destiniberhad

ANNUAL REPORT 2013

CONTENTS

Corporate Profile	1
Corporate Structure	2
Corporate Information	3
Directors' Profile	5
Chairman's Statement	7
Statement of Corporate Social Responsibility	9
Statement of Corporate Governance	10
Additional Compliance Information	18
Audit Committee Report	19
Statement on Risk Management and Internal Control	23
Financial Statements	27
List of Properties	137
Analysis of Shareholdings	138
Analysis of Warrant Holdings	141
Notice of Annual General Meeting	144
Statement Accompanying Notice	148
Proxy Form	Enclosed

CORPORATE PROFILE

Destini Bhd is a maintenance, repair and overhaul services company serving the defence, marine, aviation and oil and gas industries.

It started life as Satang Jaya Holdings Bhd in 1999, changed its name to Satang Holdings Bhd and was subsequently listed on Bursa Malaysia in 2003.

After a management overhaul in 2011, Satang Holdings was rebranded as Destini Bhd to reflect the more synergised and aligned business direction that the new board of directors embarked on in turning around the group's fortune.

What started as a company that supplied spare parts for the aviation and aerospace industry had now evolved into a reputable brand in the safety and survival equipment and MRO services sector.

Essentially, Destini aims to be a one-stop centre for the supply of safety equipment and MRO services in the aviation, marine, oil and gas and defence sectors.

The Destini Group of companies are driven by Destini Prima Sdn Bhd, Armada Pte Ltd, Destini Engineering Technologies Sdn Bhd, Destini Info Tech Sdn Bhd and Destini HRTC Sdn Bhd.

Not content with just focusing on one particular business, Destini has been actively undertaking strategic acquisitions of various companies in a bid to diversify its income stream.

In February 2012, Destini acquired a 50% stake in defence and commercial automotive manufacturer System Enhancement Resources & Technologies Sdn Bhd (SERT).

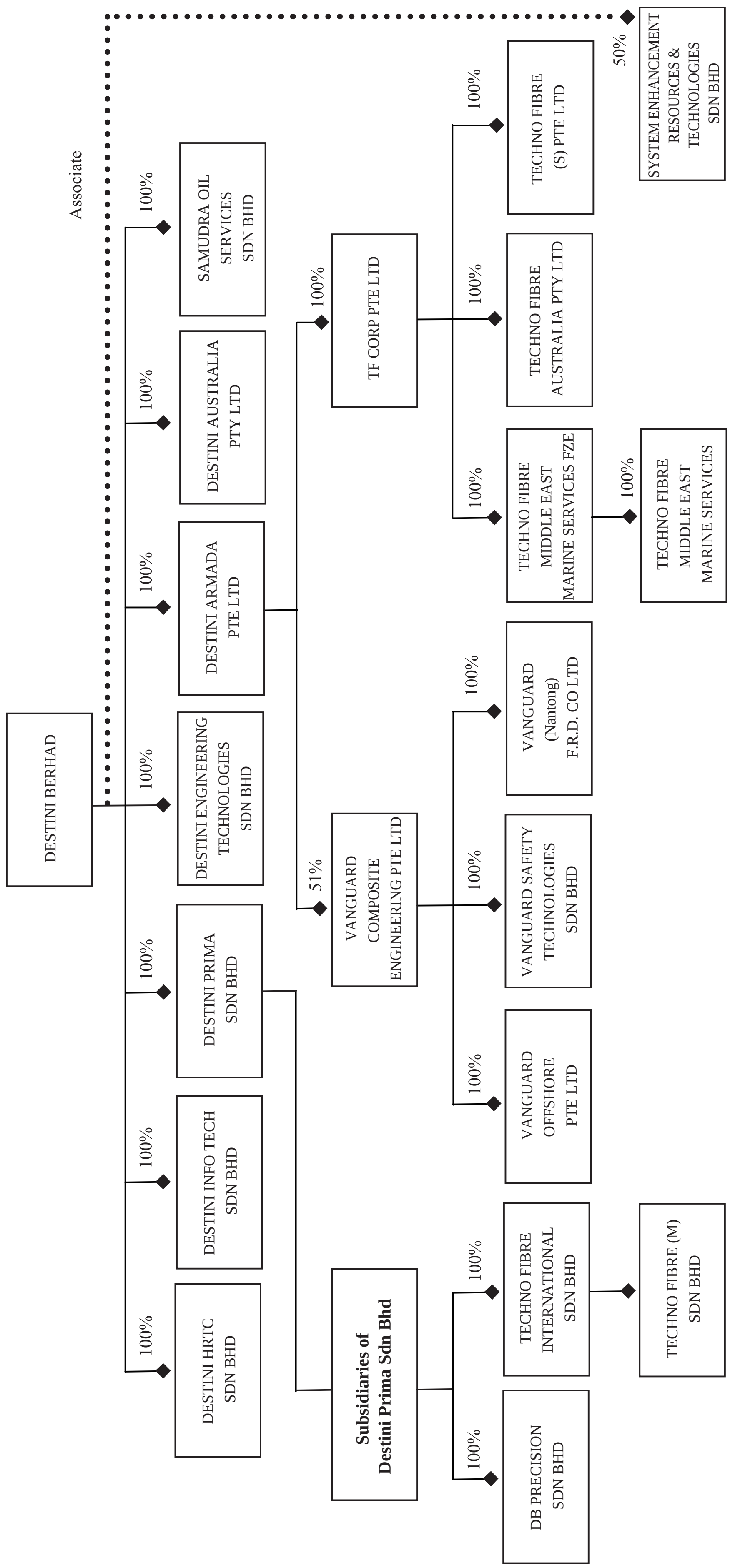
It then completed the acquisition of Vanguard Composite Engineering Pte Ltd, a Singapore-based company involved in the manufacturing, servicing and maintenance of lifeboats, life rafts and davit systems at the end of 2012.

To further boost its reach in the maintenance, repair and overhaul (MRO) sector, in 2013 it bought over MRO services provider TF Corp Pte Ltd along with its subsidiaries Techno Fibre Australia Pty Ltd, Techno Fibre Middle East Marine Services FZE, Techno Fibre (S) Pte Ltd and Techno Fibre International Sdn Bhd.

By the end of its financial year, Destini had also agreed to purchase Samudra Oil Services Sdn Bhd, a company involved in the provision of tubular handling services in the oil and gas sector from its parent, Kejuruteraan Samudra Timur Bhd.

This venture marks Destini's entry into the oil and gas sector, which will also see synergy with its marine division.

CORPORATE STRUCTURE



CORPORATE INFORMATION

Board of Directors

Azhar Bin Azizan @ Harun
Non-Independent & Non-Executive Chairman

Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Group Managing Director

Abdul Rahman Bin Mohamed Rejab
Executive Director

Dato' Abdul Aziz Bin Haji Sheikh Fadzir
Non-Independent & Non-Executive Director

Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
Independent & Non-Executive Director

Dato' Che Sulaiman Bin Shapie
Independent & Non-Executive Director

Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman
Independent & Non-Executive Director

Audit Committee

Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (Chairman)
Dato' Che Sulaiman Bin Shapie
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman

Nomination and Remuneration Committee

Dato' Abdul Aziz Bin Haji Sheikh Fadzir (Chairman)
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
Dato' Che Sulaiman Bin Shapie

Company Secretaries

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

Auditors

Messrs. UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur, Malaysia.

Tel : 03-2279 3088
Fax : 03-2279 3099

Principal Bankers

Affin Bank Berhad (25046-T)

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad

Stock Name	: DESTINI	Warrant	: DESTINI-WA
Stock Code	: 7212	Warrant Code	: 7212-WA

Registered Office

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur, Malaysia

Tel : 03-2279 3080
Fax : 03-2279 3090

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 (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel : 03-7727 3873
Fax : 03-7728 5948
Email : insurban@yahoo.com

DIRECTORS' PROFILE

Dato' Rozabil @ Rozamujib Bin Abdul Rahman, a Malaysian aged 42, was initially appointed as an Independent & Non-Executive Director on 11 November 2010. Upon the resignation of the former Managing Director, he then was re-designated as Managing Director of the Company on 3 January 2011 and later as Group Managing Director on 7 January 2014. He is responsible for the overall direction and management of the Group. He obtained Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur in 2009.

He has diversified interests ranging from construction and property development to trading and serves as director of several other private companies. He started his career as Managing Director of BPH Engineering Sdn Bhd, an M&E engineering company. He later established Benar Prima Resources Sdn Bhd, a construction and development company and Benar Prima Capital Sdn Bhd, an investment trading company.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

Azhar bin Azizan @ Harun, a Malaysian aged 52, was appointed as a Non-Independent & Non-Executive Director on 28 August 2010. Subsequently on 11 November 2011, he was re-designated as Non-Independent & Non-Executive Chairman. He obtained LLB (Hons) degree from University of Malaya in 1986. In 1990, he obtained his Master of Law degree with merit from King's College, University of London specialising in Corporate and Commercial Law.

He was admitted as an Advocate and Solicitor of High Court of Malaya on 27 February 1987. He has extensive experience as an Advocate & Solicitor and currently concentrates his practice in litigation matters involving shareholders right and remedies, corporate liquidation and receivership; corporate debts restructuring and building and construction claims.

He is the Independent and Non-Executive Director of Country View Bhd.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any other than traffic offences, if any.

Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid, a Malaysian aged 49, was appointed as an Independent & Non-Executive Director on 17 August 2010. He graduated from the Arkansas State University with a Bachelor of Science in Finance in 1987 and Master in Business Administration in 1988.

Dato' Megat has many years of experience in the corporate sector and is currently the Independent Non-Executive Chairman of Inix Technologies Holdings 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. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

Dato' Abdul Aziz bin Sheikh Fadzir, a Malaysian aged 51, was appointed as an Independent & Non-Executive Director on 11 November 2010. Subsequently on 12 September 2012, he was re-designated as Non-Independent & Non-Executive Director. He graduated with a Bachelor of Science (Accounting) from Purdue University, Indiana, United States of America.

He started his career in 1986 as a Project Co-ordinator for Pembangunan Kulim Sdn Bhd where he had been actively involved in numerous projects. He is also the Executive Chairman of Kretam Holdings Berhad since year 2000. Besides that, he sits on the board of Safeguard Corporation Berhad from year 1989 until 2009. He is currently the Supreme Council Member of Malaysia ruling party UMNO.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

Abdul Rahman bin Mohamed Rejab, a Malaysian aged 48, was appointed as an Independent & Non-Executive Director on 3 January 2011. Subsequently on 15 October 2012, he was re-designated as Executive Director. He holds a Bachelor Degree in Finance from St. Louis University, Missouri, USA.

He is currently the Independent & Non-Executive Director in Viztel Solutions Berhad. He has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) 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. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman, a Malaysian aged 49, was appointed as an Independent & Non-Executive Director on 08 January 2013. She obtained Master of Accounting (Distinction) from Curtin University of Technology, Australia in 1997. In 2003, she obtained her Doctor of Philosophy (PhD) from University of Edinburgh, Scotland, United Kingdom. She is also a Fellow to Chartered Institute of Management Accountants (CIMA) UK, Chartered Global Management Accountant (CGMA) and Chartered Accountant (CA), Malaysian Institute of Accountants (MIA).

She is a Professor in Management Accounting, Faculty of Accountancy and Head of Asian Management Accounting Research Centre (AMARC), Accounting Research Institute (ARI). She has over 22 years of experience in the Education Field with UiTM since 1991 which include 12 years of holding academic administrative posts. The administrative posts include Assistant Vice Chancellor, Deputy Dean (Academic) and Coordinator. She is also actively involved with Chartered Institute of Management Accountants (CIMA) (UK) activities and currently she is the Chairman of CIMA Malaysia Country Branch. Prior she was the Deputy Chairman, CIMA Malaysian Division Council Member and Treasurer.

She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past ten years other than traffic offences, if any.

Dato' Che Sulaiman Bin Shapie, a Malaysian aged 57, was appointed as an Independent & Non-Executive Director on 08 January 2013. He holds a Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia.

He is currently running his own business in various fields. He has over 12 years of experience in the financial and credit management with Bank Islam Malaysia Berhad from 1984 until 1996.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of my colleagues on the Board of Directors of Destini Berhad, I am pleased to present the Annual Report and Financial Statements of Destini Berhad and the Group for the financial year ended 31 December 2013.

PERFORMANCE AND FINANCIAL REVIEW

The Group turned in a good performance for the financial year under review with a profit before tax of RM14 million compared to RM8.08 million in the previous year.

Profit after tax for the financial year under review was RM10.87 million compared to RM7.05 million registered in the previous financial year.

The Group's revenue of RM93.31 million for the financial year under review represented an increase of RM36.47 million or 64.16% compared to RM56.84 million recorded in the previous financial year.

The increase in revenue and consequently, profit, is indicative of the Group's ever improving standing and strength in its operation and business sectors since the Group reorganised, restructured and changed the Group's management.

As a result, the net asset per share as at 31 December 2013 is 21.06 sen and the Group's earning per share for the financial year is 2.96 sen.

CORPORATE EXERCISES

Since the upliftment of the Company's Practice Note 17 (PN17) status on 13 August 2012, the Company has actively sought new business opportunities. Specific business entities whose areas of business are synergistic with the Company's core business were identified for strategic acquisition by the Company. These acquisitions were done with a specific aim of strengthening the Group's business and operation as well as enhancing the Group's earnings.

As part of that exercise, the Group completed the acquisitions of lifeboat manufacturer Vanguard Composite Engineering Pte Ltd. In order to consolidate the Group's presence in the lifeboat business, the Company then acquired life boat maintenance, repair, and overhaul (MRO) provider TF Corp Pte Ltd along with its subsidiaries Techno Fibre Australia Pty Ltd, Techno Fibre Middle East Marine Services FZE, Techno Fibre (S) Pte Ltd and Techno Fibre International Sdn Bhd.

By the end of the financial year, the Company had also agreed to purchase Samudra Oil Services Sdn Bhd, which is involved in the provision of tubular handling services in the oil and gas sector, from its parent Kejuruteraan Samudra Timur Bhd.

This will mark the Company's and the Group's entry into the oil and gas industry as well as to complement the Group's marine division.

In the long run, the Company aims to be a one-stop centre for the supply of safety equipment and MRO services in the aviation, marine, oil and gas and defence sectors.

PROSPECTS

The Company remains positive on its prospects to grow and believes that it is well positioned to capitalise on the significant growth potential in both the defence and civil sectors for both aviation and marine businesses, as well as in the oil and gas industries globally.

Potential risks from the global economy and other external factors are inevitable and this is reflected in Bank Negara Malaysia's decision to revise its forecast for Malaysia's GDP to 4.5% from 5.5% for 2014.

Be that as it may, the Company remains confident of its prospects in the coming year.

APPRECIATION

Last year, there were no major changes to Destini's board members and so I look forward to the contributions from the current members of the board and am confident that with their combined experience and expertise, the company will continue to thrive and achieve greater heights.

On behalf of the board, I would like to extend my sincere thanks to all of our loyal shareholders and employees under the Destini group of companies.

They have delivered exceptional results in the most trying economic conditions while at the same time upholding Destini's growing reputation as a reliable provider of aviation and marine services.

Azhar bin Azizan @ Harun
Chairman

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

Destini Berhad (‘Destini’) is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Social Responsibility (‘CSR’). We understand how our social and ethical conduct could cause an impact on our image, pride and reputation. We therefore take CSR very seriously and will not neglect the aspects of CSR which are pertinent to the business operations of the Destini Group of Companies (‘the Group’). Although we have yet to fully embark on CSR, we have a well-laid out plan on all sides of the implementation of DB’s CSR programmes. Our CSR Project Team is also strengthening its efforts to review the different avenues and aspects of the programmes and to ensure that good CSR practices pervade the organization at all levels.

- **For the Community**
  At Destini, we believe that there is a need for continuous corporate community involvement activities because they play an important role in terms of gaining our customers’ satisfaction and respect, apart from infusing good values within our workforce. Starting off with our annual Breaking of Fast with Destini (‘Majlis Berbuka Puasa bersama Destini’) at the Royal Malaysian Air Force (RMAF) Subang Airbase Kuala Lumpur and (‘Majlis Berbuka Puasa bersama Anak-anak Yatim’), a series of participation in our customers’ various social and sporting events took place throughout the ensuing months.

- **For the Workplace**
  To ensure that the Group sustains its stand as a rewarding avenue to work in, we will continue to send our employees to various training & development programmes, seminars and workshops to enhance their professional development and skills in their respective areas of interest. Apart from that, we believe in our commitment to continuously boost good ethical behaviour within the Group, with utmost concern for employee healthcare, security and safety. Employees are constantly motivated to be good corporate citizens and encouraged to work together as a team in a productive and healthy environment. Our employees also abide by a code of conduct that stresses on the values and ethics that we strongly believe in.

  We have not failed to look into the state of welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy & Army. It is a commitment by Destini as a practise of good CSR to provide employment to ex-servicemen, and we have been doing this ever since we initiated our business operations. We know that when they retire from service, the valuable experience, skills and mastery in their industries will not be put to waste and can be gainfully utilised. We are proud to say that we are still one of the very few Groups in the country that comprehensively looks into the welfare of these ex-servicemen after their retirement age. At present majority of our employees are ex-servicemen.

- **For the Marketplace**
  We recognise the need to keep our shareholders and stakeholders abreast of the Group's performance and deliverables. To enable them to have a better understanding and assessment of the Group’s direction and business activities, we have revamped our corporate website to provide immediate information on the Group's activities, financials and operations and to also act as a communication point for both our local and international contacts.

