defence division recorded a decrease in revenue to RM60.71 million in FPE2024 from RM83.52 million the year before. This division slipped into a Loss After Tax and Non-Controlling Interest (LATNCI) of RM21.68 million from a LATNCI of RM1.86 million in FY2022.
- The increased loss in FPE2024 was primarily due to impairment of trade receivables amounting to RM24.53million.
- Despite challenges, Destini's aviation sector secured two new contracts from MINDEF amounting to RM37.79 million, demonstrating continued trust in our capabilities.
- Destini's aviation business experienced moderate growth in air traffic and government spending, indicating a gradual recovery in the sector.
- Destini strengthened its position in the industry by being appointed as a Key Industrial Partner in Asia, opening up new opportunities for growth and collaboration.
- In a strategic move, Destini made the decision to dispose of a 45% equity stake in a 50:50 joint venture company, aiming to streamline operations and focus on core competencies.



## ENERGY

- Destini's energy division, which houses the Group's oil and gas as well as renewable energy ("RE") businesses, saw its revenue increase to RM40.69 million consistent with other segment in FPE 2024 compared to RM38.91 million in the corresponding quarter. The increase in revenue is attributed to higher rig activity.
- The energy sector recognised a higher LATNCI of RM23.85 million compared to a profit of RM3.33 million in the corresponding quarter. This loss was primarily due to impairment of receivables and investments amounting to RM24.18 Million.
- There has been a surge in recovery in the Oil and Gas industries, driven by global demand and geopolitical developments, which saw oil prices rise to highs of above US\$100 per barrel. As such, capital spending by oil majors increased and is expected to remain steady in the medium to long term.
- In line with the needs of energy transition, Destini has ventured into areas related to RE, which led the Group to pursue solar photovoltaic ("PV") systems since FY2021.
- This venture paved the way for Destini to gain a foothold in the industry with the acceptance of a Conditional Letter of Award from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar PV systems at IWK's sewerage plants across the country.
- Destini expects its award from IWK to bear fruit in FY2025, with the commencement in August 2023 of the construction of solar PV systems in the Northern Region consisting of 110 sites. The remaining two regions of Central and South/East are estimated to commence in November 2024 and September 2025, with completion estimated in October 2025 and January 2026, respectively.
- Additionally, Destini has secured additional sites from the award of IWK PHASE 3, consisting of 14 sites with a capacity of 0.5 MW, further expanding our footprint in the renewable energy sector.
- Aside from solar projects, Destini is also constantly looking for opportunities to pursue in the RE sector, such as hydro power plants and LNG supply, demonstrating our commitment to diversifying our energy portfolio.

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)



- During the period in review, Destini's mobility division secured two major contracts from the Ministry of Transport (MOT) for Level 4 MRO on KTMB's train assets, valued at RM695 million.
- In FPE2024, Destini commenced providing Level 4 MRO services to KTMB, representing the highest level of MRO for trains. This service strengthens Destini's capabilities in the industry and underscores our commitment to ensuring the safety and reliability of train operations.
- Level 4 MRO for train sets is a critical exercise required based on a train's operational time or kilometres in service. This comprehensive maintenance ensures the continued safety and reliability of train sets during service, reinforcing Destini's role in maintaining crucial transportation infrastructure.
- Despite securing these significant contracts, Destini did not generate revenue from this division in FPE2024, as the contract execution only began in the second half of 2023. Consequently, the division recorded a LATNCI of RM13.19 million for the 18-month FPE2024, compared to a loss of RM4.39 million in FY2022. The increased loss was primarily due to the commencement of MRO activities in December 2023.
- With a stronger position now established in the train MRO business, Destini has renewed optimism for its mobility segment. The Group is looking forward to commencing work on contracts in hand while actively seeking opportunities to replenish its order book within the industry.



## MARINE

- Destini's marine division saw a PATNCI of RM2.04 million in FPE2024, compared to a LATNCI of RM50.18 million in FY2022. There were less impairments provided in this financial period 2024 as compared to the huge impairments of receivables and investments in associate companies FY2022. Revenue recognised between the two periods had reduced to RM56.39 million in FPE2024 from RM63.60 million the year before.
- Following Destini's strategic exit from the shipbuilding business, the Group's marine division now focuses on lifeboat manufacturing and commercial marine services. During the year in review, profit from this division were primarily attributed to lower administrative expenses as the business realigned its operations resulting in better efficiency and impairment was at its minimum.
- Destini's lifeboat manufacturing facility in China faced challenges due to the country's slow economic recovery, limited progress of many businesses, and disrupted supply chains. As a result, the production of lifeboats and davit systems was significantly impacted, contributing to the division's reduced revenue.
- Despite these challenges, during the year in review, Destini's marine division expanded its capabilities in heat exchange services in Dubai. This strategic move strengthens our scope of services in the Middle East, where the marine market is seeing positive growth, and positions us to capitalise on emerging opportunities in the region.

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### OTHERS

- Destini Berhad and other minor subsidiaries are classified under the 'Others' sector. This sector did not register material revenue in all quarters. The LATNCI for this sector increased from RM178.77 million in FY2022 to RM243.42 million in FYE2024. Higher loss as a result of higher financing cost, business development expenses, and impairment of intangible asset and investment in subsidiaries amounting to RM203.81 million.
- Has embarked on a cost rationalization exercise and reorganizing group structure
- Completed a Rights Issue With Warrants exercise in at raising capital of RM133.08 million. The amount raised has been utilized mainly to the execution of contracts from Ministry of Transport and Ministry of Defence, Malaysia.
- Completed the Share Consolidation for 499,059,412 Consolidated Shares and 166,353,160 Consolidated Warrants B on the Main Market of Bursa Malaysia Securities Berhad

### CLIMATE ACTION

Decarbonisation is not just a part of everyday conversation anymore and is increasingly becoming critical components of business strategy across all industries globally. Reducing the amount of carbon footprint is part of the broader sustainability agenda that is widely adopted by small to large organisations.

In September 2022, Bursa Malaysia enhanced its sustainability reporting framework under the Main.

Market Listing Requirements which include prescribed sustainability matters and indicators deemed material for all listed issuers on climate change related disclosures which includes a transition towards a low-carbon economy.

In line with this the Group has taken various measures to ensure that its carbon footprint is reduced. One of its significant initiatives is to have installed solar PV panels on its corporate office roof to shift its energy consumption in a more sustainable manner.

After the commissioning of the panels, the building's reliance on solar power was 58% of the total power consumption for the building which translated to 104.40 MWh of solar energy. The remaining 42% of power was supplied by the grid. Since the commissioning of the panels, the Group's CO2 emissions were reduced by 291 tonnes which is equivalent to saving 117.88 tonnes of standard coal and planting 15,883 trees.

Destini is committed to ensuring that its growth initiatives are equally matched with the efforts to mitigate its impact on the environment. The Group closely monitors climate risks that may impact its ability to create long-term sustainability.

As the demand for the transition for cleaner energy gathers pace, Destini will adapt to the current shift while it simultaneously looks for new business opportunities from the RE industry.

### STRENGTH IN GOVERNANCE

The strength of an organisation is not measured by only its financial position but also its commitment to robust corporate governance. Many policies have been put in place to ensure that Destini and its Board members support the best practices of corporate governance.

Policies that have been tightened and put forward are as such:

- Directors' Fit and Proper Policy 2022
- Anti-Bribery and Anti-Corruption Policy 2020
- Terms of Reference of Risk Management Committee 2020
- Corporate Governance Report 2020
- Terms of Reference of Audit Committee 2022
- Terms of Reference of Nomination and Remuneration Committee 2020
- Whistle Blowing Policy 2022
- Code of Ethics and Conduct 2019
- Board Charter 2022
- Environmental, Social and Governance Policy 2019

These policies are an indicator of proactive steps the Group has taken to ensure strong internal controls for a sustainable and continuous business environment.

## PERFORMANCE

### STRATEGIC INITIATIVES & OUTLOOK

#### Strategic Initiatives

Destini's turnaround plan focuses on fortifying our foundation while driving sustainable growth. We have rolled out five core strategic initiatives that align with our long-term objectives and position us to tackle market challenges effectively:

- a) **Organisational Optimization:** Our organisational structure has been recalibrated to focus on core strengths. By consolidating operations and removing dormant entities, we have reduced administrative complexities and operational costs, enhancing both efficiency and agility across the Group.
- b) **Stakeholder Engagement Programs:** We recognize the critical role our stakeholders play in our success. By engaging with key stakeholders (including customers, financial institutions, shareholders, and employees), Destini has strengthened their trust and alignment with our corporate objectives. These initiatives are designed to create a foundation of transparent, supportive relationships that help drive our shared objectives.
- c) **Financial Restructuring:** To bolster financial stability, we have embarked on a comprehensive restructuring strategy, which includes raising funds, optimizing costs, and developing revenue-generating activities. These actions, though impacted by the current year's loss, are part of a long-term effort to strengthen the balance sheet and ensure financial sustainability.
- d) **Digital Transformation and Performance Management:** Our adoption of the Oracle NetSuite ERP system marks a significant advancement in our digital transformation. This platform has enhanced operational visibility, streamlined processes, and improved decision-making across the Group. Alongside this, a performance management framework is in place to drive accountability, incorporating detailed KPIs and performance-based incentives to promote excellence.
- e) **Building a Sustainable Growth Pipeline:** We are focused on maintaining a robust order book and cultivating future growth. With a current order book near RM1 billion and an exploration of RM12 billion in potential business opportunities across Rail, Aviation and Defence, Oil & Gas, and Marine sectors, we are proactively investing in our growth pipeline to deliver sustainable shareholder value.

#### Outlook

Looking forward, Destini is confident in its ability to weather ongoing economic fluctuations while seizing new opportunities. Despite external challenges, our strategic groundwork has equipped us with the resilience needed to navigate future uncertainties. The focus on stakeholder engagement, digital transformation, and sustainable growth positions Destini to respond effectively to evolving market needs and unlock long-term value.

Our commitment to ESG principles, including our renewable energy initiatives, reflects our dedication to responsible growth. With support from shareholders, partners, and employees, Destini is well-prepared to continue expanding our footprint and achieve sustained growth. Through agility, a shared vision, and a commitment to excellence, we are poised to meet our strategic goals and deliver on our mission.

Executive Director

**Ismail Bin Mustaffa**

Group Chief Operation Officer

**Mohamed Niza Bin Abu Bakar**

Group Chief Financial Officer

**Aris Kefli Bin Mohamad Yusof**

# SUSTAINABILITY STATEMENT

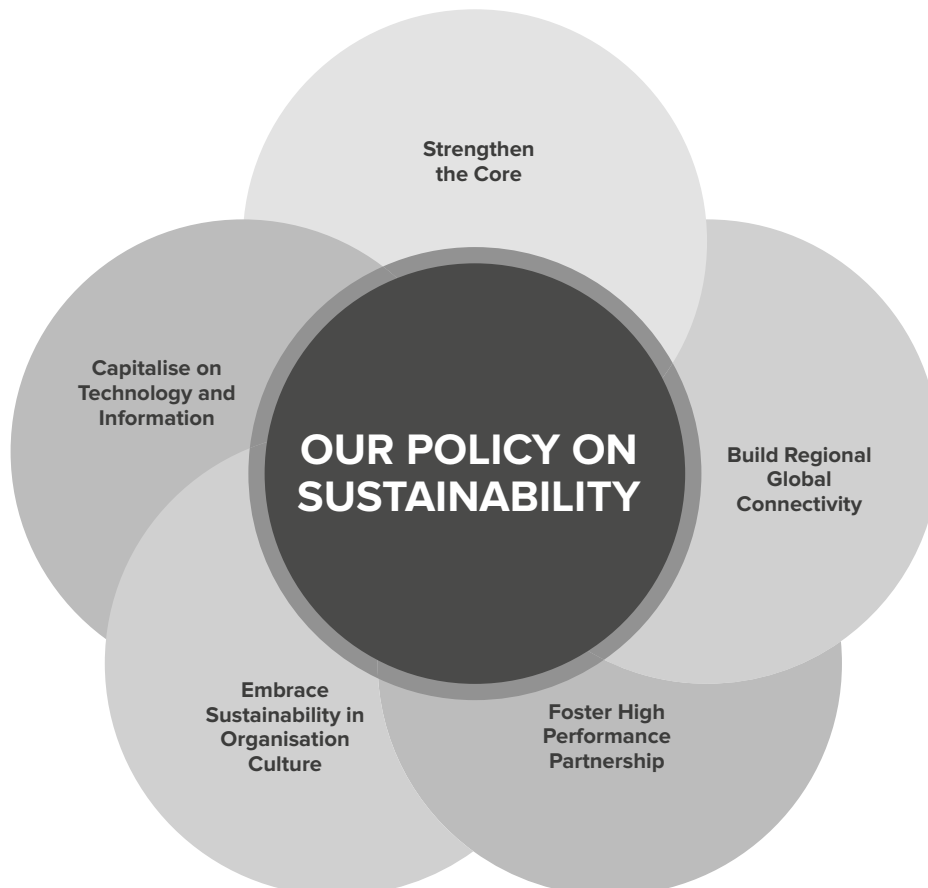
## 1. COMMITMENT TO SUSTAINABILITY

The Board of Destini is pleased to present its annual sustainability statement which provides a comprehensive review of the Group’s environmental, social and governance (“ESG”) impacts for the financial period ended 30 June 2024. This annual report is prepared in accordance with the Global Reporting Initiative reporting guidelines and it adheres to the Sustainability Reporting Guide 2022, 3rd Edition and Toolkits issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Group recognises the importance of ESG as a critical driver for sustainable long-term business growth. As such, the Board and the management persistently reinforce embedding sustainability into Destini’s business strategies and operations to achieve the Group’s goals.

Destini is mindful that its activities should be carried out with the highest standards of corporate and social responsibilities as it strives to align its business operations while balancing to minimise environmental impact arising from its operations. In the meantime, we put an emphasis on improving the social and economic conditions for all its stakeholders including its employees and the communities that it operates in, with integrity and ethical practices.

Destini’s Sustainability Policy provides guiding principles for the Group to conduct its businesses with high levels of commitment to sustainability. It serves as the focal guiding document for the Group’s sustainability practices. Our values, sustainability pillars and commitments are kept in check through this policy which stated as below;



## SCOPE OF REPORTING

Information disclosed in this Report encompasses our four core divisions which are aviation & defence, energy, mobility and marine. These four core divisions have a wide footprint that spans from Malaysia to Singapore, Australia, China, the Middle East, and United Kingdom where the Group holds a controlling interest or management control.

We are determined in building the sustainability of our business by laying the trust of our stakeholders as foundation which is strengthened by transparency in business processes and practices, and overall accountability towards the community and environment. We strive to embed the commitment to a sustainable approach at every level of governance through our day-to-day operations and decision making.

As part of its commitment to enhance sustainability throughout the Group, Destini continues with the scope of reporting to cover all its active subsidiary companies. The content of this report is based on the material topics that we have identified as listed below:

# DESTINI

## AVIATION & DEFENCE

- Supply safety and survival-related equipment and provide maintenance, repair and overhaul (“MRO”)
- Services for the Armed Forces.
- Supplies defence related aircrafts and components for the Armed Forces.
- Aircraft cylinder testing and calibration services.
- Organise and conduct aircraft search, rescue and salvage missions with the Government.

## ENERGY

- LNG supply
- Renewable energy (Solar and Hydro)
- Engineering, Procurement, Construction, Installation and Commissioning of renewable energy systems.
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which include a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection, as well as maintenance and repair services.
- Supply of handling and drilling tools.

## MOBILITY

- Manufacture and supply motor trolley, wagon and road rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of train sets and rail systems.

## MARINE

- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufacture proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.
- Provides MRO services relating to lifeboats, davit systems, load testing equipment, fire safety and other marine assets.

## SUSTAINABILITY STATEMENT

### 2. SUSTAINABILITY GOVERNANCE

#### Corporate Governance

The sustainability governance structure provides oversight over key sustainability principles across the Group. At Destini, all matters related to sustainability are governed and managed by various levels in the organisation. The success of the governance structure is the result of sustainable leadership from our Board of Directors, Senior Management, and Operational Management, which collectively form our leadership team.

At Destini, we believe that good governance plays a key role in achieving the Group's objectives to deliver our sustainability targets.

The Board oversees the Group's sustainability agenda and ensures that the Group remains a sustainable organisation. The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. The Group's performance is also tracked with the assistance of the Audit Committee and Nomination and Remuneration Committee. In summary,

- Board of Directors - Oversees the Group's sustainability initiatives and endorses the proposed sustainability initiatives and material sustainability matters related to the Group.
- Audit Committee - Reviews the Company's processes for producing timely and accurate financial data, and internal controls as well as oversees all risk management activities.
- Nomination and Remuneration Committee - Oversees matters related to proposing suitable new candidates for appointment to fill the seats of Board Members and Senior Management and assists the Board in developing and establishing competitive remuneration policies and packages.
- Risk Management Committee - Assists the Board in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement.
- Materiality assessment and identification of sustainability risks and opportunities.
- Management of material sustainability risks and opportunities.

The Board regularly reviews the strategic direction and progress of operations, taking into account changes in the business, political and communal environment and various risk factors

#### Ethical Business Practices

In establishing and maintaining a culture of ethical behaviour and practices, we are committed to uphold the highest standards in corporate governance. To this end, we strive to strictly comply with the principles and guidelines set out in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia.

Corporate policies are publicly available on the Group's corporate website and Destini's employee portal to enhance corporate transparency. As such, an Anti-Bribery and Anti-Corruption Policy as well as a Whistle Blowing Policy are uploaded on our website to provide wider stakeholders including suppliers, contractors, business partners and associates as a guideline to be followed.

Our zero-tolerance policy towards bribery and corruption is a testament to our highest commitment to our business ethics. To further reinforce these best practices, we provide an onboarding session on Corporate Liabilities under Section 17A of the MACC act. This training programme guides our employees with the knowledge and in-depth understanding to identify and prevent fraudulent activities, promoting ethical principles and behaviours in their duties. We also require all employees to abide by the policies and our ethical standards as stipulated in our employee handbook.

At Destini, the Board and management team are collectively responsible for developing, implementing and maintaining a sound corporate governance system, as good governance promotes well-managed and accountable decision-making at all levels of a business.

## SUSTAINABILITY REPORT

### 3. STAKEHOLDERS ENGAGEMENT

We acknowledge that our stakeholders are strong pillars of our growth as they play their roles as advocates, partners, and investors. We maintain communication with our stakeholders through web-based media platforms and printed materials such as our Group's website, annual reports and other electronic mediums; and physical communication.

The engagement process enlightens us on how we could maximise profit while managing the risks that are attached to deploying the resources derived from our environment, making it a win-win situation for both the Group and our stakeholders.

Our Group engages with our principal stakeholder groups regularly through various approaches in their respective interest areas and concerns as summarised in the table below.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	Annual & Extraordinary General Meetings Investors presentations Press releases Bursa announcements Quarterly reports Annual reports Timely update on corporate website	Financial and operational performance Share price performance Dividend policy Return on investments
Government	Compliances to laws and regulations	Operation regulations Listing Requirements Companies Act Labour law Taxations Occupational Safety and Health Act, 1994 Factories and Machinery Act 1997 Factories and Machinery (Electric Passenger and Goods Lift) Regulation 1970
Board of Directors	Board Meeting	Corporate strategy Corporate governance
Employees/Union	Technical and skills training Performance appraisal Team building activities Employee engagement activities (events) Dialogues between employers and employees	Occupational safety & health Remuneration policy Career development Performance review Fair employment practices
Financial Institutions	Bursa announcements Quarterly reports Annual reports Timely update on corporate website	Financial and operational performance Interest/Profit payment
Customers	Regular meetings Marketing activities Sponsorship activities	Customer satisfactions After-sales services Quality assurance Innovative services and products
Suppliers and Agents	Regular meetings Quality audit on services and products Contract negotiation	Services and products' quality Legal compliance
Communities and Non-Government Institutions	Conferences and dialogues	Socioeconomics development
Societal Communities	Community events	Social contribution Job opportunities Donation and financial aid
Analyst/Media	Annual & Extraordinary General Meetings Press conferences and media releases Interview	Financial and operational performance General announcements Face-to-face or email interview

## SUSTAINABILITY STATEMENT

### 4. MATERIAL SUSTAINABILITY MATTERS

#### ECONOMIC

Destini creates sustainable value for its customers, the supply chain, and other stakeholders to whom derived economic value is distributed. This includes governments through taxes, employees through compensation and benefits, suppliers and service providers through product delivery and service prices. Part of the value earned is retained in the company for capital investments, and to maintain a certain amount of independence from capital market fluctuations.

As an integrated engineering solution provider, the Group is determined to create value for the stakeholders through outstanding financial performance, excellent market presence, good business ethics and maintain a track record of delivering products and services of exceptional quality.

#### Shareholders

Our shareholders are the ultimate owners of the company and as such, the Group's operational and financial position is one of the material sustainability matters to our Group. We strive to achieve economic sustainability growth for our shareholders.

The Board recognises the importance of communication with its shareholders and investors as they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting and Extraordinary General Meetings where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance, the Group's corporate website at [www.destinigroup.com](http://www.destinigroup.com) also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

#### Customers & Products

The Group is committed to providing innovative and high-quality products and services to its customers. As an integrated engineering solutions provider, all our products and services are designed and customised to cater to our customers' specific needs and industry applications. With the Group's extensive experience as well as our product and services quality assurance in accordance with international standards ISO 9001: 2015 Quality Management System, the quality and safety performance of the Group's products are guaranteed. Our engineering process is in strict compliance with the quality requirements by following the quality control procedures from services, production to delivery.

We uphold the belief that customers rights should be preserved at all times and are on continuous endeavours to create value-for-money for our customers. In order to ensure that our products are of consistent standard and quality, our management has internally established a Regulatory, Safety and Quality Assurance Department to establish, check and continually improve the continuity compliance as required by Statutory and/or Regulatory bodies, Standard Certifying Agency, Customer and/or Original Equipment Manufacturer ("OEM"). This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts the business continuity.

Engagement channels such as meetings, emails and phone calls with our customers are fully utilised to get a deeper understanding of their needs. Our business goals are to develop and sell our products and services that appeal to our customers. We will maintain our competitive advantage by ensuring prompt delivery, price competitiveness and consistent quality.

## SUSTAINABILITY REPORT

### AVIATION & DEFENCE

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In terms of quality control, our aviation and defence operation is accredited by ISO 9001:2015 - Quality Management System in Maintenance, Repair, Overhaul, and Technical Assistance of:

- (a) Safety and survival equipment;
- (b) Electronics, avionic and electro-mechanical equipment;
- (c) Aircraft ejection system;
- (d) Auto-mechanical, crash & salvage and firefighting equipment for aerospace, marine and defence industries;
- (e) Electro-mechanical and survival systems for special force; and
- (f) Regulator, compressed gas cylinder and oxygen system

It must be noted that, locally, we are an Authorised Maintenance Organisation for the services and maintenance of aircraft safety and survival equipment which is certified by the Malaysian State Technical Airworthiness Authority, and also by Civil Aviation Authority Malaysia.

Internationally, we are certified by Pipeline Hazardous Material Safety Agency of Department of Transport, from the United States of America as an Authorised Re-qualification Cylinder Service Station. This authorises our Group on requalification of the authorised cylinder specifications by the "hydrostatic" test method.

We are also proudly certified by several private and public authorities as an OEM authorised service centre, preferred partner or supported service centre for the maintenance of aircraft ejection seats, safety equipment by Martin Baker and Survitec Aviation.

### ENERGY

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For the energy segment, we are accredited with ISO 45001:2018 – Occupational Health and Safety Management System, ISO 9001:2015 – Quality Management System as well as OHSAS 18001:2007 – The Occupational Health & Safety Management System applicable to the provision of tubular handling equipment and conductor installation services for the oil and gas industry.

These certifications provide worldwide recognition and acceptance of our services and products. Our solar PV investor is recognised to use the MyHIJAU Mark, which is Malaysia's official green recognition scheme endorsed by the Government of Malaysia, bringing together certified products and services that meet local and international environmental standards under one single mark.

The Group is also a registered company under the Sustainable Energy Development Authority of Malaysia for solar renewable energy projects.

Our services and products quality with international quality accreditation has gained us as one of the market leaders in this industry. In addition, Destini possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectations.

## SUSTAINABILITY STATEMENT

### MOBILITY

In the mobility segment, we are certified by the Ministry of Finance of Malaysia for the fabrication of commercial vehicle bodies, supply and MRO services for electric train sets.

### MARINE

For the marine segment, we are accredited with ISO 9001:2015 - Quality Management System on:

- provision of ship/boat building and ship/boat repair services; and
- inspection, repair, and service of lifeboats and davit systems.

In this respect, we are the Authorised Life Raft Service Station issued by the Malaysian Marine Department in compliance with the International Maritime Organisation and/or Safety of Life at Seas Regulation.

Apart from that, internationally, our company is also certified by Lloyd's Register Group Limited & Panama Maritime Authority as Approved Service Suppliers in servicing and maintenance, through examination, operational testing, overhaul and repair of lifeboats and rescue boats, launching appliances and release gear.

American Bureau of Shipping, Bureau Veritas and DNV GL had been audited on our marine segment and given a satisfactory practical demonstration of our services. As such, Destini has been recognised worldwide as a qualified and trustable service provider in servicing/maintenance of lifeboats, ship repair services and shipbuilding.

We also achieved the internationally recognised ISO 45001:2018 occupational health and safety management accreditation standard which is applicable to our marine division and underlines our commitment to a safe and performance driven business.

### Business Model and Planning

Destini has not taken its eyes off its strategic goals of increasing its secured income base. Several new initiatives were adopted to grow its businesses organically within its core segments. This also includes finding synergies between subsidiaries to leverage on each other's capabilities. In doing so, the sustainability and growth across all of our business segments remain resilient despite the challenging operating environment.

The sustainability of Destini's businesses is strong as the Group is operating with a diversified portfolio of services and products in a high entry barrier industry and one of the major sources of revenue earnings was generated from recurring MRO business. Aside from that, there are many more possibilities for Destini to explore and expand its existing capabilities in the industries it has a foothold in.

Moving away from local shores, the Group is also aggressively broadening its client base by staying competitive and relevant in all the industries it has operations in and all the countries it has a presence. This includes constantly looking to extend its services and products to the wider global market. It opens up greater opportunities for the Group to grow internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore and United Kingdom, Destini is on the blueprint to expand its current business network to the Southeast Asian countries it does not have a presence.

Moving forward, the Group will continue to expand its customer base in order to strengthen our market position coupled with expansion plans for revenue growth. The Group is currently focused on allocating the Group's resources to enhance and expand its core business. To achieve sustainability in the long run, the Group opined that other diversification shall also be ventured into to enhance its financial performance and shareholder's value in the future.

## SUSTAINABILITY REPORT

### Suppliers

In ensuring an efficient and smooth operation within our organisation, the Group constantly relies on the support of our dependable suppliers and vendors. Throughout our operating history, our procurement practices have been structured and carried out in a fair and consistent manner in which suppliers can engage us impartially while fulfilling our requirements.

We operate a procurement function which provides guidance and strategic direction to a network of procurement specialists. In addition, we have an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes, maintaining long term relationship with suppliers, complying with laws and regulations and enhancing efficiency, while providing sustainable fit for purpose solutions. This approach is embodied throughout the procurement function which has a common vision to deliver excellence in procurement practice through the operational effectiveness, cross-functional collaboration and savings transparency.

All procurement activities are guided by our documented procedure as prescribed by the ISO 9001:2015 Quality Management System to ensure that our suppliers comply with our purchase material specifications and satisfy our production requirements. To ensure the compliance practices of our suppliers, we evaluate the performance of our suppliers on a biannual basis in terms of the quality of products and services, pricing, delivery and product safety criteria.

