DESTINI

ANNUAL REPORT 2017

contents

ABOUT THIS REPORT

This edition of our annual report provides a comprehensive overview for our shareholders and stakeholders of Destini's businesses, operations and financial performance for the Group's financial year ended 31 December 2017.

Through this annual report, we also discuss the Group's progress, mid - to - long - term strategies and initiatives undertaken to realise desired outcomes from its diverse operations across the Group's four main business sectors which are in various geographical markets.

In this annual report, readers may find comprehensive explanations of Destini's businesses and states possible future prospects that may contain forward-looking statements that are subject to risk and uncertainties. These uncertainties may cause variance between actual results and expectations.

An overview of **Destini**

Destini Berhad is an integrated engineering solutions provider that has global presence in the **aviation, marine, land systems** and **oil & gas** industries.

MOTO

Integrated engineering solutions

VISION

To build trusted relationships and serve our clients through integrity, honesty, hard work and accountability in a collaborative, solution-oriented environment focused on providing the right solution in the most efficient way possible

MISSION

To become established leaders in all the services we provide by:

- Highly valuing our clients' needs for safe, reliable, and operationally efficient engineering solutions that are from each of our market sectors
- Providing innovative solutions with an emphasis on quality, integrity, cost, responsiveness and timeliness

CORE VALUES

TRUST

We believe everyone will embrace this value firmly and will do what is best for the client, each other and the business

RESPECT

We treat everyone with dignity and courtesy

TEAMWORK

We recognize the potential for teams to produce superior results over what team members could achieve as individuals

EFFICIENCY

We provide efficient solutions cost efficiently

QUALITY

We deliver quality products and services without jeopardizing the integrity of our brand and our clients