- **For the Environment**
  In doing our bit for the environment, we will make every effort to optimise the option of recycling and the reduction of energy use in our operations. To reduce paper usage, our employees are heavily encouraged to adopt a paperless system when preparing selected correspondences and documentation. We encourage a sense of personal responsibility in our employees for reducing their impact on the environment, and we make every effort to ensure that it becomes an act of good practice within the workplace.

As our ultimate goal, we will do our utmost in ensuring that our CSR practises meet with the interests of our customers, suppliers, shareholders, financiers, bankers, business associates, the Government, and the public at large.

STATEMENT OF CORPORATE GOVERNANCE

The Board acknowledges that the practice of good corporate governance is an essential part in the Group's 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 Malaysian Code on Corporate Governance ("the Code") to enhance business prosperity and maximize shareholders' value. 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 the Code to the best interest of the shareholders of the Company.

Set out below is a statement which outlines the application of the various principles and complied with the best practice provisions as laid out in the Code throughout the financial year ended 31 December 2013 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Board Balance

The Board consists of seven (7) members, which comprises of a Non Independent & Non-Executive Chairman, one (1) Group Managing Director, one (1) Executive Director, three (3) Independent & Non-Executive Directors and one (1) Non-Independent & Non-Executive Director. The profiles of these Board members are laid out in pages 5 to 6.

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 did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

Board Responsibilities

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist in the discharge of their responsibilities.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The Company has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities. The Chairman is primarily responsible in leading and guiding the Board, and also serves as the communication point between the Board and the Group Managing Director is responsible in overseeing the day-to-day operations of the Group and implementing the policies and strategies adopted by the Board. The Group Managing Director's knowledge of the Group's affairs contributes significantly towards the accomplishment of the Group's goals and objectives. He also contributes to the formulation of policy and decision-making through his own knowledge and experience of other businesses and sectors.

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 Directors 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.

In discharging its fiduciary duties, the Board has delegated specific tasks to two (2) Board Committees namely the Audit Committee and Nomination and Remuneration Committee. 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 and to report to the Board with the necessary recommendation.

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 is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website.

Board Meetings

The Board held seven (7) meetings during the financial year ended 31 December 2013. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	7/7
Dato' Abdul Aziz Bin Sheikh Fadzir	6/7
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	6/7
Azhar Bin Azizan@Harun	7/7
Abdul Rahman Bin Mohamed Rejab	7/7
Dato' Che Sulaiman Bin Shapie	7/7
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	7/7

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.

Supply of Information

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 in 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. 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. The Board also has access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regularations are complied with. 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 Directors may whether as a full Board or in their individual capacity, seek independent professional advice in furtherance of their duties at the Company's expenses.

Directors' Training

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 them 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. The Directors are encouraged to evaluate their own training needs on a continuous process and determined the relevant programmes/seminars/conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The following Board members have attended the following courses/seminars during the financial year as detailed below:

Name of Director	Date	Courses attended
Dato' Abdul Aziz Bin Sheikh Fadzir	21 August 2013	Tools for Transformation - Leadership
Dato' Che Sulaiman Bin Shapie	10 & 11 April 2013	Bursa Malaysia – Mandatory Accreditation Programme for Directors of Public Listed Company
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	20 & 21 April 2013	Bursa Malaysia – Mandatory Accreditation Programme for Directors of Public Listed Company

Saved as disclosed above, EncikAzhar bin Azizan @ Harun, Dato' Rozabil @ Rozamujib bin Abdul Rahman, Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid and Encik Abdul Rahman Bin Mohamed Rejab were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and 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. In addition, during the financial year under review, all Directors were also advised of developments of changes to relevant laws and regulatory requirements and suitable training and education programmes were identified for their participation from time to time.

NOMINATION AND REMUNERATION COMMITTEE

As recommended by the Code, the Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Non-Executive Directors.

The present members of the NRC are:

Chairman	Dato' Abdul Aziz Bin Sheikh Fadzir
Members	Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid
	Dato' Che Sulaiman Bin Shapie

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.

Terms of Reference

1. Composition

a) The Board of Directors shall elect NRC's member from amongst themselves (pursuant to a resolution of the Board of Directors) comprising of not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board.
b) The members of the NRC shall elect a Chairman from amongst themselves.
c) All members of the NRC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the NRC cease to be a Director of the Company, his membership in the NRC would cease forthwith.
d) If the members of the NRC for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Duties and Responsibilities

The duties and responsibilities of the NRC includes:

a) review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
b) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;
c) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
d) responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
e) Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of the Group Managing Director and Executive Director;
f) Represent the public interest and avoid any inappropriate use of public fund when considering severance payments for senior staff; and
g) To carry out such other functions as may be agreed to by the NRC and the Board of Directors.

3. Meeting and Minutes

a) The NRC shall meets as and when is required, the quorum for each meeting shall be two (2) members.
b) Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.
c) The Secretary to the NRC shall be the Company Secretary or in his/her absence, a representative from the Company's Secretarial Department.

Summary of Activities of the Nomination and Remuneration Committee

The activities undertaken by the NRC during the financial year ended 31 December 2013 included the following:-

1. Reviewed the qualification of director to be appointed and made recommendation to the Board for appointment of Director; and

2. Reviewed and recommended remuneration package for the Directors.

Appointments to the Board

A formal procedure is in place for appointments to the Board. The NRC is empowered the responsibility of identifying and recommending candidates to the Board. However, the ultimate responsibility to approve the appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC.

The NRC does an annual review of the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group. The Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience among the Board members. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors are subject to re-election by rotation at least once every three (3) years at each Annual General Meeting and retiring directors can offer themselves for re-election. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Reinforce Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group. Majority of the Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken.

None of the current independent board members had served the company for more than nine (9) years. As per the recommendations of the Code, should the tenure of an independent director exceed nine (9) years, shareholders approval will be sought at a General Meeting or if the services of the director concerned are still required, the director concerned will be re-designated as a non-independent director.

DIRECTORS' REMUNERATION

The NRC is responsible for reviewing the performance of Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. However, the ultimate responsibility to approve the remuneration of these Directors remains with the Board as a whole. Determination of the remuneration of Non-Executive Directors is a matter to be decided by the Board as a whole. No Director shall take part in decisions pertaining to his own remuneration.

The Directors' fee including Non-Executive Directors if any, have to be endorsed by the Board and approved for by the shareholders of the Company at the Annual General Meeting. The compensations for Non-Executive Directors are linked to their experience and level of responsibility taken.

The aggregate remuneration paid or payable to all Directors of the Company is further categorised into the following components -

	FEES (RM)	SALARIES AND *OTHER EMOLUMENTS (RM)	TOTAL (RM)
Executive Directors	-	633,240.00	633,240.00
Non-Executive Directors	-	312,000.00	312,000.00
Total	-	945,240.00	945,240.00

* *Other emoluments include the meeting allowance for the Directors' attendance in Board and Audit Committee Meetings.*

The number of Directors of the Company whose income falls within the following bands is set out as follows:

REMUNERATION BAND	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
RM50,000 and below	-	4
RM50,000 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	1	-
RM300,001 – RM400,000	1	-

Details of the individual Director's Remuneration are not disclosed in this report as the Board is of the view that the above Remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfy the accountability and transparency aspects of the Code.

COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Dialogue between the Group and Investors

The Group values dialogue and recognizes 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.

Shareholders can access for information from the Group's website at www.destinigroup.com.

Annual General Meeting

The notice of the AGM and the annual report are sent to investors at least twenty one (21) days before the date of the meeting. The AGM is the principal form for dialogue with the shareholders. The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

Each item of special business included in the notice of meeting is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's operations and prospects, in presenting the annual financial statements and quarterly announcement to shareholders. The Board is assisted by the Audit Committee to ensure accuracy and adequacy of all annual and quarterly financial reports, audited and unaudited for disclosure.

Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing the effectiveness of these systems. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss. It includes formal policies and operating procedures in relation to the safeguarding of assets, maintenance of proper accounting records and reliability of financial information, compliance with applicable legislation, regulation and best practices. The Board is continuously looking into the adequacy and integrity of its system of internal controls. The Group has operated under an established internal control framework which is described, and supported by the external auditors, in the Statement on Risk Management and Internal Control on pages 23 to 24.

Internal Audit

The internal auditors monitor and report on the system of internal controls. 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.

Relationship with Auditors

The Board has established a transparent and appropriate relationship with the Group's external auditors. From time to time, the auditors will highlight to the Audit Committee and the Board on matters that require the Audit Committee's and Board's attention and action. Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board.

Statement of Directors' Responsibility in Respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 31 December 2013, 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.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 1965, the MASB Standard and the Listing Requirements. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

Compliance Statement

The Group has complied with and shall remain committed to attain the highest possible standards through the continuous adoption of the principles and best practices of the Code and all other applicable laws.

ADDITIONAL COMPLIANCE INFORMATION

Non-audit Fees

There is no non-audit fees paid to external auditors by the Group and the Company during the financial year ended 31 December 2013.

Share Buy-Back

There were no share buy-back arrangements during the financial year.

Options, Warrants or Convertible Securities

On 8 October 2013, 242,000,000 warrants issued by the Company pursuant to Bonus Issue of Warrants were listed and quoted on Main Market of Bursa Malaysia Securities Berhad.

Save as disclosed above, the Company has not issued any Options or Convertible Securities during the financial year ended 31 December 2013.

Depository Receipt Programme

The Company does not have any depository receipt programme in place.

Imposition of Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

Variation in Results

There were no significant variances between the results for the financial year and the unaudited results previously announced on 28 February 2014.

Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests.

Contracts Relating to Loans

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature ("RRPT")

There was no RRPT for the financial year ended 31 December 2013.

AUDIT COMMITTEE REPORT

The Board of Directors of Destini Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2013.

Audit Committee Members and Meeting Attendances

The present members of the Audit Committee comprise the following:-

Chairman Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid

Members Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman
Dato' Che Sulaiman Bin Shapie

The Audit Committee held seven (7) meetings during the financial year ended 31 December 2013. The details of attendance of the Audit Committee members are as follows:-

Name of Directors	No. of meetings attended
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	6/7
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	7/7
Dato' Che Sulaiman Bin Shapie	7/7

The Audit Committee may invite the Head of Group Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines. At least twice a year, the Audit Committee shall meet with the external auditors without the executive board members present.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2013 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 and discussed the external auditors' audit report and management's response thereof;

3. Reviewed the external auditors' scope of work and audit plan for the year;

4. 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; and

5. Reported to the Board on its activities and significant findings and results.

AUDIT COMMITTEE

Terms of Reference

1. Composition

   a) The Board of Directors shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising of not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board;

   b) The members of the Audit Committee shall elect a Chairman from amongst themselves;

   c) All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith; and

   d) If the members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Objectives

   The primary objectives of the Audit Committee are:

   a) To provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control;

   b) To provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management; and

   c) To maintain through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

3. Duties and Responsibilities

   a) To consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal;

   b) To discuss with the external auditors before the audit commence the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

   c) To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:

      i. Any changes in accounting policies and practices;
      ii. Major judgement areas;
      iii. Significant adjustments resulting from the audit;
      iv. The going concern assumption;
      v. Compliance with accounting standards; and
      vi. Compliance with stock exchange and legal requirements.

d) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

e) To review the internal audit programme, consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal and external auditors;

f) To keep under review the effectiveness of internal control systems, and in particular review the external auditors' management letter and management's response; and

g) To carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. Authority

a) The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee; and

b) The Committee is empowered by the Board to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

5. Meeting and Minutes

a) The Audit Committee shall hold not less than five (5) meetings a year, the quorum for each meeting shall be two (2) members;

b) In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

c) Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board; and

d) The Secretary to the Audit Committee shall be the Company Secretary or in his/her absence, a representative from the Company's Secretarial Department.

INTERNAL AUDIT FUNCTIONS

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 audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The costs incurred for the internal audit function in respect of the financial year is approximately RM86,669.00.

During the financial year, the following activities were carried out by the internal audit department in discharge of 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. Follow up and verifying the risk management controls implemented in high risk areas as identified by the Messrs Grant Thornton during quarterly Enterprise Risk Management ("ERM") Review and Follow Up exercises during the year;

3. 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;

4. Presenting quarterly ERM reports and findings to the operating personnel and Audit Committee for further necessary action;

5. Followed up with management on the implementation of the agreed audit recommendations; and

6. Present the Internal audit plan for the year for review and evaluate by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code of 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 & 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 in place to establish and implementing a Risk Management Committee (RMC) with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

Under this process, the RMC will assists the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, customer risk, product risk, internal processes risk, people risk and information technology risks. The Committee also will reviews and evaluates the adequacy of overall risk management policies and procedures and ensures that there is adequate risk reporting of core business activities.

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about 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 in its efforts to reform and reorganise the system of internal control.

The Board has reviewed the in-house internal audit function and is satisfied with the level of independence and the competence of its staffs. 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.

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination Committee 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 operating units by the management team and, where deemed appropriate, the Board.

Board Responsibility

The Board is responsible to maintain 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's Reasonability

The management responsible for implementing the Group's strategies and day-to-day businesses. 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's Responsibility

The Group internal audit function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. Group Internal Audit activities are guided by an Internal Audit Charter which is approved by the Audit Committee. The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal controls. 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 Internal Audit through follow up reviews.

Conclusion

Pursuant to Paragraph 15.23 of the Listing Requirements, 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 year ended 31 December 2013 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.

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

For the financial year 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 the risk management and internal control is adequate. Nevertheless, the Board recognizes 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.

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

INDEX
*****

	Page No.
DIRECTORS' REPORT	27 - 31
STATEMENT BY DIRECTORS	32
STATUTORY DECLARATION	33
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	34 - 36
STATEMENTS OF FINANCIAL POSITION	37 - 38
STATEMENTS OF COMPREHENSIVE INCOME	39
STATEMENTS OF CHANGES IN EQUITY	40 - 42
STATEMENTS OF CASH FLOWS	43 - 45
NOTES TO THE FINANCIAL STATEMENTS	46 - 135
SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES	136

DESTINI BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit for the financial year:		
Attributable to:		
- Owners of the Parent	8,214,685	656,397
- Non-controlling interests	2,655,290	-
	10,869,975	656,397

Dividend

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

Reserves and Provisions

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

.

Issue of Shares and Debentures (Cont'd)

During the financial year the Company increased its issued and paid-up ordinary share capital from RM33,000,000 to RM49,339,000 by way of:

(i) the issuance of 33,000,000 ordinary shares of RM0.10 each through Private Placement at an issue price of RM0.30 per ordinary shares for cash to fund the Group's future business expansion plans; and

(ii) the issuance of 130,390,000 ordinary shares of RM0.10 each at an issue price of RM0.30 per ordinary share as consideration for the acquisition of the entire issued and paid-up capital of the following companies:-

(a) Techno Fibre Australia Pty Limited;
(b) Techno Fibre Middle East Marine Services FZE;
(c) Technofibre International Sdn Bhd; and
(d) Techno Fibre (S) Pte Ltd.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

The Directors in office since the date of the last report are as follows:

Azhar Bin Azizan @ Harun
Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Dato' Abdul Aziz Bin Haji Sheikh Fadzir
Dato' Che Sulaiman Bin Shapie
Prof. Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman
Abdul Rahman Bin Mohamed Rejab
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid

Directors' Interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company and its related corporation during the financial year were as follows:

	<-------------No. of ordinary shares of RM 0.10 each------------->			
	At 1.1.2013	**Bought**	**Sold**	**At 31.12.2013**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	401,100	-	401,100
Indirect interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman ^	50,000,000	39,200,000	-	89,200,000
Dato' Abdul Aziz Bin Haji Sheikh Fadzir * #	50,000,000	39,000,000	-	-

	<----------------------------No. of warrants---------------------------->			
	At 1.1.2013	**Bought**	**Sold**	**At 31.12.2013**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	267,400	-	267,400
Indirect interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman *	-	59,334,112	(3,860,400)	55,473,712

^ Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd

* Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd

Ceased to be deemed interested in BPH Capital Sdn Bhd under Section 6A of the Companies Act, 1965 on 19 April 2013

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is 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.

Other Statutory Information

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision 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 the Company misleading; or

(iii) which would have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(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 year which secures the liabilities of any other person; or

Other Statutory Information (Cont'd)

(c) At the date of this report, there does not exist (Cont'd)

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent or other liability of the of the Group and of the Company has become enforceable or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year 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 of the Group and of the Company for the current financial year in which this report is made.

Significant Events

Significant events are disclosed in Note 35 to the financial statements.

Subsequent Events

Subsequent events are disclosed in Note 36 to the financial statements.