### ENVIRONMENT

#### Operations

We understand the significance of responsible environmental practices for the long-term viability of the Group and are committed to mitigating the adverse impact of our operations on the environment. At Destini, we strive to operate in accordance with the applicable environmental regulations of where we operate.

Joining many parts of the world in bracing for more severe climate change impacts and actively gearing up our adaptation and mitigation measures, Destini has taken part in environmental initiatives and incorporated several carbon avoidance measures during the financial year to help reduce our emissions and conserve our environment: Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instill in them the environmental awareness culture and values of our Group.

#### Waste Management

We recognise the importance of environmental protection for the long-term sustainability of our business. The Group substantially invests to comply with environmental legislation, optimize cost and manage its waste management practices across all business operations.

We have scheduled disposal of hazardous waste such as chemicals that requires special handling pursuant to the Environmental Quality Act, 1974 and the Environmental Quality (Scheduled Wastes) Regulations, 2005. The waste is managed responsibly to minimise the risk of unintended contact by the Group's employees and those handling the waste disposal.

## SUSTAINABILITY STATEMENT

In this respect, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed Department of Environment guidelines and regulations. Moreover, we are also certified with ISO 14001:2015 and ISO 45001:2018 - Environmental Management System in providing MRO of safety, survival, search, rescue equipment.

Aside to that, the Group also adheres to the Environmental Quality Scheduled Waste Regulation 2005 and Inventory of Scheduled Wastes that is in compliance with oil and gas regulations.

We acknowledge that the impact of paper used on the environment is significant and we have adopted the practice of the 3Rs – Reduce, Reuse and Recycle, across the Group. Paper recycling initiatives are underway by encouraging employees to, amongst others, prioritise electronic means to share and store documents, reduce printing or photocopying and to use double-sided printing.

We adopt a paperless concept where meeting documents and presentation materials are through electronic devices to minimise printing and the negative impact towards the environment. In addition, other materials such as furnishing and fixtures are recycled or reused whenever possible. Waste segregation is carried out by placing different bins for different discarded materials such as plastic, paper and others in and around our office area.

Proper disposal or reusing wastages is part of the Group’s balance activities to ensure the sustainability for its business as well as for the environment. Therefore, the Group is committed to ensure all wastes are appropriately treated and stored or disposed in compliance with law and regulations and in a proper manner. Waste segregation has been done by placing different bins in and around our offices and by setting up recycling stations at convenient locations.

### Energy & Water Conservation

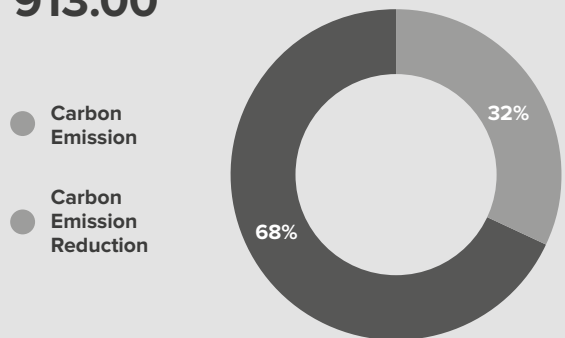
**Total Energy Consumption (MWt)**  
**1,342,127.70**

**Total Green Energy Generated by Solar (MWt)**  
**104.31**

**Equivalent No. of Trees from CO<sub>2</sub> Reduction**  
**15,888**

**Total Carbon Emission (tCO<sub>2</sub>e)**  
**913.00**

**Total Carbon Emission Reduction (tCO<sub>2</sub>e)**  
**913.00**



Most of the Group’s operations are all housed under our corporate building in Glenmarie, Shah Alam. In line with our commitment to adopting good sustainability principles, and to uphold the government’s reformed initiative of Malaysia Electricity Supply Industry (MESI) 2.0, the building’s rooftop was installed with a Solar PV system and is one of our major investments in renewable energy.

## SUSTAINABILITY REPORT

This solar system was approved by Tenaga Nasional Berhad and is able to generate a maximum capacity of approximately 150 kWp. The solar PV system is fully operational from December 2021. During the reporting year, a total of 104.309MWh of energy was generated by green energy through the solar PV system. Since the commissioning of the solar PV, the building managed to reduce 291 tons of CO2 emissions which is equivalent to 15,888 of trees planted.

Apart from that, the Group practices minimising energy consumption at our office buildings during operation hours. Our staff are encouraged to turn off the machines, or other electronic and electrical equipment, such as computers, electric fans, air-conditioners, and lighting when they are not in use; this includes during lunch breaks or recess. In addition, our buildings are installed with LED lights and split unit air-conditioners which serves energy efficiency. The Group also encourages our staff to carpool, or take public transport when commuting to office.

Water is used primarily for drinking and sanitation at our facilities and is obtained solely from municipal suppliers and discharged into public sewage systems. We implement measures to minimise water consumption as part of our environmental management system. We are committed to understanding and reducing operational water footprint, advocating an effective water consumption policy and encouraging our employees to be water stewards at work.

### SOCIAL

We recognise our people as our most important asset and strive to enhance their capabilities as well as competencies through continuous upskills training and professional development. We ensure our reward packages remain competitive to attract, retain and motivate the right talent by providing equal opportunity.

#### Succession Planning

A skilled workforce allows the Group to build a strong foundation for boosting employee productivity and improving company culture. For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's Human Capital plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

#### Safe Workplace

The health and safety of our employees are an absolute top priority at Destini as well as being an essential part of our strive towards sustainable development. We have occupational health and safety policies in place to assist and guide management and employees in creating a safe and healthy workplace that is embedded in our purpose and culture. The Group has in place a policy that highlights our commitment to:

- Prevent injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- require contractors to meet our occupational safety and health standards across all operations;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this context, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and Factory and Machinery Act, 1997, as well as Integrated Safety Management Manual approved by the Board of the Company.

## SUSTAINABILITY STATEMENT

Our goal is to build safety awareness and competencies with safety induction training covering various topics including, among others, chemical safety and health awareness, chemical handling, air hose safety, machine guarding, and safe work practices. The programme is designed to train employees to become fully aware of the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials.

Destini has in place an occupational safety and health policy that highlights our commitment to provide our employees with a safe working environment to minimise occupational-related injuries, and this will be achieved by the following:

- Raise awareness, develop and enforce safe working practices
- Provide continuous training for all staff
- Compliance with all applicable safety and health laws and regulations
- Review the safety and health policy and give recommendations for improvement
- Evaluate the effectiveness of safety and health measures and carry out corrective action plan
- Identify workplace risk and implement a course of action to lower risks

In an effort to address our Health and Safety concern, an Emergency Response Team is established which reacts and manages any incidents that may happen at our working environment. Employees are also encouraged to lodge reports on any hazardous found to the safety officer for an action to be taken. To add, the Group Hospitalisation and Group Personal Accident Insurance are provided to the employees for their health and wellness benefit.

Destini has continued to take measures to protect the well-being, safety and health of our employees in accordance with the Standard Operating Procedures ("SOP") issued by the Ministry of Health and the National Security Council. The continued spread of new COVID-19 variants and sub-variants being detected in Malaysia, as announced by the Malaysian health authorities, the Management continues to remain vigilant of potential risks of COVID-19 and strives to uphold preventive measures across all our premises and activities. Strict guidelines need to be adhered to protect the employees and stakeholders' well-being. The enforcement of the compliance of Standard Operating Procedure is improvised to make sure the workplace remains the safe place for our business activities. Among steps taken are;

- All offices are sanitised at frequent intervals and also after confirmed cases are reported at the workplace.
- All staff are encouraged to wear a face mask in the premises, if asymptomatic.
- Conducting virtual meetings and discussions to minimise physical contact.
- Promoting vaccination among our employees.
- Minimise physical contact as much as possible.

### Talent Motivation and Skill Development

At Destini, employees are our greatest assets. We will continue to focus on human capital development to nurture our employees to their full potential. Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development.

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents of the organisation accordingly. Destini empowers its people by respecting and appreciating their diverse qualities in terms of age, gender, ethnicity, religion, education and national origin for the positive exploration of human capital.

## SUSTAINABILITY REPORT

As at 30 June 2024, the total number of employees stood at 396 employees (2022: 466 employees), of which 18% (2022: 21%) are female and the remaining 82% (2022: 79%) are male. Our workforce is diverse ranging from Bumiputera (89%), Chinese (3%), Indian (2%) and others with 6%.

For many years, we have recognised the importance of engaging with our workforce. Employees' engagement is important to an organisation because it motivates employees to do their best. We consider effective engagement a key element of the Group's ability to create value as we recognise that our people are our greatest asset. Management regularly engages with the workforce through a range of activities such as staff birthday celebrations, festive celebrations etc. Training and development help our Group to gain and retain talent, increase job satisfaction, and improve productivity. Destini values the career development and skills improvement of our employees. As such, we never underestimate the importance of employee training as we provide on-the-job training to sharpen their skills and knowledge.

Apart from safety and promoting good health, motivation is an essential part of the Group's responsibility to our employees. The Group engages with its employees through department meetings, annual performance reviews, feedback, surveys and bulletins whereby we actively encourage our employees to participate in.

### Social Responsibility

The Group acknowledges our responsibility as corporate citizens, and Destini has undertaken various efforts to improve our environmental and social initiatives. We believe that the value of volunteerism to our community will provide caring character and empathy among our employees and community. Therefore, we encourage our employees to reach out to various communities by allowing them to take time off from their regular duties and participate in various charitable and community activities.

We have from time to time made donations to various charitable organisations with the eye to support:

- Charity-Welfare Programmes - to fund and promote charitable events that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.
- Environmental Activities - to educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

Aside from this, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army are not neglected. It is a commitment by Destini to provide employment opportunities to ex-servicemen, ever since we commenced our business operations. We acknowledge that the ex-servicemen could contribute positively to the Group even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these ex-servicemen for past years. This has raised the quality of life of these ex-servicemen as there is greater income stability and consequently, better and improved living standards and conditions.

The Group recognises the correlation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibilities to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society. The Group focuses on enhancing community sustainability through various activities and actions to promote community engagement and address the needs of less fortunate and underprivileged families.

With this in mind, Destini is fully committed to its Corporate Social Responsibility programs by engaging in various community service events by supporting its surrounding communities through various methods including providing financial assistance to a large and diverse group of non-profits, schools and charitable organisations.

## SUSTAINABILITY REPORT

## SUSTAINABILITY STATEMENT

## PERFORMANCE DATA TABLE FROM ESG DATA REPORTING PLATFORM

Indicator	Measurement Unit	2024
<b>Bursa (Anti-Corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	0.00 <sup>-</sup>
Executive	Percentage	0.00 <sup>-</sup>
Non-executive/Technical Staff	Percentage	0.00 <sup>-</sup>
Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	0.00 <sup>-</sup>
Bursa C1 (c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2 (a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00 <sup>-</sup>
Bursa C2 (b) Total beneficiaries of the investment in the communities	Number	0 <sup>-</sup>
<b>Bursa (Diversity)</b>		
Bursa C3 (a) Percentage of employees by gender and age group for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	1.79 <sup>-</sup>
Management Above 50	Percentage	0.77 <sup>-</sup>
Executive Under 30	Percentage	17.95 <sup>-</sup>
Executive Between 30-50	Percentage	32.31 <sup>-</sup>
Executive Above 50	Percentage	18.72 <sup>-</sup>
Non-Executive/Technical Staff Under 30	Percentage	7.44 <sup>-</sup>
Non-Executive/Technical Staff Between 30-50	Percentage	18.79 <sup>-</sup>
Non-Executive/Technical Staff Above 50	Percentage	2.05 <sup>-</sup>
Gender Group by Employee Category		
Management Male	Percentage	2.31 <sup>-</sup>
Management Female	Percentage	0.26 <sup>-</sup>
Executive Male	Percentage	51.54 <sup>-</sup>
Executive Female	Percentage	17.44 <sup>-</sup>
Non-Executive/Technical Staff Male	Percentage	26.41 <sup>-</sup>
Non-Executive/Technical Staff Female	Percentage	2.05 <sup>-</sup>
Bursa C3 (c) Percentage of Directors by gender and age group		
Male	Percentage	4.62 <sup>-</sup>
Female	Percentage	0.26 <sup>-</sup>
Under 30	Percentage	0.00
Between 30-50	Percentage	1.54 <sup>-</sup>
Above 50	Percentage	3.33 <sup>-</sup>

Indicator	Measurement Unit	2024
Bursa (Energy Management)		
Bursa C4(a) Total Energy Consumption	Megawatt	1,342,127.70 <sup>-</sup>
Bursa (Health and Safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa 5C(b) Lost time incident rate ("LTIR")	Rate	2.20 <sup>-</sup>
Bursa C5 (c) Number of employees trained	Number	192 <sup>-</sup>
Bursa (Labour practices and standards)		
Bursa 6C (a) Total hours of training by employee category		
Management	Hours	34 <sup>-</sup>
Executive	Hours	3,999 <sup>-</sup>
Non-Executive/Technical Staff	Hours	4,221 <sup>-</sup>
Bursa 6C (b) Percentage of employees that are contractors or temporary staff	Percentage	26.00 <sup>-</sup>
Bursa 6C c) Total number of employee turnover by employee category		
Management	Number	7 <sup>-</sup>
Executive	Number	80 <sup>-</sup>
Non-Executive/Technical Staff	Number	24 <sup>-</sup>
Bursa 6D (a) Number of substantiated complains concerning human rights violations		0
Bursa (Supply Chain Management)		
Internal assurance	External assurance	No assurance

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors ("the Board") acknowledges that the practice of good corporate governance is an essential part in the Company and its subsidiaries ("the Group") continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") to enhance business prosperity and maximise shareholders' value.

This Statement sets out the commitment of the Board towards the MCCG 2021 and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG 2021 throughout the financial period ended 30 June 2024 ("FPE 2024") pursuant Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company. The detailed application for each practice as set out in the MCCG 2021 is disclosed in the Corporate Governance Report which is available at the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### 1. Board Leadership on Objectives and Goals

##### Strategic Aims, Values and Standards

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and ensure the necessary resources are in place.

Within the Group, the Board and the Senior Management work cohesively to formulate and to execute the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for overseeing and managing the Group as a whole, which includes evaluating and approving the Group's corporate objectives, as well as the goals and targets for management to achieve.

The management, including the Executive Director, Group Chief Operation Officer, Group Chief Financial Officer of Destini and Chief Executive Officer of subsidiaries are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board.

The management meets regularly to discuss and resolve operational issues. The Executive Director briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings. The Board maintains full and effective control of the Group and has established corporate objectives and role descriptions, including the boundaries of management's responsibilities. Management is aware of these and is accountable for meeting them.

The Board has a formal schedule of matters reserved for its decision, including key areas such as the Group's overall strategy and direction, investment policy, major capital expenditures, significant financial considerations and review of the Group's financial and operational performance.

The Board is fully aware of the key risks associated with all aspects of the Group's business and acknowledges that risk is inherent in business decisions. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that effective systems are in place to monitor and manage these risks, with a focus on the Group's long-term sustainability.

## GOVERNANCE

The principal roles and responsibility assumed by the Board are as follows:

### (a) Review and adopt strategic plan of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which supports the Group's business plan and budget plan.

### (b) Implementation of internal compliance controls and justify measure to address principal risks

The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

### (c) To formulate and implement an appropriate succession plan

The Board is responsible to formulate and implement an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, on the retirement and appointment of the members of the Board and Executive Director.

### (d) Develop and implement an investor relations program or shareholder communications policy for the Group

The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

- i) relevant operational reports from the management;
- ii) reports on the financial performance;
- iii) specific proposals for capital expenditure and acquisitions, if any;
- iv) major issues and opportunities for the Company, if any; and
- iv) quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

- i) approve annual financial statements, and other reports to shareholders;
- ii) review the Board composition, structure and succession plan;
- iii) review the Company's audit requirements;
- iv) review the performance of, and composition of Board committees;
- v) undertake Board and individual Board member evaluations;
- vi) review Board remuneration; and
- vii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent & Non-Executive Directors and Executive Director are clearly defined and properly segregated. All the Independent & Non-Executive Directors are independent of the Executive Director, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Executive Director is responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Executive Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Director is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Director are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board has established its Board Charter, and a Code of Conduct and Ethics that outlines its roles, duties and responsibilities, as well as the corporate governance principles and practices it adheres to. It also affirms the Board's commitment to fair practices for its stakeholders. These documents are available on the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

### **Separation of positions of Chairman and Executive Director**

The Board is chaired by an Independent Non-Executive Chairman, Tan Sri Datuk Azhar Bin Azizan @ Harun until his resignation on 11 March 2024. On the same day, Dato' Abd Aziz Bin Haji Sheikh Fadzir was re-designated from his position as Non-Independent and Non-Executive Director to serve as the Non-Independent and Non-Executive Chairman of the Company.

The Non-Independent and Non-Executive Chairman is primarily responsible for the vision and strategic planning of the Group and to provide leadership and ensure effective conduct of the Board. He ensures the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure all Directors participate and deliberated at all Board meetings and that no Board member dominates discussion.

Encik Ismail Bin Mustaffa holds the role of Executive Director since 28 August 2023. He implements the Group's strategies, policies and decision adopted by the Board. He has extensive and experience in the businesses of the Group and has shown great commitment and exercised due care in managing the operations of the Group's businesses in the best interest of the shareholders.

The roles of the Non-Independent and Non-Executive Chairman and the Executive Director are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Board believes that for its current size, it is more expedient for the two roles to be held by the different person there are pertinent checks and balance to ensure no one in the Board has unfettered powers to make major decisions for the Company unilaterally.

### **Qualified and Competent Company Secretaries**

The Board is supported by qualified and competent Company Secretaries who are responsible to ensure that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

### **Board Committees**

In discharging its fiduciary duties, the Board has delegated specific tasks to the following three (3) Board Committees:

- (a) Audit Committee ("AC");
- (b) Nomination and Remuneration Committee ("NRC"); and
- (c) Risk Management Committee ("RMC").

## GOVERNANCE

All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group. The Chairman of the Board is not a member of the AC, NRC and RMC.

### **Access to Information and Advice**

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting.

This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible to ensure the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Company Secretaries' office.

## **2. Demarcation of Responsibilities**

### **Board Charter**

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is available at the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 3. Good Business Conduct and Corporate Culture

#### Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board adopted a Code of Conduct and Ethics and will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

#### Whistle-blowing Policy

The Board has a Whistle-blowing Policy which provides an avenue and mechanism to all employees of the Group and members of the public to voice genuine concerns of any possible suspected breach of business conduct and malpractices impacting the interest of the Group.

The main objectives of the policy are:

- (a) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
- (b) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
- (c) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-blowing Policy are available for reference at the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention : Dato' Bahudin Bin Mansor  
 Designation : Audit Committee Chairman / Independent & Non-Executive Director  
 Email : bahudinn@gmail.com

#### Destini Group Anti-Bribery and Anti-Corruption Policy

On 19 June 2020, the Company has adopted the "Destini Group Anti-Bribery and Anti-Corruption Policy" that sets out the Company's principles and stance and adequate procedures against bribery and corruption activities in the conduct of its business. The Destini Group Anti-Bribery and Anti-Corruption Policy provide guidance to the employees and business partners towards eliminating acts of bribery and corruption in the conduct of the Company's business and affairs and such policy is published on the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

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## PART II – BOARD COMPOSITION

### 4. Board's objectivity

#### Board Composition and Balance

As of the date of this Statement, our Board consists of four (4) members, which comprises of one (1) Non-Independent and Non-Executive Chairman, one (1) Executive Director and two (2) Independent & Non-Executive Directors in compliance with the Paragraph 15.02 of the Listing Requirements. The Profile of the Board members are set out in this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has identified Dato' Bahudin Bin Mansor as a representative of other members of the Board to share any concerns of Directors to the Executive Director on any issues of the Group and perform as the alternative contact person for shareholder communication.

## GOVERNANCE

### Tenure of Independent Directors and Policy of Independent Director's Tenure

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by Practice 5.3 of the MCGG 2021 provides that the tenure of an independent director does not exceed a term limit of nine (9) years. Based on the review of the Board's composition and assessment of individual Directors, the Board is of the view that the independence of the Independent Non-Executive Directors of the Company should not be determined solely or arbitrary by their tenure of service. The Board is confident that the current Board is able to exercise objective judgment on business and corporate affairs in the presence of the Independent Non-Executive Directors.

As at the date of this statement, there is no Independent Non-Executive of the Company that has served for a cumulative nine (9) years since appointment.

### **New Candidates for Board Appointment**

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board is as follows:

- i. The NRC reviews the Board's composition through Board assessment/evaluation;
- ii. The NRC determines skills matrix;
- iii. The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv. The NRC recommends to the Board for appointment; and
- v. The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

- i. Skills, knowledge, expertise and experience;
- ii. Professionalism and Integrity;
- iii. The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- iv. The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- v. The extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

During the financial year under review, four (4) new directors were appointed as recommended by the NRC. Dato' Abd Aziz Bin Haji Sheikh Fadzir was appointed as an Independent and Non-Executive Director on 5 July 2023, while Encik Ismail Bin Mustaffa and Datuk Kabil Bin Surat were appointed as an Executive Directors on 28 August 2023. Puan Farah Nadia Binti Fazaruddin was appointed as an Independent and Non-Executive Director of the Company on 11 October 2023. Dato' Abd Aziz Bin Haji Sheikh Fadzir was re-designated from Independent & Non-Executive Director to Non-Independent Non-Executive Director on 10 July 2023 and later re-designated as Non-Independent Non-Executive Chairman of the Company on 11 March 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCGG 2021 to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

Following the resignation of Puan Farah Nadia Binti Fazaruddin on 15 October 2024, there are currently no women directors on the Board. The Company will fill the vacancy with a female director within three months, in compliance with Paragraph 15.02(1)(b) of the Main Market Listing Requirements. In line with the country's aspirational goal of achieving 30% female representation on boards, the Board may also consider appointing additional women in the future to enhance diversity of perspectives.

The existing Directors' age distribution falls within the respective age group and are as follows:

Age Group	31-40	41-50	51-60	61 & above
Number of Directors	-	-	1	3

The current diversity in the race/ethnicity and nationality of the existing Directors are as follows:

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	4	0	0	0	3	1

### Time Commitment and Directorship in Other Public Listed Companies

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

### **Board Meetings**

The Board held eight (8) meetings during the financial period ended 30 June 2024. The details of Directors' attendances are set out below:

<b>Name of Directors</b>	<b>No. of meetings attended</b>
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Resigned on 27 February 2023)	1/1
Encik Syaiful Hafiz Bin Moamat Mastam (Resigned on 31 March 2023)	1/1
Professor Datin Dr. Suzana Binti Sulaiman @ Mohamed Suleiman (Resigned on 2 June 2023)	3/3
Encik Abdul Rahman Bin Mohamed Rejab (Resigned on 16 June 2023)	3/3
Dr. Nurwahida Binti Mohd Yaakub (Resigned on 16 June 2023)	3/3
Dato' Mohd Zahir Bin Zahur Hussain (Resigned on 28 August 2023)	4/4
Dato' Ahmad Suhaimi Bin Endut (Appointed on 7 April 2023 and resigned on 1 March 2024)	3/5
Tan Sri Datuk Azhar Bin Azizan @Harun (Appointed on 10 May 2023 and resigned on 11 March 2024)	4/4
Datuk Kabol Bin Surat (Appointed on 28 August 2023 and resigned on 23 April 2024)	3/3
Puan Farah Nadia Binti Fazaruddin (Appointed on 11 October 2023 and resigned on 15 October 2024)	4/4
Encik Syed Javed Islam (Appointed on 10 May 2023)	5/6
Dato' Bahudin Bin Mansor (Appointed on 19 June 2023)	5/5
Dato' Abd Aziz Bin Haji Sheikh Fadzir (Appointed on 5 July 2023)	5/5
Encik Ismail Bin Mustaffa (Appointed on 28 August 2023)	4/4

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

### Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program (“MAP”) as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to evaluate their own training needs on a continuous process and determine the relevant programs / seminar / conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training program to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during the financial year as listed below:

NAME OF DIRECTOR	DATE	DETAILS SEMINARS/CONFERENCES/ TRAININGS ATTENDED	VENUE
Dato’ Abd Aziz Bin Sheikh Fadzir	25 January 2024	Anti-Bribery and Corruption Training	AI Smartual Learning Virtual Classroom
Encik Syed Jabed Islam	26 June 2023- 27 June 2023	MAP Part I	ICDM Virtual Classroom
Dato’ Bahuddin Bin Mansor	9 October 2023 to 10 October 2023	MAP Part I	ICDM Virtual Classroom

Save as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

During the financial year under review, the Directors was updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

## GOVERNANCE

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) was established comprising exclusively of Independent & Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

#### Chairman

Dato’ Bahudin Bin Mansor  
(Independent & Non-Executive Director)  
(Appointed as NRC Chairman on 19 June 2023)

#### Member

Encik Syed Javed Islam  
(Independent & Non-Executive Director)  
(Appointed as NRC member on 19 June 2023)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company’s website at [www.destinigroup.com](http://www.destinigroup.com).

The NRC shall meet at least once a year and as frequently as may be required and the quorum for a meeting of the NRC shall consist of not less than two (2) members, majority of members present must be Independent & Non-Executive Directors.

During the financial year under review, the summary of activities undertaken by the NRC included the following:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;</li> <li>ii) Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company’s Constitution;</li> </ul> | <ul style="list-style-type: none"> <li>iii) Reviewed and recommended the payment of Directors’ fees and other benefits payable to the Directors;</li> <li>iv) Reviewed and recommended the appointment of Dato’ Ahmad Suhaimi Bin Endut as the Non-Independent Non-Executive Director of the Company and his remuneration package to the Board for approval;</li> <li>v) Reviewed and recommended the appointment of Tan Sri Datuk Azhar Bin Azizan @ Harun as the Independent Non-Executive Director and member of NRC and AC and Encik Syed Javed Islam as the Independent Non-Executive Director and member of RMC of the Company and their remuneration package to the Board for approval;</li> <li>vi) Recommended the resignation of Professor Datin Dr. Suzana Bt Sulaiman @ Mohd Suleiman as the Non-Independent Non-Executive Director and cessation as the member of AC, NRC and RMC of the Company to the Board for approval;</li> <li>vii) Reviewed and recommended the appointment of Dato’ Abd Aziz Bin Haji Sheikh Fadzir as the Independent Non-Executive Director of the Company and his remuneration package to the Board for approval;</li> <li>viii) Reviewed and recommended the re-designation of Dato’ Abd Aziz Bin Haji Sheikh Fadzir from the Independent Non-Executive Director to Non-Independent Non-Executive Director of the Company to the Board for approval;</li> <li>ix) Reviewed and recommended the appointment of Datuk Kabil Bin Surat and Encik Ismail Bin Mustaffa as the Executive Directors and member of RMC of the Company and their remuneration package to the Board for approval;</li> <li>x) Reviewed and recommended the appointment of Dato’ Abd Aziz Bin Haji Sheikh Fadzir and his meeting allowance as a member of the AC and RMC;</li> <li>xi) Recommended the resignation of Dato’ Mohd Zahir Bin Zahur Hussain as Managing Director and Group Chief Executive Officer and cessation as the member of RMC of the Company to the Board for approval;</li> <li>xii) Reviewed and recommended the appointment of Puan Farah Nadia Binti Fazaruddin as the Independent Non-Executive Director and member of AC and NRC of the Company and her remuneration package to the Board for approval;</li> </ul> |
|---|---|

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- xiii) Recommended the resignation of Tan Sri Datuk Azhar Bin Azizan @ Harun as the Independent Non-Executive Chairman of the Company, the re-designation of Dato' Abd Aziz Bin Haji Sheikh Fadzir from the Non-Independent Non-Executive Director to Non-Independent Non-Executive Chairman and cessation as member of AC and RMC of the Company to the Board for approval;
- xiv) Reviewed and recommended the remuneration package for Encik Ismail Bin Mustaffa as an Executive Director of Destini Berhad and renewal of his employment contract to the Board for approval.