Auditors

The Auditors, Messrs 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 dated 29 April 2014.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

AZHAR BIN AZIZAN @ HARUN

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of DESTINI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 135 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 136 to the financial statements have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2014.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

AZHAR BIN AZIZAN @ HARUN

Company No. | 633265 | K |

DESTINI BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, ABDUL RAHMAN BIN MOHAMED REJAB, being the Director primarily responsible for the financial management of DESTINI BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 37 to 135 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at KUALA LUMPUR)
in the Federal Territory on)
29 April 2014)

ABDUL RAHMAN BIN MOHAMED REJAB

Before me,

No. W 521
MOHAN A.S.MANIAM

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD
(Company No: 633265-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 135.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD (CONT'D)
(Company No: 633265-K)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors as disclosed in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 136 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/14(J)
Chartered Accountant

KUALA LUMPUR

29 APRIL 2014

Company No. 633265 K

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	28,088,950	6,550,590	18,507,552	746,362
Investment in subsidiaries	5	-	-	13,715,913	11,772,210
Investment in associates	6	683,214	1,179,037	1,000,000	1,000,001
Investment in securities	7	2,467,187	-	2,467,187	-
Intangible assets	8	41,408,199	10,597,629	-	-
Land use rights	9	1,609,099	1,487,901	-	-
Other investment	10	120,000	110,000	-	-
		74,376,649	19,925,157	35,690,652	13,518,573
Current Assets					
Inventories	11	8,686,296	2,679,316	-	-
Trade receivables	12	50,380,517	22,334,969	-	-
Other receivables	13	17,625,388	9,075,546	3,912,184	4,390,018
Amounts owing by subsidiaries	14	-	-	68,804,077	22,685,892
Tax recoverable		1,027,120	412,160	-	-
Fixed deposits with licensed banks	15	5,200,028	1,790,369	-	-
Cash and bank balances		9,854,677	15,937,284	493,528	647,863
		92,774,026	52,229,644	73,209,789	27,723,773
Total Assets		167,150,675	72,154,801	108,900,441	41,242,346

Company No. 633265 K

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Equity					
Share capital	16	49,339,000	33,000,000	49,339,000	33,000,000
Share premium	17	32,606,340	2,111,836	32,606,340	2,111,836
Foreign currency translation reserve	17	2,157,200	(35,175)	-	-
Retained profits/ (Accumulated losses)		19,837,523	11,622,838	(1,644,216)	(2,300,613)
Equity atributable to owners of the parent		103,940,063	46,699,499	80,301,124	32,811,223
Non-controlling interests		6,919,844	4,264,554	-	-
Total Equity		110,859,907	50,964,053	80,301,124	32,811,223
Non-Current Liabilities					
Hire purchase payables	18	1,022,144	605,688	-	-
Bank borrowings	19	10,505,073	-	9,902,676	-
Deferred tax liabilities	20	1,179,988	1,146,988	33,000	-
		12,707,205	1,752,676	9,935,676	-
Current Liabilities					
Trade payables	21	22,695,840	8,392,937	-	-
Other payables	22	12,189,245	6,221,750	893,198	338,717
Amounts owing to subsidiaries	14	-	-	17,249,833	7,961,253
Amount owing to a Director	23	1,324,434	1,945,392	-	-
Hire purchase payables	18	217,149	88,488	-	-
Bank borrowings	19	3,754,659	2,403,378	405,710	-
Tax payables		3,402,236	386,127	114,900	131,153
		43,583,563	19,438,072	18,663,641	8,431,123
Total Liabilities		56,290,768	21,190,748	28,599,317	8,431,123
Total Equity and Liabilities		167,150,675	72,154,801	108,900,441	41,242,346

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	24	93,313,982	56,836,637	4,800,000	4,800,000
Cost of sales		(54,472,232)	(40,905,735)	-	-
Gross profit		38,841,750	15,930,902	4,800,000	4,800,000
Other income		3,168,812	2,458,150	3,792,832	22,376
Administrative expenses		(26,806,924)	(10,461,204)	(7,495,447)	(4,639,711)
Finance costs	25	(703,477)	(24,595)	(395,988)	-
Share of result of equity-accounted associates		(495,822)	179,036	-	-
Profit before taxation	26	14,004,339	8,082,289	701,397	182,665
Taxation	27	(3,134,364)	(1,033,153)	(45,000)	68,847
Net profit for the financial year		10,869,975	7,049,136	656,397	251,512
Other comprehensive income					
- Foreign exchange translation differences		2,192,375	(35,175)	-	-
Total comprehensive income for the financial year		13,062,350	7,013,961	656,397	251,512
Net profit for the financial year attributable to:					
Owners of the parent		8,214,685	7,050,125		
Non-controlling interests		2,655,290	(989)		
		10,869,975	7,049,136		
Total compresensive income attributable to:					
Owners of the parent		10,407,060	7,014,950		
Non-controlling interests		2,655,290	(989)		
		13,062,350	7,013,961		
Earnings per share attributable to owner of the parent (sen):					
Basic	28	2.09	5.37		

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to Owners of the Parent						
Group	**Share Capital RM**	**Share Premium RM**	**Non-Distributable Foreign Currency Translation Reserve RM**	**Distributable (Accumulated Losses)/ Retained Profits RM**	**Total RM**	**Non-controlling Interests RM**	**Total Equity RM**
At 1 January 2012	40,000,000	3,076,196	-	(27,427,287)	15,648,909	-	15,648,909
Foreign currency translation differences representing total other comprehensive income for the year	-	-	(35,175)	-	(35,175)	-	(35,175)
Net profit for the financial year	-	-	-	7,050,125	7,050,125	(989)	7,049,136
Total comprehensive income for the year	-	-	(35,175)	7,050,125	7,014,950	(989)	7,013,961
Transactions with owners:							
Capital reduction	(32,000,000)	-	-	32,000,000	-	-	-
Rights issue	20,000,000	-	-	-	20,000,000	-	20,000,000
Capitalisation of debts	5,000,000	-	-	-	5,000,000	-	5,000,000
Share issuance expenses	-	(964,360)	-	-	(964,360)	-	(964,360)
Non-controlling interests arising from the acquisition of subsidiaries	-	-	-	-	-	4,265,543	4,265,543
Total transactions with owners	(7,000,000)	(964,360)	-	32,000,000	24,035,640	4,265,543	28,301,183
At 31 December 2012	33,000,000	2,111,836	(35,175)	11,622,838	46,699,499	4,264,554	50,964,053

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to Owners of the Parent						
			Non-Distributable	Distributable			
Group	**Share Capital RM**	**Share Premium RM**	**Foreign Currency Translation Reserve RM**	**Retained Profits RM**	**Total RM**	**Non-controlling Interests RM**	**Total Equity RM**
At 1 January 2013	33,000,000	2,111,836	(35,175)	11,622,838	46,699,499	4,264,554	50,964,053
Foreign currency translation other differences,representing total comprehensive income for the year	-	-	2,192,375	-	2,192,375	-	2,192,375
Net profit for the financial year	-	-	-	8,214,685	8,214,685	2,655,290	10,869,975
Total comprehensive income for the year	-	-	2,192,375	8,214,685	10,407,060	2,655,290	13,062,350
Transactions with owners:							
Acquisition of subsidiaries	13,039,000	26,078,000	-	-	39,117,000	-	39,117,000
Private placement	3,300,000	6,600,000	-	-	9,900,000	-	9,900,000
Share issuance expenses	-	(2,183,496)	-	-	(2,183,496)	-	(2,183,496)
Total transactions with owners	16,339,000	30,494,504	-	-	46,833,504	-	46,833,504
At 31 December 2013	49,339,000	32,606,340	2,157,200	19,837,523	103,940,063	6,919,844	110,859,907

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2012	40,000,000	3,076,196	(34,552,125)	8,524,071
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	251,512	251,512
Transaction with owners:				
Capital reduction	(32,000,000)	-	32,000,000	-
Rights issue	20,000,000	-	-	20,000,000
Capitalisation of debts	5,000,000	-	-	5,000,000
Share issuance expenses	-	(964,360)	-	(964,360)
Total transactions with owners	(7,000,000)	(964,360)	32,000,000	24,035,640
At 31 December 2012	33,000,000	2,111,836	(2,300,613)	32,811,223
At 1 January 2013	33,000,000	2,111,836	(2,300,613)	32,811,223
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	656,397	656,397
Transaction with owners:				
Acquisition of subsidiaries	13,039,000	26,078,000	-	39,117,000
Private placement	3,300,000	6,600,000	-	9,900,000
Share issuance expenses	-	(2,183,496)	-	(2,183,496)
Total transactions with owners	16,339,000	30,494,504	-	46,833,504
At 31 December 2013	49,339,000	32,606,340	(1,644,216)	80,301,124

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

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cash Flows From Operating Activities				
Profit before taxation	14,004,339	8,082,289	701,397	182,665
Adjustments for:				
Amortisation of intangible				
- Intangible assets	722,240	-	-	-
- Land use right	33,549	-	-	-
Depreciation of property, plant and equipment	1,825,886	620,461	559,532	163,795
Fair value adjustment on investment securities	96,515	-	96,515	-
Gain on disposal of property, plant and equipment	-	(535,454)	-	-
Impairment loss on:-				
- Trade receivables	92,862	170,239	-	-
- Other receivables	-	11,175	-	-
- Amounts owing by subsidiaries	-	-	3,215,714	-
- Investment in subsidiaries	-	-	1,306,297	-
Interest expense	703,477	24,595	395,988	-
Interest income	(116,460)	(155,030)	(13,332)	(15,989)
Property, plant and equipment written off	11,820	-	-	-
Reversal of impairment loss on:				
- Trade receivables	(1,547,444)	(1,601,055)	-	-
- Other receivables	(2,489)	-	-	-
- Investment in subsidiaries	-	-	(3,000,000)	-
Share of results of associates	495,822	(179,036)	-	-
Operating profit before working capital changes	16,320,117	6,438,184	3,262,111	330,471
Changes in working capital:				
Inventories	(3,390,416)	173,866	-	-
Receivables	(25,124,610)	(3,839,501)	(2,522,166)	(1,613,221)
Payables	12,323,222	(5,144,732)	554,481	(342,595)
Amounts owing by/to subsidiaries	-	-	(928,319)	(4,624,123)
Amounts owing by/to director	(620,958)	1,945,392	-	-
Amounts owing by/to associates	-	(1,227,083)	-	(1,208,633)
	(16,812,762)	(8,092,058)	(2,896,004)	(7,788,572)
Cash (used in)/from operation	(492,645)	(1,653,874)	366,107	(7,458,101)
Interest received	116,460	155,030	13,332	15,989
Interest paid	(703,477)	(24,595)	(395,988)	-
Tax paid	(814,334)	-	(28,253)	-
	(1,401,351)	130,435	(410,909)	15,989
Net cash used in operating activities	(1,893,996)	(1,523,439)	(44,802)	(7,442,112)

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(b)	(17,338,407)	(1,091,382)	(15,320,722)	(724,272)
Proceeds from disposal of property, plant and equipment		1	1,245,753	-	-
Proceed from disposal of associate		1	-	1	-
Investment in associates		-	(1,000,000)	-	(1,000,000)
Addition of other investment		(10,000)	(25,000)	-	-
Investment in subsidiaries		-	-	(250,000)	(11,197,210)
Net cash flow arising from acquisition of subsidiaries	5	1,404,807	(8,779,996)	-	-
Addition of:-			-	-	-
- Intangible assets		(2,476,316)	-	-	-
- Land use right		(56,915)	-	-	-
Investment in securities		(2,563,702)	-	(2,563,702)	-
Net cash used in investing activities		(21,040,531)	(9,650,625)	(18,134,423)	(12,921,482)
Cash Flows From Financing Activities					
Drawdown of term loans		10,991,059	-	10,500,000	-
Repayment of term loans		(643,756)	-	(191,614)	-
Repayment of hire purchase payables		(121,462)	(107,454)	-	-
Proceeds from:-					
- Rights issue		-	20,000,000	-	20,000,000
- Private placement		9,900,000	-	9,900,000	-
Utilisation of share premium for share issuance expenses		(2,183,496)	(964,360)	(2,183,496)	(964,360)
(Increased)/Decreased in fixed deposits pledge to licensed banks		(566,411)	2,201,198	-	-
Net cash generated from financing activities		17,375,934	21,129,384	18,024,890	19,035,640

DESTINI BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Net (decrease)/increase in cash and cash equivalents	(5,558,593)	9,955,320	(154,335)	(1,327,954)
Effect of exchange rate fluctuations	2,192,375	(35,175)	-	-
Cash and cash equivalents at beginning of the financial year	15,280,437	5,360,292	647,863	1,975,817
Cash and cash equivalents at end of the financial year	11,914,219	15,280,437	493,528	647,863

Cash and cash equivalents at end of the financial year comprise:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash and bank balances	9,854,677	15,937,284	493,528	647,863
Fixed deposits with licensed banks	5,200,028	1,790,369	-	-
Bank overdraft	(783,706)	(656,847)	-	-
	14,270,999	17,070,806	493,528	647,863
Less: Fixed deposits pledged with licensed banks	(2,356,780)	(1,790,369)	-	-
	11,914,219	15,280,437	493,528	647,863

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

DESTINI BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

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.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statement and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

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

(a) Statement of Compliance (Cont'd)

During the financial year, the Group and the Company have adopted the following applicable new MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119 (2012)	Employee Benefits
MFRS 127 (2012)	Separate Financial Statements
MFRS 128 (2012)	Investments in Associates and Joint Ventures
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production of A Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Amendments to MFRSs contained in the document entitled "Annual Improvemets 2009-2011 cycle".

The effects of the adoption of applicable MFRSs and amendments to MFRSs above are summarised below:

(a) MFRS 10 Consolidated Financial Statements and MFRS 11 Joint Arrangements

Under MFRS 10, an investor controls an investee when the investor has;

(i) The power by investor over an investee;
(ii) Exposure, or rights to variable return from investors involvement with the investee; and
(iii) Ability to affect those returns through its power over investee.

This new control model differs from how previously companies were assessed to be a subsidiary. Under MFRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

(a) Statement of Compliance (Cont'd)

(a) MFRS 10 Consolidated Financial Statements and MFRS 11 Joint Arrangements (Cont'd)

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Upon adoption of the two new MFRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and noted no material differences were found for any of the investments.

(b) MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(c) MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group's financial position or performance.

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

(a) Statement of Compliance (Cont'd)

(d) MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(e) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

(f) MFRS 119 Employee Benefits (as amended by IASB in June 2011)

The adoption of the revised MFRS 119 has affected the accounting treatment of certain items such as the timing of the recognition of actuarial gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes include:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to statement of profit or loss. The corridor approach for accounting for unrecognised actuarial gains in prior years is discontinued; and

- Past service costs, whether unvested or already vested, are recognised immediately in the statement of profit or loss as incurred and the annual defined benefit costs in the statement of profit or loss will include net interest expense / income on the defined benefit asset / liability.

The adoption of this revised MFRS 119 has resulted in changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. This change in accounting policy has been accounted for retrospectively.

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

(a) Statement of Compliance (Cont'd)

(g) Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

The Group and the Company have not applied the following MFRS, amendments or IC interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendment to MFRSs 10, 12 and 127	Investment Entity	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedging	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Amendments to MFRSs contained in the document entitled "Annual Improvements 2010 – 2012 Cycle"		1 July 2014
Amendments to MFRSs contained in the document entitled "Annual Improvements 2011 – 2013 Cycle"		1 July 2014
Amendment to MFRS 7	Mandatory Date of MFRS 9 and Transition Disclosures	To be announced
MFRS 9 (IFRS 9 (2009))	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 (IFRS 9 (2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced

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

(a) Statement of Compliance (Cont'd)

The Group and the Company intend to adopt the abovementioned accounting standards, amendments or interpretations when they become effective.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 (2009)) replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial asset. MFRS 9 requires financial asset to be measured at fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

MFRS 9 (IFRS 9 (2010)) includes the requirements for the classification and measurement of financial liabilities and for derecognition. Measurement for financial liability designated as at fair value through profit or loss, requires the amount of change in the fair value of the financial liability, that is attributable to the change of credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Under MFRS 139, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

2. Basis of Preparation (Cont'd)

(c) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

Useful lives of depreciation of property, plant and equipment

Management estimates the useful lives of the property, plant and equipment to be within 1 to 92 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2013, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the 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.

2. Basis of Preparation (Cont'd)

(c) Significant accounting estimates and judgements (Cont'd)

Impairment of investment in subsidiaries

The carrying values of investment in subsidiaries and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of investment in associates

The carrying values of investment in associates and the related goodwill are reviewed for impairment in accordance with MFRS 128, Investment in Associates.

In the determination of the value in use of the investment, the Group is required to estimate the expected cash flows to be generated by the associate and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired subsidiary. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price.

The Board of Directors is of the view that the excess of the purchase price of acquisition over the net book value of net assets acquired to be allocated to the intangible asset that can be separately recognised as product technology on hyperbaric lifeboats.

2. Basis of Preparation (Cont'd)

(c) Significant accounting estimates and judgements (Cont'd)

Business combinations (Cont'd)

Management adopted income approach known as the multi-period excess earnings method ("MEEM") to value the product technology on hyperbaric lifeboats. The management did not use the market and cost approaches to value its product technology on hyperbaric lifeboats arising from the acquisition of subsidiary due to lack of sufficient information to arrive at a fair value of the intangible asset. The Group has engaged an independent valuation specialist to perform an analysis on the valuation of the product technology. Significant judgements and estimate have been involved including the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, economic barriers to entry and the discount rate applied to the cash flows.

Management adopted income approach known as the Relief-From-Royalty method (“RFR”) to value the brand of the Group. RFR method recognises that because the owner owns the brand rather than licensing them, the present value of the after tax cost saving at an appropriate discount rate indicates the value of the brand. The Group has engaged an independent valuation specialist to perform an analysis on the valuation of the brand. Significant judgements and estimate have been involved including the amount and timing of future cash flows (including estimated fair royalty rate, estimated useful life and the discount rate applied to the cash flows.

Details of the assumptions used by the management are disclosed in Note 8.

Fair value measurement of contingent consideration

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions taken into consideration include the probability of meeting each performance target and the discounted factor.

Contingent liabilities

Recognition and measurement for contingent liabilities is based on management’s view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

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

(c) Significant accounting estimates and judgements (Cont'd)

Fair value 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 notes 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 non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Impairment of goodwill on consolidation

Determining whether goodwill is impaired requires an estimation of the value in use of the subsidiaries which the goodwill is allocated. Estimating the value in use required the Group to make an estimate of the expected cash flows to be generated by the subsidiary companies and also choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, its associates through equity accounting, and its jointly controlled entities through proportionate consolidation, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

In the Company's separate financial statements, investment in subsidiaries and investment in associates are stated at cost less impairment losses in accordance with Note 3(l). On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in the statements of comprehensive income.

(i) Subsidiaries

Subsidiary companies 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.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

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

(ii) Consolidation

The acquisition method of accounting is used to account for business combination. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(ii) Consolidation (Cont'd)

In a business combination achieved in stages, the 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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(iii) Goodwill on Consolidation

The excess 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 Group's share of the identifiable net assets acquired is recorded as goodwill. If this 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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Goodwill on Consolidation (Cont'd)

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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iv) Non-controlling interests

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

(v) Associates

Associates are entities in which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in associates is initially at cost, and recognising the Group's share of its associates' post-acquisition results and its share of post-acquisition net results and other changes to comprehensive income against the carrying amount of the investments. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate company.

When the Group ceases to have significant influence over an associate company, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retaining investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate reduces but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate company, unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. **Significant Accounting Policies (Cont’d)**

(b) 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 denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

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

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into 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. Income and expenses items are translated at the average rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in equity shall be reclassified to profit or loss when the gain or loss on disposal is recognised.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

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

(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.

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 its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term 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:

Freehold buildings	33 years
Leasehold properties and land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Machinery and equipment	1 - 10 years
Motor vehicles	5 years
Renovation	5 years
Computers and software	3 - 5 years

The residual values, useful lives and depreciation method are reviewed at each financial 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.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(e) 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 when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability 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 expenditures during development

3. **Significant Accounting Policies (Cont'd)**

(e) Intangible assets (Cont'd)

(i) Internally-generated intangible assets – Research and Development Costs (Cont'd)

The capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation of the capitalised development expenditure is recognised in profit or loss, begins when development is complete and the specific asset is available for use. It is amortised over the period of expected future benefit (ranging from 5 to 10 years), on a straight-line basis.

The residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Gain or losses arising from derecognition of the capitalised development expenditure is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(ii) Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets which have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives. The useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses, are not amortised but tested for impairment annually. The assessment of indefinite useful lives is reviewed annually to determine whether the indefinite useful lives continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3. **Significant Accounting Policies (Cont'd)**

(e) Intangible assets (Cont'd)

(iii) 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 are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(f) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company classify its financial assets depends on the purpose for which it was acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, including derivative or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(iv) Available-for-sale financial assets (Cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchase or sale of financial assets

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.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(g) Financial Liabilities

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying value of these liabilities are recognised in the profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(g) Financial Liabilities (Cont'd)

The Group and the Company classify its financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative (except for financial guarantee contracts or a designated and effective hedging instrument) and financial liabilities designated into this category upon initial recognition.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other liabilities measured at amortised cost

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Other financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

(iii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially at fair value and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. Subsequently, the carrying amount is measured at the higher of the best estimate of the obligation under the contract in accordance with MFRS 137 at the reporting date and the initial amount recognised less accumulated amortisation. If the carrying amount of the financial guarantee contract is lower than the obligation, the carrying amount is adjusted to the obligation amount and accounted for as a provision.

3. **Significant Accounting Policies (Cont'd)**

(g) Financial Liabilities (Cont'd)

Derecognition of financial liabilities

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of Financial Instruments

A financial asset and financial liability are offset and the net amount reported in the statement 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.

(h) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use right are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(i) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on weighted average 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).

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.

(j) Construction contract

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.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period

3. **Significant Accounting Policies (Cont'd)**

(j) Construction contract (Cont'd)

The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(k) 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(l) Impairment of Assets

(i) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3. **Significant Accounting Policies (Cont'd)**

(l) Impairment of Assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's 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, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Impairment of goodwill

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised in profit or loss. Impairment loss relating to goodwill is not reversed.

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. **Significant Accounting Policies (Cont'd)**

(l) Impairment of Assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

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

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

3. **Significant Accounting Policies (Cont'd)**

(l) Impairment of Assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investment that is carried at cost are not reversed in profit or loss in the subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) Share capital

(i) Ordinary shares

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

(ii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

3. **Significant Accounting Policies** (Cont'd)

(n) 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 relating expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(o) Employee benefits

(i) Short term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are 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 subsidiary companies 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 has no further payment obligations.

3. **Significant Accounting Policies (Cont'd)**

(o) Employee benefits (Cont'd)

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

(p) Revenue

(i) 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, recovery of the consideration is probable, the associated costs and possible return if goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(j).

(iv) Dividend income

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

(v) 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.

3. **Significant Accounting Policies (Cont'd)**

(p) Revenue (Cont'd)

(vi) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(vii) Management fee

Management fee is recognised on accrual basis when services are rendered.

(q) 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 theirs 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.

(r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.

3. **Significant Accounting Policies (Cont'd)**

(r) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement 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, except for investment properties carried at fair value model.

Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3. **Significant Accounting Policies (Cont'd)**

(s) 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.

(t) 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.

Company No. 633265 K

4. Property, Plant and Equipment

	Leasehold properties RM	Leasehold industrial land RM	Freehold building RM	Furniture and fittings RM	Office equipment RM	Machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2013										
At cost										
At 1 January 2013	2,331,978	391,959	-	511,155	318,316	4,037,012	2,188,286	2,179,743	1,937,303	13,895,752
Additions	993,129	53,363	15,700,954	3,520	27,960	395,891	511,660	2,583,458	620,552	20,890,487
Acquisition through business combination	680,000	-	-	2,180	1,920,831	679,717	1,041,586	113,025	366,549	4,803,888
Disposals	-	-	-	-	-	-	(335,727)	-	-	(335,727)
Written off	(2,112)	-	-	-	-	-	-	(11,000)	-	(13,112)
Effects of movement in exchange rates	249,847	-	-	831	70,180	293,107	55,610	3,018	13,279	685,872
At 31 December 2013	4,252,842	445,322	15,700,954	517,686	2,337,287	5,405,727	3,461,415	4,868,244	2,937,683	39,927,160
Accumulated depreciation										
At 1 January 2013	324,858	28,738	-	445,491	272,583	2,476,658	1,241,811	861,039	1,693,984	7,345,162
Charge for the financial year	132,579	-	96,457	16,192	44,012	517,452	290,398	537,705	191,091	1,825,886
Acquisition through business combination	5,666	-	-	2,071	1,228,223	524,909	664,942	22,344	270,089	2,718,244
Disposals	-	-	-	-	-	-	(335,726)	-	-	(335,726)
Written off	(467)	-	-	-	-	-	-	(825)	-	(1,292)
Effects of movement in exchange rates	36,071	-	-	831	44,284	172,550	21,624	739	9,837	285,936
At 31 December 2013	498,707	28,738	96,457	464,585	1,589,102	3,691,569	1,883,049	1,421,002	2,165,001	11,838,210
Carrying amount										
At 31 December 2013	3,754,135	416,584	15,604,497	53,101	748,185	1,714,158	1,578,366	3,447,242	772,682	28,088,950

Company No. 633265 K

4. Property, Plant and Equipment (Cont'd)

	Leasehold properties RM	Leasehold industrial land RM	Furniture and fittings RM	Office equipment RM	Machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group									
2012									
At cost									
At 1 January 2012	750,000	-	467,745	318,316	1,195,401	2,372,227	1,851,125	1,658,090	8,612,904
Additions	-	391,959	20,630	-	11,394	474,329	328,618	279,213	1,506,143
Acquisition through business combination	2,331,978	-	22,780	-	2,830,217	296,193	-	-	5,481,168
Disposals	(750,000)	-	-	-	-	(954,463)	-	-	(1,704,463)
At 31 December 2012	2,331,978	391,959	511,155	318,316	4,037,012	2,188,286	2,179,743	1,937,303	13,895,752
Accumulated depreciation									
At 1 January 2012	37,500	-	377,962	248,237	712,282	2,015,900	651,442	1,578,911	5,622,234
Charge for the financial year	2,206	28,738	44,749	24,346	70,291	125,461	209,597	115,073	620,461
Acquisition through business combination	324,858	-	22,780	-	1,694,085	54,908	-	-	2,096,631
Disposals	(39,706)	-	-	-	-	(954,458)	-	-	(994,164)
At 31 December 2012	324,858	28,738	445,491	272,583	2,476,658	1,241,811	861,039	1,693,984	7,345,162
Carrying amount									
At 31 December 2012	2,007,120	363,221	65,664	45,733	1,560,354	946,475	1,318,704	243,319	6,550,590

4. Property, Plant and Equipment (Cont'd)

	Leasehold industrial land RM	Freehold building RM	Renovation RM	Computers and software RM	Office equipment RM	Furniture and fittings RM	Total RM
Company							
2013							
At cost							
At 1 January 2013	391,959	-	267,449	309,678	3,900	20,630	993,616
Additions	450,500	15,700,954	2,093,905	53,363	20,000	2,000	18,320,722
At 31 December 2013	842,459	15,700,954	2,361,354	363,041	23,900	22,630	19,314,338
Accumulated depreciation							
At 1 January 2013	28,738	-	75,908	140,866	715	1,027	247,254
Charge for the financial year	5,601	96,457	371,236	83,625	820	1,793	559,532
At 31 December 2013	34,339	96,457	447,144	224,491	1,535	2,820	806,786
Carrying amount							
At 31 December 2013	808,120	15,604,497	1,914,210	138,550	22,365	19,810	18,507,552

Company No. 633265 K

4. Property, Plant and Equipment (Cont'd)

	Leasehold industrial land RM	Renovation RM	Computers and software RM	Office equipment RM	Furniture and fittings RM	Total RM
Company						
2012						
At cost						
At 1 January 2012	-	166,061	99,383	3,900	-	269,344
Additions	391,959	101,388	210,295	-	20,630	724,272
At 31 December 2012	391,959	267,449	309,678	3,900	20,630	993,616
Accumulated depreciation						
At 1 January 2012	-	25,718	57,026	715	-	83,459
Charge for the financial year	28,738	50,190	83,840	-	1,027	163,795
At 31 December 2012	28,738	75,908	140,866	715	1,027	247,254
Carrying amount						
At 31 December 2012	363,221	191,541	168,812	3,185	19,603	746,362

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 pledged as securities for bank borrowings as disclosed in Note 19.

	Group	
	2013	**2012**
	RM	**RM**
Freehold building	15,604,497	-
Leasehold properties and industrial land	1,898,638	1,527,005
	17,503,135	1,527,005

(b) Assets held under hire purchase arrangements

The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under hire purchase financing and cash payment are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Aggregate costs	20,890,487	1,506,143	18,320,722	724,272
Less: Hire purchase financing	(552,080)	(414,761)	-	-
Deposit paid in prior year	(3,000,000)	-	(3,000,000)	-
Cash payment	17,338,407	1,091,382	15,320,722	724,272

Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amount of RM954,817 (2012: RM708,424).

(c) The remaining period of the leasehold industrial land and properties are 92 years (2012: 93 years) and 54 years, which expire on 2105 and 2067.

(d) Assets fully depreciated which are still in use

Included in property, plant and equipment of the Group are the costs of the following fully depreciated assets which are still in use:

	Group	
	2013	**2012**
	RM	**RM**
Furniture and fittings	174,370	1,450
Office equipment	18,884	9,284
Machinery and equipment	106,870	106,870
Motor vehicles	1,222,533	1,022,033
Renovation	41,750	41,750
Computers and software	1,458,869	1,362,693
	3,023,276	2,544,080

5. Investment in Subsidiaries

	Company 2013 RM	2012 RM
Unquoted shares, at cost		
In Malaysia	21,975,004	21,725,004
Outside Malaysia	10,047,206	10,047,206
Less: Accumulated impairment losses for subsidiaries in Malaysia	(18,306,297)	(20,000,000)
	13,715,913	11,772,210

Movements in impairment on investment in subsidiaries during the financial year are as follow:

	Company 2013 RM	2012 RM
At beginning of financial year	20,000,000	20,000,000
Addition	1,306,297	-
Reversal	(3,000,000)	-
At end of financial year	18,306,297	20,000,000

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2013 %	2012 %	Principal activities
Direct holding:				
Destini Prima Sdn Bhd	Malaysia	100	100	Investment holding and distribution and supply of defence and commercial aviation and marine and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn Bhd	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics and safety equipment and electro - mechanical related accessories

5. **Investment in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Direct holding (Cont'd):				
Destini Fire Safety Sdn Bhd	Malaysia	100	100	Maintenance, repairs and overhaul ground support safety equipment and related accessories
Destini Engineering Technologies Sdn Bhd	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and other related services
Destini Info Tech Sdn Bhd	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and surveillance security systems and its related services
*Destini Australia Pty Ltd	Australia	100	100	Investment holding and general trading
Destini Aero Teknologi Sdn Bhd	Australia	100	100	Dormant
Destini HRTC Sdn Bhd	Malaysia	100	100	Intended to provide training and education consultancy services
*Destini Armada Pte Ltd	Singapore	100	100	Investment holding

5. **Investment in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Indirect holding: *Held through Destini Prima Sdn Bhd*				
Satang Aviation Sdn Bhd	Malaysia	100	100	Maintenance, repairs and overhaul of safety and survival equipment
Satang Dagangan Sdn Bhd	Malaysia	100	100	Supplying of defence and aviation equipment and accessories
Satang Environmental Sdn Bhd	Malaysia	100	100	Supplying and distribution of environment products, providiong training and seminar in respect of Environmental Management System and other related services
Satang-ICS Global Sdn Bhd	Malaysia	51	51	Supplying and servicing of pipe cleaning products and equipments
Satang Construction Sdn Bhd	Malaysia	99.99	99.99	Construction contracts
DB Precision Sdn Bhd	Malaysia	100	-	Supplying calibration and cylinder services
* Technofibre International Sdn Bhd	Malaysia	100	-	Lifeboat and davit servicing and trading in other marine and oil and gas safety equipment

5. **Investment in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows (Cont'd):

Name of company	**Country of incorporation**	**Effective equity interest 2013 %**	**Effective equity interest 2012 %**	**Principal activities**
Held interest through Destini Armada Pte Ltd				
* Vanguard Composite Engineering Pte Ltd	Singapore	51	51	Importer, exporter and manufacturing of life boats and life saving appliances
Held through Vanguard Composite Engineering Pte Ltd				
* Vanguard Offshore Pte Ltd	Singapore	51	48	Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances
* Vanguard Nantong Nantong FRP Co Ltd	People Republic of China	51	51	Manufacturing of life boats and life saving appliances
Vanguard Safety Technology Sdn Bhd (Formerly known as Fleet Composite Sdn Bhd)	Malaysia	51	-	Supplying marine related lifesaving equipment, parts and accessories
Held interest through Destini Armada Pte Ltd				
* TF Corp Pte Ltd	Singapore	100	-	Investment holding

5. **Investment in Subsidiaries (Cont'd)**

Name of company	**Country of incorporation**	**Effective equity interest 2013 %**	**Effective equity interest 2012 %**	**Principal activities**
Held through TF Corp Pte Ltd				
* Techno Fibre Australia Pty Ltd	Australia	100	-	MRO services and testing of lifeboats and davits
* Techno Fibre Middle East Marine Services FZE	United Arab Emirates	100	-	Repair and maintenance of lifeboats and davits and fire and gas protection system servicing
* Techno Fibre (S) Pte Ltd	Singapore	100	-	MRO and testing of lifeboats and davits

** Subsidiaries not audited by UHY*

Summarised financial information on a subsidiary with material non-controlling interest (NCI)

Set out below is the Group's subsidiary that has material non-controlling interest:

Name of Company	**Proportion of ownership interests and voting rights held by non-controlling interests**		**Profit allocated to non-controlling interests**		**Accumulated non-controlling interests**	
	2013	**2012**	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
*Vanguard Group	49%	49%	2,657,107	-	6,922,650	4,265,543
Individually immaterial subsidiaries with non-controlling interests					(2,806)	(989)
Total non-controlling interests					6,919,844	4,264,554

* Vanguard Group consists of Vanguard Composite Engineering Pte Ltd group of companies.

5. **Investment in Subsidiaries (Cont'd)**

Summarised financial information on a subsidiary with material non-controlling interest (NCI) (Cont'd)

Summarised financial information for the subsidiary that has non-controlling interest that is material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	Vanguard Group	
	2013	**2012**
	RM	**RM**
Total assets	46,567,187	21,858,584
Total liabilities	(32,439,330)	(13,153,395)
Net assets	14,127,857	8,705,189
Equity attributable to owners of the parent	14,127,857	8,678,622
Non-controlling interests	-	26,567
	14,127,857	8,705,189
Revenue	41,157,244	24,672,007
Profit before taxation	6,543,182	178,434
Taxation	(1,158,385)	(28,868)
Net profit for the financial year	5,384,797	149,566
Other comprehensive income	342,853	814,908
Total comprehensive income	5,727,650	964,474
Net cash (used in)/ generated from operating activities	(627,621)	440,283
Net cash used in investing activities	(1,091,884)	(1,342,734)
Net cash generated from financing activities	2,379,297	550,232
Net increase/ (decrease) in cash and cash equivalents	659,793	(352,220)

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.