### 5. Overall Board Effectiveness

#### Evaluation for Board, Board Committees and Individual Directors

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on an annual assessment. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgement at all times and based on the criteria set out in the Listing Requirements. The Board did not engage any external party to undertake an independent assessment of the Directors.

All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NRC meeting and thereafter reported to the Board for deliberation.

Based on the assessment conducted for the financial year 2024, the Board and the NRC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Directors and each of them continues to fulfil the definition of independence as set out in the Listing Requirements.

#### Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next AGM following his appointment.

At the forthcoming 20th AGM, Dato' Abd Aziz Bin Haji Sheikh Fadzir, Encik Ismail Bin Mustaffa, and Encik Syed Jabed Islam are due for retirement by rotation and being eligible, have offered themselves for re-election.

Upon review, the NRC was satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming 20th AGM of the Company.

## GOVERNANCE

### PART III – REMUNERATION

#### 6. Level and Composition of Remuneration

##### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) was established comprising exclusively of Independent & Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

##### Chairman

Dato’ Bahudin Bin Mansor  
(Independent & Non-Executive Director)  
(Appointed as NRC Chairman on 19 June 2023)

##### Member

Encik Syed Javed Islam  
(Independent & Non-Executive Director)  
(Appointed as NRC member on 19 June 2023)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company’s website at [www.destinigroup.com](http://www.destinigroup.com).

#### 7. Remuneration of Directors and Senior Management

##### Directors’ Remuneration

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors are determined fairly based on the performance and the profitability of the Group as a whole. The Directors’ remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.

The aggregate annual Directors’ fees and other benefits payable are to be approved by the shareholders at the AGM based on recommendations of the Board.

## GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial period ended 30 June 2024 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and * Other emoluments (RM)	Fees (RM)	Salaries and * Other emoluments (RM)
Puan Norzilah Binti Mohammed (Resigned on 15 February 2023)	Nil	34,603	Nil	34,603
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Resigned on 27 February 2023)	Nil	179,393	Nil	179,393
Encik Abdul Rahman Bin Mohamed Rejab (Resigned on 16 June 2023)	Nil	537,763	Nil	537,763
Dato' Mohd Zahir Bin Zahur Hussain (Resigned on 28 August 2023)	5,000	362,383	5,000	362,383
Encik Syaiful Hafiz Bin Moamat Mastam (Resigned on 31 March 2023)	7,500	1,000	7,500	1,000
Professor Datin Dr. Suzana Binti Sulaiman @ Mohamed Suleiman (Resigned on 2 June 2023)	12,500	2,500	12,500	2,500
Dr. Nurwahida Binti Mohd Yaakub (Resigned on 16 June 2023)	12,500	2,500	12,500	2,500
Dato' Ahmad Suhaimi Bin Endut (Appointed on 7 April 2023 and resigned on 1 March 2024)	35,084	5,000	35,084	5,000
Tan Sri Datuk Azhar Bin Azizan @Harun (Appointed on 10 May 2023 and resigned on 11 March 2024)	31,425	9,000	31,425	9,000
Encik Syed Javed Islam (Appointed on 10 May 2023)	42,360	16,000	42,360	16,000
Dato' Bahudin Bin Mansor (Appointed on 19 June 2023)	39,000	16,000	39,000	16,000
Dato' Abd Aziz Bin Haji Sheikh Fadzir (Appointed on 5 July 2023)	36,000	9,500	36,000	9,500
Datuk Kabol Bin Surat (Appointed on 28 August 2023 and resigned on 23 April 2024)	Nil	225,622	Nil	225,622
Encik Ismail Bin Mustaffa (Appointed on 28 August 2023)	Nil	286,681	Nil	286,681
Puan Farah Nadia Binti Fazaruddin (Appointed on 11 October 2023 and resigned on 15 October 2024)	27,000	7,500	27,000	7,500

\* Other emoluments include the meeting allowances and other benefits and allowance payable to the Directors of the Company.

## GOVERNANCE

### Remuneration of Senior Management

The aggregate remuneration paid to the Senior Management of the Group during the financial period ended 30 June 2024 analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	1
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-
RM450,001 to RM500,000	1

Details of total remuneration received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band satisfies the accountability and transparency aspects of the MCCG 2021.

The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I – AUDIT COMMITTEE

#### 8. Audit Committee

The Audit Committee is relied upon by the Board to amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee (“AC”) also undertakes to provide oversight on the risk management framework of the Group.

### Chairman of the AC

Dato’ Bahudin Bin Mansor, who is an Independent & Non-Executive Director, is the Chairman of the Audit Committee. He is a member of Malaysia Institute of Accountants. The Chairman of AC is not the Chairman of the Board as compiled with the Practice 9.1 of the MCCG 2021 which stipulates that the Chairman of the AC is not the Chairman of the Board.

### Composition of the Audit Committee

As at the date of this Statement, the present members of the AC are as follows:

#### Member

Encik Syed Javed Islam  
(Independent & Non-Executive Director)  
(Appointed as AC member on 19 June 2023)

Following the resignation of Puan Farah Nadia Binti Fazaruddin on 15 October 2024, she ceased to be a member of the AC. The Company will fill the vacancy within three months, in compliance with Paragraph 15.19 of the Main Market Listing Requirements.

Further details of the Composition of the AC, terms of reference and summary of activities of the AC are set out in the AC Report in this Annual Report.

### Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the external auditors of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

From time to time, the External Auditors highlight to the AC and Board of Directors on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

In assessing or determining the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the AC will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures, and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the AC and the Board for the financial period ended 30 June 2024.

The AC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY Malaysia as the External Auditors of the Company for the financial year ending 30 June 2025.

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## PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### 9. RISK MANAGEMENT COMMITTEE ("RMC")

The RMC was established in April 2019 comprising the following members:

#### Chairman

Encik Syed Javed Islam  
(Independent & Non-Executive Director)  
(Appointed as RMC Chairman on 19 June 2023)

#### Member

Dato' Bahudin Bin Mansor  
(Independent & Non-Executive Director)  
(Appointed as RMC member on 19 June 2023)

Encik Ismail Bin Mustafa  
(Executive Director)  
(Appointed as RMC member on 28 August 2023)

## GOVERNANCE

The function of the RMC is to oversee the risk management matters relating to the activities of the Group and assist the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible to oversee the compliance function and monitoring the overall compliance of the Group.

### **Effective Risk Management and Internal Control Framework**

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of the internal auditors adopted on-going monitoring and review to the existing risk management process in place within the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's risk management and internal control is further elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

### **10. Internal Audit Function**

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee to provide an independent assessment and assurance over the system of internal control of the Group to the Audit Committee and the Board.

Further details of the activities of the internal audit function are set out in the Audit Committee Report in this Annual Report.

### **Compliance with Applicable Financial Reporting Standards**

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial period ended 30 June 2024 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **PART I – ENGAGEMENT WITH STAKEHOLDERS**

#### **11. Continuous Communication between Company and Stakeholders**

The Group values dialogue and recognises the need to communicate with its investors, thus encouraging constructive two-way communication. The Group uses several channels to appropriately inform its investors of major developments and of the operations of the Company through disclosures and announcements made to Bursa Securities, press releases, annual reports and the Board also has the option to arrange meetings with analysts or investors, if necessary.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG 2021 with regard to strengthening engagement and communication with shareholders, it is not only established to comply with the Listing Requirements of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions. The Company strives to provide a high level of transparency reporting in order to provide value for stakeholders.

### **Leverage on Information Technology for Effective Dissemination of Information**

The Company's website at [www.destinigroup.com](http://www.destinigroup.com) incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public. Shareholders and investors may also forward their queries to the Company via email to [info@destinigroup.com](mailto:info@destinigroup.com).

### **Dialogue with Shareholders**

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman and the Board of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

## **PART II – CONDUCT OF GENERAL MEETINGS**

### **12. Encourage Shareholders' Participation at General Meeting**

The AGM is the principal forum for dialogue with the shareholders. As recommended by the MCCG 2021, the notice of AGM will be dispatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, which they will be given the opportunity to raise questions or seek more information during the AGM.

Apart from contacts at general meetings, there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public currently.

However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement is suffice.

### **Attendance of Directors at General Meetings**

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Nineteenth (19th) AGM of the Company held on 20 June 2023, all the Directors were present via remote participation to engage with shareholders by answering relevant queries and be accountable for their stewardship of the Company.

Barring any unforeseen circumstances, all Directors as well as the Chairman of the respective Board Committees will be present at the forthcoming 20th AGM of the Company to enable the shareholders to raise question and concerns directly to those responsible.

### **Poll Voting**

In line with Paragraph 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

### **Effective Communication and Proactive Engagement**

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG 2021 with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
- iv) Annual General Meetings.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 23 October 2024.

# RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

## Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has established the Risk Management Committee ("RMC") with the primary responsibility of ensuring the effective functioning of the integrated risk management function within Destini Group.

The RMC will assist the Board to see overall management of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensure that there is adequate risk reporting of core business activities.

## Internal Control

The Group's system of internal control includes, among others:

1. A well-defined organisational structure with clear lines of accountability and responsibilities provides a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.
2. A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved include matters that require the Board's approval.
3. The Board of Directors and Audit Committee meets at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.
4. Internal policies and procedures have been established for key business units within the Group.
5. Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.
6. Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Board of Directors does not regularly review the internal control system of its associates and joint venture, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associates and joint ventures and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision making on the continuity of the Group's investment based on the performance of the associates and joint venture.

## GOVERNANCE

### Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience in the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed to its efforts to reform and re-organized the system of internal control.

The Audit Committee and the Board have reviewed the inhouse internal audit function and is satisfied with the level of independence and the competence of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following:

- (a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;
- (b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;
- (c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;
- (d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and
- (e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

### Board Responsibility

The Board is responsible for maintaining a sound system of internal controls and for reviewing its adequacy and integrity.

It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

### Management Responsibility

The management is responsible for implementing the Group's strategies and day-to-day business. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

### Internal Audit Responsibility

The Group Internal Audit Department ("GIAD") function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee ("AC"). The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow-up reviews.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company.

Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against the responsible individual.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

### **Review of the Statement by External Auditors**

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial period ended 30 June 2024 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

### **Management's Assurance**

The Board has received assurance from the Executive Director that the Group's risk management and internal control system operate adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group..

### **Conclusion**

For the financial period under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of risk management and internal control is adequate.

Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

This statement is made in accordance with a resolution of the Board of Directors passed on 23 October 2024.

# AUDIT COMMITTEE REPORT

## **Composition**

The present members of the Audit Committee (“AC”) comprise the following:

### **Chairman**

Dato’ Bahudin Bin Mansor  
(Independent & Non-Executive Director)  
(Appointed as AC Chairman on 19 June 2023)

### **Member**

Encik Syed Javed Islam  
(Independent & Non-Executive Director)  
(Appointed as AC member on 19 June 2023)

Following the resignation of Puan Farah Nadia Binti Fazaruddin on 15 October 2024, she ceased to be a member of the AC. The Company will fill the vacancy within three months, in compliance with Paragraph 15.19 of the Main Market Listing Requirements.

## **Attendance**

The Audit Committee held six (6) meetings during the financial period ended 30 June 2024. The details of attendance of the Audit Committee members are as follows:

<b>Name of Directors</b>	<b>No. of meetings attended</b>
Dato' Mohd Zahir Bin Zahur Hussain (ceased as AC Chairman on 1 March 2023)	1/1
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (ceased as AC member on 2 June 2023)	2/2
Dr Nurwahida Binti Mohd Yaakub (Appointed as AC Chairman on 20 April 2023 and ceased on 19 June 2023)	2/2
Tan Sri Datuk Azhar Bin Azizan @ Harun (Appointed as AC member on 10 May 2023 and ceased on 19 June 2023)	1/1
Dato’ Bahudin Bin Mansor (Appointed as AC Chairman on 19 June 2023)	4/4
Encik Syed Javed Islam (Appointed as AC member on 19 June 2023)	4/4
Dato’ Abd Aziz Bin Haji Sheikh Fadzir (Appointed as AC member on 28 August 2023 and resigned on 11 March 2024)	1/2
Puan Farah Nadia Binti Fazaruddin (Appointed as AC member on 11 October 2023 and ceased on 15 October 2024)	3/3

The Audit Committee may invite the Head of Internal Audit, the Chief Financial Officer and the Company Secretary or any members of the management to attend any of its meetings as it determines.

## AUDIT COMMITTEE REPORT

### Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualifications and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in this Annual Report.

### Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial period ended 30 June 2024 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditor's scope of work and audit plan for the year;
3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management response to these recommendations;
5. Evaluated the performance of the external auditors for the financial period ended 30 June 2024 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence, considered and recommended the reappointment of the external auditors;
6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
8. Reviewed the effectiveness of the Group's system of internal control;
9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
10. Reviewed related party transactions and conflict of interest that may arise within the Company or the Group;
11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
12. Reported to the Board on its activities and significant findings and results; and
13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending it to the Board for approval and inclusion in the Annual Report.

## GOVERNANCE

### **Terms of Reference**

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at [www.destinigroup.com](http://www.destinigroup.com).

### **Internal Audit Function**

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The Internal Audit Department of the Group has a total of three (3) professional staff and it is led by Encik Khairul Rizal Bin Osman as the Head of Internal Audit. Encik Khairul Rizal holds a Bachelor's Degree in Business Administration from Universiti Teknologi MARA and a Diploma in Banking Studies from the same university. He is a Certified in Internal Auditing for Financial Institutions ("CIAFIN"), has an Associate Qualification in Islamic Finance ("AQIF") and a Lead Auditor Intergrated Management System ("IMS") ISO9001, ISO 14001 & ISO 45001 Exemplar Global Certified. The Internal Audit Department of the Group performs its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors.

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

The cost incurred for the internal audit function in respect of the financial year is approximately RM312,030.09.

During the financial period under review, the following activities were carried out by the internal audit department in discharging its responsibilities.

Summary of Activities of the Internal Audit Function:

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;
2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;
3. Followed up with management on the implementation of the agreed audit recommendations; and
4. Presented the Internal Audit Plan for the year for review and evaluated by the Audit Committee.

The Audit Committee and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS

### Proposed Rights Issue with Warrants

On 17 July 2023, Destini Berhad ("Destini" or "the Company") announced to undertake a renounceable rights issue of up to 1,663,531,629 new ordinary shares in the Company ("Destini Shares" or "Shares") ("Rights Shares") at the issue price of RM0.04 per Rights Share, on the basis of 1 Rights Share for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date ("Previous Proposed Rights Issue with Warrants").

Subsequently on 28 August 2023, the Company announced to undertake a revised renounceable rights issue of up to 3,327,063,258 new Destini Shares at the issue price of RM0.04 per Rights Share, on the basis of 2 Rights Shares for every 1 existing Destini Share held, together with up to 1,663,531,629 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on the Entitlement Date.

The Company had announced on 13 March 2024 that the Rights Issue with Warrants has been completed following the quotation of 3,327,063,258 Rights Shares and 1,663,531,629 Warrants on the Main Market of Bursa Securities.

The details of utilisation of proceeds from the Rights Issue with Warrants were as follows:-

Purposes	Actual proceeds raised (RM'000)	Amount utilised as at date of this report (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation
Working Capital	219,478.00	219,478.00	-	Within 24 months
Repayment of Bank Borrowings	2,895.00	2,895.00	-	Within 12 months
Estimated Expenses	710.00	710.00	-	Upon completion
<b>Total</b>	<b>133,083.00</b>	<b>133,083.00</b>	<b>-</b>	

Save for the Rights Issue with Warrants, there were no proceeds raised from other proposal during the financial year.

### AUDIT AND NON-AUDIT FEES

During the financial period, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial period ended 30 June 2024 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	180,000.00	495,000.00
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000.00	5,000.00

### MATERIAL CONTRACTS

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

### CONTRACTS RELATING TO LOANS

There was no material contract relating to loans entered by the Company involving Directors and major shareholders.

### RECURRENT RELATED PARTY TRANSACTIONS

There were no current related party transactions of revenue nature entered during the financial period ended 30 June 2024.

**STATEMENT ON DIRECTORS' RESPONSIBILITY**

The Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the state of affairs the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing these financial statements, the Directors have observed the following criteria:

- i. Overseeing the overall conduct of the Company's business and that of the Group;
- ii. Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iii. Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- iv. Adopting suitable accounting policies and apply them consistently;
- v. Making judgments and estimates that are reasonable and prudent; and
- vi. Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 30 June 2024, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

**COMPLIANCE STATEMENT**

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standard through the continuous adoption of the principles and best practices set out in MCCG 2021 and all other applicable laws, where applicable and appropriate.

This Statement has been approved by the Board on 23 October 2024.

# FINANCIAL STATEMENTS

DIRECTORS' REPORT	78
STATEMENT BY DIRECTORS	85
STATUTORY DECLARATION	86
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	87
STATEMENTS OF FINANCIAL POSITION	93
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	95
STATEMENTS OF CHANGES IN EQUITY	97
STATEMENTS OF CASH FLOWS	100
NOTES TO THE FINANCIAL STATEMENTS	104

# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2024.

## Principal Activities

The principal activities of the Company are those of investment holding and provision of management services, whilst the principal activities of the Group, comprising the Company and its subsidiaries, which is an integrated engineering solutions provider with diverse interests in the aviation and defense, energy, mobility and marine industries. Details of the principal activities of the subsidiary companies are disclosed in Note 6.

## Change of Financial Year End

The financial year end of the Company had been changed from 31 December to 30 June and this is the first set of financial statements prepared to end on the new accounting date. Accordingly, the current financial statements are prepared for a period of eighteen months from 1 January 2023 to 30 June 2024. As a result, the comparative figures stated in the statement of profit or loss and other comprehensive income, statement of changes of equity and statement of cash flows and the related notes are not comparable.

## Financial Results

	<b>Group RM</b>	<b>Company RM</b>
Loss for the financial period	<u>136,788,600</u>	<u>251,239,091</u>
Attributable to:		
Owners of the Parent	133,472,706	251,239,091
Non-controlling interests	3,315,894	-
	<u>136,788,600</u>	<u>251,239,091</u>

## Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

## Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial period.

## Issue of Shares and Debentures

During the financial period, the Company increased its issued and paid-up share capital from RM479,828,496 comprising 1,663,531,629 ordinary shares to RM574,046,216 comprising 4,990,594,887 ordinary shares through issuance of 3,327,063,258 new ordinary shares pursuant to the rights issue with warrants at an exercise price of RM0.04 per share.

The new ordinary shares issued during the financial period shall rank pari passu in all respects with the existing ordinary shares of the Company.

The Company undertook Share Consolidation involving the consolidation of every 10 existing shares in the Company into 1 ordinary share (“Consolidated Shares”), resulting in the reduction in the number of shares from 4,990,594,887 ordinary shares to 499,059,412 Consolidated Shares. Further, the existing number of 1,663,531,629 Warrants B will be adjusted to 166,353,160 Consolidated Warrants B pursuant to the Share Consolidation. The Share Consolidation has been completed following the listing of and quotation for 499,059,412 Consolidated Shares and 166,353,160 Consolidated Warrants B on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2024.

There was no issuance of debentures during the financial period.

## Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

## Warrants

### Warrants B

The Company had on 13 March 2024 issued 1,663,531,629 Warrants B in conjunction with its renounceable rights issue exercise. The warrants are constituted by a deed poll dated 26 January 2024 (“Deed Poll”).

The salient features of the warrants are disclosed in Note 21.

On 12 June 2024, the exercise price of the warrants was adjusted from RM0.054 to RM0.540 and reduction in the number of warrants from 1,663,531,629 to 166,353,160 based on the Share Consolidation.

As at 30 June 2024, the total number of Warrants B that remain unexercised were 166,353,160.

## DIRECTORS' REPORT

### Directors

The Directors in office during the financial period and during the period from the end of financial period to the date of report are:

Syed Jabed Islam	(appointed on 10 May 2023)
Dato' Bahudin Bin Mansor	(appointed on 19 June 2023)
Dato' Abd Aziz Bin Sheikh Fadzir	(appointed on 5 July 2023)
Ismail Bin Mustaffa	(appointed on 28 August 2023)
Professor Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman *	(resigned on 2 June 2023)
Nurwahida Binti Mohd Yaakub	(resigned on 16 June 2023)
Abdul Rahman Bin Mohamed Rejab *	(resigned on 16 June 2023)
Dato' Mohd Zahir Bin Zahur Hussain *	(resigned on 28 August 2023)
Dato' Ahmad Suhaimi Bin Endut	(resigned on 1 March 2024)
Tan Sri Datuk Azhar Bin Azizan @ Harun	(appointed on 10 May 2023, resigned on 11 March 2024)
Datuk Kabol Bin Surat	(appointed on 28 August 2023, resigned on 23 April 2024)
Farah Nadia Binti Fazaruddin	(appointed on 11 October 2023, resigned on 15 October 2024)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial period up to the date of this report:

Datuk Kabol Bin Surat	
Fahredza Bin Muhamad	
Mohamed Suhaimi Bin Yaacob	
Tan Sri Dato' Sri Rodzali Bin Daud	
Shahzad Rafique	
Collin Cunnigham	
Mohd Kholel B Manaf	
Dr Hamad Rashed H. Ahmed Almutawa Aldhaheri	
Datuk Mohd Rani Hisham Bin Samsudin	
Faizal Bin Ahmad	(appointed on 23 August 2023)
Bukhari Bin Mohamed	(appointed on 4 October 2023)
Aris Kefli Bin Mohd Yusof	(appointed on 4 October 2023)
Datuk Musa Bin Haji Sheikh Fadzir	(appointed on 21 December 2023)
Datuk Zulkarnain Bin Md Eusope	(appointed on 21 December 2023)
Goh Yet Loong	(appointed on 2 January 2024)
Zaidi Bin Wahab	(appointed on 11 January 2024)
Mohamed Niza Bin Abu Bakar	(appointed on 25 April 2024)
Dato' Harrison Bin Hassan	(resigned on 11 January 2024)
Zainuluddin Helmi Bin Baharuddin	(resigned on 23 August 2023)

\* *Director of the Company and of its subsidiaries*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

## Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial period end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2023	Number of ordinary shares		At 30.6.2024
		Bought/ (Sold)	Share consolidation	
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Dato' Abdul Aziz Bin Haji				
Sheikh Fadzir	19,500,000	34,650,000	(52,650,000)	1,500,000
Ismail Bin Mustaffa	640,000	8,360,000	(8,100,000)	900,000
<b>Indirect Interests</b>				
Dato' Abdul Aziz Bin Haji				
Sheikh Fadzir	9,800,000	597,255,100	(547,699,590)	59,355,510
Ismail Bin Mustaffa	550,000	1,600,000	(1,935,000)	215,000
Syed Javed Islam	1,500,000	-	(1,350,000)	150,000
<b>No. of warrants</b>				
	At 1.1.2023	Share		At 30.6.2024
		Issued	consolidation	
<b>Interests in the Company</b>				
<b>Direct interest</b>				
Dato' Abdul Aziz Bin Haji				
Sheikh Fadzir	-	19,500,000	(17,550,000)	1,950,000
Ismail Bin Mustaffa	-	3,500,000	(3,150,000)	350,000
<b>Indirect interest</b>				
Dato' Abdul Aziz Bin Haji				
Sheikh Fadzir	-	252,377,550	(227,139,795)	25,237,755
Ismail Bin Mustaffa	-	800,000	(720,000)	80,000
Syed Javed Islam	-	500,000	(450,000)	50,000

None of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

## DIRECTORS' REPORT

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) 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.

	Group RM	Company RM
Salary, wages and other emoluments	1,418,078	906,972
Fees	313,200	313,200
Defined contribution plan	172,342	161,087
	<u>1,903,620</u>	<u>1,381,259</u>

Neither during nor at the end of the financial period, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Indemnity and Insurance Costs

During the financial period, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM24,486 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realized in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

### Other Statutory Information

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period other than as disclosed in the financial statements.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due, other than as disclosed in the financial statements;
  - (ii) the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

## DIRECTORS' REPORT

### Subsidiaries

The details of the subsidiaries are disclosed in Note 6.

### Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial period ended 30 June 2024 are as follow:

	<b>Group RM</b>	<b>Company RM</b>
Auditors' remuneration:		
UHY	500,000	185,000
Other auditors	372,494	-
	<u>872,494</u>	<u>185,000</u>

### Auditors

The Auditors, Messrs. UHY Malaysia (formerly known as UHY) have expressed their willingness to continue in office.

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

\_\_\_\_\_  
DATO' ABD AZIZ BIN SHEIKH FADZIR

\_\_\_\_\_  
ISMAIL BIN MUSTAFFA

KUALA LUMPUR

30 October 2024

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

The Directors of Destini Berhad, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2024 and of the financial performance and the cash flows of the Company for the financial period ended on that date.

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

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DATO' ABD AZIZ BIN SHEIKH FADZIR

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ISMAIL BIN MUSTAFFA

KUALA LUMPUR

30 October 2024

# DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

## PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Aris Kefli Bin Mohamad Yusof (MIA Membership No: 12516), being the Officer primarily responsible for the financial management of Destini Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

---

ARIS KEFLI BIN MOHAMAD YUSOF

Subscribed and solemnly declared by the abovenamed Aris Kefli Bin Mohamad Yusof at Kuala Lumpur in the Federal Territory, this 30 October 2024

Before me,

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COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit and 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 period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 155.

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 2024, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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. 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 IESBA Code.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were 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 these matters.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

### *Key Audit Matters (Cont'd)*

#### Key Audit Matters

#### How we addressed the key audit matters

##### **Impairment on receivables**

The Group's receivables amounting to RM99,270,968 representing approximately 38% of the Group's total assets as at 30 June 2024.

The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical trend in bad payment, customer concentration, customer creditworthiness and customer payment terms and adjusted for forward looking macro economic factors.

Our audit procedures included, amongst others, the following:

- Understood on the procedures of the Group:
  - the Group's identification, monitoring and assessment on the impairment of receivables; and
  - the Group's basis and justification in making accounting estimates for impairment;
- Reviewed the ageing analysis of receivables and testing the reliability thereof;
- Reviewed subsequent collections for major receivables and overdue amount;
- Made inquiries of management regarding the action plans to recover overdue amounts;
- Understood of receivables with significant credit exposures which were significantly overdue or deemed to be in default; and
- Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

***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 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 Directors for the Financial Statements***

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 Group's and the Company's ability 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 has no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

### *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 International Standards on Auditing 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 the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 Group's and of the Company's internal control.
- 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 Group's or the Company's ability 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.

### ***Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)***

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- 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, related safeguards.