Internal reorganisation

On 27 August 2013, the Company announced that it has re-organised its group structure involving the transfer of entire issued and paid-up capital of DB Precision Sdn Bhd ("DB Precision") from the Company to Destini Prima Sdn Bhd ("DPSB"). Upon completion of the internal reorganisation, DB Precision became a wholly owned subsidiary of DPSB.

5. **Investment in Subsidiaries (Cont'd)**

Acquisition of investment in subsidiaries

(a) On 6 March 2013, a subsidiary of the Company, Vanguard Composite Engineering Pte Ltd acquired two ordinary shares of RM1.00 each in Fleet Composite Sdn Bhd ("Fleet Composite") at a consideration of RM2. Following the acquisition, Fleet Composite became a wholly-owned subsidiary of Vanguard Composite Engineering Pte Ltd. Fleet Composite later changed its name to Vanguard Safety Technology Sdn Bhd on 28 March 2013;

(b) On 7 May 2013, Destini Engineering Technologies Sdn Bhd, a wholly-owned subsidiary of the Company has increased its paid-up share capital from 500,000 to 750,000 ordinary shares of RM1.00 each. The Company subscribed all its shareholdings by way of cash consideration;

(c) On 23 April 2013, Destini Armada Pte Ltd subscribe for 1,000 ordinary shares of S$1,000 representing 100% of the total issued and paid-up capital of TF Corp Pte Ltd ("TFC") for a cash consideration of S$1,000. The principle activity of TFC is investment holding;

(d) On 21 August 2013, the Company acquired 2 ordinary shares of RM1.00 each fully paid up capital of DB Precision from Dato' Rozabil @ Rozamujib Abdul Rahman and Abdul Rahman Bin Mohamad Rejab respectively for a total consideration of RM2. Following the acquisition, DB Precision became a wholly-owned subsidiary of the Company;

(e) On 27 September 2013, a wholly–owned subsidiary of the Company, DPSB has subscribed additional 99,998 new ordinary shares of RM1.00 each in DB Precision a wholly-owned subsidiary of DPSB for a total cash consideration of RM99,998;

(f) On 8 October 2013, a wholly-owned subsidiary of the Company, DPSB acquired 800,000 ordinary shares of RM1.00 each Technofibre International Sdn Bhd for a total consideration of RM4,000,000 paid through the issuance of 13,333,333 new ordinary shares of the Company at an issuance price of RM0.30 each; and

(g) On 8 October 2013, a wholly-owned subsidiary of the Company, TF Corp Pte Ltd acquired the following :-

(i) 100,000 ordinary shares of SGD1.00 each in Techno Fibre (S) Pte Ltd for a total consideration of RM16,333,000;

(ii) 150,000 ordinary shares of AED1.00 each Techno Fibre Middle East Marine Services FZE for a total consideration of RM17,384,000; and

(iii) 40,160 ordinary shares of AUD1.00 each in Techno Fibre Australia Pty Ltd for a total consideration of RM1,400,000.

5. **Investment in Subsidiaries (Cont'd)**

Acquisition of investment in subsidiaries (Cont'd)

(g) The acquisition of Technofibre International Sdn Bhd, Techno Fibre (S) Pte Ltd, Techno Fibre Middle East Marine Services FZE and Techno Fibre Australia Pty Ltd (collectively known as "Techno Fibre Companies") represents 100% of the issued and paid up share capital of the Techno Fibre Companies.

The total consideration of RM35,117,000 will be satisfied by the issuance of 117,056,667 new ordinary shares in the Company at an issuance price of RM0.30 each.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	Group	
	2013	**2012**
	RM	**RM**
Property, plant and equipment	2,085,644	3,384,537
Intangible assets	-	3,850,635
Land use right	-	1,487,901
Inventories	2,772,689	2,679,316
Trade and other receivables	14,528,979	8,567,343
Cash and bank balances	2,964,048	1,888,851
Trade and other payables	(8,884,341)	(10,777,668)
Hire purchase payables	(114,499)	-
Bank borrowings	(3,001,986)	(2,403,378)
Tax payable	(127,576)	-
Total identifiable assets	10,222,958	8,677,537

Net cash (inflow)/outflow arising from acquisition of subsidiaries

	Group	
	2013	**2012**
	RM	**RM**
Purchase consideration satisfied in cash	102,440	10,012,000
Cash and cash equivalents of subsidiaries acquired	(1,507,247)	(1,232,004)
	(1,404,807)	8,779,996

5. **Investment in Subsidiaries (Cont'd)**

Acquisition of investment in subsidiaries (Cont'd)

Goodwill arising from business combination

	Group 2013 RM	Group 2012 RM
Fair value of consideration transferred via:		
- Ordinary shares	39,117,000	10,012,000
- Cash	102,440	-
Fair value of identifiable assets acquired and liabilities assumed	(10,222,958)	(8,677,537)
Non-controlling interests, based on their proportionate interest of the recognised amounts of the assets and liabilities of the acquiree	-	4,265,543
Fair value of asset separately recognised:		
Intangible assets	(1,617,000)	(6,746,994)
Deferred tax liability	-	1,146,988
	27,379,482	-

The goodwill arising from the acquisition of Techno Fibre Companies is further disclosed in Note 8.

Acquisition-related costs

The Group incurred acquisition-related costs of RM2,183,496 (2012: RM81,845) related to external legal fees and the diligence costs. The expenses have been included in share issuance expenses in share premium.

Impact of the acquisition on the Statements of Comprehensive Income

From the date of acquisition, the acquired subsidiaries contributed to the Group's revenue and profit for the year of RM6,900,510 and RM942,669 respectively. If the contribution had taken place at the beginning of the financial year, the Group's revenue and profit/(loss) for the financial year would have been RM29,521,025 and (RM487,980) respectively.

6. **Investment in Associates**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At cost:				
Unquoted shares in Malaysia	1,030,000	1,030,000	1,030,000	1,030,000
Disposal	(30,000)	-	(30,000)	-
Share of post acquisition reserve	(316,786)	179,036	-	-
Accumulated impairment losses	-	(29,999)	-	(29,999)
	683,214	1,179,037	1,000,000	1,000,001

Movement in impairment losses on investment in associates during the financial year is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At beginning of financial year	29,999	29,999	29,999	29,999
Disposal	(29,999)	-	(29,999)	-
At end of financial	-	29,999	-	29,999

Details of the associates, all incorporated in Malaysia, are as follows:

Name of company	**Effective equity interests 2013 %**	**Effective equity interests 2012 %**	**Principal activities**
Direct interest:			
#* Hasrat Mestika Sdn Bhd	-	30	Marketing and distributing of a new and revolutionary technology in industrial pipe cleaning
* System Enhancement Resources & Technologies Sdn Bhd	50	30	Supplying, servicing and up keeping army vehicles, buses and supplying GPS devices

* *Associates not audited by UHY*

\# *This associate was disposed during the financial year for a cash consideration of RM1.00.*

6. Investment in Associates (Cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest hold by the Group is as follows:

	Group	
	2013	**2012**
	RM	**RM**
Total assets	6,752,432	6,009,633
Total liabilities	3,128,162	2,395,628
Net assets	9,880,594	8,405,261
Revenue	3,596,913	9,095,128
(Loss)/Profit for the financial year	(991,644)	358,072

The unrecognised share of losses of the associates is as follows:

	Group	
	2013	**2012**
	RM	**RM**
At beginning of financial year	32,310	32,310
Disposal	(32,310)	-
At end of financial year	-	32,310

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends.

7. Investment in Securities

	Group/Company	
	2013	**2012**
	RM	**RM**
Financial assets at fair value through profit or loss		
Quoted securities at fair value,		
- Quoted shares in Malaysia, at cost	2,563,702	-
Fair value adjustments	(96,515)	-
	2,467,187	-

8. **Intangible Assets**

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2013					
At cost					
At 1 January 2013	-	-	6,746,994	4,753,945	11,500,939
Additions	-	-	-	2,476,316	2,476,316
Effects of foreign exchange rates	-	-	-	133,721	133,721
Acquisition through business combination	1,617,000	27,379,482	-	-	28,996,482
At 31 December 2013	1,617,000	27,379,482	6,746,994	7,363,982	43,107,458
Accumulated amortisation					
At 1 January 2013	-	-	-	903,310	903,310
Additions	-	-	-	722,240	722,240
Effects of foreign exchange rates	-	-	-	73,709	73,709
At 31 December 2013	-	-	-	1,699,259	1,699,259
Carrying amount					
At 31 December 2013	1,617,000	27,379,482	6,746,994	5,664,723	41,408,199
2012					
At cost					
At 1 January 2012	-	-	-	-	-
Acquisition through business combination	-	-	6,746,994	4,753,945	11,500,939
At 31 December 2012	-	-	6,746,994	4,753,945	11,500,939
Accumulated amortisation					
At 1 January 2012	-	-	-	-	-
Acquisition through business combination	-	-	-	903,310	903,310
At 31 December 2012	-	-	-	903,310	903,310
Carrying amount					
At 31 December 2012	-	-	6,746,994	3,850,635	10,597,629

8. **Intangible Assets (Cont'd)**

Description of the intangible assets

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.

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have an average remaining amortisation period 5 years.

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 acquiree sees a potential for such market and hence has 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").

For the purpose of impairment testing, the recoverable amount of product technology has been determined using the income approach which recognises that the current value of the asset is premised on the expected receipt of future economic benefits generated over its remaining life. There is no impairment loss incurred on the intangible assets during the current year.

Key assumptions made in determining the value-in-use are as follow:

(i) Cash flows were projected based on assumptions that the subsidiary is able to enjoy its pricing advantage for two years (years 2013 and 2014) before the next launch of hyperbaric life boasts by other potential competitors. Consequently, an obsolescence factor of approximately 11% for revenue beyond year 2014 to account for the effective age of the product technology and the decreasing likelihood of the subsidiary being able to enjoy the pricing advantage and to secure revenue due to increased market competition.

(ii) The discount rate applied to the cash flows projections of 28% is derived from the weighted average cost of capital of the Group's hyperbaric lifeboat business comparable to the companies in the ship and boat building industry plus a reasonable risk premium.

(iii) No contributory asset charge was considered separately.

The key assumptions represent management's assessment of future trends in the ship and boat building industry and are based on both external sources and internal sources.

8. **Intangible Assets (Cont'd)**

Impairment loss review of product technology

With regards to the assessments of value-in-use of this asset, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materiality from its recoverable amount except for the changes in prevailing operating environment which is not ascertainable.

Impairment loss review of brand

For the purpose of impairment testing, brand has been allocated to the Group's cash generating unit ("CGU") which was identified by the Group by its subsidiaries. The recoverable amounts of the CGUs have been determined based on income approach known as the Relief-From-Royalty method ("RFR") using cash-flow projections from financial budgets approved by management covering a five-year period. RFR method recognises that because the owner owns the brand rather than licensing them, the present value of the after tax cost saving at an appropriate discount rate indicates the value of the brand. There is no impairment loss incurred on the intangible assets during the current year.

Key assumptions made in determining the value-in-use are as follow

(i) The estimated fair royalty rate used was at approximately 3.0%. The royally rate was obtained from Royalty Source Intellectual Property Database;

(ii) The brand name is estimated to have a remaining useful life of 15 years assuming without significant changes in investment support and marketing plans; and

(iii) The cash flow attributable to brands was discounted to present value using the respective Weighted Average Cost of Capital ("WACC") for each Techno Fibre Companies plus a 2% premium. This increment was added to reflect the higher rate of return an investor would demand than the Techno Fibre's overall weighted average portfolio of assets.

With regards to the assessments of RFR of the brand, 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 its recoverable amount except for the changes in prevailing operating environment which is not ascertainable.

Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of 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.

8. **Intangible Assets (Cont'd)**

Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	Group 2013 RM
Technofibre International Sdn Bhd	2,411,262
Techno Fibre (S) Pte Ltd	10,515,089
Techno Fibre Middle East Marine Services FZE	14,214,240
Techno Fibre Australia Pty Ltd	238,891
	27,379,482

The recoverable amount for the above 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 a five-year business plan;

(ii) Revenue was projected at anticipated annual revenue growth of approximately 3% to 5% per annum;

(iii) Expenses were projected at annual increase of approximately 5% to 6% per annum; and

(iv) A pre-tax discount rate of 16% to 17% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of individual unit.

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

9. **Land Use Right**

	Group 2013 RM	Group 2012 RM
At cost		
At 1 January	1,560,335	-
Addition	56,915	-
Effects of movement in exchange rates	106,335	-
Acquisition through business combination	-	1,560,335
At 31 December	1,723,585	1,560,335

9. Land Use Right (Cont'd)

	Group 2013 RM	2012 RM
Accumulated depreciation		
At 1 January	72,434	-
Charge for the financial year	33,549	-
Effects of movement in exchange rates	8,503	-
Acquisition through business combination	-	72,434
At 31 December	114,486	72,434
Carrying amount		
At 31 December	1,609,099	1,487,901

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 45 years (2012: 46 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 19.

10. Other Investment

This represents investment stated at cost in a local golf club and resort, which entitles the Company's management and staff to utilise the facilities.

	Group 2013 RM	2012 RM
Availiable-for-sale financial assets		
Golf club membership	120,000	110,000

11. Inventories

	Group 2013 RM	2012 RM
At cost		
Spare parts, consumables and trading	211,855	-
Raw material	1,700,206	1,123,876
Work-in-progress	3,925,191	1,167,795
Finished goods	2,849,044	387,645
	8,686,296	2,679,316

12. Trade Receivables

	Group 2013 RM	Group 2012 RM
Trade receivables:		
- Third parties	53,056,391	27,312,142
- Related party	-	42,133
	53,056,391	27,354,275
Less: Accumulated impairment losses	(2,675,874)	(5,019,306)
	50,380,517	22,334,969

The Group's normal trade credit terms range from 30 to 90 days (2012: 180 to 360 days). Other credit terms are assessed and approved on a case by case basis.

In the previous financial year, related party refers to a company of which a Director of the subsidiary has financial interest.

Movements in impairment on trade receivables during the financial year are as follows:

	Group 2013 RM	Group 2012 RM
At beginning of financial year	5,019,306	6,450,122
Addition	92,862	170,239
Reversal	(1,547,444)	(1,601,055)
Written off	(888,850)	-
At end of financial year	2,675,874	5,019,306

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	16,404,045	20,656,345
Past due not impaired:		
Less than 30 days	12,023,414	1,627,105
31- 90 days	6,670,114	-
91 to 180 days	13,116,632	51,519
More than 180 days	2,166,312	-
	50,380,517	22,334,969
Impaired	2,675,874	5,019,306
	53,056,391	27,354,275

12. **Trade Receivables (Cont'd)**

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or dispute billings. These receivables are not secured by any collateral or credit enhancements and under legal case.

The Group has not recognised any impairment loss on certain receivables that are past due at the end of financial year, as there has not been any significant change in the credit quality of these debtors and these amounts are still considered receivable.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

At end of financial year, the highest percentage of concentration of Group's net trade receivables was 14% (2012: 45%) from Tentera Udara Diraja Malaysia.

13. **Other Receivables**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	6,859,047	4,351,888	2,396,806	1,570,877
Deposits				
- Suppliers (Trade)	7,914,082	2,691,150	-	-
- Others (Non-trade)	3,067,499	3,302,835	1,751,253	3,045,939
	10,981,581	5,993,985	1,751,253	3,045,939
Prepayments	1,602,555	549,957	64,223	73,300
	19,443,183	10,895,830	4,212,282	4,690,116
Less: Accumulated impairment losses	(1,817,795)	(1,820,284)	(300,098)	(300,098)
	17,625,388	9,075,546	3,912,184	4,390,018

Movements in impairment on other receivables during the financial year are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At beginning of financial year	1,820,284	1,809,109	300,098	300,098
Addition	-	11,175	-	-
Reversal	(2,489)	-	-	-
At end of the financial year	1,817,795	1,820,284	300,098	300,098

13. **Other Receivables (Cont'd)**

Included in the deposits of the Group and of the Company is a deposit of RM Nil (2012: RM3,000,000) paid for the purchase of a freehold land and building located in Shah Alam, Selangor Darul Ehsan as disclosed in Note 35(a).

14. **Amounts Owing by/(to) Subsidiaries**

	Company	
	2013	**2012**
	RM	**RM**
Amounts owing by subsidiaries	84,448,021	35,114,122
Less: Accumulated impairment losses	(15,643,944)	(12,428,230)
	68,804,077	22,685,892
Amounts owing to subsidiaries	(17,249,833)	(7,961,253)

Movements in impairment on amounts owing by subsidiaries during the financial year are as follows

	Company	
	2013	**2012**
	RM	**RM**
At the beginning of the year	12,428,230	12,428,230
Addition	3,215,714	-
At the end of the financial year	15,643,944	12,428,230

These amounts represent unsecured, interest free advances and are repayable on demand.

15. **Fixed Deposits with Licensed Banks**

The fixed deposits of the Group of RM2,356,780 (2012: RM1,790,369) have been pledged to licensed banks as securities for banking facilities granted to subsidiary as disclosed in Note 19.

The interest rates of deposits during the financial year range from 3.05% to 3.35% (2012: 3.0% to 3.2%) per annum and the maturities of deposits are 30 to 365 days (2012: 30 to 365 days) respectively.