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 period 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD**

### ***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 6.

### **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.

UHY MALAYSIA  
Firm Number: AF 1411  
Chartered Accountants

TEOH WEI YEIN  
Approved Number: 03655/04/2026 J  
Chartered Accountant

KUALA LUMPUR

30 October 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	Group		Company	
		30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	37,053,020	37,166,759	18,610,837	19,507,467
Right-of-use assets	5	6,302,746	19,684,518	719,477	732,242
Investment in subsidiaries	6	-	-	3,575,028	110,223,879
Investment in associates	7	-	-	-	-
Investment in joint ventures	8	-	-	-	-
Investment in securities	9	1	130,001	-	130,000
Intangible assets	10	1,174,755	70,339,965	-	-
Other receivables	11	-	14,386,972	-	13,061,519
Other investment	12	320,000	320,000	150,000	150,000
		<u>44,850,522</u>	<u>142,028,215</u>	<u>23,055,342</u>	<u>143,805,107</u>
<b>Current Assets</b>					
Inventories	13	66,018,458	13,310,332	-	-
Contract assets	14	408,172	2,450,952	-	-
Trade receivables	15	50,174,986	44,002,178	-	-
Other receivables	11	49,091,091	41,268,121	1,583,551	3,690,575
Amount due from subsidiaries	16	-	-	162,894,749	126,825,983
Amount due from joint ventures	17	299,205	-	-	-
Amount due from an associate company	18	-	6,255,486	-	-
Tax recoverable		2,429,272	3,670,526	-	-
Fixed deposits with licensed banks	19	18,043,371	16,787,513	-	-
Cash and bank balances		31,566,226	10,787,668	1,863,674	5,094,326
		<u>218,030,781</u>	<u>138,532,776</u>	<u>166,341,974</u>	<u>135,610,884</u>
<b>Total Assets</b>		<u>262,881,303</u>	<u>280,560,991</u>	<u>189,397,316</u>	<u>279,415,991</u>

## STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
<b>Equity</b>					
Share capital	20	574,046,216	479,828,496	574,046,216	479,828,496
Warrant reserve	21	38,864,810	-	38,864,810	-
Foreign currency translation reserve	22	(2,748,192)	1,344,626	-	-
Accumulated losses		(488,567,624)	(355,094,918)	(488,856,654)	(237,617,563)
Equity attributable to owners of the parent		121,595,210	126,078,204	124,054,372	242,210,933
Non-controlling interests		(6,785,421)	(3,398,514)	-	-
<b>Total Equity</b>		<b>114,809,789</b>	<b>122,679,690</b>	<b>124,054,372</b>	<b>242,210,933</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	23	-	176,636	-	-
Other payables	24	245,300	925,671	-	-
Lease liabilities	25	1,150,057	1,093,495	-	-
Bank borrowings	26	8,017,394	10,302,709	3,652,521	6,083,170
Tax payable		-	7,997,170	-	-
		<b>9,412,751</b>	<b>20,495,681</b>	<b>3,652,521</b>	<b>6,083,170</b>
<b>Current Liabilities</b>					
Contract liabilities	14	8,205,942	1,763,996	-	-
Trade payables	27	26,031,231	53,302,246	-	-
Other payables	24	86,946,209	59,695,903	40,863,735	4,240,865
Amount due to subsidiaries	16	-	-	19,900,778	21,680,424
Lease liabilities	25	874,475	949,896	-	-
Bank borrowings	26	11,651,574	6,513,275	924,911	4,319,520
Redeemable preference shares	28	1,571,496	1,357,440	-	-
Tax payable		3,377,836	13,802,864	999	881,079
		<b>138,658,763</b>	<b>137,385,620</b>	<b>61,690,423</b>	<b>31,121,888</b>
<b>Total Liabilities</b>		<b>148,071,514</b>	<b>157,881,301</b>	<b>65,342,944</b>	<b>37,205,058</b>
<b>Total Equity and Liabilities</b>		<b>262,881,303</b>	<b>280,560,991</b>	<b>189,397,316</b>	<b>279,415,991</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023  
TO 30 JUNE 2024

	Note	Group		Company	
		1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Revenue	29	159,327,694	186,170,079	-	-
Cost of sales		(107,899,280)	(127,455,213)	-	-
Gross profit		51,428,414	58,714,866	-	-
Other income		128,439,630	8,577,920	8,687,877	1,433,572
Administrative expenses		(161,086,545)	(72,335,657)	(42,059,943)	(15,157,807)
Net impairment losses on receivables		(79,161,036)	(25,468,256)	(52,493,971)	(1,618,605)
Net impairment losses on intangible assets, property, plant and equipment, and other assets		(67,298,105)	(934,185)	(161,943,031)	(161,364,336)
Finance costs	30	(5,062,362)	(1,711,768)	(3,430,023)	(1,140,389)
<b>Loss before tax</b>	31	<b>(132,740,004)</b>	<b>(33,157,080)</b>	<b>(251,239,091)</b>	<b>(177,847,565)</b>
Taxation	32	(4,048,596)	326,869	-	341,969
<b>Loss for the financial period/year</b>		<b>(136,788,600)</b>	<b>(32,830,211)</b>	<b>(251,239,091)</b>	<b>(177,505,596)</b>
<b>Other comprehensive loss:</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Exchange translation differences for foreign operations		(4,163,831)	(3,496,320)	-	-
<b>Other comprehensive loss for the financial period/year</b>		<b>(4,163,831)</b>	<b>(3,496,320)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the financial period/year</b>		<b>(140,952,431)</b>	<b>(36,326,531)</b>	<b>(251,239,091)</b>	<b>(177,505,596)</b>

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Company	
		1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Loss for the financial period/year attributable to:</b>					
Owners of the parent		(133,472,706)	(30,154,672)	(251,239,091)	(177,505,596)
Non-controlling interests		(3,315,894)	(2,675,539)	-	-
		<u>(136,788,600)</u>	<u>(32,830,211)</u>	<u>(251,239,091)</u>	<u>(177,505,596)</u>
<b>Total comprehensive loss for the financial period/year attributable to:</b>					
Owners of the parent		(137,565,524)	(33,800,512)	(251,239,091)	(177,505,596)
Non-controlling interests		(3,386,907)	(2,526,019)	-	-
		<u>(140,952,431)</u>	<u>(36,326,531)</u>	<u>(251,239,091)</u>	<u>(177,505,596)</u>
<b>Loss per share</b>					
Basic loss per share (sen)	33	<u>(6.11)</u>	<u>(1.81)</u>		
Diluted loss per share (sen)	33	<u>(2.60)</u>	<u>(1.81)</u>		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023  
TO 30 JUNE 2024

Group	Note	Attributable to Owners of the Parent							Total Equity RM
		Non-Distributable		Foreign Currency			Non- Controlling Interests RM	Total RM	
		Share Capital RM	Warrant Reserve RM	Translation Reserve RM	Accumulated Losses RM	Total RM			
At 1 January 2023		479,828,496	-	1,344,626	(355,094,918)	126,078,204	(3,398,514)	122,679,690	
Loss for the financial period		-	-	-	(133,472,706)	(133,472,706)	(3,315,894)	(136,788,600)	
Exchange translation differences for foreign operations		-	-	(4,092,818)	-	(4,092,818)	(71,013)	(4,163,831)	
Total comprehensive loss for the financial period		-	-	(4,092,818)	(133,472,706)	(137,565,524)	(3,386,907)	(140,952,431)	
<b>Transaction with owners:</b>									
Issuance of shares pursuant to right issue	20, 21	94,217,720	38,864,810	-	-	133,082,530	-	133,082,530	
At 30 June 2024		574,046,216	38,864,810	(2,748,192)	(488,567,624)	121,595,210	(6,785,421)	114,809,789	

## STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					Total Equity RM
	Non-Distributable		Foreign		Non- Controlling Interests RM	
	Share Capital RM	RM	Currency Translation Reserve RM	Accumulated Losses RM		
<b>Group</b>						
At 1 January 2022	479,828,496	4,990,466	(323,717,042)	161,101,920	(2,095,699)	159,006,221
Loss for the financial year	-	-	(30,154,672)	(30,154,672)	(2,675,539)	(32,830,211)
Exchange translation differences for foreign operations	-	(3,645,840)	-	(3,645,840)	149,520	(3,496,320)
Total comprehensive loss for the financial year	-	(3,645,840)	(30,154,672)	(33,800,512)	(2,526,019)	(36,326,531)
<b>Transaction with owners:</b>						
Acquisition of non-controlling interest	-	-	(1,223,204)	(1,223,204)	1,223,204	-
At 31 December 2022	479,828,496	1,344,626	(355,094,918)	126,078,204	(3,398,514)	122,679,690

<b>Attributable to Owners of the Parent</b>					
	<b>Note</b>	<b><u>Non-Distributable</u></b>		<b>Accumulated</b>	<b>Total</b>
		<b>Share</b>	<b>Warrant</b>		
		<b>Capital</b>	<b>Reserve</b>	<b>RM</b>	<b>Equity</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Company</b>					
At 1 January 2023		479,828,496	-	(237,617,563)	242,210,933
Loss for the financial period, representing total comprehensive loss for the financial period		-	-	(251,239,091)	(251,239,091)
<b>Transaction with owners:</b>					
Issuance of shares pursuant to right issue	20, 21	94,217,720	38,864,810	-	133,082,530
At 30 June 2024		<u>574,046,216</u>	<u>38,864,810</u>	<u>(488,856,654)</u>	<u>124,054,372</u>
At 1 January 2022		479,828,496	-	(60,111,967)	419,716,529
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(177,505,596)	(177,505,596)
At 31 December 2022		<u>479,828,496</u>	<u>-</u>	<u>(237,617,563)</u>	<u>242,210,933</u>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023  
TO 30 JUNE 2024

	Note	Group		Company	
		1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Cash Flows From Operating Activities</b>					
Loss before tax		(132,740,004)	(33,157,080)	(251,239,091)	(177,847,565)
Adjustments for:					
Amortisation of intangible assets	10	1,561,509	981,117	-	-
Amortisation of right-of-use assets	5	1,759,786	1,913,065	12,765	8,510
Bad debts written off		25,256,765	432,260	-	294,460
Intangible assets written off		1,315,902	100,000	-	-
Depreciation of property, plant and equipment	4	8,165,780	7,196,973	919,679	1,453,632
Effect of deconsolidation of a subsidiary	6	(118,793,009)	-	-	-
Fair value adjustment on investment in securities		-	50,000	-	50,000
(Gain)/Loss on disposal of:					
- property, plant and equipment		(137,496)	(10,907)	-	(4,999)
- investment in securities		(50,000)	-	(50,000)	-
- subsidiaries		(4,378,395)	-	(2)	276,674
- joint venture		-	(2,974,999)	-	-
Impairment loss on:					
- Investment in subsidiaries		-	-	136,648,851	31,148,349
- Trade receivables		15,520,432	19,851,293	-	-
- Other receivables		64,181,573	6,695,609	52,493,971	1,698,104
- Amount due from subsidiaries		-	-	25,294,180	130,215,987
- Intangible assets		67,158,888	-	-	-
- Property, plant and equipment		139,217	934,185	-	-
Derecognition arising from termination of lease agreement		(1,414)	(30,273)	-	-
Interest expense		5,062,362	1,711,768	3,430,023	1,140,389
Interest income		(348,087)	(167,111)	-	-
Inventories written down		2,991,413	-	-	-
Property, plant and equipment written off		2,912,195	114,607	-	-

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Cash Flows From</b>				
<b>Operating Activities (Cont'd)</b>				
Adjustments for: (Cont'd)				
Right of use assets written off	164,271			
Reversal of impairment loss on				
- Trade receivables	(540,969)	(1,078,646)	-	-
- Investment in subsidiaries	-	-	-	(276,674)
Unrealised gain on foreign exchange	(268,082)	(174,772)	-	-
Operating (loss)/gain before working capital changes	(61,067,363)	2,387,089	(32,489,624)	(11,843,133)
<b>Changes in working capital:</b>				
Inventories	(55,959,614)	(1,211,606)	-	-
Contract assets/liabilities	8,484,726	76,350,540	-	-
Receivables	(97,819,466)	15,192,342	(37,325,428)	(5,814,215)
Subsidiary company	-	-	(63,142,592)	23,862,083
Payables	115,798,703	(19,083,760)	36,622,870	1,953,047
Joint venture	(299,205)	500,000	-	-
Associate	-	(7,605)	-	-
	(29,794,856)	71,739,911	(63,845,150)	20,000,915
Cash (used in)/generated from operations	(90,862,219)	74,127,000	(96,334,774)	8,157,782
Tax refunded	208,227	260,557	-	-
Tax paid	(1,226,425)	(3,929,698)	(880,080)	(663,400)
	(1,018,198)	(3,669,141)	(880,080)	(663,400)
Net cash (used in)/from operating activities	(91,880,417)	70,457,859	(97,214,854)	7,494,382

## STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Cash Flows From Investing Activities</b>					
Interest received		348,087	167,111	-	-
Net cash outflow on disposal of subsidiaries		(14,292)	-	-	-
Net cash outflow on deconsolidation of a subsidiary		(1,246)	-	-	-
Purchase of property, plant and equipment	4	(10,804,073)	(2,327,181)	(23,049)	(8,751)
Purchase of intangible assets	10	(771,211)	-	-	-
Purchase of right-of-use assets		-	(8,026)	-	-
Proceeds from disposal of:					
- property, plant and equipment		137,500	23,728	-	5,001
- subsidiaries		-	-	2	1
- joint venture		-	2,975,000	-	-
- investment in securities		180,000	-	180,000	-
Purchase of additional shares in subsidiary companies		-	-	(30,000,000)	-
Net changes in deposits pledged to licensed banks		(1,255,858)	1,790,570	-	-
Net cash (used in)/from investing activities		<u>(12,181,093)</u>	<u>2,621,202</u>	<u>(29,843,047)</u>	<u>(3,749)</u>
<b>Cash Flows From Financing Activities</b>					
Proceeds from right issue		133,082,530	-	133,082,530	-
Interest paid		(5,062,362)	(1,711,768)	(3,430,023)	(1,140,389)
Net changes in bank borrowings		2,923,420	(86,302,652)	(5,825,258)	(4,445,823)
Payment of lease liabilities		(1,943,785)	(1,572,765)	-	-
Net cash from/(used in) financing activities		<u>128,999,803</u>	<u>(89,587,185)</u>	<u>123,827,249</u>	<u>(5,586,212)</u>

	Note	Group		Company	
		1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Net increase/(decrease) in cash and cash equivalents</b>		24,938,293	(16,508,124)	(3,230,652)	1,904,421
<b>Effect of exchange translation difference</b>		(3,831,989)	(3,733,354)	-	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>10,122,450</u>	<u>30,363,928</u>	<u>5,094,326</u>	<u>3,189,905</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u>31,228,754</u>	<u>10,122,450</u>	<u>1,863,674</u>	<u>5,094,326</u>
<b>Cash and cash equivalents at the end of the financial year comprise:</b>					
Cash and bank balances		31,566,226	10,787,668	1,863,674	5,094,326
Fixed deposits with licensed banks		18,043,371	16,787,513	-	-
Bank overdrafts	26	<u>(337,472)</u>	<u>(665,218)</u>	<u>-</u>	<u>-</u>
		49,272,125	26,909,963	1,863,674	5,094,326
Less: Fixed deposits pledged for credit facilities		<u>(18,043,371)</u>	<u>(16,787,513)</u>	<u>-</u>	<u>-</u>
		<u>31,228,754</u>	<u>10,122,450</u>	<u>1,863,674</u>	<u>5,094,326</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

## 1. Corporate Information

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

The registered office and the principal place of business of the Company is located at No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services, whilst the principal activities of the Group, comprising the Company and its subsidiaries, which is an integrated engineering solutions provider with diverse interests in the aviation and defense, energy, mobility and marine industries. Details of the principal activities of the subsidiary companies are disclosed in Note 6.

## 2. Basis of Preparation

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the above new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

#### Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial period. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements but affect the disclosure of accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Basis of Preparation (Cont'd)

#### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		<b>Effective dates for financial periods beginning on or after</b>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non - Current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new amendments to MFRSs, if applicable, when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

## 2. Basis of Preparation (Cont'd)

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group’s and of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### **Judgements**

The following are the judgements made by management in the process of applying the Group’s and the Company’s accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (a) The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Basis of Preparation (Cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Determining the lease term of contracts with renewal and termination options - as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

##### Useful lives / depreciation of property, plant and equipment and right-of-use (“ROU”) assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4 and Note 5.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### **Key sources of estimation uncertainty (Cont'd)**

##### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

##### Impairment of intangible assets

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount, which is the higher of fair value less costs to sell and the value in use of the cash generating units to which intangible assets have been allocated. The fair value less costs to sell and value in use calculation requires the Group to estimate the fair value of the intangible assets and future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. As the assessment involved significant estimates and is based on both forecasted financial and non-financial information, management has to exercise judgment in estimating the recoverable amounts of these assets. The carrying amount of the intangible assets are disclosed in Note 10.

##### Inventories valuation

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory. Details of inventories are disclosed in Note 13.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Basis of Preparation (Cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### **Key sources of estimation uncertainty (Cont'd)**

###### Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

###### Impairment of property, plant and equipment and right-of-use (“ROU”) assets

The Group assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

###### Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiaries, joint ventures, and associate company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 15, 16, 17 and 18 respectively.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### **Key sources of estimation uncertainty (Cont'd)**

##### Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on input method by reference to the cost incurred to date bear to the total estimated cost and take into account the nature of activities and its associated risks.

The details of construction contracts are disclosed in Note 29.

##### Deferred tax assets

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

##### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2024, the Group has tax recoverable of RM2,429,272 (31.12.2022: RM3,670,526) and tax payable of RM3,377,836 (31.12.2022: RM21,800,034) respectively. The Company has tax payable of RM999 (31.12.2022: RM881,079).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Basis of Preparation (Cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### **Key sources of estimation uncertainty (Cont'd)**

###### Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 39(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

###### Impairment of investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. The investment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

The Company has carried out review on impairment of investment in subsidiaries and the Directors are of the opinion that no additional allowance for impairment loss is necessary. As such, the investment is stated at cost less any impairment losses. The carrying amount of investment in subsidiaries is disclosed in Note 6.

###### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

### 3. Material Accounting Policies

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiaries (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 3. Material Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) on impairment of non-financial assets.

#### (b) Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (b) Investments in associate and joint venture (Cont'd)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) on impairment of non-financial assets.

### 3. Material Accounting Policies (Cont'd)

#### (c) Foreign currency translation

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (c) Foreign currency translation (Cont'd)

##### (ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

### 3. Material Accounting Policies (Cont'd)

#### (d) Property, plant and equipment (Cont'd)

##### (i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease terms and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	33-50 years
Leasehold properties and industrial land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Yard infrastructure, machinery and equipment	1 - 20 years
Motor vehicles	1 - 10 years
Renovation	1 - 10 years
Computers and software	3 - 5 years

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (d) Property, plant and equipment (Cont'd)

##### (iii) Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### (e) Leases

##### (i) As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold properties and industrial land	Over the remaining lease period
Land use rights	Over the remaining lease period
Office and apartments	1 - 6 years
Machinery and equipment	1 - 20 years
Motor vehicles	3 - 5 years

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

### 3. Material Accounting Policies (Cont'd)

#### (e) Leases (Cont'd)

##### (i) As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or terminate option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than USD5,000 or RM20,000 each when purchased new.

##### (ii) As lessor

When the Group or the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (f) Intangible assets

##### (i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

##### (ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### 3. Material Accounting Policies (Cont'd)

#### (f) Intangible assets (Cont'd)

##### (iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### (iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) on impairment of non-financial assets for intangible assets.

#### (g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiaries, associate company and joint venture, deposits, cash and bank balances.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (g) Financial assets (Cont'd)

##### (a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### (b) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

##### (c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 3. Material Accounting Policies (Cont'd)

#### (g) Financial assets (Cont'd)

##### (c) Financial assets at fair value through profit or loss (Cont'd)

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

#### (h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

#### (j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (k) Inventories

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

Inventories which comprise raw materials, spare part and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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

### 3. Material Accounting Policies (Cont'd)

#### (l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

Revenue and profits for construction contracts are recognised over time when the customer simultaneously receives and consumes the benefits from the construction; the construction service create or enhance an asset or a combination of assets which the customer controls or the construction service does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group measures the entity's progress towards complete satisfaction of a performance obligation satisfied over time on the basis of direct measurements of the value transferred by the entity to the customer.

Contract asset under current assets in the statements of financial position is the right to consideration for goods or services transferred to the customers where contract liability under current liabilities in the statements of financial position is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When there is objective evidence of impairment, the amount of impairment is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

The Group presents as contract asset when the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed costs incurred plus recognised profits (less recognised losses).

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

#### (n) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

### 3. Material Accounting Policies (Cont'd)

#### (n) Impairment of assets (Cont'd)

##### (i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

##### (ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (n) Impairment of assets (Cont'd)

##### (ii) Financial assets (Cont'd)

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (“a 12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (“a lifetime ECL”).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s and the Company’s historical experience and informed credit assessment including forward-looking information, where available.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

### 3. Material Accounting Policies (Cont'd)

#### (o) Share capital

##### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognized as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

##### (ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### (p) Provisions

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (q) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiaries also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

##### (iii) Equity-settled share-based payment transaction

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group and the Company revise its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits.

### 3. Material Accounting Policies (Cont'd)

#### (r) Revenue recognition

##### (i) Revenue from contracts with customers

Revenue is recognised when the Group or the Company satisfied a performance obligation (“PO”) by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

##### (a) Revenue from construction contracts and project works

The revenue from construction contracts is measured based on the transaction prices net of expected liquidated ascertained damages (“LAD”) payment. LAD is determined based on the expected value method.

The Group recognises revenue from construction contracts and project works over time by reference to the progress towards complete satisfaction at the end of the reporting period when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts and project works is measured at the transaction price agreed under the construction contracts and project works.

Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group’s performance in transferring control of goods or services.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (r) Revenue recognition (Cont'd)

##### (i) Revenue from contracts with customers (Cont'd)

##### (a) Revenue from construction contracts and project works (Cont'd)

The Group provides warranties for general repairs of defects existed at the time of sale and do not give rise to a separate performance obligation. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(p).

##### (b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer which is at point in time upon the delivery of goods to the customers and customer acceptance, recovery of the consideration is probable and unconditional, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. No significant element of financing is deemed present as the sales are made with a credit terms ranging from 1 to 90 days which are consistent with market practice.

At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, it has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group does not have such contract terms with its customers on right of return.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due.

##### (c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

### 3. Material Accounting Policies (Cont'd)

#### (r) Revenue recognition (Cont'd)

##### (ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

##### (iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

#### (s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3. Material Accounting Policies (Cont'd)

#### (u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

#### (w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Material Accounting Policies (Cont'd)

#### (x) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 4. Property, Plant and Equipment

	Freehold land RM	Leasehold properties and industrial land RM		Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM			Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
		Buildings RM	properties and industrial land RM			RM	RM	RM				
<b>Group</b>												
<b>30.6.2024</b>												
<b>At cost</b>												
At 1 January 2023	12,063,260	11,908,758	4,060,341	690,262	4,769,436	60,357,668	6,798,379	19,865,194	3,393,665	123,906,963		
Additions	-	-	73,576	41,868	487,796	7,587,318	122,094	2,204,520	286,901	10,804,073		
Transfer from right-of-use assets	-	-	-	-	-	-	523,417	-	-	523,417		
Disposals	-	-	-	-	-	-	(621,849)	-	-	(621,849)		
Disposal of subsidiary companies	-	-	-	(11,206)	-	(55,443)	(40,000)	(160,670)	(48,078)	(315,397)		
Written off	-	(2,176,588)	-	(6,944)	(143,567)	(1,484,034)	(770,716)	(433,036)	(158,413)	(5,173,298)		
Reclassification	-	-	-	-	-	752,126	-	(752,126)	-	-		
Exchange differences	-	-	110,861	-	-	527,414	89,768	55,379	-	783,422		
At 30 June 2024	12,063,260	9,732,170	4,244,778	713,980	5,113,665	67,685,049	6,101,093	20,779,261	3,474,075	129,907,331		
<b>Accumulated depreciation</b>												
At 1 January 2023	-	2,357,872	2,177,216	572,643	4,104,045	50,437,652	5,877,890	17,265,461	3,013,240	85,806,019		
Charge for the financial period	-	432,998	284,159	36,175	375,164	5,634,395	178,127	1,149,921	74,841	8,165,780		
Transfer from right-of-use assets	-	-	-	-	-	-	523,416	-	-	523,416		
Disposals	-	-	-	-	-	-	(621,845)	-	-	(621,845)		
Disposal of subsidiary companies	-	-	-	(10,431)	-	(55,427)	(40,000)	(160,666)	(48,069)	(314,593)		
Written off	-	(24,734)	-	(6,934)	(102,675)	(1,158,752)	(513,753)	(243,216)	(158,393)	(2,208,457)		
Reclassification	-	-	-	-	-	639,417	-	(639,417)	-	-		
Exchange differences	-	-	58,904	-	-	331,301	54,511	39,288	-	484,004		
At 30 June 2024	-	2,766,136	2,520,279	591,453	4,376,534	55,828,586	5,458,346	17,411,371	2,881,619	91,834,324		

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Leasehold		Yard			Computers and software RM	Total RM		
		Buildings RM	properties and industrial land RM	Furniture and fittings RM	Office equipment RM	infrastructure, machinery and equipment RM			Motor vehicles RM	Renovation RM
Balance brought forward	12,063,260	6,966,034	1,724,499	122,527	737,131	11,856,463	642,747	3,367,890	592,456	38,073,007
<b>Accumulated impairment</b>										
At 1 January 2023	-	-	-	13,764	167,039	111,992	19,786	280,488	341,116	934,185
Addition	-	-	-	-	-	-	139,217	-	-	139,217
Disposal of subsidiary companies	-	-	-	(769)	-	-	-	-	-	(769)
Written off	-	-	-	-	(40,870)	(11,054)	-	(722)	-	(52,646)
At 30 June 2024	-	-	-	12,995	126,169	100,938	159,003	279,766	341,116	1,019,987
<b>Carrying amount</b>										
At 30 June 2024	12,063,260	6,966,034	1,724,499	109,532	610,962	11,755,525	483,744	3,088,124	251,340	37,053,020

## 4. Property, Plant and Equipment (Cont'd)

Group	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
<b>31.12.2022</b>										
<b>At cost</b>										
At 1 January 2022	12,063,260	11,908,758	3,954,136	690,262	4,726,618	59,241,578	6,666,316	19,139,680	3,373,610	121,764,218
Additions	-	-	363,045	-	49,301	1,644,380	144,636	101,523	24,296	2,327,181
Transfer from right-of-use assets	-	-	-	-	-	90,500	636,142	-	-	726,642
Transfer to intangible assets	-	-	-	-	-	(15,957)	-	-	-	(15,957)
Disposals	-	-	-	-	-	(16,592)	(121,625)	-	(4,241)	(142,458)
Written off	-	-	-	-	(6,483)	(97,777)	(271,422)	(90,799)	-	(466,481)
Reclassification	-	-	-	-	-	(337,221)	(337,643)	674,864	-	-
Exchange differences	-	-	(256,840)	-	-	(151,243)	81,975	39,926	-	(286,182)
At 31 December 2022	12,063,260	11,908,758	4,060,341	690,262	4,769,436	60,357,668	6,798,379	19,865,194	3,393,665	123,906,963
<b>Accumulated depreciation</b>										
At 1 January 2022	-	2,044,473	2,069,638	539,450	3,653,767	46,783,838	5,598,944	14,992,386	2,919,495	78,601,991
Charge for the financial period	-	313,399	266,942	33,193	456,757	4,045,796	259,182	1,723,718	97,986	7,196,973
Transfer from right-of-use assets	-	-	-	-	-	90,500	636,136	-	-	726,636
Transfer to intangible assets	-	-	-	-	-	(9,306)	-	-	-	(9,306)
Disposals	-	-	-	-	-	(3,775)	(121,622)	-	(4,241)	(129,638)
Written off	-	-	-	-	(6,479)	-	(254,596)	(90,799)	-	(351,874)
Reclassification	-	-	-	-	-	(293,582)	(323,277)	616,859	-	-
Exchange differences	-	-	(159,364)	-	-	(175,819)	83,123	23,297	-	(228,763)
At 31 December 2022	-	2,357,872	2,177,216	572,643	4,104,045	50,437,652	5,877,890	17,265,461	3,013,240	85,806,019

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard				Total RM	
						infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM		
31.12.2022											
Balance brought forward	12,063,260	9,550,886	1,883,125	117,619	665,391	9,920,016	920,489	2,599,733	380,425		38,100,944
<b>Accumulated impairment</b>											
At 1 January 2022	-	-	-	-	-	-	-	-	-	-	-
Deconsolidation of subsidiaries	-	-	-	13,764	167,039	111,992	19,786	280,488	341,116		934,185
At 31 December 2022	-	-	-	13,764	167,039	111,992	19,786	280,488	341,116		934,185
<b>Carrying amount</b>											
At 31 December 2022	12,063,260	9,550,886	1,883,125	103,855	498,352	9,808,024	900,703	2,319,245	39,309		37,166,759

## 4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
<b>Company</b>								
<b>30.6.2024</b>								
<b>At cost</b>								
At 1 January 2023	11,713,260	9,402,170	175,137	345,515	12,024,511	789,207	-	34,449,800
Additions	-	-	3,560	7,589	-	11,900	-	23,049
At 30 June 2024	11,713,260	9,402,170	178,697	353,104	12,024,511	801,107	-	34,472,849
<b>Accumulated depreciation</b>								
At 1 January 2023	-	2,244,071	115,760	216,182	11,588,601	777,719	-	14,942,333
Charge for the financial period	-	423,098	15,835	54,509	416,631	9,606	-	919,679
At 30 June 2024	-	2,667,169	131,595	270,691	12,005,232	787,325	-	15,862,012
<b>Carrying amount</b>								
At 30 June 2024	11,713,260	6,735,001	47,102	82,413	19,279	13,782	-	18,610,837

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
<b>Company</b>								
<b>31.12.2022</b>								
<b>At cost</b>								
At 1 January 2022	11,713,260	9,402,170	175,137	340,264	12,024,511	789,948	36,040	34,481,330
Additions	-	-	-	5,251	-	3,500	-	8,751
Disposal	-	-	-	-	-	(4,241)	(36,040)	(40,281)
At 31 December 2022	11,713,260	9,402,170	175,137	345,515	12,024,511	789,207	-	34,449,800
<b>Accumulated depreciation</b>								
At 1 January 2022	-	1,962,006	98,717	182,556	10,477,885	771,778	36,038	13,528,980
Charge for the financial period	-	282,065	17,043	33,626	1,110,716	10,182	-	1,453,632
Written off	-	-	-	-	-	(4,241)	(36,038)	(40,279)
At 31 December 2022	-	2,244,071	115,760	216,182	11,588,601	777,719	-	14,942,333
<b>Carrying amount</b>								
At 31 December 2022	11,713,260	7,158,099	59,377	129,333	435,910	11,488	-	19,507,467

#### 4. Property, Plant and Equipment (Cont'd)

##### (a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 26 are:

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	6,966,034	9,550,886	6,735,001	7,158,099
Leasehold properties and industrial land	1,724,499	1,883,125	-	-
	<u>20,753,793</u>	<u>23,497,271</u>	<u>18,448,261</u>	<u>18,871,359</u>

As at 30 June 2024, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 49 years and 81 years, which are expired on 2073 and 2105 respectively.