16. **Share Capital**

	Group/Company Ordinary shares of RM0.10 each		Group/Company Amount	
	2013 Unit	**2012 Unit**	**2013 RM**	**2012 RM**
Authorised:				
At beginning of financial year	1,000,000,000	200,000,000	100,000,000	100,000,000
Subdivision of ordinary shares of RM0.50 into ordinary shares of RM0.10 each	-	800,000,000	-	-
At end of financial year	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning of financial year	330,000,000	80,000,000	33,000,000	40,000,000
Capital reduction	-	-	-	(32,000,000)
Issuance of shares of RM0.10 each:				
- acquisition of subsidiaries	130,390,000	-	13,039,000	-
- private placement	33,000,000	-	3,300,000	-
- rights issue	-	200,000,000	-	20,000,000
- capitalisation of debts	-	50,000,000	-	5,000,000
At end of financialyear	493,390,000	330,000,000	49,339,000	33,000,000

During the financial year the Company increased its issued and paid-up ordinary share capital from RM33,000,000 to RM 49,339,000 by way of:

(i) the issuance of 33,000,000 ordinary shares of RM0.10 each through Private Placement at an issue price of RM0.30 per ordinary shares for cash to fund the Group's future business expansion plans; and

(ii) the issuance of 130,390,000 ordinary shares of RM0.10 each at an issue price of RM0.30 per ordinary share as consideration for the acquisition of the entire issued and paid-up capital of the Techno Fibre Companies.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. **Reserves**

The nature of reserve of the Group and of the Company is as follow:

(i) Share premium

	Group/Company	
	2013	**2012**
	RM	**RM**
At beginning of financial year	2,111,836	3,076,196
Private placement	6,600,000	-
Shares issued for the acquisition of subsidiaries	26,078,000	-
Share issuance expenses	(2,183,496)	(964,360)
At end of financial year	32,606,340	2,111,836

This relates to the premium paid on subscription of share in the Company over and above the par value of the shares. During the financial year, share premium of RM2,183,496 (2012: RM964,360) had been used to absorb the share issue costs arising from the issuance of ordinary shares.

(ii) 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.

18. **Hire Purchase Payables**

	Group	
	2013	**2012**
	RM	**RM**
Minimum hire purchase payments:		
Payable within one year	273,503	122,509
Payable between one and five years	761,199	409,741
Payable more than five years	422,449	302,990
	1,457,151	835,240
Less : Future finance charges	(217,858)	(141,064)
Present value of hire purchase liabilities	1,239,293	694,176
Present value of hire purchase liabilities:		
Repayable within one year	217,149	88,488
Repayable between one and five years	660,188	378,294
Repayable more than five years	361,956	227,394
	1,239,293	694,176
Analysed as:		
Repayable within twelve months	217,149	88,488
Repayable after twelve months	1,022,144	605,688
	1,239,293	694,176

18. **Hire Purchase Payables (Cont'd)**

The hire purchase liabilities interests are charged at rates ranging from 2.38% to 8.29% (2012: 2.38% to 4.51%) per annum.

19. **Bank Borrowings**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Secured				
Bank overdrafts	783,706	656,847	-	-
Term loan I	-	27,721	-	-
Term loan II	-	982,177	-	-
Term loan III	-	491,089	-	-
Term loan IV	-	245,544	-	-
Term loan V	1,084,936	-	-	-
Term loan VI	542,468	-	-	-
Term loan VII	271,234	-	-	-
Term loan VIII	923,451	-	-	-
Term loan IX	345,551	-	-	-
Term loan X	10,308,386	-	10,308,386	-
Total bank borrowings	14,259,732	2,403,378	10,308,386	-
Analysed as:				
Repayable within twelve months				
Bank overdrafts	783,706	656,847	-	-
Term loan I	-	27,721	-	-
Term loan II	-	982,177	-	-
Term loan III	-	491,089	-	-
Term loan IV	-	245,544	-	-
Term loan V	1,084,936	-	-	-
Term loan VI	542,468	-	-	-
Term loan VII	271,234	-	-	-
Term loan VIII	557,123	-	-	-
Term loan IX	109,482	-	-	-
Term loan X	405,710	-	405,710	-
	3,754,659	2,403,378	405,710	-
Repayable after twelve months				
Term loan VIII	366,328	-	-	-
Term loan IX	236,069	-	-	-
Term loan X	9,902,676	-	9,902,676	-
	10,505,073	-	9,902,676	-
Total	14,259,732	2,403,378	10,308,386	-

19. **Bank Borrowings (Cont'd)**

Term loan I
The secured term loan was repayable by 60 monthly installments and was fully repaid during the financial year. The loan bears interest rate of 1.12% per annum above the bank prevailing business term rate.

Term loan II,III and IV
These term loans were fully repaid by the subsidiary in People's Republic of China ("PRC") during the financial year.

Term loan V, VI and VII
During the financial year, the subsidiary in PRC has obtained 3 new term loans with the outstanding balance of RM1,898,638 as at 31 December 2013 for working capital purpose as below:

Term loan V: CNY2,000,000 (RM1,084,936) with fixed rate of 7.8% for period of 11 month from 3 September 2013 to 2 August 2014;

Term loan VI: CNY1,000,000 (RM542,468) with fixed rate of 7.8% for period of 11 month from 25 September 2013 to 24 August 2014; and

Term loan VII: CNY500,000 (RM271,234) with fixed rate of 7.8% for period of 11 month from 24 July 2013 to 23 June 2014.

All the above term loans are secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan VIII
The term loans consist of:

(a) The balances of Business Money Facility loans of S$135,000 (RM397,305) obtained in June 2013 for working capital purposes. The loan bear interest at a floating rate of 2%over prevailing rate per annum, which is the effective interest rate at the end of the reporting period of 10,.0%;

(b) The balances of Business Loans of S$170,000 (RM441,031) obtained in April 2013 for working capital purposes. The loan bears interest at a fixed rate of 9.88% per annum , which is the effective interest rate at the end of the reporting period 9.88%;

(c) The balances of Biz Power Term Loan of S$111,000 (RM287,967) obtained in January 2013 for working capital purposes. The loan bear interest rate at a floating rate of 1.38% over prevailing rate per annum , which is the effective rate at the end of the reporting period 7.88%;

(d) The balance of Business Term Loan of S$60,000 (RM155,658) obtained in July 2010 for working capital purposes. The loan bear interest at a floating rate 1.12% over prevailing rate per annum, which is the effective interest rate at the end of the reporting period 13.12%;

19. **Bank Borrowings (Cont'd)**

Term loan VIII (Cont'd)

(e) The balances of Term Loan Facility of S$80,000 (RM207,544) obtained in August 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum , which is the effective interest rate at the end of the reporting period 7.50%; and

(f) The balances of Working Capital Facility of S$100,000 (RM259,430) obtained in December 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum, which is the effective interest rate at the end of the reporting period 7.50%.

Term loan IX

The term loan of RM300,000, RM200,000 and RM200,000 obtained from a local bank bears interest and is repayable as the following:

(a) Interest at 7.30% per annum repayable by 60 monthly installments of RM5,983 each commencing November 2009;

(b) Interest at 6.30% per annum repayable by 52 monthly installments of RM4,551 each commencing October 2011; and

(c) Interest at 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing September 2013.

The term loan of RM300,000 is jointly and severally guaranteed by all the Directors of the Company.

The term loan of RM200,000 is secured against facility agreement and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd (SJPP). It is also jointly and severally guaranteed by all the Directors of the Company.

Term loan X

The term loan is secured by way of a first legal charged on the property. Interest charged on the facility at BFR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Bank overdraft

Bank overdraft is guaranteed by pledged of fixed deposit receipts in the name of the director and is jointly and severally guaranteed by the Directors in their personal capacities.

19. **Bank Borrowings (Cont'd)**

Range of interest rates during the financial year is as follows;

	Group		Company	
	2013	**2012**	**2013**	**2012**
	%	**%**	**%**	**%**
Bank overdrafts	4.50-7.88	9-14.88	-	-
Term loans	6.30-13.20	10.45	7.60	-

Maturity of bank borrowing is as follows:-

	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total RM
Group					
2013					
Bank overdrafts	783,706	-	-	-	783,706
Term loans	2,970,953	765,542	1,805,137	7,934,394	13,476,026
	3,754,659	765,542	1,805,137	7,934,394	14,259,732
2012					
Bank overdrafts	656,847	-	-	-	656,847
Term loans	1,746,531	-	-	-	1,746,531
	2,403,378	-	-	-	2,403,378
Company					
2013					
Term loan	405,710	437,640	1,530,643	7,934,393	10,308,386

20. **Deferred Tax Liabilities**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At beginning of financial	1,146,988	-	-	-
Recognised in profit or loss (Note 27)	33,000	-	33,000	-
Arising from business combination	-	1,146,988	-	-
At end of financial year	1,179,988	1,146,988	33,000	-

20. Deferred Tax Liabilities (Cont'd)

Deferred tax liabilities/(assets) are presented after offsetting:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Intangible assets	1,146,988	1,146,988	-	-
Accelerated capital allowances	33,000	182,805	33,000	781
Unutilised tax losses	-	(182,805)	-	(781)
	1,179,988	1,146,988	33,000	-

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	13,461,800	14,374,600	-	1,461,200
Unabsorbed capital allowances	574,600	495,500	-	-
Other deductible temporary differences	79,400	3,100	-	-
	14,115,800	14,873,200	-	1,461,200

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the companies in which those items arose.

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 subsidiaries that have a recent history of losses.

21. Trade Payables

	Group	
	2013 RM	2012 RM
Trade Payables		
- Third parties	22,695,840	8,035,506
- Related party	-	357,431
	22,695,840	8,392,937

21. Trade Payables (Cont'd)

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

In the previous financial year, related party refers to a company of which a Director of the subsidiary has financial interest.

22. Other Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	5,702,247	1,182,041	835,198	312,717
Accruals	2,097,883	2,370,718	58,000	26,000
Deposits received	4,051,259	2,668,991	-	-
Provision for terminal benefits	337,856	-	-	-
	12,189,245	6,221,750	893,198	338,717

Deposits received refer to advances from customers.

Terminal benefits are the provisions made for amounts payable to permanent employees under the United Arab Emirates ("UAE") Labour Law applicable to employees on payment basis

23. Amount Owing to a Director

Amount owing to a Director of a subsidiary represents unsecured, interest free and is repayable on demand.

24. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sales of goods	62,746,283	19,214,642	-	-
Rendering of services	26,059,962	25,200,674	-	-
Training and seminar	4,507,737	12,421,321	-	-
Management fee	-	-	4,800,000	4,800,000
	93,313,982	56,836,637	4,800,000	4,800,000

25. Finance Costs

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest expense on:				
Bank overdrafts	45,767	-	-	-
Hire purchases	59,721	24,595	-	-
Term loans	597,989	-	395,988	-
	703,477	24,595	395,988	-

26. Profit Before Taxation

Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Amortisation of:-				
- Intangible assets	722,240	-	-	-
- Land use right	33,549	-	-	-
Auditors' remuneration				
- Statutory audits	240,874	63,000	52,000	26,000
- Non-audit services	105,000	26,028	105,000	26,028
Depreciation of property, plant and equipment	1,825,886	620,461	559,532	163,795
Directors' remuneration				
- Salaries and other emoluments	2,686,215	804,862	945,240	592,242
- EPF contribution	139,757	72,360	72,000	49,320
Gain on disposal of property, plant and equipment	-	(535,454)	-	-
Fair value adjustment on investment securities	-	-	-	-
Loss/(Gain) on foreign exchange - realised	50,255	37,582	14,135	(2,538)
Impairment loss on:				
- Trade receivables	92,862	170,239	-	-
- Other receivables	-	11,175	-	-
- Amounts owing by subsidiaries	-	-	3,215,714	-
- Investment in subsidiaries	-	-	1,306,297	-
Interest received	(116,460)	(155,030)	(13,332)	(15,989)
Property, plant and equipment written off	11,820	-	-	-

26. **Profit Before Taxation (Cont'd)**

Profit before taxation is derived after charging/(crediting)(Cont'd):

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Rental of office	752,468	-	27,000	-
Rental of workshop	638,820	18,300	-	-
Rental of equipment	55,643	56,461	6,566	-
Rental of motor vehicles	132,439	39,325	-	-
Rental of premises	27,096	400,975	-	156,000
Reversal of impairment loss on:-				
- Trade receivables	(1,547,444)	(1,601,055)	-	-
- Other receivables	(2,489)	-	-	-
- Investment in subsidiaries	-	-	(3,000,000)	-
Rental income of premises	-	-	(555,377)	-

27. **Taxation**

`

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	1,942,000	1,102,000	12,000	-
- Foreign tax	1,159,364	-	-	-
	3,101,364	1,102,000	12,000	-
Deferred tax (Note 20) :				
Origination and reversal of temporary differences	30,400	-	33,000	-
Underprovision in prior year	2,600	-	-	-
	33,000	-	33,000	-
Overprovision of Real Property Gain Tax ("RPGT") in prior year	-	(68,847)	-	(68,847)
Tax expense/(credit) for the financial year	3,134,364	1,033,153	45,000	(68,847)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

27. **Taxation (Cont'd)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before taxation	14,004,339	8,082,289	701,397	182,665
Taxation at statutory tax rate of 25% (2012 : 25%)	3,501,100	2,020,572	175,300	45,700
Effects of tax rates in other countries	(511,947)	-	-	-
Income not subject to tax	(271,659)	(533,900)	(750,000)	-
Expenses not deductible for tax purposes	479,570	360,803	985,000	186,700
Share of results of associates	124,000	(44,888)	-	-
Utilisation of previously unrecognised deferred tax assets	(189,300)	(700,587)	(365,300)	(232,400)
Overprovision of RPGT in prior year	-	(68,847)	-	(68,847)
Underprovision of deferred tax in prior year	2,600	-	-	-
Tax expense/(credit) for the financial year	3,134,364	1,033,153	45,000	(68,847)

The Group and the Company have the following unutilised tax losses and capital allowances available for carry forward to set off against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	13,461,800	13,643,400	-	1,458,100
Unabsorbed capital allowances	574,600	495,500	-	-
	14,036,400	14,138,900	-	1,458,100

28 Earnings Per Share

Basic earnings per shares

The basic earnings per share are calculated based on the consolidated profit 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 as follows:

	Group	
	2013	**2012**
	RM	**RM**
Profit attributable to ordinary shareholders	8,214,685	7,050,125
Weighted average number of ordinary shares	392,551,096	131,232,877
Basic earnings per ordinary shares (in sen)	2.09	5.37

Diluted earnings per share

The Group has no dilution in its earnings per share as there is no dilutive potential on ordinary shares.

29. Staff Costs

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Staff costs (excluding Directors)	15,461,987	7,561,689	1,522,612	2,391,715

Included in the total staff costs above are contributions made to EPF under a defined contribution plan for the Group and the Company amounting to RM674,248 and RM70,890 (2012: RM501,057 and RM225,594) respectively.

30. 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 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.

30. **Related Party Disclosures (Cont'd)**

(a) Identifying related parties **(Cont'd)**

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 subsidiary companies of the Group.

The Group has related party relationships with its subsidiaries, associates, other related parties and key management personnel.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party information disclosed in Notes 12, 14, 21 and 23 the significant related party transactions of the Group and the Company are as follows:

	Company	
	2013	**2012**
	RM	**RM**
Transactions with subsidiaries		
Management fee received/receivables	4,800,000	4,800,000

(c) Information regarding compensation of key management personnel is as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short-term employees benefits				
- Salaries and other emoluments	2,686,215	804,862	945,240	592,242
- EPF	139,757	72,360	72,000	49,320
	2,825,972	877,222	1,017,240	641,562

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Directors of the Company.

31. **Segmental Information**

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer 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:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation and safety equipment and providing training for the use of safety equipment
Construction	Construction works

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit 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 Group's Chief Executive Officer.

Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liability.

Company No. 633265 K

31. Segmental Information (Cont'd)

(a) Business segment

	Maintenance, repair, overhaul and training RM	Construction RM	Adjustments and eliminations RM	Total RM
2013				
Revenue				
Sales	93,313,982	-	-	93,313,982
Less: Inter-segment sales	-	-	-	-
Total revenue	93,313,982	-	-	93,313,982
Results				
Segment results	15,090,845	(3,667)	-	15,087,178
Interest income	116,460	-	-	116,460
Interest expense	(703,477)	-	-	(703,477)
Share of result of associates	(495,822)	-	-	(495,822)
Taxation	(3,134,364)	-	-	(3,134,364)
Segment profit/(loss)	10,873,642	(3,667)	-	10,869,975
Assets				
Investment in associates	683,214			683,214
Additions to non-current assets	20,890,487	-	-	20,890,487
Segment assets	167,150,675	-	-	167,150,675
Non-Cash Expenses/(Income)				
Depreciation of property, plant and equipment	1,825,886	-	-	1,825,886
Impairment loss on receivables	92,862	-	-	92,862
Reversal of impairment loss on receivables	(1,549,933)	-	-	(1,549,933)
Property, plant and equipment written off	11,820	-	-	11,820
Fair value adjustment on investment securities	96,515	-	-	96,515
Amortisation of intangible assets	722,240	-	-	722,240
Amortisation of land use right	33,549	-	-	33,549

Company No. 633265 K

31. **Segmental Information (Cont'd)**

(a) Business segment (Cont'd)

	Maintenance, repair, overhaul and training RM	Construction RM	Adjustments and eliminations RM	Total RM
2012				
Revenue				
Sales	56,836,637	-	-	56,836,637
Less: Inter-segment sales	-	-	-	-
Total revenue	56,836,637	-	-	56,836,637
Results				
Segment results	7,772,818	-	-	7,772,818
Interest income	155,027	3	-	155,030
Interest expense	(22,555)	(2,040)	-	(24,595)
Share of result of associates	179,036	-	-	179,036
Taxation	(1,033,153)	-	-	(1,033,153)
Segment profit/(loss)	7,051,173	(2,037)	-	7,049,136
Assets				
Investment in associates	1,179,037			1,179,037
Additions to non-current assets	1,506,143	-	-	1,506,143
Segment assets	72,154,801	-	-	72,154,801
Non-Cash Expenses/(Income)				
Depreciation of property, plant and equipment	620,461	-	-	620,461
Gain on disposal of property, plant and equipment	(535,454)	-	-	(535,454)
Impairment loss on receivables	181,414	-	-	181,414
Reversal of impairment loss on receivables	(1,601,055)	-	-	(1,601,055)

31. **Segmental Information (Cont'd)**

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Group				
Malaysia	50,465,858	56,836,637	35,544,250	11,202,084
Singapore	42,848,124	-	38,832,399	8,723,073
	93,313,982	56,836,637	74,376,649	19,925,157

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2013	**2012**
	RM	**RM**
Group		
Property, plant and equipment	28,088,950	6,550,590
Investment in associates	683,214	1,179,037
Investments in securities	2,467,187	-
Intangible assets	41,408,199	10,597,629
Land use right	1,609,099	1,487,901
Other investment	120,000	110,000
	74,376,649	19,925,157

(c) Major customer

Revenue from one major customer amounted to RM36,387,339 (2012: RM30,858,019) arising from sales by the maintenance, repair, overhaul and training segment.

32. **Capital Commitment**

	Group	
	2013	**2012**
	RM	**RM**
Approved and contracted for:		
Property, plant and equipment	-	11,800,000
Acquisition of subsidiaries	80,000,000	-
	80,000,000	11,800,000

33. **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:

	Assets at fair fair value through profit or loss RM	**Available for sale RM**	**Loans and receivables RM**	**Financial liabilities at amortised costs RM**	**Total RM**
Group					
2013					
Financial Assets					
Trade receivables	-	-	50,439,398	-	50,439,398
Other receivables	-	-	17,625,388	-	17,625,388
Fixed deposits with licensed banks	-	-	5,200,028	-	5,200,028
Cash and bank balances	-	-	9,854,677	-	9,854,677
Other investment	-	120,000	-	-	120,000
Investment in securities	2,467,187	-	-	-	2,467,187
Total financial assets	2,467,187	120,000	83,119,491	-	85,706,678
Financial Liabilities					
Trade payables	-	-	-	22,695,840	22,695,840
Other payables	-	-	-	12,189,245	12,189,245
Amount owing to a Director	-	-	-	1,324,434	1,324,434
Hire purchase payables	-	-	-	1,239,293	1,239,293
Bank borrowings	-	-	-	14,259,732	14,259,732
Total financial liabilities	-	-	-	51,708,544	51,708,544

33. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Assets at fair fair value through profit or loss RM	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised costs RM	Total RM
Group					
2012					
Financial Assets					
Trade receivables	-	-	22,334,969	-	22,334,969
Other receivables	-	-	9,075,546	-	9,075,546
Fixed deposits with licensed banks	-	-	1,790,369	-	1,790,369
Other investment	-	110,000	-	-	110,000
Cash and bank balances	-	-	15,937,284	-	15,937,284
Total financial assets	-	110,000	49,138,168	-	49,248,168
Financial Liabilities					
Trade payables	-	-	-	8,392,937	8,392,937
Other payables	-	-	-	6,221,750	6,221,750
Amount owing to a Director	-	-	-	1,945,392	1,945,392
Hire purchase payables	-	-	-	694,176	694,176
Bank borrowings	-	-	-	2,403,378	2,403,378
Total financial liabilities	-	-	-	19,657,633	19,657,633

	Assets at fair fair value through profit or loss RM	Loans and receivables RM	Financial liabilities at amortised costs RM	Total RM
Company				
2013				
Financial Assets				
Other receivables	-	3,912,184	-	3,912,184
Amounts owing by subsidiaries	-	68,804,077	-	68,804,077
Cash and bank balances	-	493,528	-	493,528
Investment in securities	2,467,187	-	-	2,467,187
Total financial assets	2,467,187	73,209,789	-	75,676,976

33. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Assets at fair fair value through profit or loss RM	Loans and receivables RM	Financial liabilities at amortised costs RM	Total RM
Company				
2013				
Financial Liabilities				
Other payables	-	-	893,198	893,198
Amounts owing to subsidiaries	-	-	17,249,833	17,249,833
Bank borrowings	-	-	10,308,386	10,308,386
Total financial liabilities	-	-	28,451,417	28,451,417
2012				
Financial Assets				
Other receivables	-	4,390,018	-	4,390,018
Amounts owing by subsidiaries	-	22,685,892	-	22,685,892
Cash and bank balances	-	647,863	-	647,863
Total financial assets	-	27,723,773	-	27,723,773
Financial Liabilities				
Other payables	-	-	338,717	338,717
Amounts owing to subsidiaries	-	-	7,961,253	7,961,253
Total financial liabilities	-	-	8,299,970	8,299,970

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group'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.

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

(i) Credit risk

Receivables
Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the mobility of its customers to make payments when due. Cash at banks and deposits are placed with credit worthy financial institutions.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting date represent the Group's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk except as disclosed in Note 12.

Financial guarantee
The Group provides secured bank guarantee in favour of the local authorities future purpose of development projects. The maximum exposure of credit risk amounts to RM5,516,205 (2012: RM3,949,641). The financial guarantee has not been recognised since the fair value on initial recognition was not material as the bank guarantee was secured by the fixed deposits with licensed bank.

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.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Company No. 633265 K

33. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative 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.

	Carrying Amount RM	**On demand or within 1 year RM**	**1 - 2 years RM**	**2 - 5 years RM**	**> 5 years RM**	**Total contractual cash flows RM**
Group						
2013						
Trade payables	22,695,840	22,695,840	-	-	-	22,695,840
Other payables	12,189,245	11,851,389	-	-	-	11,851,389
Amount owing to a Director	1,324,434	1,324,433	-	-	-	1,324,433
Hire purchase payables	1,239,293	273,503	281,620	518,414	383,614	1,457,151
Bank borrowings	14,259,732	4,524,158	1,503,109	3,800,119	10,164,279	19,991,665
Total undiscounted financial liabilities	51,708,544	40,669,323	1,784,729	4,318,533	10,547,893	57,320,478
2012						
Trade payables	8,392,937	8,392,937	-	-	-	8,392,937
Other payables	6,221,750	6,221,750	-	-	-	6,221,750
Amount owing to a Director	1,945,392	1,945,392	-	-	-	1,945,392
Hire purchase payables	694,176	122,509	112,046	297,695	302,990	835,240
Bank borrowings	2,403,378	2,403,378	-	-	-	2,403,378
Total undiscounted financial liabilities	19,657,633	19,085,966	112,046	297,695	302,990	19,798,697

Company No. 633265 K

33. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	Carrying Amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM
Company						
2013						
Other payables	893,198	893,198	-	-	-	893,198
Amounts owing to subsidiaries	17,249,833	17,249,833	-	-	-	17,249,833
Bank borrowings	10,308,386	1,175,208	1,175,208	3,525,624	10,164,279	16,040,319
Total undiscounted financial liabilities	28,451,417	19,318,239	1,175,208	3,525,624	10,164,279	34,183,350
2012						
Other payables	338,717	338,717	-	-	-	338,717
Amounts owing to subsidiaries	7,961,253	7,961,253	-	-	-	7,961,253
Total undiscounted financial liabilities	8,299,970	8,299,970	-	-	-	8,299,970

33. **Financial Instruments (Cont'd)**

(b) Financia**l risk management objectives and policies (Cont'd)**

(iv) Market risks

(a) Foreign currency exchange risk

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			
	USD	**EUR**	**GBP**	**JPY**
	RM	**RM**	**RM**	**RM**
2013				
Trade receivables	5,426,479	194,100	-	-
Other receivables	6,810	348,298		
Cash and bank balances	757,834	-	-	-
Trade payables	(488,244)	(21,784)	-	-
Other payables	(686,244)	(105,412)	-	(99,777)
	5,016,635	415,202	-	(99,777)
2012				
Trade receivables	926,801	15,316	-	-
Cash and bank balances	32,832	-	-	-
Trade payables	(275,518)	(245,249)	-	-
Other payables	(14,693)	(196,162)	(7,612)	-
	669,422	(426,095)	(7,612)	-

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies, primarily United States Dollar ("USD"), Euro ("EUR"), Great Britain Pound ("GBP") and Japanese Yen ("JPY").

A 10% (2012: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have (decrease)/increase profit for the financial year (after taxation) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

33. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

	Profit for the financial year 2013 RM	2012 RM
Group		
USD	(376,248)	(50,207)
EURO	(31,140)	31,957
GBP	-	571
JPY	7,483	-

A 10% (2012: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(b) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's financial instruments that are exposed to interest rate risk are as follows:

	2013 RM	2012 RM
Group		
Financial Asset		
Fixes deposits with licensed banks	5,200,028	1,790,369
Financial Liability		
Bank borrowings	14,259,732	2,403,378
Company		
Financial Liability		
Bank borrowings	10,308,386	-

33. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

(c) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RM90,597 (2012: RM6,130). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(c) Fair values of financial instruments

(i) Financial instrument at fair value

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial positions are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (I.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

33. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(i) Financial instrument at fair value (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2013				
Financial Assets				
Investment in securities	683,214	-	-	683,214
Other investment	-	-	120,000	120,000
2012				
Financial Asset				
Other investment	-	-	110,000	110,000
Company				
2013				
Financial Asset				
Investment in securities	683,214	-	-	683,214

There were no transfer between Level 1 and Level 2 during the current financial year.

(ii) Financial instrument other than those carried at fair value

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

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 insignificant impact of discounting.

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

33. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(ii) Financial instrument other than those carried at fair value

The carrying amounts of the financial assets and liabilities of the Group and the Company at the reporting date reasonably approximate their fair values except as follows:

	Carrying amount RM	**Fair value RM**
Group		
2013		
Financial asset		
Unquoted investment in associates	683,214	*
Financial liabilities		
Bank borrowings (non-current)	10,505,073	#
Hire puchase payables (non-current)	1,022,144	1,145,587
2012		
Financial asset		
Unquoted investment in associates	1,179,037	*
Financial liability		
Hire puchase payables (non-current)	605,688	703,606
Company		
2013		
Financial assets		
Unquoted investment in subsidiaries	13,715,913	*
Unquoted investment in associates	1,000,000	*
Financial liability		
Bank borrowings (non-current)	9,902,676	#
2012		
Financial assets		
Unquoted investment in subsidiaries	11,772,210	*
Unquoted investment in associates	1,000,001	*

33. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(ii) Financial instrument other than those carried at fair value

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

(i) Investments in unquoted equity and debt securities

* It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable market prices and the inability to estimate fair value without incurring excessive costs.

(ii) Loans and borrowings

The carrying amounts of the non-current bank borrowings are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

34. **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 dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents, bank borrowings.

The gearing ratios are as follows:

	2013 RM	**2012 RM**
Total loans and borrowings	14,715,319	2,440,707
Less: Cash and cash equivalents	(11,914,219)	(15,280,437)
Net debt	2,801,100	(12,839,730)
Total equity	103,940,063	46,699,499
Gearing ratio	2.69%	N/A

There were no changes in the Group's approach to capital management during the financial year.

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

35. **Significant Events**

During the financial year, the following events have occurred:

(a) On 3 January 2013, the Company announced that the Company had entered into a sale and purchase agreement with CSL Manufacturing (M) Sdn Bhd for the proposed acquisition of the property bearing the postal address at No10 Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan for the cash consideration of RM14,800,000;

(b) On 14 January 2013, the Company announced that Private Placement is deemed completed following the listing of and quotation of 33,000,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad;

(c) The Company announced that the subscription of 520,408 new ordinary shares of SGD1.00 each in Vanguard Composite Engineering Pte Ltd by Destini Armada Pte Ltd a wholly-owned subsidiary of the Company has been duly completed on 31 January 2013;

(d) On 22 January 2013, Destini Prima Sdn Bhd ("DPSB") received a letter of Award from MIDEF awarding DPSB an extension of contract with MIDEF for the service and/or maintenance and supply of articles, component and spares, explosive, publication, test equipment, ground support and special tools of safety and survival equipment to the Malaysian Army Aviation ("PUTD") for a period of three (3) years from 27 November 2012 to 26 November 2015 with additional ceiling limit of RM4,000,000;

(e) On 6 March 2013, the Vanguard Composite Engineering Pte Ltd a subsidiary of the Company acquired 2 ordinary shares of RM1.00 each in the capital of Vanguard Safety Technology Sdn Bhd (formerly known as Fleet Composite Sdn Bhd) ("FCSB") at a total consideration of RM2.00. Following the acquisition, FCSB became a wholly-owned subsidiary of Vanguard Composite Engineering Pte Ltd;

(f) On 3 April 2013, the Company announced that the Company has entered into four (4) Heads of Agreement ("HOA's") in relation to the proposed acquisition of the entire issued and paid up capital of Techno Fibre Australia Pty Limited, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd and Techno Fibre (S) Pte Ltd (collectively the "Techno Fibre Companies");

(g) On 10 April 2013, the Company had from the period commencing 22 January 2013 to 2 April 2013 acquired from the open market an aggregate of 10,323,100 ordinary shared of RM0.10 shares in SMR Technologies Berhad ("SMR") for a total purchase consideration of approximately RM2,411,799;

(h) On 22 April 2013, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Malaysia") had vide its letter dated 22 April 2013 approved the application for an upliftment from being classified as a Practice Note 17 Company under the Main Market Listing Requirement of Bursa Securities. As a result thereof, the upliftment of the Company from the PN17 status will be effective on 23 April 2013;

35. **Significant Events (Cont'd)**

During the financial year, the following events have occurred (Cont'd):

(i) On 6 May 2013, DPSB had accepted a letter of award from the Ministry of Defense Malaysia for the supply and maintenance of safety survival equipment to the Royal Malaysian Navy for a total contract sum of RM3,000,000 (the contract). The Contract is for the period of three (3) years commencing from 30 April 2013 to 31 March 2016;

(j) On 7 May 2013, Destini Engineering Technologies Sdn Bhd, a wholly owned subsidiary of the Company has increased its paid-up share capital from 500,000 to 750,000 ordinary shares of RM1.00 each. The Company subscribed all its shareholdings by way of cash consideration;

(k) On 23 April 2013, Destini Armada Pte Ltd subscribe for 1,000 ordinary shares of S$1,000 representing 100% of the total issued and paid-up capital of TF Corp Pte Ltd ("TFC") for a cash consideration of S$1,000. The principle activity of TFC is investment holding;

(l) On 7 August 2013, the Company announced that the Company had entered into a heads of Agreement ("HOA") in relation to the proposed acquisition of the entire issued and paid up capital of Samudra Oil Services Sdn Bhd ("Samudra Oil") with Kejuruteraan Samudra Timur Berhad ("KSTB") at the indicative purchase consideration of RM80,000,000 to be satisfied entirely vie the issuance of 228,571,428 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.35 each;

(m) On 21 August 2013, the Company announced that 2 ordinary shares of RM1.00 each fully paid up in the capital of DB Precision Sdn Bhd ("DB Precision") was acquired from Dato Rozabil @ Rozamujib Bin Abdul Rahman (1 Ordinary share) and Abdul Rahman Bin Mohamed Rejab (1 ordinary share) respectively at a total consideration of RM2.00 only. Following the acquisition, DB Precision became a wholly-owned subsidiary of the Company;

(n) On 12 September 2013, the Company announced that the exercise price for the Warrants to be issued pursuant to the Bonus Issue of Warrants has been fixed at RM0.40 per warrant. The exercise price of the RM0.40 per Warrant represents a of approximately 2.44 % to the five day volume weighted average market price of Destini Berhad's Shares up to and including 11 September 2013 of RM0.41 per Destini Berhad's Shares;

(o) On 27 September 2013, DPSB subscribe for an additional 99,998 new ordinary shares of RM1.00 each in DB Precision, a wholly owned subsidiary of DPSB at par for a total cash consideration of RM99,998 ("Subscription"). The Subscription was funded via internally generated funds;

(p) On 8 October 2013, the Company through its wholly owned subsidiary, DPSB acquired eight hundred thousand (800,000) ordinary shares of RM1.00 each fully paid-up in the capital of Technofibre International Sdn Bhd for a total consideration of RM4,000,000 paid through the issuance of 13,333,333 new ordinary shares of the Company at an issuance price of RM0.30 each;

35. **Significant Events (Cont'd)**

During the financial year, the following events have occurred (Cont'd):

(q) On 8 October 2013, the Company through its wholly owned subsidiary, TF Corp Pte Ltd acquired the following:-

(i) 100,000 ordinary shares of SGD1.00 each in Techno Fibre (S) Pte Ltd for a total consideration of RM16,333,000;

(ii) 150,000 ordinary shares of AED1.00 each in Techno Fibre Middle East Marine Services FZE for a total consideration of RM17,384,000; and

(iii) 40,160 ordinary shares of AUD1.00 each in Techno Fibre Australia Pty Ltd for a total consideration of RM1,400,000.

(r) The acquisition of Technofibre International Sdn Bhd, Techno Fibre (S) Pte Ltd, Techno Fibre Middle East Marine Services FZE and Techno Fibre Australia Pty Ltd (collectively known as "Techno Fibre Companies") represents 100% of the issued and paid up share capital of the Techno Fibre Companies.