##### (b) The aggregate costs for the property, plant and equipment of the Group and of the Company acquired under cash payments.

## NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-Use Assets	Group					
	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
<b>30.6.2024</b>						
<b>At cost</b>						
At 1 January 2023	22,124,263	283,107	2,108,874	2,007,450	322,152	26,845,846
Additions	1,683,916	-	155,364	-	-	1,839,280
Derecognition arising from termination of lease agreement	(277,134)	-	-	-	-	(277,134)
Derecognition arising from expiration of lease agreement	(985,038)	-	-	-	-	(985,038)
Transfer to property, plant and equipments	-	-	(523,417)	-	-	(523,417)
Deconsolidation	(15,144,006)	(194,000)	(53,719)	-	-	(15,391,725)
Written off	(1,617,938)	-	(224,776)	-	-	(1,842,714)
Exchange differences	89,428	-	12,490	58,097	-	160,015
<b>At 30 June 2024</b>	<b>5,873,491</b>	<b>89,107</b>	<b>1,474,816</b>	<b>2,065,547</b>	<b>322,152</b>	<b>9,825,113</b>

## 5. Right-of-Use Assets (Cont'd)

	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
<b>Group</b>						
<b>30.6.2024</b>						
<b>Accumulated depreciation</b>						
At 1 January 2023	4,553,523	94,144	1,699,358	492,151	322,152	7,161,328
Charge for the financial period	1,352,921	26,732	318,432	61,701	-	1,759,786
Derecognition arising from termination of lease agreement	(209,137)	-	-	-	-	(209,137)
Derecognition arising from expiration of lease agreement	(985,038)	-	-	-	-	(985,038)
Transfer to property, plant and equipments Written off	(1,453,670)	-	(523,416)	-	-	(523,416)
Deconsolidation	(1,895,520)	(43,650)	(164,013)	-	-	(1,678,443)
Exchange differences	74,175	-	9,184	17,111	-	(2,103,183)
At 30 June 2024	1,437,254	77,226	1,114,772	570,963	322,152	3,522,367
<b>Carrying amount</b>						
At 30 June 2024	4,436,237	11,881	360,044	1,494,584	-	6,302,746

## NOTES TO THE FINANCIAL STATEMENTS

## 5. Right-of-Use Assets (Cont'd)

Group	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
<b>31.12.2022</b>						
<b>At cost</b>						
At 1 January 2022	21,380,260	503,337	3,134,362	2,075,736	322,152	27,415,847
Additions	1,170,573	-	-	-	-	1,170,573
Derecognition arising from termination of lease agreement	(485,147)	(129,730)	-	-	-	(614,877)
Transfer to property, plant and equipments	-	(90,500)	(636,142)	-	-	(726,642)
Deconsolidation of subsidiaries	96,543	-	(96,543)	-	-	-
Exchange differences	(37,966)	-	(292,803)	(68,286)	-	(399,055)
At 31 December 2022	22,124,263	283,107	2,108,874	2,007,450	322,152	26,845,846

## 5. Right-of-Use Assets (Cont'd)

Group	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
<b>31.12.2022</b>						
<b>Accumulated depreciation</b>						
At 1 January 2022	3,452,237	264,120	2,284,588	467,313	322,152	6,790,410
Charge for the financial period	1,537,286	43,767	270,222	61,790	-	1,913,065
Derecognition arising from termination of lease agreement	(485,147)	(123,243)	-	-	-	(608,390)
Transfer to property, plant and equipments	-	(90,500)	(636,136)	-	-	(726,636)
Reclassification	6,296	-	(6,296)	-	-	-
Exchange differences	42,851	-	(213,020)	(36,952)	-	(207,121)
At 31 December 2022	4,553,523	94,144	1,699,358	492,151	322,152	7,161,328
<b>Carrying amount</b>						
At 31 December 2022	17,570,740	188,963	409,516	1,515,299	-	19,684,518

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Right-of-Use Assets (Cont'd)

<b>Company</b>	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b>Leasehold land</b>		
<b>At cost</b>		
At 1 January/30 June/31 December	<u>842,459</u>	<u>842,459</u>
<b>Accumulated depreciation</b>		
At 1 January	110,217	101,707
Charge for the financial period	<u>12,765</u>	<u>8,510</u>
At 30 June/31 December	<u>122,982</u>	<u>110,217</u>
<b>Carrying amount</b>		
At 30 June/31 December	<u>719,477</u>	<u>732,242</u>

The Group and the Company lease machinery and equipment, motor vehicles, office and apartment, leasehold land and properties.

Leasehold properties and industrial land are pledged as securities for bank borrowings as disclosed in Note 26.

The aggregate additional costs for the right-of-use assets of the Group during the financial period acquired under the lease liabilities and cash payments are RM1,839,280 (31.12.2022: RM1,162,547) and RMNil (31.12.2022: RM8,026) respectively.

As at 30 June 2024 the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 49 years and 81 years, which are expired on 2073 and 2105 respectively.

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 34 (31.12.2022: 36 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 26.

## 6. Investments in Subsidiaries

	<b>Company</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b>In Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	179,418,728	150,198,350
Less: Accumulated impairment losses	(175,843,701)	(39,974,472)
	<u>3,575,027</u>	<u>110,223,878</u>
<b>Outside Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	10,047,206	10,047,206
Less: Accumulated impairment losses	(10,047,205)	(10,047,205)
	<u>1</u>	<u>1</u>
	<u>3,575,028</u>	<u>110,223,879</u>

Movement in the allowance for impairment loss are as follows:

	<b>Company</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January 2023/2022	50,021,677	19,150,002
Impairment losses recognised	136,648,851	31,148,349
Impairment losses reversed	-	(276,674)
Written off	(779,622)	-
At 30 June 2024/31 December 2022	<u>185,890,906</u>	<u>50,021,677</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics safety equipment and electro-mechanical accessories
Destini Energy Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Engineering Technologies Sdn. Bhd.	Malaysia	-	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and general contractors, construction of telecommunication engineering and other related services
Destini Australia Pty. Ltd.*#	Australia	-	100	Dormant
Destini Aero Teknologi Sdn. Bhd.#	Malaysia	-	100	Dormant

## 6. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
Destini HRTC Sdn. Bhd.	Malaysia	-	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Manufacturing, repair, fabricate and supply of marine and safety/ lifesaving equipments
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling, running, repair and maintenance, lease and operate drilling rigs in oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Destini Empire Properties Sdn. Bhd.#	Malaysia	-	100	Dormant
Teknologi Mobiliti Sdn. Bhd.	Malaysia	100	100	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Land Auto Technology Sdn. Bhd.#	Malaysia	-	100	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
Destini Venture Sdn. Bhd.#	Malaysia	-	100	Dormant
Destini First Sdn. Bhd.#	Malaysia	-	100	Dormant
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	100	Dormant
Blackstone Dagangan Pte. Ltd.*	Malaysia	70	70	Trading of coal
Destini Global Investment L.L.C *	Dubai	100	-	Investment in commercial enterprises & management and oil & natural gas projects
<b><i>Held through Destini Prima Sdn. Bhd.:</i></b>				
Satang Environmental Sdn. Bhd.#	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.#	Malaysia	-	51	Dormant
DB Precision Sdn. Bhd.#	Malaysia	-	100	Supplying calibration and cylinder services
Halaman Optima Sdn. Bhd.	Malaysia	70	70	Manufacturers, importer and exporters of safety and security products and defence equipment

## 6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
<b><i>Held through Destini Prima Sdn. Bhd.:</i></b>				
DB Communication Sdn. Bhd.#	Malaysia	-	100	Providing consultancy and solution services and implementing of high technology and computerised security systems and its related services
<b><i>Held through Destini Armada Sdn. Bhd.:</i></b>				
Destini Shipbuilding and Engineering Sdn. Bhd.^	Malaysia	-	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Armada Delmar Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment
<b><i>Held through Destini Energy Sdn. Bhd.</i></b>				
Destini Upstream Sdn. Bhd.	Malaysia	-	100	Dormant
Hijau Baiduri Sdn. Bhd.	Malaysia	100	100	Investment holding and general trading
Destini Alpha ESS Sdn. Bhd. *	Malaysia	-	100	Dormant
Destini ESS Sdn. Bhd. *	Malaysia	-	70	Dormant

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
<b><i>Held through Destini Rail Sdn Bhd</i></b>				
DLP Rail Sdn. Bhd.	Malaysia	-	100	Dormant
M Rail Technics Sdn. Bhd.	Malaysia	70	70	Maintenance, repair and overhaul of electric trains for domestic and regional markets
<b><i>Held through Destini Armada Pte. Ltd.:</i></b>				
Vanguard Pte. Ltd.*	Singapore	100	100	Importer and exporter of life boats and life saving
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
PT Destini Marina Perkasa*	Indonesia	99.9	99.9	Provision of jetty/port operations related services to companies involved with mining activities
<b><i>Held through Vanguard Pte. Ltd.:</i></b>				
Vanguard Offshore Pte. Ltd.*#	Singapore	-	100	Importer and exporter of marine equipment and accessories
Vanguard (Nantong) F.R.P. Co. Ltd.*	People's Republic of China	100	100	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.#	Malaysia	-	100	General merchants and business in oil and gas
Vanguard Marine Engine Pte. Ltd.#	Singapore	-	100	Dormant

## 6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024 %	31.12.2022 %	
<b><i>Held through TF Corp Pte. Ltd.:</i></b>				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Servicing the needs of Shipping and Petroleum Companies and supporting their fleets
Techno Fibre Middle East Marine Services (FZE)*	United Arab Emirates	100	100	Providing installation & maintenance of marine equipment
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Fabrication and repair of fibre composite boats
Destini Marine Safety Solutions Ltd.*	United Kingdom	60	60	Technical testing and analysis
TF Corp Saudi Arabia Co. Ltd.*#	Kingdom of Saudi Arabia	-	51	Providing installation & maintenance of marine equipment

\* *Subsidiaries not audited by UHY Kuala Lumpur*

# *Struck off during the financial year*

^ *Deconsolidated from 21 March 2024 onwards due to loss of control on the subsidiary upon initiation of winding-up proceedings*

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

#### (a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	%	%	RM	RM	RM	RM
Teknologi Mobiliti Sdn. Bhd.	-	-	-	-	-	(1,223,204)
Halaman Optima Sdn. Bhd.	30	30	(454,173)	(2,253,998)	(2,126,977)	(1,672,804)
M Rail Technics Sdn. Bhd.	30	30	(3,556,738)	-	(3,556,738)	-
TF Corp Saudi Co. Ltd	49	49	505,947	(195,063)	(1,479,846)	(1,985,793)
Destini Marine Safety Solutions Ltd	40	40	(183,667)	(3,979)	62,491	246,158
					<u>(7,101,070)</u>	<u>(4,635,643)</u>
Individually immaterial subsidiaries with non-controlling interests					315,649	13,925
Acquisition of non-controlling interests					-	1,223,204
Total non-controlling interests					<u>(6,785,421)</u>	<u>(3,398,514)</u>

## 6. Investment in Subsidiaries (Cont'd)

### (a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations:

	M Rail Technics Sdn. Bhd.		Halaman Optima Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM	RM	RM	RM	RM
<i>Summarised statements of financial position</i>								
Non-current assets	3,686,680	-	17	6,917	-	258,104	-	3,139
Current assets	71,850,075	548,029	28,836,498	256,140,683	-	611,266	174,984	649,275
Non-current liabilities	-	-	-	-	-	-	(2,327,835)	(1,393,684)
Current liabilities	(86,947,719)	(103,201)	(37,545,945)	(263,343,121)	-	(1,848,384)	(1,631,907)	(2,090,577)
Net (liabilities)/assets	(11,410,964)	444,828	(8,709,430)	(7,195,521)	-	(979,014)	(3,784,758)	(2,831,847)
<i>Summarised statements of profit or loss and other comprehensive income</i>								
Revenue	-	-	-	58,942,052	-	-	8,975	3,908,847
Net loss for the financial period/year	(11,855,792)	(531,855)	(1,513,909)	(7,513,325)	-	(398,087)	(459,167)	(9,947)
Total comprehensive loss for the financial period/year	(11,855,792)	(531,855)	(1,513,909)	(7,513,325)	-	(398,087)	(459,167)	(9,947)

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

#### (a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	M Rail Technics Sdn. Bhd.		Halaman Optima Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM	RM	RM	RM	RM
Net cash from/(used in) operating activities	(59,127,363)	(978,014)	581,660	63,706,890	-	291,816	(43,808)	11,289
Net cash used in investing activities	(3,835,620)	-	-	-	-	(37,554)	-	-
Net cash (used in)/from financing activities	64,997,423	-	(570,755)	(80,196,608)	-	(254,262)	-	-
Net (decrease)/increase in cash and cash equivalents	2,034,440	(978,014)	10,905	(16,489,718)	-	-	(43,808)	11,289

#### Summarised statements of cash flows

Net cash from/(used in) operating activities	(59,127,363)	(978,014)	581,660	63,706,890	-	291,816	(43,808)	11,289
Net cash used in investing activities	(3,835,620)	-	-	-	-	(37,554)	-	-
Net cash (used in)/from financing activities	64,997,423	-	(570,755)	(80,196,608)	-	(254,262)	-	-
Net (decrease)/increase in cash and cash equivalents	2,034,440	(978,014)	10,905	(16,489,718)	-	-	(43,808)	11,289

## 6. Investment in Subsidiaries (Cont'd)

### (b) Acquisition of subsidiaries

#### During the financial period

- (i) On 19 December 2023, Hijau Baiduri Sdn. Bhd. (“HBSB”), a wholly-owned subsidiary of Destini Energy Sdn. Bhd. (“DESB”), a wholly owned subsidiary, has increased its issued and paid-up share capital from 1 ordinary share to 2,000,000 ordinary shares at an issue price of RM1.00 each for a total consideration of RM1,999,999. DESB has subscribed additional 1,999,999 shares in HBSB.
- (ii) On 28 June 2024, Destini Oil Services Sdn. Bhd. (“DOSSB”), a wholly-owned subsidiary of the Company has increased its issued and paid-up share capital from 45,000,000 ordinary shares to 75,000,000 ordinary shares at an issue price of RM1.00 each for a total consideration of RM30,000,000. The Company has subscribed additional 30,000,000 shares in DOSSB.

#### In previous financial year

- (i) On 28 July 2022, Destini Energy Sdn. Bhd. (“DESB”), a wholly-owned subsidiary of the Company, incorporated a 100% owned subsidiary company, Destini Alpha ESS Sdn. Bhd., with a cash subscription of RM10,000.
- (ii) On 13 September 2022, Destini Energy Sdn. Bhd. (“DESB”), a wholly-owned subsidiary of the Company, incorporated a 100% owned subsidiary company, Destini ESS Sdn. Bhd. (“DESSSB”), with a cash subscription of RM10,000. On 30 September 2022, DESSSB has increased its issued and paid-up share capital from 100 ordinary shares to 1,000 ordinary shares at an issue price of RM1.00 each for a total consideration of RM900. DESB has subscribed additional 600 shares in DESSSB, reducing its ownership from 100% to 70%.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

#### (c) Disposal of subsidiaries

##### During the financial period

- (i) On 11 June 2024, the Company has disposed of 100,000 ordinary shares in Destini HRTC Sdn. Bhd. (“DHSB”), a direct subsidiary of the Company, representing 100% of equity interest in DHSB to Mohamad Najib Bin Mohd Ali for a cash consideration of RM1.

The effect of the disposal of DHSB on the financial position of the Group as at the date of disposal was as follow:

	<b>Group 30.6.2024 RM</b>
Property, plant and equipment	12
Other receivables	71
Cash and bank balances	6,121
Other payables	(35,245)
Amount due to holding company	(542,793)
Amount due to related companies	(379,994)
Total net assets disposed	<u>(951,828)</u>
Gain on disposal	951,829
Proceeds from disposal	<u>1</u>
Less: Cash and bank balances disposed	<u>(6,121)</u>
Net cash outflow from disposal	<u><u>(6,120)</u></u>

## 6. Investment in Subsidiaries (Cont'd)

### (c) Disposal of subsidiaries (Cont'd)

#### During the financial period

- (ii) On 11 June 2024, the Company has disposed of 367,500 ordinary shares in Destini Engineering Technologies Sdn. Bhd. (“DETSB”), a direct subsidiary of the Company, representing 49% of equity interest in DETSB to Mohamad Najib Bin Mohd Ali for a cash consideration of RM1.

The effect of the disposal of DETSB on the financial position of the Group as at the date of disposal was as follow:

	<b>Group 30.6.2024 RM</b>
Property, plant and equipment	25
Inventories	260,075
Trade receivables	290,807
Other receivables	20,631
Cash and bank balances	8,173
Trade payables	(24,720)
Other payables	(222,816)
Amount due to ultimate company	(3,624,107)
Amount due to holding company	(134,633)
Total net assets disposed	<u>(3,426,565)</u>
Gain on disposal	3,426,566
Proceeds from disposal	<u>1</u>
Less: Cash and bank balances disposed	(8,173)
Net cash outflow from disposal	<u>(8,172)</u>

#### In previous financial year

On 24 June 2022, the Company has disposed of 300,000 ordinary shares in DB Communication Sdn. Bhd. (“DBCSB”), a direct subsidiary of the Company, representing 100% of equity interest in DBCSB to Destini Prima Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM1.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

#### (d) Deconsolidation of a subsidiary

##### During the financial period

In accordance with Section 414(2) of the Companies Act 2016 (“CA 2016”), during the financial period for which a judicial management order is in force, all powers conferred, and duties imposed on the directors by CA 2016 or by the constitution of the company shall be exercised and performed by the judicial managers and not by the Directors.

In accordance with MFRS 10, *Consolidated Financial Statements*, the Group controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As of 21 March 2024, Destini Berhad has lost control over its management due to the initiation of winding-up proceedings against Destini Shipbuilding and Engineering Sdn. Bhd.’s (“DSESB”) activities as confirmed by DSESB legal counsel, Naqiz & Partners. Accordingly, the Directors have determined that the Company has lost control in DSESB upon initiation of winding-up proceedings against DSESB and the assets and liabilities and the results of DSESB have been deconsolidated from that date.

The comparatives for the Statements of Profit and Loss and Other Comprehensive Income of the DSESB have been restated to reflect the discontinued operations.

#### (i) The statement of profit or loss as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>21.3.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Revenue	-	19,205,728
Cost of sales	-	(36,670)
Gross profit	-	19,169,058
Other income	36	66,635
Administrative expenses	(585,669)	(3,222,148)
Net loss on impairment of financial instruments	-	(48,768,551)
Finance cost	-	(6,690)
Loss before tax	(585,633)	(32,761,696)
Taxation	(2,979,347)	247,913
Loss for the financial period/year	(3,564,980)	(32,513,783)

## 6. Investment in Subsidiaries (Cont'd)

### (d) Deconsolidation of a subsidiary (Cont'd)

#### During the financial period (Cont'd)

#### (ii) Cash flows from/(used in) discontinued operation

	<b>Unaudited 1.1.2023 to 21.3.2024 RM</b>	<b>Audited 1.1.2022 to 31.12.2022 RM</b>
Net cash (used in) /from operating activities	(89)	33,419
Net cash used in financing activities	-	(36,760)
Net decrease in cash and cash equivalents	<u>(89)</u>	<u>(3,341)</u>

#### (iii) The assets and liabilities of DSESB as at 21 March 2023 are as follows:

	<b>Unaudited 21.3.2024 RM</b>
Right-of-use assets	13,295,029
Other receivables	4,918
Amount due from related companies	1,847,291
Cash & bank balances	1,246
Trade payables	(31,453,113)
Other payables	(32,807,141)
Amount due to ultimate holding company	(28,157,787)
Amount due to immediate holding company	(2,380,482)
Amount due to related companies	(18,584,243)
Lease liabilities	(45,588)
Tax payable	<u>(20,513,139)</u>
Net liabilities deconsolidated, representing effect on deconsolidation of a subsidiary	<u>(118,793,009)</u>
Cash and cash equivalent of the subsidiary, representing net cash outflow on deconsolidation of a subsidiary	<u>(1,246)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in Subsidiaries (Cont'd)

#### (e) Strike off subsidiaries

##### During the financial period

Below mentioned subsidiaries were struck off from the register of the Companies Commission of Malaysia with publication of the Gazette pursuant to Section 551(3) of the Companies Act 2016:

- (i) Vanguard Marine Engine Pte. Ltd., a 100% owned subsidiary of Vanguard Pte. Ltd. was struck off on 16 November 2023.
- (ii) TF Corp Saudi Arabia Co. Ltd., a 100% owned subsidiary of TF Corp Pte. Ltd. was struck off on 28 February 2024.
- (iii) Destini Upstream Sdn. Bhd., a 100% owned subsidiary of Destini Energy Sdn. Bhd. was struck off on 12 March 2024.
- (iv) Destini Alpha ESS Sdn. Bhd., a 100% owned subsidiary of Destini Energy Sdn. Bhd. was struck off on 20 March 2024.
- (v) Land Auto Technology Sdn. Bhd., a 100% owned subsidiary of the Company was struck off on 20 March 2024.
- (vi) Destini Venture Sdn. Bhd., a 100% owned subsidiary of the Company was struck off on 20 March 2024.
- (vii) DB Precision Sdn. Bhd., a 100% owned subsidiary of Destini Prima Sdn. Bhd. was struck off on 20 March 2024.
- (viii) DLP Rail Sdn. Bhd., a 100% owned subsidiary of Destini Rail Sdn. Bhd. was struck off on 20 March 2024.
- (ix) Satang-ICS Global Sdn. Bhd., a 51% owned subsidiary of Destini Prima Sdn. Bhd. was struck off 29 March 2024.
- (x) DB Communication Sdn. Bhd., a 100% owned subsidiary of Destini Prima Sdn. Bhd. was struck off 3 May 2024.
- (xi) Destini Aero Teknologi Sdn. Bhd., a 100% owned subsidiary of the Company was struck off on 3 May 2024.
- (xii) Vanguard Offshore Pte. Ltd., a 100% owned subsidiary of Vanguard Pte. Ltd. was struck off on 6 May 2024.
- (xiii) Destini First Sdn. Bhd., a 100% owned subsidiary of the Company was struck off on 26 July 2024.
- (xiv) Destini Empire Properties Sdn. Bhd., a 100% owned subsidiary of the Company was struck off on 19 August 2024.

## 6. Investment in Subsidiaries (Cont'd)

### (e) Strike off subsidiaries (Cont'd)

#### During the financial period (Cont'd)

- (xv) Destini ESS Sdn. Bhd., a 100% owned subsidiary of Destini Energy Sdn. Bhd. was struck off on 2 September 2024.

## 7. Investment in Associates

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
Outside Malaysia	RM	RM	RM	RM
<b>At cost</b>				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interests		Principal activities
		30.6.2024	31.12.2022	
		%	%	
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance, repair and maintenance of engine ships

\* Associates not audited by UHY

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Investment in Associates (Cont'd)

The offshore project that an associate, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") had ventured into previously has been called off during the financial period due to project feasibility and economic viability. As such, the Company is not expected to share any gain or loss in EKSTB as EKSTB is remained inactive and does not incurred any operating nor administrative cost during the financial period.

Summarised financial information of the Group's associate, TF Emirates Marine Services L.L.C. ("TFEMS") is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

	<b>TFEMS</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b><i>Summarised statements of financial position</i></b>		
Non-current assets	-	91,316
Current assets	237,408	256,158
Current liabilities	(591,916)	(1,210,462)
Net liabilities	<u>(354,508)</u>	<u>(862,988)</u>
Interest in associate	49%	49%
Group's share of net assets/(liabilities)	<u>-</u>	<u>-</u>
Carrying value of the Group's interest in associate	<u>-</u>	<u>-</u>
<b><i>Summarised statements of profit or loss and other comprehensive income</i></b>		
Revenue	111,779	156,132
Net profit/(loss) for the financial year	588,264	(312,801)
Total comprehensive profit/(loss) for the financial year	<u>588,264</u>	<u>(312,801)</u>

The Group has not recognised accumulated losses related to TFEMS totaling RM294,478 (31.12.2022: RM582,727), since the Group has no obligation in respect of their losses.

Summarised financial information of EKSTB has not been presented as the associate is not material to the Group.

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

## 8. Investment in Joint Ventures

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
<b>In Malaysia:</b>	<b>RM</b>	<b>RM</b>
<b>At Cost</b>		
Unquoted shares	500,001	500,001
Less: Share of post acquisition reserve	(500,001)	(500,001)
	<u>-</u>	<u>-</u>

Details of the joint ventures are as follows:

Name of company	Country of incorporation	Effective equity interests		Principal activities
		30.6.2024	31.12.2022	
		%	%	
Invation Aero Sdn Bhd. ("IASB")*	Malaysia	50	50	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services

\* *Joint ventures not audited by UHY*

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Investment in Joint Ventures (Cont'd)

Summarised financial information of the Group's joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of joint ventures and not the Group's share of those amounts.

	IASB	
	30.6.2024 RM	31.12.2022 RM
<b><i>Summarised statements of financial position</i></b>		
Current assets	399,699	406,559
Current liabilities	(2,739,233)	(2,725,527)
Net liabilities	<u>(2,339,534)</u>	<u>(2,318,968)</u>
Interest in joint ventures	50%	50%
Group's share of net liabilities	<u>(1,169,767)</u>	<u>(1,159,484)</u>
Carrying value of the Group's interest in joint ventures	<u>(1,169,767)</u>	<u>(1,159,484)</u>
<b><i>Summarised statements of comprehensive income profit or loss and other</i></b>		
Net (loss)/profit for the financial period, representing total comprehensive (loss)/profit for the financial period	<u>(20,066)</u>	<u>8,420</u>
<b>Unrecognised share of (losses)/profit of joint ventures:</b>		
The unrecognised share of (losses)/profit of joint ventures	<u>(10,033)</u>	<u>4,210</u>
Cumulative unrecognised share of losses of joint ventures	<u>348,432</u>	<u>338,399</u>

## 9. Investment in Securities

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
<b>FVTPL</b>				
<b>Quoted securities at fair value</b>				
- Quoted shares in Malaysia	-	130,000	-	130,000
	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
<b>Unquoted securities at cost</b>				
- Unquoted shares in Malaysia	50,000	50,000	-	-
Less: Accumulated impairment loss	(49,999)	(49,999)	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>1</u>	<u>130,001</u>	<u>-</u>	<u>130,000</u>

The quoted securities measured at fair value recurring basis and classified as level 1 of the fair value hierarchy by reference to quoted price at active market.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Intangible Assets

Group	Software RM	Brand RM	Goodwill RM	Development costs RM	Total RM
<b>30.6.2024</b>					
<b>At cost</b>					
At 1 January	342,136	1,617,000	193,498,546	12,219,552	207,677,234
Additions	-	-	-	771,211	771,211
Written off	-	-	-	(5,458,374)	(5,458,374)
Exchange differences	1,022	-	-	446,128	447,150
At 30 June	343,158	1,617,000	193,498,546	7,978,517	203,437,221
<b>Accumulated amortisation</b>					
At 1 January	110,265	539,207	-	8,195,475	8,844,947
Recognised in profit or loss	52,647	-	-	1,508,862	1,561,509
Written off	-	-	-	(3,014,777)	(3,014,777)
Exchange differences	848	-	-	293,600	294,448
At 30 June	163,760	539,207	-	6,983,160	7,686,127
<b>Accumulated impairment losses</b>					
At 1 January	-	1,077,793	126,339,658	1,074,871	128,492,322
Recognised in profit or loss	-	-	67,158,888	-	67,158,888
Written off	-	-	-	(1,127,695)	(1,127,695)
Exchange differences	-	-	-	52,824	52,824
At 30 June	-	1,077,793	193,498,546	-	194,576,339
<b>Carrying amount</b>					
At 30 June	179,398	-	-	995,357	1,174,755

## 10. Intangible Assets (Cont'd)

Group	Software RM	Brand RM	Goodwill RM	Development costs RM	Total RM
<b>31.12.2022</b>					
<b>At cost</b>					
At 1 January	326,179	1,617,000	193,498,546	12,181,245	207,622,970
Transfer from property, plant and equipment	15,957	-	-	-	15,957
Written off	-	-	-	(134,675)	(134,675)
Exchange differences	-	-	-	172,982	172,982
At 31 December	342,136	1,617,000	193,498,546	12,219,552	207,677,234
<b>Accumulated amortisation</b>					
At 1 January	65,236	539,207	-	7,388,381	7,992,824
Recognised in profit or loss	35,723	-	-	945,394	981,117
Transfer from property, plant and equipment	9,306	-	-	-	9,306
Written off	-	-	-	(34,675)	(34,675)
Exchange differences	-	-	-	(103,625)	(103,625)
At 31 December	110,265	539,207	-	8,195,475	8,844,947
<b>Accumulated impairment losses</b>					
At 1 January	-	1,077,793	126,339,658	1,012,919	128,430,370
Exchange differences	-	-	-	61,952	61,952
At 31 December	-	1,077,793	126,339,658	1,074,871	128,492,322
<b>Carrying amount</b>					
At 31 December	231,871	-	67,158,888	2,949,206	70,339,965

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Intangible Assets (Cont'd)

#### (a) Description of the intangible assets

##### Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. The brand was fully impaired in the financial period ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows was lower than the carrying amount.

##### Development costs

#### 1. Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary saw a potential for such market and hence had spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi-period excess earnings method ("MEEM").

#### 2. Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs.

#### (b) Impairment testing for cash generating units ("CGU") containing goodwill

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes. The goodwill allocated to each CGU is impaired during the financial period when the recoverable amount from value in use is higher than the carrying amount.

## 10. Intangible Assets (Cont'd)

### (b) Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Destini Oil Services Sdn. Bhd. ("DOSSB")	-	67,158,888

The recoverable amount of the goodwill allocated to each CGU is determined based on a value-in-use, determined by discounted future cash flows. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment.

The recoverable amount for DOSSB was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and five years business plan for two major sources of income which are tubular running services ("TRS");
- (ii) Revenue was projected the management's best estimate of the contract value, taking into consideration of the project timeline set out by Malaysia Petroleum Management, types of projects and scope of works to be conducted and contract sum of the letter of awards from customers and the expected pipeline from customers;

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

Based on management's impairment review, the recoverable amount is lower than the carrying amount of the CGU. An impairment loss of RM67,158,888 (31.12.2022: RMNil) was recognised during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Other Receivables

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
<b>Non-Current Asset</b>				
Other receivables	-	14,386,972	-	13,061,519
<b>Current Assets</b>				
Other receivables	61,130,496	13,798,802	55,712,617	3,442,121
Deferred cost	328,401	3,418,224	-	-
GST receivable	3,719,248	3,639,563	-	-
Deposits	10,822,126	1,940,879	134,830	134,830
Prepayments	40,407,855	26,438,983	398,335	2,281,884
	<u>116,408,126</u>	<u>49,236,451</u>	<u>56,245,782</u>	<u>5,858,835</u>
Less: Accumulated impairment losses				
- Other receivables	(57,609,987)	(3,273,958)	(54,582,731)	(2,088,760)
- GST receivable	(3,215,621)	-	-	-
- Deposits	(157,504)	(269,554)	(9,500)	(9,500)
- Prepayments	(6,333,923)	(4,424,818)	(70,000)	(70,000)
	<u>(67,317,035)</u>	<u>(7,968,330)</u>	<u>(54,662,231)</u>	<u>(2,168,260)</u>
	<u>49,091,091</u>	<u>41,268,121</u>	<u>1,583,551</u>	<u>3,690,575</u>
	<u>49,091,091</u>	<u>55,655,093</u>	<u>1,583,551</u>	<u>16,752,094</u>

#### *Non-current assets*

This represented unsecured balance receivables from Safeair Technical Sdn. Bhd., with interest bearing and is not expected to be repayable within twelve months.

Movements in allowance for impairment loss of other receivables during the financial period are as follows:

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
At 1 January	7,968,330	1,291,911	2,168,260	470,156
Impairment loss recognised	64,181,573	6,695,609	52,493,971	1,698,104
Deconsolidation of subsidiary company	(4,814,894)	-	-	-
Written off	(17,974)	(19,190)	-	-
At 30 June /31 December	<u>67,317,035</u>	<u>7,968,330</u>	<u>54,662,231</u>	<u>2,168,260</u>

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

## 12. Other Investment

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
Golf club membership	320,000	320,000	150,000	150,000

This represents investment stated at cost in a local golf club and resort, which entitles the Group's and the Company's management and staff to utilise the facilities.

## 13. Inventories

	Group	
	30.6.2024 RM	31.12.2022 RM
<b>At cost</b>		
Spare parts and consumables	2,521,565	2,333,152
Raw materials	3,910,837	1,727,668
Work-in-progress	57,488,765	3,284,446
Finished goods	2,097,291	5,965,066
	<u>66,018,458</u>	<u>13,310,332</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	<u>31,247,079</u>	<u>13,131,057</u>

The inventories are written off when it has lost its value and cannot be sold due to damage, theft, loss, or decline in market value.

## 14. Contract Assets/(Liabilities)

	Group	
	30.6.2024 RM	31.12.2022 RM
<b>Current</b>		
<u>Contract assets</u>		
Service contract	<u>408,172</u>	<u>2,450,952</u>
<u>Contract liabilities</u>		
Service contract	<u>8,205,942</u>	<u>1,763,996</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Contract Assets/(Liabilities) (Cont'd)

The significant changes in the contract assets and contract liabilities during the financial period relating to change in measure of construction progress.

#### Service contracts

Contract assets represent the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is recognised when the Group bills in advance to customers for supply of goods or services and subsequently released to revenue recognised when the corresponding stage of completion is achieved.

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<u>Contract liabilities</u>		
At 1 January	1,763,996	1,054,960
Revenue recognised that was included in the contract liability balance at the beginning of the year	(1,763,996)	(1,054,960)
Increases due to cash received, excluding amounts recognised as revenue during the year	8,205,942	1,763,996
At 30 June/31 December	<u>8,205,942</u>	<u>1,763,996</u>

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM8,205,942 (31.12.2022: RM1,763,996).

## 15. Trade Receivables

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	93,079,952	79,195,842
Less: Accumulated impairment losses	(42,904,966)	(35,193,664)
	<u>50,174,986</u>	<u>44,002,178</u>

The Group's normal trade credit terms range from 30 to 90 days (31.12.2022: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss are as follows:

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January	35,193,664	31,408,478
Impairment loss recognised	15,520,432	19,851,293
Impairment loss reversed	(540,969)	(1,078,646)
Amount written off	(915,470)	(15,028,280)
Deconsolidation of a subsidiary company	(6,277,079)	-
Disposal of subsidiary companies	(149,007)	-
Effect of exchange translation difference	73,395	40,819
At 30 June/31 December	<u>42,904,966</u>	<u>35,193,664</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Trade Receivables (Cont'd)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period:

<b>Group</b>	<b>Gross amount RM</b>	<b>Loss allowance RM</b>	<b>Net amount RM</b>
<b>30.6.2024</b>			
Neither past due nor impaired	8,488,705	(199,295)	8,289,410
Past due not impaired:			
Less than 30 days	9,094,034	(775,165)	8,318,869
31 to 60 days	4,151,937	(425,798)	3,726,139
61 to 90 days	2,730,804	(601,594)	2,129,210
More than 90 days past due	28,109,165	(397,807)	27,711,358
	<u>44,085,940</u>	<u>(2,200,364)</u>	<u>41,885,576</u>
	<u>52,574,645</u>	<u>(2,399,659)</u>	<u>50,174,986</u>
<b>Credit impaired:</b>			
Individual impaired	40,505,307	(40,505,307)	-
	<u>93,079,952</u>	<u>(42,904,966)</u>	<u>50,174,986</u>
<b>31.12.2022</b>			
Neither past due nor impaired	9,685,868	(112,052)	9,573,816
Past due not impaired:			
Less than 30 days	2,610,139	(25,279)	2,584,860
31 to 60 days	9,119,634	(248,657)	8,870,977
61 to 90 days	3,134,589	(879)	3,133,710
More than 90 days past due	27,167,204	(7,328,389)	19,838,815
	<u>42,031,566</u>	<u>(7,603,204)</u>	<u>34,428,362</u>
	<u>51,717,434</u>	<u>(7,715,256)</u>	<u>44,002,178</u>
<b>Credit impaired:</b>			
Individual impaired	27,478,408	(27,478,408)	-
	<u>79,195,842</u>	<u>(35,193,664)</u>	<u>44,002,178</u>

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

### 15. Trade Receivables (Cont'd)

As at 30 June 2024, trade receivables of RM41,885,576 (31.12.2022: RM34,428,362) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM40,505,307 (31.12.2022: RM27,478,408), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

### 16. Amount Due from/(to) Subsidiaries

	Company	
	30.6.2024 RM	31.12.2022 RM
Amount due from subsidiaries	322,485,925	272,513,559
Less: Accumulated impairment losses	<u>(159,591,176)</u>	<u>(145,687,576)</u>
	<u>162,894,749</u>	<u>126,825,983</u>
 Amount due to subsidiaries	 <u>(19,900,778)</u>	 <u>(21,680,424)</u>

This represents non-trade balance, unsecured, interest free advances and are repayable on demand.

Movements in allowance for impairment loss are as follows:

	Company	
	30.6.2024 RM	31.12.2022 RM
At 1 January	145,687,576	15,471,589
Impairment losses recognised	25,294,180	130,215,987
Amount written off	<u>(11,390,580)</u>	-
At 30 June/31 December	<u>159,591,176</u>	<u>145,687,576</u>

### 17. Amount Due from Joint Ventures

This represents non-trade balances, unsecured, interest free advances and are repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Amount Due from An Associate Company

This represents non-trade balances, unsecured, interest free advances and are repayable on demand.

### 19. Fixed Deposits with Licensed Banks

The fixed deposits of the Group at amount of RM18,043,371 (31.12.2022: RM16,787,513) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 26.

The interest rates of deposits during the financial period range from 0.15 % to 3.75% (31.12.2022: 0.15 % to 3.75%) per annum and the maturities of deposits are 5 to 365 days (31.12.2022: 5 to 365 days) respectively.

### 20. Share Capital

	Group and Company			
	Number of shares		Amount	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	Unit	Unit	RM	RM
<b>Issued and fully paid:</b>				
<b>Ordinary share</b>				
At 1 January	1,663,531,629	1,663,531,629	479,828,496	479,828,496
Issuance of shares:				
- right issue	3,327,063,258	-	94,217,720	-
Share consolidation	(4,491,535,475)	-	-	-
At 30 June/ 31 December	<u>499,059,412</u>	<u>1,663,531,629</u>	<u>574,046,216</u>	<u>479,828,496</u>

During the financial period, the Company increased its issued and paid-up share capital from RM479,828,496 comprising 1,663,531,629 ordinary shares to RM574,046,216 comprising 4,990,594,887 ordinary shares through issuance of 3,327,063,258 new ordinary shares pursuant to the rights issue with warrants at an exercise price of RM0.04 per share.

The new ordinary shares issued during the financial period shall rank pari passu in all respects with the existing ordinary shares of the Company.

## 20. Share Capital (Cont'd)

The Company undertook Share Consolidation involving the consolidation of every 10 existing shares in the Company into 1 ordinary share (“Consolidated Shares”), resulting in the reduction in the number of shares from 4,990,594,887 ordinary shares to 499,059,412 Consolidated Shares. Further, the existing number of 1,663,531,629 Warrants B will be adjusted to 166,353,160 Consolidated Warrants B pursuant to the Share Consolidation. The Share Consolidation has been completed following the listing of and quotation for 499,059,412 Consolidated Shares and 166,353,160 Consolidated Warrants B on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2024.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company’s residual assets.

## 21. Warrant Reserve

	<b>Group and Company</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January 2023/2022	-	-
Add: Right issue with Warrants	38,864,810	-
At 30 June/31 December	<u>38,864,810</u>	<u>-</u>

The warrant reserve represents the reserve arising from the rights issue with free detachable warrants which is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

The Company had on 13 March 2024 issued 1,663,531,629 Warrants B in conjunction with its renounceable rights issue exercise. The warrants are constituted by a deed poll dated 26 January 2024 (“Deed Poll”).

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Warrant Reserve (Cont'd)

The salient features of the warrants are as follows:

- (i) The issue date of the warrants is 13 March 2024 and the expiry date is on 12 March 2029. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (ii) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.054 per ordinary share until the expiry of the exercise period;
- (iii) The Exercise Price and the number of warrants held by each warrant holder shall from time to time be adjusted in the manner as provided in the Deed Poll;
- (iv) The holder of warrants shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/ or other forms of distributions and/ or offer of further securities in our Company other than on winding-up, compromise or arrangement of the Company as provided in the Deed Poll until and unless such holders of the warrants become a shareholder by exercising their warrants into new ordinary shares or unless otherwise resolved in a general meeting; and
- (v) The new ordinary shares to be issued pursuant to the exercise of the warrants will, upon allotment and issuance, rank equally in all respects with the existing ordinary shares, save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares.

On 12 June 2024, the exercise price of the warrants was adjusted from RM0.054 to RM0.540 and reduction in the number of warrants from 1,663,531,629 to 166,353,160 based on the Share Consolidation.

As at 30 June 2023, the total number of Warrants B that remain unexercised were 166,353,160.

### 22. Foreign Currency Translation Reserve

The exchange translation reserve represents 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.

### 23. Deferred Tax Liabilities

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
At 1 January	176,636	-	-	-
Recognised in profit or loss (Note 32)	-	(288,982)	-	-
(Over)/Underprovision in prior year	(185,316)	465,618	-	-
Exchange difference	8,680	-	-	-
At 31 December	<u>-</u>	<u>176,636</u>	<u>-</u>	<u>-</u>

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
Deferred tax liabilities	748,769	1,561,904	19,476	27,220
Deferred tax assets	<u>(748,769)</u>	<u>(1,385,268)</u>	<u>(19,476)</u>	<u>(27,220)</u>
	<u>-</u>	<u>176,636</u>	<u>-</u>	<u>-</u>

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	Accelerated capital allowances RM
<b>Group</b>	
<b>Deferred tax liabilities</b>	
At 1 January 2023	1,561,904
Recognised in profit or loss	<u>(813,135)</u>
At 30 June 2024	<u>748,769</u>
At 1 January 2022	2,007,738
Recognised in profit or loss	<u>(445,834)</u>
At 31 December 2022	<u>1,561,904</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (Cont'd)

	<b>Unutilised tax losses RM</b>	<b>Unabsorbed capital allowances RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>Deferred tax assets</b>			
At 1 January 2023	(1,385,268)	-	(1,385,268)
Recognised in profit or loss	636,499	-	636,499
At 30 June 2024	<u>(748,769)</u>	<u>-</u>	<u>(748,769)</u>
At 1 January 2022	(1,161,498)	(846,240)	(2,007,738)
Recognised in profit or loss	(223,770)	846,240	622,470
At 31 December 2022	<u>(1,385,268)</u>	<u>-</u>	<u>(1,385,268)</u>
		<b>30.6.2024 RM</b>	<b>31.12.2022 RM</b>
<b>Company</b>			
<b>Deferred tax liabilities</b>			
<b>Accelerated capital allowances</b>			
At 1 January 2023/2022		27,220	30,906
Recognised in profit or loss		(7,744)	(3,686)
At 30 June/31 December		<u>19,476</u>	<u>27,220</u>
<b>Deferred tax liabilities</b>			
<b>Unabsorbed capital allowances</b>			
At 1 January		(27,220)	(30,906)
Recognised in profit or loss		7,744	3,686
At 30 June/31 December		<u>(19,476)</u>	<u>(27,220)</u>

### 23. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
Unutilised tax losses	299,271,912	215,737,225	208,789,729	175,130,242
Unabsorbed capital allowances	1,390,203	1,082,779	548,266	387,166
Other deductible temporary differences	3,995,970	4,461,864	-	-
	<u>304,658,085</u>	<u>221,281,868</u>	<u>209,337,995</u>	<u>175,517,408</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

### 24. Other Payables

	Group		Company	
	30.6.2024 RM	31.12.2022 RM	30.6.2024 RM	31.12.2022 RM
<b>Non-Current Liability</b>				
Other payables	<u>245,300</u>	<u>925,671</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>				
Other payables	72,743,250	16,946,328	39,739,242	3,038,832
GST payable	76,304	29,371,208	-	-
Accruals	12,097,602	12,505,944	1,080,493	1,202,033
Provision for warranty	-	453,716	-	-
SST Payable	653,778	369,844	-	-
Customer deposits	1,375,275	48,863	44,000	-
	<u>86,946,209</u>	<u>59,695,903</u>	<u>40,863,735</u>	<u>4,240,865</u>
	<u>87,191,509</u>	<u>60,621,574</u>	<u>40,863,735</u>	<u>4,240,865</u>

Included in other payables of the Group and the Company at the end of the reporting period is an amount of RM15,000,000 (31.12.2022: RMNil) being provision for corporate guarantee payable as disclosed in Note 40(i).

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Lease Liabilities

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January 2023/2022	2,043,391	2,464,601
Additions	1,839,280	1,162,547
Accretion of interest (Note 30)	273,824	103,069
Payments	(2,217,609)	(1,675,834)
Derecognition arising from termination of lease agreement	(69,411)	(36,760)
Exchange difference	200,645	25,768
Deconsolidation of a subsidiary company	(45,588)	-
At 30 June/31 December	<u>2,024,532</u>	<u>2,043,391</u>

#### Presented as:

Repayable within twelve months	874,475	949,896
Repayable after twelve months	1,150,057	1,093,495
	<u>2,024,532</u>	<u>2,043,391</u>

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	<b>Group</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Within one year	941,879	1,012,815
Between one to two years	1,048,046	487,400
Between two to five years	151,608	578,708
More than five years	-	114,064
	<u>2,141,533</u>	<u>2,192,987</u>
Less : Future finance charges	(117,001)	(149,596)
Present value of lease liabilities	<u>2,024,532</u>	<u>2,043,391</u>

The Group leases leasehold properties, machinery and equipment, motor vehicles, land use right, warehouse, office and apartments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions at interest rates ranging from 2.05% to 7.36% per annum. The leases have an average tenure of between 1 to 6 years.

## 26. Bank Borrowings

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
<b>Secured</b>				
Bank overdrafts	337,472	665,218	-	-
Trust receipt	890,584	894,034	-	-
Revolving credit	9,483,167	-	-	-
Term loan I	70,188	92,372	-	-
Term loan II	4,577,432	6,573,506	4,577,432	6,573,506
Term loan III	-	3,829,184	-	3,829,184
Term loan IV	4,310,125	4,141,463	-	-
Term loan V	-	620,207	-	-
<b>Total bank borrowings</b>	<b>19,668,968</b>	<b>16,815,984</b>	<b>4,577,432</b>	<b>10,402,690</b>
<b>Analysed as:</b>				
<b>Repayable within twelve months</b>				
Bank overdrafts	337,472	665,218	-	-
Trust receipt	890,584	894,034	-	-
Revolving credit	9,483,167	-	-	-
Term loan I	15,440	14,296	-	-
Term loan II	924,911	490,336	924,911	490,336
Term loan III	-	3,829,184	-	3,829,184
Term loan V	-	620,207	-	-
	<b>11,651,574</b>	<b>6,513,275</b>	<b>924,911</b>	<b>4,319,520</b>
<b>Repayable after twelve months</b>				
Term loan I	54,748	78,076	-	-
Term loan II	3,652,521	6,083,170	3,652,521	6,083,170
Term loan IV	4,310,125	4,141,463	-	-
	<b>8,017,394</b>	<b>10,302,709</b>	<b>3,652,521</b>	<b>6,083,170</b>
<b>Total</b>	<b>19,668,968</b>	<b>16,815,984</b>	<b>4,577,432</b>	<b>10,402,690</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Bank Borrowings (Cont'd)

#### Term loan I

The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing from September 2014.

The term loan is secured against fixed deposit and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd ("SJPP"). It is also jointly and severally guaranteed by certain Directors of the Company.

#### Term loan II

The term loan is secured by way of a first legal charge on a freehold land and buildings of the Company at carrying amount of RM18,448,261. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

#### Term loan III

The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017. The term loan is secured by personal guarantee of a director.

#### Term loan IV

The term loan is repayable on 27 April 2024. S\$289,950 of the term loan bears interest rate of 6.5% (31.12.2022: 6.5%) per annum below the bank's commercial financing rate and S\$975,005 of the term loan bears interest rate of 5.2% per annum below the bank's commercial financing rate. The term loan is unsecured.

#### Term loan V

The term loan is repayable by 6 monthly instalments. The term loan's interest rate is subject to benchmark interest rate of the People's Bank of China. The term loan is unsecured.

#### Bank overdraft

Bank overdraft is secured by the following:

- (a) Fixed deposit pledged to licensed banks; and
- (b) Jointly and severally guarantee by certain Directors.

#### Trust receipt

Trust receipt is repayable within 180 days (31.12.2022: 180 days). The facilities are secured by corporate guarantee from the Company and fixed deposit pledged to licensed bank.

#### Revolving credit

Invoice financing is repayable within 272 to 365 days (31.12.2022: Nil). The facilities are secured by corporate guarantee from the Company.

## 26. Bank Borrowings (Cont'd)

Range of interest rates during the current and prior financial year is as follows:

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	%	%	%	%
Bank overdrafts	4.69 - 7.79	4.33 - 7.79	-	-
Trust receipt	8.79	8.79	-	-
Term loans	3.22 - 8.56	3.22 - 8.22	7.70	5.28 - 8.22

Maturity of bank borrowing is as follows:

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
Within one year	11,651,574	6,513,275	924,911	4,319,520
Between one to two years	5,351,246	5,107,117	986,373	887,578
Between two to five years	2,666,148	5,195,592	-	5,195,592
	<u>19,668,968</u>	<u>16,815,984</u>	<u>4,577,432</u>	<u>10,402,690</u>

## 27. Trade Payables

Credit terms of trade payables of the Group and Company ranged from 30 to 90 days (31.12.2022: 30 to 90 days) depending on the terms of the contracts.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. Redeemable Preference Shares

	<b>Group</b>			
	<b>Number of shares</b>		<b>Amount</b>	
	<b>30.6.2024</b>	<b>31.12.2022</b>	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>Units</b>	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b>Issued and fully paid:</b>				
At 1 January	250,000	250,000	1,357,440	1,532,212
Interest	-	-	-	10,397
Exchange difference	-	-	214,056	(185,169)
At 30 June/ 31 December	<u>250,000</u>	<u>250,000</u>	<u>1,571,496</u>	<u>1,357,440</u>

The redeemable preference shares are issued by a subsidiary, Destini Marine Safety Solutions Ltd. in August 2016. The preference shares holders are entitled to a return of 1% per annum and the shares are redeemable on 31 August 2019. Preference shares have been discounted using an effective interest rate of 10%. As at 30 June 2024, the preference shares have not been redeemed. As the redemption date is over, the Group is in discussion with the holders of the preference shares to redeem the preference shares.

The subsidiary company has the right to call for the preference shares at anytime by giving notice in accordance with the agreement.