The total consideration of RM35,117,000 will be satisfied by the issuance of 117,056,667 new ordinary shares in the Company at an issuance price of RM0.30 each.

(s) On 1 November 2013, the Company ("Destini") announced that a conditional share sale agreement ("SSA") has been entered into with the Vendor for the proposed acquisition by Destini of the entire issued and paid up share capital of Samudra Oil Services Sdn Bhd ("Samudra Oil") from the Vendor for a purchase consideration of RM80,000,000 ("Purchase Consideration") to be fully satisfied vie the issuance of 228,571,428 new Destini shares at an issuance price of RM0.35 per Destini Shares. The Company also proposed to undertake the following;

(i) Proposed establishment of an employees share option scheme ("ESOS") of up to 15% of the issued and paid up capital of the Company;

(ii) Proposed increase in the authorised share capital of Destini from RM100,000,000 Destini Shares to RM 150,000,000 comprising of 1,500,000,000 Destini shares; and

(iii) Proposed amendments to the memorandum and articles of association of Destini.

(t) On 7 November 2013, DPSB has accepted a letter of award from the Ministry of Defense Malaysia to provide the first line and above maintenance serviced for the safety and survival equipment for Royal Malaysia Air Force fir a total sum of not exceeding RM 95,027,217 for a period of 3 years commencing from 3 October 2013 to 2 October 2016;

35. **Significant Events (Cont'd)**

During the financial year, the following events have occurred (Cont'd):

(u) On 2 December 2013, the Company announced that the listing application for the Consideration shared in relation to the Proposed Acquisition and the new Destini Shares to be issued arising from the exercise of the ESOS Options pursuant to the Proposed ESOS has been submitted to Bursa Malaysia Securities on 2 December 2013; and

(v) On 4 December 2013, DPSB had accepted a letter of award from the Ministry of Defense Malaysia to supply defence equipment for the Royal Malaysia Air Force for a total contract sum of RM46,317,000 for a period of 3 years.

36. **Subsequent Events**

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiaries:

(a) On 5 March 2014, the Company entered into a Sale, Purchase and Subscription agreement ("SSA") with Mah Sook Hing ("Vendor") and Green Pluslink Sdn Bhd ("GPSB") for the acquisition of 2,500,000 shares of RM1.00 each in GPSB from the Vendor for the total purchase consideration of RM 1,700,000 and to subscribe for additional 200,000 new ordinary shares of RM1.00 each in GPSB at the subscription price of RM 2,400,000 which to be satisfied entirely via cash;

(b) On 3 April 2014, the Company issued 228,571,428 shares to Kejuruteraan Samudra Timur Berhad to satisfy the purchase consideration of the acquisition of Samudra Oil Sdn Bhd. Marking completion of the acquisition;

(c) On 6 April 2014, DPSB had accepted a letter of award from the Ministry of Defense Malaysia for the appointment as one of the panels to supply the spare parts for "Non-Proprietary" aircraft to Royal Malaysian Air Force for a total contract sum of RM98.85 Million for the period of 3 years; and

(d) On 18 April 2014, the Company offered and granted options to eligible persons to subscribe for new ordinary shares of RM0.10 each ("Options") in the Company under the Employees' Share Option Scheme ("ESOS") of the Company.

37. **Date of Authorisation for Issue**

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2014.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company at 31 December 2013 is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2013 is analysed as follows:

	Group		**Company**	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total accumulated losses of the Company and its subsidiaries:-				
- realised	(20,603,700)	(31,990,049)	(1,611,216)	(2,300,613)
- unrealised	(33,000)	-	(33,000)	-
	(20,636,700)	(31,990,049)	(1,644,216)	(2,300,613)
Less : Consolidation adjustments	40,474,223	43,612,887	-	-
Total retained profits/(accumulated losses)	19,837,523	11,622,838	(1,644,216)	(2,300,613)

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

LIST OF PROPERTIES

LOCATION	DESCRIPTION	CURRENT USE	TENURE	AGE OF BUILDINGS	NET BOOK VALUE	DATE OF ACQUISITION
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak 32000	Approximately 1 Acre (43,551 sq. ft.)	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 92 years)	-	RM808,120	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam 32000	Approximately 1 Acre (44,993 sq. ft.)	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	14 years	RM15,604,497	04.06.2013
San Yu Town,Nantong TongZhou City Industry Park, Jiangsu Province, China 32000	11,608 Square Meter	Office and Factory	Leasehold expiring on 1st March 2067 (unexpired term of about 54 years)	1 years	RM2,705,266	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189 square meter	Office and Workshop	Freehold	5 years	RM657,333	20.03.2013

ANALYSIS OF SHAREHOLDINGS
AS AT 6 MAY 2014

A. Share Capital

Authorised Share Capital	:	RM150,000,000.00
Issued and Paid-up Capital	:	RM72,196,142.80
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	10	0.38	315	0.00
100 - 1,000	435	16.58	208,219	0.03
1,001 - 10,000	1,054	40.18	6,484,700	0.90
10,001 - 100,000	884	33.7	32,968,216	4.57
10,001 to less than 5% of issued shares	179	6.82	54,355,350	7.53
5% and above issued shares	61	2.33	627,944,628	86.98
Total	2,623	100.00	721,961,428	100.00

C. Director's Shareholdings as at 6 May 2014

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	401,100	0.08	89,200,000	18.08 (a)
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	-	-	-	-
3.	Azhar bin Azizan @ Harun	-	-	-	-
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
5.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
6.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
7.	Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	-	-	-	-

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd

D. Substantial Shareholders as at 6 May 2014

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn Bhd	89,000,000	18.04	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	401,100	0.08	89,200,000	18.08 (a)
3.	Pascal Resources Sdn Bhd	48,272,900	9.78	-	-
4.	Lim Nyuk Sang @ Freddy Lim	32,939,000	6.68	16,500,000	3.34 (b)
5.	Kejuruteraan Samudra Timur Berhad	114,571,428	15.87	-	-

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd
(b) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Santraprise Sdn Bhd

E. List of 30 Largest Securities Account Holders as at 6 May 2014

No.	Name of Shareholders	Shares held	%
1.	Kejuruteraan Samudra Timur Berhad	114,571,428	15.87
2.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : BPH Capital Sdn Bhd	50,000,00	6.93
3.	AllianceGroup Nominees(Tempatan) Sdn Bhd Beneficiary : Pascal Resources Sdn Bhd (8089206)	48,272,900	6.69
4.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For BPH Capital Sdn Bhd (8093424)	39,000,000	5.40
5.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ng Siew Jin	27,000,000	3.74
6.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Chua Peng Boon @ Choy Ah Mun	25,000,000	3.46
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Wong Len Kee	23,014,917	3.19
8.	Victoria Capital Sdn Bhd	23,000,000	3.19
9.	Ramasamy Ramesh	21,650,000	3.00
10.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Santraprise Sdn Bhd	16,500,000	2.29
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary : Lim Fei Nee (8117227)	15,555,000	2.15
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lim Nyuk Sang @ Freddy Lim	15,555,000	2.15
13.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lee Kian Bin @ Tommy	15,000,000	2.08
14.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Setia Megamaju Sdn Bhd	14,500,000	2.01
15.	Kamarudin Bin Meranun	14,000,000	1.94

E. List of 30 Largest Securities Account Holders as at 6 May 2014 (Cont'd)

No.	Name of Shareholders	Shares held	%
16.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : Cimb Bank For Lim Nyuk Sang @ Freddy Lim	11,200,000	1.55
17.	Siti Munajat Binti Md Ghazali	11,000,000	1.52
18.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary : Chin Chee Kan (8117641)	9,661,083	1.34
19.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lee Choo Weng	9,000,000	1.25
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Chua Peng Boon @ Choy Ah Mun	8,000,000	1.11
21.	HLB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lim Chai Beng	7,000,000	0.97
22.	Victoria Capital Sdn Bhd	7,000,000	0.97
23.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Lim Nyuk Sang @ Freddy Lim	6,184,000	0.86
24.	CitiGroup Nominees (Tempatan)Sdn Bhd Beneficiary : Kumpulan Wang Persaraan (Diperbadankan) (NOMURA)	5,090,100	0.71
25.	HSBC Nominees (Tempatan) Sdn Bhd Beneficiary : HSBC (M) Trustee Bhd For RHB-OSK Equity Trust (3175)	5,000,000	0.69
26.	Kharisma Wira Sdn. Bhd	5,000,000	0.62
27.	Koperasi Permodalan Felda Malaysia Berhad	4,446,100	0.62
28.	AIBB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Batu Bara Resources Corporation Sdn Bhd	4,410,000	0.61
29.	CitiGroup Nominees (Tempatan) Sdn Bhd Beneficiary : Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund	4,066,200	0.56
30.	Ismail Bin Asha'ari	4,058,250	0.56

ANALYSIS OF WARRANT HOLDINGS
AS AT 6 May 2014

A. Share Capital

Issue Size : 242,000,000 free warrants issued pursuant to the Bonus Issue of Warrants
Number of Warrant holder : 2,164

B. Distribution of Warrant Holdings

Size of Holding	No. of Warrants holders	%	No. of Warrants Held	%
Less than 100	391	18.38	22,848	0.01
100 - 1,000	183	8.46	110,900	0.05
1,001 - 10,000	650	30.04	3,214,063	1.33
10,001 - 100,000	689	31.84	28,445,992	11.75
10,001 to less than 5% of issued shares	220	10.17	68,840,088	28.45
5% and above issued shares	31	1.43	141,366,109	58.42
Total	2,164	100.00	242,000,000	100.00

C. Director's Warrant Holdings as at 6 May 2014

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	267,400	0.11	54,393,712	22.48 [(a)]
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	-	-	-	-
3.	Azhar bin Azizan @ Harun	-	-	-	-
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
5.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
6.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
7.	Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	-	-	-	-

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd

D. Substantial Warrant Holders as at 6 May 2014

No.	Name of Warrant Holder	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	BPH Capital Sdn Bhd	54,093,712	22.35	-	-
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	267,400	0.11	54,393,712	22.48 [(a)]

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd

E. List of 30 Largest Warrant Holders as at 6 May 2014

No.	Name of Warrant Holders	Warrants held	%
1.	Maybank Nominees (Tempatan)Sdn Bhd Beneficiary : BPH Capital Sdn.Bhd	33,334,112	13.77
2.	AllianceGroup Nominees (Tempatan)Sdn Bhd Beneficiary : Pledged Securities Account For BPH Capital Sdn Bhd (8093424)	20,859,600	8.62
3.	Maybank Nominees (Tempatan)Sdn Bhd Beneficiary : Santraprise Sdn Bhd	11,000,000	4.55
4.	Maybank Nominees (Tempatan)Sdn Bhd Beneficiary : Setia Megamaju Sdn. Bhd.	11,000,000	4.55
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Chow Ying Choon	8,500,000	3.51
6.	AIBB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Tan Siew Booy (D18)	7,219,000	2.98
7.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lee Cheng Lock	4,896,733	2.02
8.	Affin Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Tan Roy Soon (Tan8615m)	4,685,000	1.94
9.	Kharisma Wira Sdn. Bhd.	3,333,333	1.38
10.	BIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Mohamad Supar Bin Ahmad (M02035)	3,013,000	1.25
11.	Ismail Bin Asha'ari	2,705,500	1.12
12.	UOB Kay Hian Nominees (Asing) Sdn Bhd Beneficiary : Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,270,000	0.94
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Loke See Ooi (Ceb)	2,100,000	0.87
14.	Yew Vui Heung	2,064,400	0.85
15.	AIBB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Batu Bara Resources Corporation Sdn Bhd	2,000,000	0.83

E. List of 30 Largest Warrant Holders as at 6 May 2014 (Cont'd)

No.	Name of Shareholders	Shares held	%
16.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Daniel Lim Hwa Yew	2,000,000	0.83
17.	Ong Gik Lan @ Ong Gaik Lan	1,987,600	0.82
18.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank For Shahidan Bin Kassim (Mp0174)	1,953,333	0.81
19.	Seng Shun Mun	1,731,100	0.72
20.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pascal Resources Sdn Bhd 8089206)	1,626,933	0.67
21.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lim Chi Tat	1,358,000	0.56
22.	Yap Kong Yeaw	1,350,000	0.56
23.	Mazlan Bin Abd Majid	1,192,333	0.49
24.	Gan Kher Yang	1,250,000	0.52
25.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Kevin Goh Pang Yuen	1,233,100	0.51
26.	Mazlan Bin Abd Majid	1,257,733	0.52
27.	CIMSEC Nominees (Asing) Sdn Bhd Beneficiary : Bank Of Singapore Limited For Jarsuma Investments Ltd	1,161,933	0.48
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Tan Eng Nam (Ceb)	1,142,000	0.47
29.	Chong Mee Fah @ Frederick Chong	1,091,300	0.45
30.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Lim Willie	1,050,000	0.43

DESTINI BERHAD
(Company No. 633265- K)
(Incorporated in Malaysia)

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Cenderawasih 1, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 June 2014, at 10.30 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)

2. To re-elect the following directors who shall retire pursuant to Article 86 of the Company's Articles of Association :

   i) Abdul Rahman Bin Mohamed Rejab (Ordinary Resolution 2)
   ii) Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid (Ordinary Resolution 3)

3. To re-appoint Messrs. UHY 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 4)

4. **As Special Business:**

   To consider and, if thought fit, to pass the following resolutions:

   Authority To Directors To Allot And Issue Shares (Ordinary Resolution 5)

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue."

5. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** (Ordinary Resolution 6)

   "THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company's subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.1.4 of the Circular to Shareholders dated 5 June 2014 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

  (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

  (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

  (c) revoked or varied by resolution passed by the shareholders in a general meeting,whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's man date is in force, where:

  (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

  (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

  (a) the type of the Recurrent Related Party Transactions made; and

  (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Destini Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

6. **Proposed Amendments to the Articles of Association ("Proposed Amendments")** (Special Resolution 1)

   "THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix II of the Circular to Shareholders dated 5 June 2014 be and is hereby approved and adopt.

   THAT the Directors and Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix II of the Circular to Shareholders dated 5 June 2014.

   AND THAT the Directors of the Company, be and are hereby authorised to assent to any condition, modification, variation and / or amendments as may be required by Bursa Malaysia Securities Berhad."

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)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries
Kuala Lumpur
Date: 5 June 2014

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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

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 the Company's Registrar's office at 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 Meeting or any adjourned meeting, as the case may be.

6. For the purpose of determining a member who shall be entitled to attend the Tenth (10th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 20 June 2014. Only members whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business

Ordinary Resolution 5: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 5, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

On 27 May 2014, the Company had issued 72,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.60 per share by way of private placement ("Private Placement") pursuant to the General Mandate granted to the Directors at the Ninth (9th) Annual General Meeting held on 15 May 2013 and which will lapse at the conclusion of the Tenth (10th) Annual General Meeting. The proceeds amounting to RM43,200,000.00 arising from the Private Placement are intended to be utilised by the Group for the expansion of existing business and general working capital requirements.

Ordinary Resolution 6 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

Special Resolution 1 : Proposed Amendments to the Articles of Association

The Proposed Special Resolution 1 will enable the Company to have greater flexibility and to enhance administrative efficiency of the Company. The details of the Proposed Amendments are set out in Appendix II of the Circular to Shareholders dated 5 June 2014.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Tenth (10th) Annual General Meeting of the Company are:-

i) Abdul Rahman Bin Mohamed Rejab
ii) Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid

The profile of the Directors standing for re-election under the Company's Articles of Association are set out on pages 5 to 6 of the Annual Report 2013. The shareholdings and warrant holdings of the abovenamed Directors in the Company is disclosed on page 138 and 141 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 11 of the Annual Report 2013.

The Tenth (10th) Annual General Meeting of the Company will be held at, Cenderawasih 1, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 June 2014, at 10.30 a.m.

destiniberhad

Proxy Form

No. of ordinary shares	CDS account no. of authorised Nominee

I / We *(Full Name in Block Letters)* ______________________________

NRIC No. / Passport No. / Company No. ______________________________

of ______________________________

being a member / members of DESTINI BERHAD, hereby appoint ______________________________

NRIC No. / Passport No. ______________________________

of ______________________________

and/or ______________________________

of ______________________________

NRIC No. / Passport ______________________________

or failing him/ her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Tenth (10th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Cenderawasih 1, Glenmarie Golf & Country Club, No.3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 27 June 2014, at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	**Ordinary Resolutions** To receive the Audited Financial Statements for the year ended 31 December 2013 and Reports of the Directors' and Auditors thereon.		
2.	To re-elect Abdul Rahman Bin Mohamed Rejab as Director.		
3.	To re-elect Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid		
4.	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
5.	**As Special Business :-** To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		
6.	To approve the Proposed Shareholders' Mandate.		
	Special Resolution		
1.	To approve the Proposed Amendments.		

(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* ______________________ *, 2014.*

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:-

First Proxy
No. of Shares: ……………

Percentage : ……………….%

Second Proxy
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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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 the Company's Registrar's office at 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 Meeting or any adjourned meeting, as the case may be.
6. For the purpose of determining a member who shall be entitled to attend the Tenth (10th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 20 June 2014. Only members whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

AFFIX
STAMP

THE REGISTAR OF
DESTINI BERHAD (633265-K)
Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

2nd fold here

1st fold here

DESTINI BERHAD (633265-K)
No.10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
t +603 5567 0333 f +603 5569 1233
e info@destinigroup.com
www.destinigroup.com