The main features of the preference shares are as follows:

- (i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.
- (ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.
- (iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty-six (36) months from the date of issuance.
- (iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

## 29. Revenue

	<b>Group</b>	
	<b>1.1.2023 to 30.6.2024 (18 months) RM</b>	<b>1.1.2022 to 31.12.2022 (12 months) RM</b>
<b>Revenue from contracts with customers:</b>		
-Sales of goods	55,117,431	15,927,871
-Rendering of services	104,210,263	91,420,767
-Contract revenue	-	78,821,441
	<u>159,327,694</u>	<u>186,170,079</u>
<b>Timing of revenue recognition:</b>		
At a point in time	159,327,694	107,348,638
Over time	-	78,821,441
	<u>159,327,694</u>	<u>186,170,079</u>

## 30. Finance Costs

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023 to 30.6.2024 (18 months) RM</b>	<b>1.1.2022 to 31.12.2022 (12 months) RM</b>	<b>1.1.2023 to 30.6.2024 (18 months) RM</b>	<b>1.1.2022 to 31.12.2022 (12 months) RM</b>
Interest expenses on:				
Bank overdrafts	67,755	35,573	-	-
Invoice financing	138,437	106,494	-	-
Revolving credit	106,328	-	-	-
Lease liabilities	273,824	103,069	-	-
Term loans	3,805,144	1,381,080	3,430,023	1,140,389
Others	670,874	85,552	-	-
	<u>5,062,362</u>	<u>1,711,768</u>	<u>3,430,023</u>	<u>1,140,389</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31. Loss Before Tax

Loss before tax is derived after charging/(crediting):

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Auditors' remuneration				
- Statutory audits	867,494	606,997	180,000	125,000
- Non-audit services	5,000	5,000	5,000	5,000
Amortisation of:				
- Intangible assets	1,561,509	981,117	-	-
Bad debts written off	25,256,765	432,260	-	294,460
Depreciation of:				
- Property, plant and equipment	8,165,780	7,196,973	919,679	1,453,632
- Right of use assets	1,759,786	1,913,065	12,765	8,510
Non-Executive Directors remuneration:				
- Fee	313,200	155,000	313,200	150,000
- Other emoluments		34,000		40,500
Effect of deconsolidation of a subsidiary	(118,793,009)	-	-	-
Fair value adjustment on investment in securities	-	50,000	-	50,000
(Gain)/Loss on disposal of:				
- property, plant and equipment	(137,496)	(10,907)	-	(4,999)
- investment in securities	(50,000)	-	(50,000)	-
- subsidiaries	(4,378,395)	-	(2)	276,674
- joint venture	-	(2,974,999)	-	-

### 31. Loss Before Tax (Cont'd)

Loss before tax is derived after charging/(crediting) (Cont'd):

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Gain on foreign exchange				
- realised	(234,809)	(134,572)	-	-
- unrealised	(268,082)	(174,772)	-	-
Impairment loss on:				
- Trade receivables	15,520,432	19,851,293	-	-
- Other receivables	64,181,573	6,695,609	52,493,971	1,698,104
- Investment in subsidiaries	-	-	136,648,851	31,148,349
- Amount due from subsidiaries	-	-	25,294,180	130,215,987
- Intangible assets	67,158,888	-	-	-
- Property, plant and equipment	139,217	934,185	-	-
Interest income from:				
- Licensed banks	(348,087)	(167,111)	-	-
Derecognition arising from termination of lease agreement	(1,414)	(30,273)	-	-
Property, plant and equipment written off	2,912,195	114,607	-	-
Intangible assets written off	1,315,902	100,000	-	-
Reversal of impairment loss on:				
- Investment in subsidiaries	-	-	-	(276,674)
- Trade receivables	(540,969)	(1,078,646)	-	-
Lease expenses related to term leases:				
- Equipment	61,003	8,943	-	-
- Motor vehicles	4,018	21,600	-	-
- Premises	365,823	101,133	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Taxation

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Tax expenses recognised in profit or loss</b>				
Current year provision:				
- Malaysian income tax	1,252,857	23,164	-	-
- Under/(Over)provision in prior years	2,981,055	(589,881)	-	(341,969)
	<u>4,233,912</u>	<u>(566,717)</u>	<u>-</u>	<u>(341,969)</u>
Deferred tax (Note 23):				
Origination and reversal of temporary differences	-	(214,009)	-	-
(Over)/Underprovision in prior years	(185,316)	453,857	-	-
	<u>(185,316)</u>	<u>239,848</u>	<u>-</u>	<u>-</u>
	<u>4,048,596</u>	<u>(326,869)</u>	<u>-</u>	<u>(341,969)</u>

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

### 32. Taxation (Cont'd)

A reconciliation of income tax expense/(credit) applicable to loss before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Loss before tax	(132,740,004)	(33,157,080)	(251,239,091)	(177,847,565)
Taxation at statutory tax rate of 24%	(31,857,601)	(7,957,699)	(60,297,382)	(42,683,416)
Effects of tax rates in other countries	2,862,775	413,568	-	-
Income not subject to tax	(5,791,201)	(1,197,015)	-	(10,368)
Expenses not deductible for tax purposes	16,028,592	7,912,329	52,180,441	1,685,863
Utilisation of previously unrecognised deferred tax assets	(14,034)	(1,634,998)	-	-
Deferred tax assets not recognised	20,024,326	2,272,970	8,116,941	41,007,921
(Over)/Underprovision of deferred tax in prior year	(185,316)	453,857	-	-
Under/(Over)provision of income tax expense in prior years	2,981,055	(589,881)	-	(341,969)
	<u>4,048,596</u>	<u>(326,869)</u>	<u>-</u>	<u>(341,969)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Taxation (Cont'd)

The Group and the Company have the following unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
Unutilised tax losses	300,441,276	220,484,603	208,868,816	175,130,242
Unabsorbed capital allowances	3,875,735	1,137,717	548,266	500,581
	<u>304,317,011</u>	<u>221,622,320</u>	<u>209,417,082</u>	<u>175,630,823</u>

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unutilised tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unutilised tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

	Group		Company	
	30.6.2024	31.12.2022	30.6.2024	31.12.2022
	RM	RM	RM	RM
<b>Unutilised losses to be carried forward until:</b>				
- Year of assessment 2028	7,692,037	7,692,037	-	-
- Year of assessment 2029	11,580,878	11,580,878	7,107,084	7,107,084
- Year of assessment 2030	27,190,879	27,190,879	7,141,704	7,141,704
- Year of assessment 2031	9,743,806	9,743,806	8,927,121	8,927,121
- Year of assessment 2032	53,598,706	164,277,003	151,954,333	151,954,333
- Year of assessment 2034	190,634,970	-	33,738,574	-
	<u>300,441,276</u>	<u>220,484,603</u>	<u>208,868,816</u>	<u>175,130,242</u>

### 33. Loss Per Share

#### (a) Basic loss per share

The basic earnings per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>1.1.2023 to 30.6.2024 (18 months) RM</b>	<b>1.1.2022 to 31.12.2022 (12 months) RM</b>
Loss attributable to ordinary shareholders	<u>(133,472,706)</u>	<u>(30,154,672)</u>
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue at the beginning of the financial year	1,663,531,629	1,663,531,629
- Effect of right issue	670,287,470	-
- Effect of share consolidation	<u>(148,072,598)</u>	<u>-</u>
Weighted average number of ordinary shares at 30 June	<u>2,185,746,500</u>	<u>1,663,531,629</u>
Basic loss per ordinary shares (in sen)	<u>(6.11)</u>	<u>(1.81)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 33. Loss Per Share (Cont'd)

#### (b) Diluted loss per share

Diluted losses per share are calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Loss attributable to owners of the parent (diluted)	(133,472,706)	(30,154,672)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,185,746,500	1,663,531,629
Effect of warrants on issue	2,940,694,622	-
Weighted average number of ordinary shares at 30 June (diluted)	5,126,441,122	1,663,531,629
Diluted loss per ordinary share (in sen)	(2.60)	(1.81)

### 34. Staff Costs

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
Salaries, wages and other emoluments	38,410,547	26,636,953	6,045,719	5,340,016
Social security contribution	420,018	2,020,943	49,644	33,630
Defined contribution plan	3,658,747	753,132	530,956	560,028
Other benefits	382,645	2,626,661	76,824	145,523
	<u>42,871,957</u>	<u>32,037,689</u>	<u>6,703,143</u>	<u>6,079,197</u>

### 35. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Financing cash flows (i) RM	Foreign exchange adjustments RM	Others (ii) RM	At 30 June/ 31 December RM
<b>Group</b>					
<b>30.6.2024</b>					
Term loans	16,150,766	2,923,420	257,310	-	19,331,496
Lease liabilities	2,043,391	(1,943,785)	200,645	1,724,281	2,024,532
	<u>18,194,157</u>	<u>979,635</u>	<u>457,955</u>	<u>1,724,281</u>	<u>21,356,028</u>
<b>31.12.2022</b>					
Term loans	102,687,704	(86,302,652)	(234,286)	-	16,150,766
Lease liabilities	2,464,601	(410,218)	25,768	(36,760)	2,043,391
	<u>105,152,305</u>	<u>(86,712,870)</u>	<u>(208,518)</u>	<u>(36,760)</u>	<u>18,194,157</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 35. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January RM	Financing cash flows (i) RM	At 30 June/ 31 December RM
<b>Company</b>			
<b>30.6.2024</b>			
Term loans	10,402,690	(5,825,258)	4,577,432
<b>31.12.2022</b>			
Term loans	14,848,513	(4,445,823)	10,402,690

- (i) The financing cash flows include the net amount of proceeds from or repayment of lease liabilities, term loans and subsidiaries in the statements of cash flows.
- (ii) Others include addition, modification of lease agreement, derecognition arising from termination of lease agreement and deconsolidation of subsidiaries in the statements of cash flows.

## 36. Related Party Disclosures

### (a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiaries of the Group.

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. Related Party Disclosures (Cont'd)

#### (c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2023 to 30.6.2024 (18 months) RM	1.1.2022 to 31.12.2022 (12 months) RM
<b>Short-term employees benefits</b>				
- Salaries and other emoluments	1,418,078	1,754,956	906,972	1,445,914
- Fees	313,200	155,000	313,200	155,000
- Defined contribution plan	172,342	181,452	161,087	169,116
	<u>1,903,620</u>	<u>2,091,408</u>	<u>1,381,259</u>	<u>1,770,030</u>
<b>Non-Executive Directors</b>				
<i>Company's Directors</i>				
Director fee	313,200	155,000	313,200	155,000
Other emoluments	-	34,000	-	34,000
	<u>313,200</u>	<u>189,000</u>	<u>313,200</u>	<u>189,000</u>
<b>Executive Directors</b>				
<i>Company's Directors</i>				
Salaries and other emoluments	906,972	1,411,914	906,972	1,411,914
Defined contribution	161,087	169,116	161,087	169,116
	<u>1,068,059</u>	<u>1,581,030</u>	<u>1,068,059</u>	<u>1,581,030</u>
<b>Executive Directors</b>				
<i>Subsidiaries' Directors</i>				
Salaries and other emoluments	511,106	309,042	-	-
Defined contribution	11,255	12,336	-	-
	<u>522,361</u>	<u>321,378</u>	<u>-</u>	<u>-</u>
<b>Non-Executive Directors</b>				
Company's Directors	313,200	189,000	313,200	189,000
<b>Executive Directors</b>				
Company's Directors	1,068,059	1,581,030	1,068,059	1,581,030
Subsidiaries' Directors	522,361	321,378	-	-
	<u>1,903,620</u>	<u>2,091,408</u>	<u>1,381,259</u>	<u>1,770,030</u>

### 37. Segment Information

The Group has five reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Executive Director reviews internal management reports at least on a quarterly basis. The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Aviation defense	Maintenance, repair and overhaul ("MRO") of aviation, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine services and construction	Manufacture and supply of lifeboats, fast rescue boats, diesel engines, davit systems and hooks and provide maintenance, repair and overhaul for marine assets
Mobility	Manufacture and supply motor trolley, wagon and road rail vehicle and assembly, fabrication, refurbishment and MRO of train sets and rail systems
Energy	Engineering, procurement, construction, installation and commissioning of renewable energy systems and provides tubular running services

Other reporting segments that do not constitute reportable segments comprise operations related to investment holdings.

Performance is measured based on segment loss before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Executive Director, who is the Group's decision maker. Segment loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Executive Director. Segment total asset is used to measure the return of assets of each segment.

## NOTES TO THE FINANCIAL STATEMENTS

## 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>30.6.2024</b>								
<b>Revenue</b>								
External customers	60,714,493	56,394,318	-	40,694,685	1,524,198	159,327,694	-	159,327,694
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	60,714,493	56,394,318	-	40,694,685	1,524,198	159,327,694	-	159,327,694
<b>Results</b>								
Interest income	348,087	-	-	-	-	348,087	-	348,087
Finance costs	(2,621,771)	(744,388)	(3,260,025)	(1,561,519)	(3,430,023)	(11,617,726)	6,555,364	(5,062,362)
Depreciation of property, plant and equipment	(793,997)	(2,059,501)	(192,428)	(4,200,174)	(919,680)	(8,165,780)	-	(8,165,780)
Amortisation of intangible assets	(1,512,582)	-	-	(48,927)	-	(1,561,509)	-	(1,561,509)
Depreciation of right-of-use assets	(323,980)	(339,419)	-	(1,083,622)	(12,765)	(1,759,786)	-	(1,759,786)
Other non-cash items	(76,237,314)	(48,416,771)	(9,736,611)	(57,651,455)	(240,580,060)	(432,622,211)	156,755,862	(275,866,349)
Loss before tax	(20,427,064)	4,834,239	(13,189,064)	(23,851,012)	(243,418,330)	(296,051,231)	163,311,226	(132,740,004)
Taxation	(1,252,188)	(2,796,408)	-	-	-	(4,048,596)	-	(4,048,596)
<b>Segment loss</b>	(21,679,252)	2,037,831	(13,189,064)	(23,851,012)	(243,418,330)	(300,099,827)	163,311,226	(136,788,600)
<b>Segment assets</b>	80,165,631	111,748,605	97,047,470	56,200,684	189,983,266	535,145,656	(272,264,353)	262,881,303

## 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>30.6.2024</b>								
Included in the measurement of segment assets are:								
<b>Capital expenditure Segment liabilities</b>	141,838 97,805,999	970,096 347,184,219	3,845,980 113,685,512	5,823,110 52,691,403	23,049 70,323,483	10,804,073 681,690,616	- (533,619,102)	10,804,073 148,071,514

## NOTES TO THE FINANCIAL STATEMENTS

## 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>30.6.2024</b>								
<b>Other non-cash (expenses)/ income</b>								
Impairment loss on:								
- Trade receivables	(13,631,447)	(1,888,985)	-	-	-	(15,520,432)	-	(15,520,432)
- Other receivables	(10,898,787)	(25,000)	(4,221)	-	(53,253,565)	(64,181,573)	-	(64,181,573)
- Property, plant and equipment	-	(139,217)	-	-	-	(139,217)	-	(139,217)
- Intangible assets	-	-	-	-	-	-	(67,158,888)	(67,158,888)
- Investment in subsidiaries	-	-	-	-	(136,648,851)	(136,648,851)	136,648,851	-
- Amount due from subsidiaries	-	-	-	-	(25,294,180)	(25,294,180)	25,294,180	-
Property, plant and equipment written off	-	(760,287)	-	(12,869)	(2,191,685)	(2,964,841)	-	(2,964,841)
Intangible assets written off	-	(1,315,902)	-	-	-	(1,315,902)	-	(1,315,902)
Reversal of impairment loss on:								
- Trade receivables	-	3,241	13,500	524,228	-	540,969	-	540,969

## 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>31.12.2022</b>								
<b>Revenue</b>								
External customers	83,521,330	63,602,978	-	38,905,007	140,764	186,170,079	-	186,170,079
Inter-segment sales	673,661	-	-	-	-	673,661	(673,661)	-
Total revenue	84,194,991	63,602,978	-	38,905,007	140,764	186,843,740	(673,661)	186,170,079
<b>Results</b>								
Interest income	167,111	-	-	-	-	167,111	-	167,111
Finance costs	(35,751)	(493,272)	-	(42,356)	(1,140,389)	(1,711,768)	-	(1,711,768)
Depreciation of property, plant and equipment	(572,286)	(1,788,606)	(197,360)	(3,148,221)	(1,490,500)	(7,196,973)	-	(7,196,973)
Amortisation of intangible assets	(948,499)	-	-	(32,618)	-	(981,117)	-	(981,117)
Amortisation of right-of-use assets	(234,654)	(922,696)	-	(747,205)	(8,510)	(1,913,065)	-	(1,913,065)
Other non-cash items	(84,429,981)	(110,563,328)	(4,193,748)	(38,267,845)	(176,613,894)	(414,068,796)	206,377,449	(207,691,347)
Loss before tax	(1,859,069)	(50,164,924)	(4,391,108)	(3,333,238)	(179,112,529)	(238,860,868)	205,703,788	(33,157,080)
Taxation	(2,960)	(12,140)	-	-	341,969	326,869	-	326,869
<b>Segment loss</b>	(1,862,029)	(50,177,064)	(4,391,108)	(3,333,238)	(178,770,560)	(238,533,999)	205,703,788	(32,830,211)
<b>Segment assets</b>	370,051,151	127,548,295	22,493,844	46,869,910	282,269,899	849,233,099	(568,672,108)	280,560,991

## NOTES TO THE FINANCIAL STATEMENTS

### 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>31.12.2022</b>								
Included in the measurement of segment assets are:								
<b>Capital expenditure</b>	94,208	1,918,955	-	305,267	8,751	2,327,181	-	2,327,181
<b>Segment liabilities</b>	366,012,267	363,055,064	25,942,822	51,509,616	52,272,558	858,792,327	(700,911,025)	157,881,302

## 37. Segment Information (Cont'd)

	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
<b>31.12.2022</b>								
<b>Other non-cash income/ (expenses)</b>								
Gain on disposal of:								
- joint venture	2,525,000	-	-	-	-	2,525,000	-	2,525,000
Impairment loss on:								
- Trade receivables	-	(19,609,263)	(13,500)	(173,986)	(54,544)	(19,851,293)	-	(19,851,293)
- Other receivables Property, plant and equipment written off	(160,416)	(4,832,868)	(4,221)	-	(1,698,104)	(6,695,609)	-	(6,695,609)
Reversal of impairment loss on:								
- Trade receivables	528,100	256,800	-	293,746	-	1,078,646	-	1,078,646

## NOTES TO THE FINANCIAL STATEMENTS

### 37. Segment Information (Cont'd)

#### (a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

#### (b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	30.6.2024 (18 months) RM	31.12.2022 (12 months) RM	30.6.2024 (18 months) RM	31.12.2022 (12 months) RM
<b>Group</b>				
Malaysia	107,166,096	144,896,438	44,850,522	129,845,494
Singapore	52,161,598	41,273,641	8,672,518	12,182,721
	<u>159,327,694</u>	<u>186,170,079</u>	<u>44,850,522</u>	<u>142,028,215</u>

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	30.6.2024 RM	31.12.2022 RM
<b>Group</b>		
Property, plant and equipment	37,053,020	37,166,759
Right-of-use assets	6,302,746	19,684,518
Investment in securities	1	130,001
Intangible assets	1,174,755	70,339,965
Other receivables	-	14,386,972
Other investment	320,000	320,000
	<u>44,850,522</u>	<u>142,028,215</u>

### 37. Segment Information (Cont'd)

#### (c) Major customer

The following is the major customer with revenue 10% equal or more than ten percent of Group revenue:

	Revenue		Segment
	30.6.2024	31.12.2022	
	RM	RM	
Customer A	-	19,205,728	Marine construction
Customer B	60,714,493	25,252,939	Aviation & Defence
	<u>60,714,493</u>	<u>44,458,667</u>	

### 38. Contingent Liabilities

	Company	
	30.6.2024	31.12.2022
	RM	RM
<b>Unsecured</b>		
<u>Corporate guarantee</u>		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	148,000	148,000
	<u>148,000</u>	<u>148,000</u>

### 39. Financial Instruments

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

	At FVTPL RM	At Amortised Cost RM	Total RM
<b>Group</b>			
<b>30.6.2024</b>			
<b>Financial Assets</b>			
Investment in securities	1	-	1
Trade receivables	-	50,174,986	50,174,986
Other receivables and deposits	-	14,185,131	14,185,131
Amount due from joint venture	-	299,205	299,205
Fixed deposits with licensed banks	-	18,043,371	18,043,371
Cash and bank balances	-	31,566,226	31,566,226
	<u>1</u>	<u>114,268,919</u>	<u>114,268,920</u>
<b>Financial Liabilities</b>			
Trade payables	-	26,031,231	26,031,231
Other payables	-	87,115,205	87,115,205
Lease liabilities	-	2,024,532	2,024,532
Bank borrowings	-	19,668,968	19,668,968
Redeemable preference shares	-	1,571,496	1,571,496
	<u>-</u>	<u>136,411,432</u>	<u>136,411,432</u>
<b>31.12.2022</b>			
<b>Financial Assets</b>			
Investment in securities	130,001	-	130,001
Trade receivables	-	44,002,178	44,002,178
Other receivables and deposits	-	25,576,547	25,576,547
Amount due from an associate company	-	6,255,486	6,255,486
Fixed deposits with licensed bank	-	16,787,513	16,787,513
Cash and bank balances	-	10,787,668	10,787,668
	<u>130,001</u>	<u>103,409,392</u>	<u>103,539,393</u>
<b>Financial Liabilities</b>			
Trade payables	-	53,302,246	53,302,246
Other payables	-	30,796,650	30,796,650
Lease liabilities	-	2,043,391	2,043,391
Bank borrowings	-	16,815,984	16,815,984
Redeemable preference shares	-	1,357,440	1,357,440
	<u>-</u>	<u>104,315,711</u>	<u>104,315,711</u>

### 39. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

	<b>At FVTPL RM</b>	<b>At Amortised Cost RM</b>	<b>Total RM</b>
<b>Company</b>			
<b>30.6.2024</b>			
<b>Financial Assets</b>			
Other receivables and deposits	-	1,255,216	1,255,216
Amount due from subsidiaries	-	162,894,749	162,894,749
Cash and bank balances	-	1,863,674	1,863,674
	<u>-</u>	<u>166,013,639</u>	<u>166,013,639</u>
<b>Financial Liabilities</b>			
Other payables	-	40,863,735	40,863,735
Amount due to subsidiaries	-	19,900,778	19,900,778
Bank borrowings	-	4,577,432	4,577,432
	<u>-</u>	<u>65,341,945</u>	<u>65,341,945</u>
<b>31.12.2022</b>			
<b>Financial Assets</b>			
Investment in securities	130,000	-	130,000
Other receivables and deposits	-	14,470,210	14,470,210
Amount due from subsidiaries	-	126,825,983	126,825,983
Cash and bank balances	-	5,094,326	5,094,326
	<u>130,000</u>	<u>146,390,519</u>	<u>146,520,519</u>
<b>Financial Liabilities</b>			
Other payables	-	4,240,865	4,240,865
Amount due to subsidiaries	-	21,680,424	21,680,424
Bank borrowings	-	10,402,690	10,402,690
	<u>-</u>	<u>36,323,979</u>	<u>36,323,979</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and of the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

### 39. Financial Instruments (Cont'd)

- (b) Financial risk management objectives and policies (Cont'd)
  - (i) Credit risk (Cont'd)

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM9,483,167 (31.12.2022: RM65,598), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

#### Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities and third parties in respect of contracts entered into by subsidiary companies. The maximum exposure of credit risk amounted to RM14,362,905 (31.12.2022: RM13,641,259). There was no indication that the guarantee will be called upon.

#### Intercompany loan advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>						
<b>30.6.2024</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	26,031,231	-	-	-	26,031,231	26,031,231
Other payables	87,115,205	-	-	-	87,115,205	87,115,205
Lease liabilities	941,879	1,048,046	151,608	-	2,141,533	2,024,532
Bank borrowings	11,936,770	5,528,749	3,870,755	-	21,336,274	19,668,968
Redeemable preference shares	1,571,496	-	-	-	1,571,496	1,571,496
	<u>127,596,581</u>	<u>6,576,795</u>	<u>4,022,363</u>	<u>-</u>	<u>138,195,739</u>	<u>136,411,432</u>

## 39. Financial Instruments (Cont'd)

## (b) Financial risk management objectives and policies (Cont'd)

## (ii) Liquidity risk (Cont'd)

Group	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>31.12.2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	53,302,246	-	-	-	53,302,246	53,302,246
Other payables	30,796,650	-	-	-	30,796,650	30,796,650
Lease liabilities	1,012,815	487,400	578,708	114,064	2,192,987	2,043,391
Bank borrowings	8,703,490	2,065,541	8,980,419	13,393	19,762,843	16,815,984
Redeemable preference shares	1,357,440	-	-	-	1,357,440	1,357,440
	<u>95,172,641</u>	<u>2,552,941</u>	<u>9,559,127</u>	<u>127,457</u>	<u>107,412,166</u>	<u>104,315,711</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>					
<b>30.6.2024</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	40,863,735	-	-	40,863,735	40,863,735
Amount due to subsidiaries	19,900,778	-	-	19,900,778	19,900,778
Bank borrowings	1,200,000	1,200,000	3,830,000	6,230,000	4,577,432
Corporate guarantee *	148,000	-	-	148,000	-
	<u>62,112,513</u>	<u>1,200,000</u>	<u>3,830,000</u>	<u>67,142,513</u>	<u>65,341,945</u>
<b>31.12.2022</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	4,240,865	-	-	4,240,865	4,240,865
Amount due to subsidiaries	21,680,424	-	-	21,680,424	21,680,424
Bank borrowings	4,823,468	1,200,000	5,630,000	11,653,468	10,402,690
Corporate guarantee *	148,000	-	-	148,000	-
	<u>30,892,757</u>	<u>1,200,000</u>	<u>5,630,000</u>	<u>37,722,757</u>	<u>36,323,979</u>

\* Based on the maximum amount that can be called for under the financial guarantee contract.

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks

##### (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (“USD”), Euro (“EUR”), Singapore Dollar (“SGD”), Pound Sterling (“GBP”), Chinese Renminbi (“RMB”), United Arab Emirates Dirham (“AED”), Australian Dollar (“AUD”), Saudi Arabian Riyals (“SAR”) and Japanese Yen (“JPY”).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

##### Exposure to foreign currency risk

The carrying amounts of the Group’s foreign currency denominated financial assets and financial liabilities which have RM functional currency at the end of the reporting period are as follows:

	<b>Denominated in USD RM</b>
<b>Group</b>	
<b>30.6.2024</b>	
Trade receivables	3,959,981
Cash and bank balances	146,399
	<u>4,106,380</u>
<b>31.12.2022</b>	
Trade receivables	3,511,878
Cash and bank balances	30,253
	<u>3,542,131</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (a) Foreign currency risk (Cont'd)

##### Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

Group	USD RM	EUR RM	GBP RM	Denominated in			MYR RM	AUD RM	JPY RM
				RMB RM	AED RM	RM			
<b>30.6.2024</b>									
Trade and other receivables	8,481,894	94,530	-	414,092	5,013,959	8,411	-	-	-
Cash and bank balances	4,642,087	-	166,787	723,177	240,259	-	500,519	-	-
Trade and other payables	(2,557,100)	(275,958)	(81,382)	(5,648,098)	(3,737,621)	(119,688)	(343,983)	(1,659)	(1,659)
	10,566,880	(181,428)	85,406	(4,510,829)	1,516,597	(111,278)	156,536	(1,659)	(1,659)

39. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (iii) Market risks (Cont'd)

## (a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

Group	USD RM	EUR RM	GBP RM	RMB RM	Denominated in					JPY RM	
					AED RM	MYR RM	AUD RM	SAR RM			
<b>31.12.2022</b>											
Trade and other receivables	3,243,863	-	108,867	351,533	16,193,725	7,193	1,657,351	242,924	-		
Cash and bank balances	62,402	-	500,771	86,741	323,982	989	522,039	218,942	-		
Trade and other payables	(1,950,797)	(53,081)	(177,451)	(4,205,974)	(2,730,539)	(263,803)	(1,303,153)	(1,853,988)	(1,581)		
	1,355,468	(53,081)	432,187	(3,767,700)	13,787,168	(255,621)	876,237	(1,392,122)	(1,581)		

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (a) Foreign currency risk (Cont'd)

##### Currency risk sensitivity analysis

Foreign currency risk arises from Group entities mainly have RM and SGD functional currencies. The exposure to currency risk of Group entities other than RM and SGD functional currencies is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant:

	Change in currency rate	Effect on loss before tax RM
<b>Group</b>		
<b>30.6.2024</b>		
USD/SGD	Strengthened 10%	1,056,688
	Weakened 10%	(1,056,688)
EUR/SGD	Strengthened 10%	(18,143)
	Weakened 10%	18,143
GBP/SGD	Strengthened 10%	8,541
	Weakened 10%	(8,541)
RMB/SGD	Strengthened 10%	(451,083)
	Weakened 10%	451,083
AED/SGD	Strengthened 10%	151,660
	Weakened 10%	(151,660)
MYR/SGD	Strengthened 10%	(11,128)
	Weakened 10%	11,128
AUD/SGD	Strengthened 10%	15,654
	Weakened 10%	(15,654)
JPY/SGD	Strengthened 10%	(166)
	Weakened 10%	166
USD/RM	Strengthened 10%	410,638
	Weakened 10%	(410,638)

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (a) Foreign currency risk (Cont'd)

##### Currency risk sensitivity analysis

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant: (Cont'd)

	Change in currency rate	Effect on loss before tax RM
<b>Group</b>		
<b>31.12.2022</b>		
USD/SGD	Strengthened 10%	135,547
	Weakened 10%	(135,547)
EUR/SGD	Strengthened 10%	(5,308)
	Weakened 10%	5,308
GBP/SGD	Strengthened 10%	43,019
	Weakened 10%	(43,019)
RMB/SGD	Strengthened 10%	(376,770)
	Weakened 10%	376,770
AED/SGD	Strengthened 10%	1,378,717
	Weakened 10%	(1,378,717)
MYR/SGD	Strengthened 10%	(25,562)
	Weakened 10%	25,562
AUD/SGD	Strengthened 10%	87,624
	Weakened 10%	(87,624)
SAR/SGD	Strengthened 10%	(139,212)
	Weakened 10%	139,212
JPY/SGD	Strengthened 10%	(158)
	Weakened 10%	158
USD/RM	Strengthened 10%	354,213
	Weakened 10%	(354,213)

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Financial Assets</b>		
<b>Fixed rate instruments</b>		
Other receivables	-	14,386,972
Fixed deposits with licensed banks	<u>18,043,371</u>	<u>16,787,513</u>
	<u>18,043,371</u>	<u>31,174,485</u>
<b>Financial Liabilities</b>		
<b>Fixed rate instruments</b>		
Lease liabilities	<u>2,024,532</u>	<u>2,043,391</u>
<b>Floating rate instruments</b>		
Bank borrowings	<u>19,668,968</u>	<u>16,815,984</u>

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (b) Interest rate risk (Cont'd)

	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b>Company</b>		
<b>Financial Assets</b>		
<b>Fixed rate instruments</b>		
Other receivables	-	13,061,519
	<u>                    </u>	<u>                    </u>
<b>Financial Liabilities</b>		
<b>Floating rate instruments</b>		
Bank borrowings	4,577,432	10,402,690
	<u>                    </u>	<u>                    </u>

#### **Interest rate risk sensitivity analysis**

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's loss before tax by RM49,172 (31.12.2022 RM42,040) and RM11,444 (31.12.2022 RM26,007) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (c) Market price risk

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

The Group and the Company are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group and the Company monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

##### Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RMNil (31.12.2022: RM13,000) lower/higher, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

39. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

	Fair value of financial instruments carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Group</b>					
<b>31.12.2022</b>					
<b>Financial Asset</b>					
Investment in securities	130,000	-	-	130,000	130,000
<b>Company</b>					
<b>31.12.2022</b>					
<b>Financial Asset</b>					
Investment in securities	130,000	-	-	130,000	130,000

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Financial Instruments (Cont'd)

#### (c) Fair values of financial instruments (Cont'd)

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of lease liability is estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing at the end of the reporting period.

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

### 40. Material Litigation

#### (i) Singapore International Arbitration Centre Suit No. ARB181/24/VKH

The Company and its indirect subsidiary, Destini Shipbuilding and Engineering Sdn. Bhd (“DSBE”) (collectively, “Respondents”) were both served by the Claimant with a Notice of Arbitration dated 8 May 2024 (collectively, “Notices of Arbitration”) for disputes arising out or from the following agreements: -

- (a) Material Packages Contract dated 21 June 2017 entered into and made between the Claimant and DSBE; and
- (b) Corporate Guarantee dated 23 November 2017 given by Destini.

The Claimant has claimed for the following reliefs in the Notices of Arbitration:

- (a) A sum of €3,032,905.50 as at 12 February 2024, the breakdown of which is as follows:
  - (i) €1,000,000 being the outstanding sum under the Invoice;
  - (ii) €1,736,567.28 being interest on the sum of €6,784,522 from the date the unpaid Invoice was due until the date the Claimant mitigated its loss;
  - (iii) €58,083.05 being interest on the outstanding sum of €1,000,000 under the Invoice from 21 August 2023 to the last date of demand being on or about 12 February 2024 and the Claimant reserves its rights to ongoing accrual of interest until the date of award by the SIAC; and
  - (iv) €258,530.00 being storage, transportation and insurance costs of the goods under the Material Packages Contract from 15 March 2020 until August 2023 when the Claimant mitigated its loss;

#### 40. Material Litigation (Cont'd)

(i) Singapore International Arbitration Centre Suit No. ARB181/24/VKH (Cont'd)

The Claimant has claimed for the following reliefs in the Notices of Arbitration: (Cont'd)

- (b) Post-award interest on any sum awarded by the tribunal until the date of full repayment;
- (c) Alternative to the prayers abovementioned relief, damages to be assessed;
- (d) Such further or other reliefs that the tribunal deems fit to grant; and
- (e) All costs and expenses incurred by the Claimant occasioned by these proceedings (including but not limited to legal costs and disbursements, the costs and expenses of the tribunal, transcription services, the costs of expert advice and/or assistance required by the tribunal and the fees and expenses of the appointing authority) to be paid by the Respondent.

Under the SIAC Rules, the Respondents are both required to file a Response to the Notices of Arbitration with SIAC within 14 days from receipt of the Notices of Arbitration.

The case under pre-hearing stage currently.

(ii) Shah Alam High Court Suit No. BA-28NCC-459-08/2024

Pursuant to the Petition, the wholly-owned subsidiary, Destini Armada Sdn. Bhd. (“DASB”) has allegedly failed to pay outstanding tax liabilities amounting to RM2,934,963.75, plus interest of RM177,360.89 and RM392,727.68 to Lembaga Hasil Dalam Negeri (LHDN) (“Petitioner”). The Petitioner prays for the following orders:

- (a) That Destini Armada be wound up by the Court under the provisions of Section 465(1)(e) of the Companies Act, 2016.
- (b) That the Official Receiver of Malaysia be appointed as the Official Liquidator of Destini Armada.
- (c) That the costs of the Petition be paid out of the assets of Destini Armada.

Settlement proposal have been submitted LHDN.

The case management for e-review has been scheduled for 9 September 2024, and the hearing date has been fixed for 11 November 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 41. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<b>30.6.2024</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Total loans and borrowings	21,693,500	18,859,375
Less: Deposits, bank and cash balances	(49,609,597)	(27,575,181)
Net debt	<u>(27,916,097)</u>	<u>(8,715,806)</u>
Total equity	<u>121,595,210</u>	<u>126,078,204</u>
Gearing ratio	<u>#</u>	<u>#</u>

# Gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's approach to capital management during the financial period.

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

### 42. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 October 2024.

# LIST OF PROPERTIES OWNED

AS AT 30 JUNE 2024

Location	Description (sqm)	Current Use	Tenure	Age of Building	Audited Net Book Value as at 30.06.2024 (RM)	Date of Acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan, Kampung Aceh, 32000 Sitiawan, Perak	4,049	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	719,477.00	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan	4,180	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	14,246,688.00	04.06.2013
San Yu Town, Nantong Tongzhou City Industry Park, Jiangsu Province, China	11,608	Office and Factory	Leasehold expiring on 1 March 2059 (unexpired term of about 42 years)	7 years	1,783,142.00	01.01.2011
No. 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1,189	Office and Workshop	Freehold	7 years	581,033.00	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1,797 Built up: 311	Office and Workshop	Leasehold for a period of 60 years (expiring on 22 Jan 2062)	-	776,027.00	09.10.2014
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 Built up: 663	Office and Workshop	Freehold	1 year	4,201,573.00	10.09.2014

# STATISTICS OF SHAREHOLDING

## ANALYSIS OF SHAREHOLDINGS AS AT 1 OCTOBER 2024

### A. SHARE CAPITAL

Total Number of Shares	: 499,059,412
Issued Share Capital	: RM 479,828,496.00
Class Of Shares	: Ordinary Shares
Voting Rights	: One vote for each Ordinary Share held

### B. DISTRIBUTION OF SHAREHOLDINGS AS AT 1 OCTOBER 2024

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	717	12.55	14,283	0.00
100 – 1,000	1,891	33.10	1,045,416	0.21
1,001 – 10,000	2,103	36.81	8,627,574	1.73
10,001 – 100,000	784	13.72	25,582,009	5.13
100,001 and below 5% of issued shares	216	3.78	366,098,300	73.36
5% and above of issued shares	2	0.04	97,691,830	19.58
<b>Total</b>	<b>5,713</b>	<b>100.00</b>	<b>499,059,412</b>	<b>100.00</b>

### C. DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2024

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	DATO' ABD AZIZ BIN HAJI SHEIKH FADZIR	1,500,000	0.30	57,915,510 <sup>(1)</sup>	11.60
2.	DATO' BAHUDIN BIN MANSOR	-	-	-	-
3.	SYED JABED ISLAM	-	-	150,000 <sup>(2)</sup>	0.03
4.	FARAH NADIA BINTI FAZARUDDIN	-	-	-	-
5.	ISMAIL BIN MUSTAFFA	900,000	0.18	215,000 <sup>(3)</sup>	0.04

#### Notes:

- (1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of shares held through Kenanga Investors Berhad for Dayanine Equity Sdn Bhd.
- (2) Deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through his spouse, Khatiza Binti Mohd Yunus.
- (3) Deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue shares held through his son, Muhammad Fadli Bin Ismail.

**D. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 1 OCTOBER 2024**

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	DATUK LIM NYUK SANG @ FREDDY LIM	35,575,286	7.13	750,000	0
2.	DATO' ABD AZIZ BIN HAJI SHEIKH FADZIR	1,500,000	0.30	57,915,510 <sup>(1)</sup>	11.60
3.	KENANGA INVESTORS BERHAD FOR DAYANINE EQUITY SDN BHD	57,915,510	11.60	-	-

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of shares held through Kenanga Investors Berhad for Dayanine Equity Sdn Bhd.

**E. LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 1 OCTOBER 2024**

No.	Name of Shareholders	Shares Held	%
1.	CITYGROUP NOMINEES (TEMPATAN) SDN BHD, KENANGA INVESTORS BERHAD FOR DAYANINE EQUITY SDN. BHD.	57,915,510	11.60
2.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	39,776,320	7.97
3.	MIRUS HOLDINGS SDN. BHD.	23,723,730	4.75
4.	LINC SHARED SERVICES SDN. BHD.	23,569,800	4.72
5.	CGS INTERNATIONAL NOMINEES PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM (MQ0423)	21,336,140	4.28
6.	AROMA TERAJU SDN. BHD.	20,000,000	4.01
7.	TRAWORLD TOUR SDN. BHD.	19,625,303	3.93
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR KENANGA INVESTORS BHD	16,608,044	3.33
9.	LINDEN CONNEXION SDN. BHD.	14,633,520	2.93
10.	POWDERFUL MEDIA (MM2H) SDN. BHD.	13,453,500	2.70
11.	WP TRAVEL SDN. BHD.	13,181,310	2.64
12.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PITAHAYA (M) SDN. BHD.	13,148,380	2.63
13.	M & A NOMINEE (ASING) SDN. BHD. FOR POSITIVE BOOM LIMITED	11,030,430	2.21
14.	EILEEN EDWARD	9,936,170	1.99
15.	LAVIN GROUP SDN. BHD.	9,611,260	1.93
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD., CIMB FOR LIM CHEE HWA (PB)	8,501,730	1.70
17.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KAR LEONG	7,290,000	1.46

## STATISTICS OF SHAREHOLDING

### E. LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 1 OCTOBER 2024 (CONT'D)

No.	Name of Shareholders	Shares Held	%
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (7000197)	7,029,740	1.41
19.	AZULITE BLOOM SDN. BHD.	6,400,210	1.28
20.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM	5,830,300	1.17
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH AIK SIN (7004024)	5,434,631	1.09
22.	KAMARUDIN BIN MERANUN	5,280,000	1.06
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM (8071811)	5,022,660	1.01
24.	TAN YUN HARN	4,822,360	0.97
25.	QUEK SEE KUI	4,481,900	0.90
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (E-SDK)	4,015,720	0.80
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN	3,887,940	0.78
28.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD., DATUK LIM NYUK SANG @ FREDDY LIM	2,609,596	0.52
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEOH TENG GUAN (7002735)	2,424,600	0.49
30.	LOW JIAN EU	2,390,000	0.48

**ANALYSIS OF WARRANTS B HOLDINGS AS AT 1 OCTOBER 2024**

Class of Shares : Warrants B  
 Total number of Warrants : 166,353,160

**A. DISTRIBUTION OF WARRANTS B HOLDINGS AS AT 1 OCTOBER 2024**

Size of Holding	No. of Holders	%	No. of Warrants	%
Less than 100	37	4.49	1,520	0.00
100 – 1,000	154	18.69	104,255	0.06
1,001 – 10,000	339	41.14	1,547,320	0.93
10,001 – 100,000	214	25.97	7,501,098	4.51
100,001 and below 5% of issued warrants	77	9.34	106,271,897	63.88
5% and above of issued warrants	3	0.36	50,927,070	30.61
<b>Total</b>	<b>824</b>	<b>100.00</b>	<b>166,353,160</b>	<b>100.00</b>

**B. DIRECTORS' INTEREST IN WARRANTS B AS AT 1 OCTOBER 2024**

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	DATO' ABD AZIZ BIN HAJI SHEIKH FADZIR	1,950,000	1.17	24,257,755(1)	14.58
2.	DATO' BAHUDIN BIN MANSOR	-	-	-	-
3.	SYED JABED ISLAM	-	-	50,000(2)	0.03
4.	FARAH NADIA BINTI FAZARUDDIN	-	-	-	-
5.	ISMAIL BIN MUSTAFFA	350,000	0.21	80,000(3)	0.05

## Notes:

- (1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of warrants held through Kenanga Investors Berhad for Dayanine Equity Sdn Bhd.  
 (2) Deemed interested under Section 59(1)(c) of the Companies Act 2016 by virtue of warrants held through his spouse, Khatiza Binti Mohd Yunus.  
 (3) Deemed interested under Section 59(1)(c) of the Companies Act 2016 by virtue of warrants held through his son, Muhammad Fadli Bin Ismail.

## STATISTICS OF SHAREHOLDING

### C. WARRANT B HOLDERS HOLDING 5% OR ABOVE AS AT 1 OCTOBER 2024

No.	Name	No. of Warrants Held	
		Holdings	%
1.	CITYGROUP NOMINEES (TEMPATAN) SDN. BHD., KENANGA INVESTORS BERHAD FOR DAYANINE EQUITY SDN. BHD.	24,257,755	14.58
2.	KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	17,788,395	10.69
3.	CGS INTERNATIONAL NOMINEES PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM (MQ0423)	8,880,920	5.34

### D. LIST OF 30 LARGEST WARRANTS B HOLDERS AS AT 1 OCTOBER 2024

No.	Name of Warrants B Holders	Warrants B Held	%
1.	CITYGROUP NOMINEES (TEMPATAN) SDN. BHD., KENANGA INVESTORS BERHAD FOR DAYANINE EQUITY SDN. BHD.	24,257,755	14.58
2.	KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	17,788,395	10.69
3.	CGS INTERNATIONAL NOMINEES PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM (MQ0423)	8,880,920	5.34
4.	MIRUS HOLDINGS SDN. BHD.	7,907,910	4.75
5.	LINC SHARED SERVICES SDN. BHD.	7,856,600	4.72
6.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR KENANGA INVESTORS BHD	7,729,022	4.65
7.	TRAWORLD TOUR SDN. BHD.	7,375,100	4.43
8.	LINDEN CONNEXION SDN. BHD.	6,374,575	3.83
9.	POWDERFUL MEDIA (MM2H) SDN. BHD.	5,900,540	3.55
10.	WP TRAVEL SDN. BHD.	4,393,770	2.64
11.	EILEEN EDWARD	4,145,390	2.49
12.	M & A NOMINEE (ASING) SDN. BHD. FOR POSITIVE BOOM LIMITED	3,676,810	2.21
13.	QUEK SEE KUI	3,575,000	2.15
14.	LAVIN GROUP SDN. BHD.	3,370,420	2.03

**D. LIST OF 30 LARGEST WARRANTS B HOLDERS AS AT 1 OCTOBER 2024 (CONT'D)**

No.	Name of Warrants B Holders	Warrants B Held	%
15.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM	2,915,150	1.75
16.	AZULITE BLOOM SDN. BHD.	2,893,395	1.74
17.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD., CIMB FOR LIM CHEE HWA (PB)	2,833,910	1.70
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (7000197)	2,676,580	1.61
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATUK LIM NYUK SANG @ FREDDY LIM (8071811)	2,166,500	1.30
20.	TAN YUN HARN	2,102,570	1.26
21.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ABD AZIZ BIN HAJI SHEIKH FADZIR	1,950,000	1.17
22.	KAMARUDIN BIN MERANUN	1,760,000	1.06
23.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (E-SDK)	1,635,240	0.98
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN (7007197)	1,464,700	0.88
25.	LIM MEE KUEN	1,352,900	0.81
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN	1,290,980	0.78
27.	TEH AIK SIN	1,100,000	0.66
28.	KHONG HENG JIAN	981,000	0.59
29.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KAR LEONG	980,000	0.59
30.	LOW JIAN EU	930,000	0.56

# NOTICE OF TWENTIETH (20TH) ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth (20th) Annual General Meeting (“AGM”) of Destini Berhad (“Destini” or “the Company”) will be held at Meeting Room, 1st Floor Annex Building, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Monday, 2 December 2024 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

1. To receive the Audited Financial Statements for the financial period ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To re-elect the following Directors who were appointed by the Board during the financial year and retiring pursuant to Clause 125 of the Company’s Constitution and being eligible, have offered themselves for re-election:
  - (a) Dato’ Abd Aziz Bin Sheikh Fadzir (Ordinary Resolution 1)
  - (b) Encik Ismail Bin Mustaffa (Ordinary Resolution 2)
3. To re-elect Encik Syed Jabed Islam who is retiring pursuant to Clause 115(1) of the Company’s Constitution and being eligible, has offered himself for re-election. (Ordinary Resolution 3)
4. To approve the payment of Directors’ fees and other benefits payable to directors of the Company of up to RM500,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 20th AGM until the next Annual General Meeting of the Company. (Ordinary Resolution 4)
5. To re-appoint Messrs. UHY Malaysia as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

**As Special Business:**

6. To consider and, if thought fit, to pass the following resolutions: (Ordinary Resolution 6)

**Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights**

“THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 70 of the Company’s Constitution.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad (“Bursa Securities”) allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

7. To transact any other business of the Company for which due notice shall have been given.

**BY ORDER OF THE BOARD**

TAN TONG LANG (MAICSA 7045482/ SSM PC NO. 202208000250)

THIEN LEE MEE (LS0010621/ SSM PC NO. 201908002254)

Company Secretaries

Kuala Lumpur

Date: 30 October 2024

## NOTICE OF TWENTIETH (20TH) ANNUAL GENERAL MEETING

### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the meeting shall have the same rights as the member to speak at the meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Insurban Corporate Services Sdn Bhd's office, 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.
6. For the purpose of determining a member who shall be entitled to attend the Twentieth (20th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 25 November 2024. Only members whose name appears on the Record of Depositors as at 25 November 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of Meeting will be put to vote by poll.

## EXPLANATORY NOTES

### 1. Audited Financial Statements for the Financial Period Ended 30 June 2024

Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provides that the audited financial statements are to be laid in the general meeting and do not require formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

### 2. Ordinary Resolution No. 1, 2 & 3: Re-election of Directors who retire by rotation in accordance with Clause 115(1) and 125 of the Company's Constitution

Clause 115(1) of the Company's Constitution provides that an election of Directors shall take place each year at the annual general Rotation and meeting of the Company, where one-third (1/3) of the Directors for the time Retirement of being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Clause 125 of the Company's Constitution provides that the directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Dato' Abd Aziz Bin Haji Sheikh Fadzir, Encik Ismail Bin Mustaffa and Encik Syed Jabed Islam are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 20th AGM, the Nomination and Remuneration Committee ("NRC") has considered and recommended Dato' Abd Aziz Sheikh Fadzir and Encik Ismail Bin Mustaffa for re-election pursuant to Clause 125 of the Company's Constitution. NRC has considered and recommended Encik Syed Jabed Islam for re-election pursuant to Clause 115(1) of the Company's Constitution.

### 3. Ordinary Resolution 4: To Approve the Payment of Directors' Fees and Other Benefits Payable

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 20th AGM until the next Annual General Meeting of the Company.

### 4. Ordinary Resolution 6: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

After having considered all aspects of the 10% General Mandate, the Board is of the opinion that the adoption of the 10% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost-efficient method of fundraising for the Company.

As at the date of this Notice, no new shares were issued by the Company pursuant to the General Mandate granted to the Directors at the 19th AGM held on 20 June 2023 and which will be lapse at the conclusion of the 20th AGM.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear on the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 4 for information relating to general mandate for issue of securities.

No. of ordinary shares	CDS account no.



# PROXY FORM

## FOR DESTINI BERHAD'S TWENTIETH (20TH) ANNUAL GENERAL MEETING

I/We \_\_\_\_\_

[Full Name in Block Letters]

NRIC No. / Passport No. / Registration No. \_\_\_\_\_ of \_\_\_\_\_

[Full Address], \_\_\_\_\_

[Email Address], \_\_\_\_\_ [Contact No.] \_\_\_\_\_

being a member(s) of DESTINI BERHAD ("DESTINI" OR "THE COMPANY"), hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
		100%

or failing him/her the Chairman of the meeting as my/our proxy to vote and act on my/our behalf at the Twentieth (20th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Meeting Room, 1st Floor Annex Building, Destini Berhad, No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor on Monday, 2 December 2024 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Dato' Abd Aziz Bin Haji Sheikh Fadzir as Director.		
2.	To re-elect Encik Ismail Bin Mustaffa as Director.		
3.	To re-elect Encik Syed Javed Islam as Director.		
4.	To approve the payment of Directors' fees and other benefits payable to directors of the Company of up to RM500,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 20th AGM until the next Annual General Meeting of the Company.		
5.	To re-appoint Messrs UHY Malaysia as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6.	<b>As Special Business:</b> Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Signature: \_\_\_\_\_  
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows: -	
<b>First Proxy</b>	
No. of Shares	: _____
Percentage	: _____%
<b>Second Proxy</b>	
No. of Shares	: _____
Percentage	: _____%

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the meeting shall have the same rights as the member to speak at the meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Insurban Corporate Services Sdn Bhd's office, 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.
6. For the purpose of determining a member who shall be entitled to attend the Twentieth (20th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 25 November 2024. Only members whose name appears on the Record of Depositors as at 25 November 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of Meeting will be put to vote by poll.

**Personal data privacy:-**

By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, speak and vote at the 20th AGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 20th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 20th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warrant

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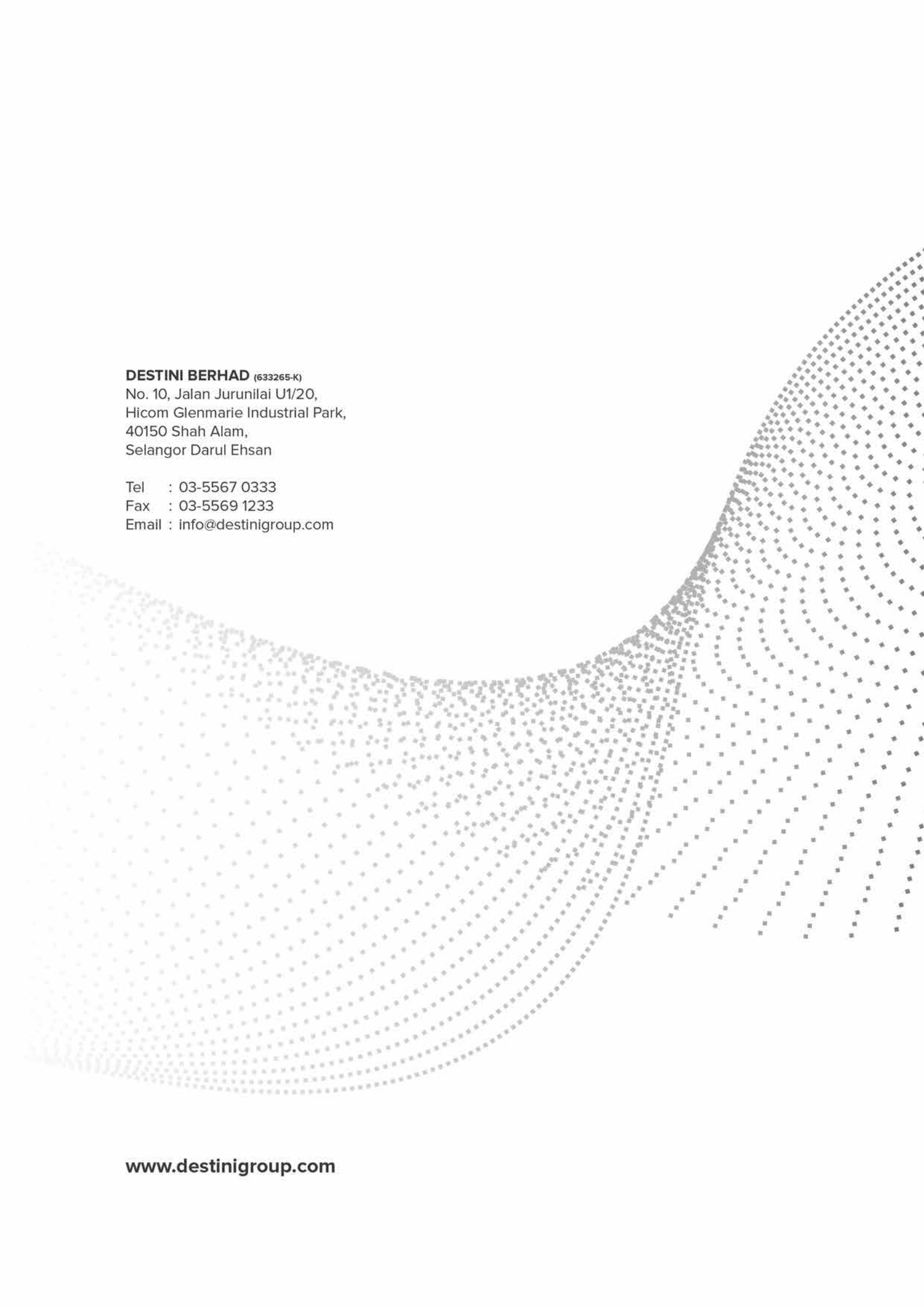
AFFIX  
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**DESTINI BERHAD [Registration No. 200301030845 (633265-K)]**

c/o Insurban Corporate Services Sdn. Bhd.  
[Registration No. 198101010136 (76260-W)]  
149, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

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**DESTINI BERHAD** (633265-K)  
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Selangor Darul Ehsan

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Fax : 03-5569 1233  
Email : [info@destinigroup.com](mailto:info@destinigroup.com)

[www.destinigroup.com](http://www.destinigroup.com)