INNOVATION

We enhance technological innovations to satisfy specific needs

COMMITMENT

We deliver what we promise to each other and to our clients

Destini Share Information

Company name
Destini Berhad

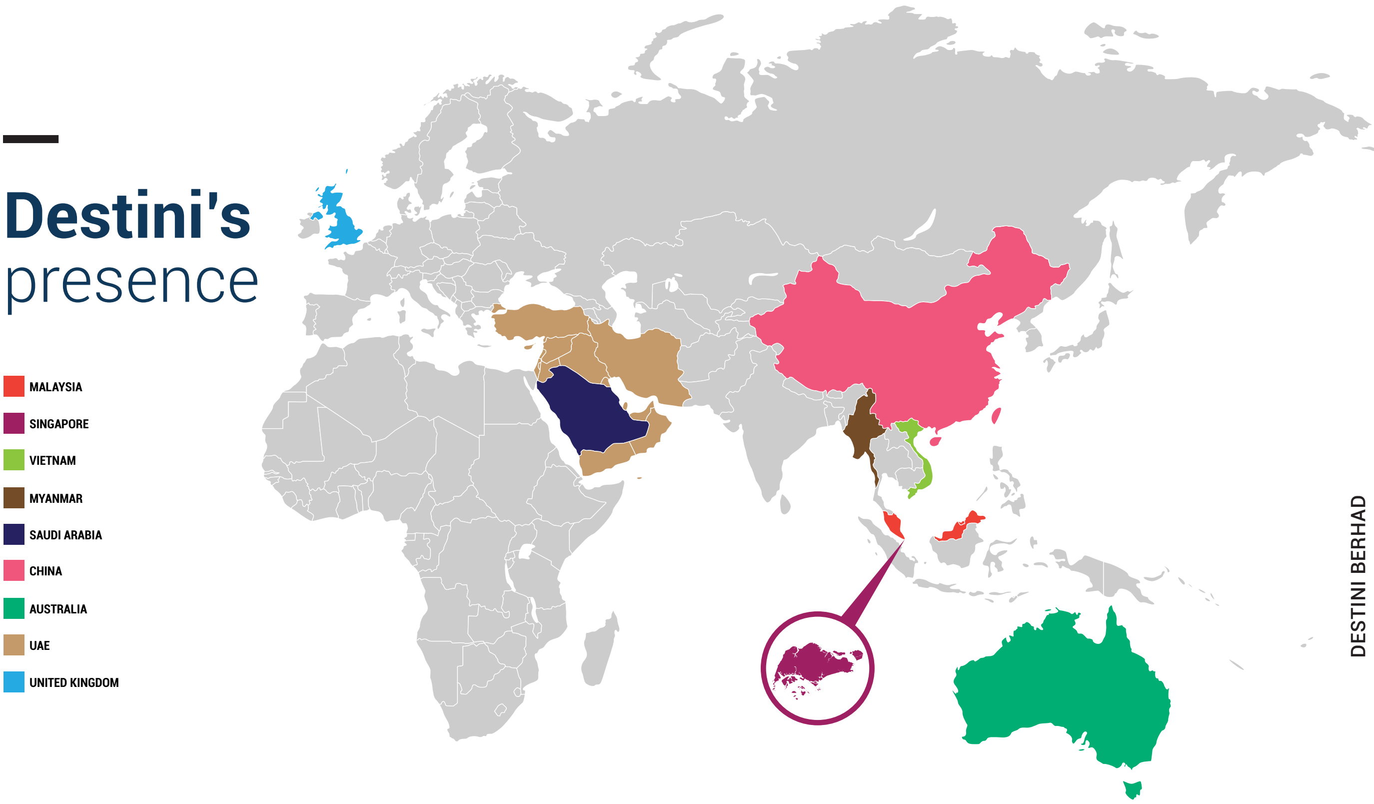
Stock name
DESTINI

Stock code
7212

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

Financial year end
31 December

Destini's presence



OUR BUSINESS

Destini Berhad ("Destini" or "the Company" or "the Group") is an integrated engineering solutions provider with diverse interest in the aviation, marine, land system as well as oil and gas industries. The Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini has evolved to provide a diversified range of products and services for the aviation, marine and land system industries for both defence and commercial sectors. With a wider portfolio and coupled with Destini's foray into oil and gas, it has expanded the Group's geographical footprint over the Asian, Australian, Middle East and European regions.

AVIATION

DEFENCE

- Supplies and provides safety and survival-related equipment MRO for the Armed forces and civil airline aircrafts, both fixed wings and helicopters
- Cylinder testing and calibration services
- Aircraft search, rescue and salvage

COMMERCIAL

- Technical Line Maintenance and Fixed-base Operation Services for civil airlines
- Civil airline component MRO services
- Ground Handling services for civil airlines to Malaysian airports.

MARINE

MANUFACTURING

- Fabricates vessels of up to 80 meters in length for defence and security vessels
- Provides ship repair services for defence and security vessels as well as privately-owned vessels
- Provides safety and survival-related equipment MRO for Government and maritime agencies locally and globally

SERVICES

- Manufactures lifeboats, fast rescue boats, davit systems and hooks
- Design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks
- Provides MRO services relating to lifeboats, davits, load testing equipment, fire safety and more.

LAND TRANSPORT

DEFENCE

- Assembly, fabrication, refurbishment and MRO of vehicles for the Armed Forces, police and other government agencies
- Assembly, fabrication, refurbishment and MRO of security vehicles for commercial use
- Supply electronic equipment, surveillance and tracking systems, spare parts, components and accessories

COMMERCIAL

- Manufacture and supply motor trollies, wagons and road rail vehicles for the rail sector
- Assembly, fabrication, refurbishment and MRO of rail systems

OIL & GAS

- Oil field decommissioning and well plug abandonment
- Provides tubular handling equipment and running services for oil and gas exploration and production
- Provides bucking services and hammer services for well drilling
- Provides thru-tubing workover / completion systems and a variety of thru-tubing packer systems for many remedial well bore operations

TECHNOLOGY

- Design, analyse and manufacture customized tools and equipment for aviation, naval and automotive industries
- Prototype development
- Engineering technical services
- Rectification and modernisation of weapons

DESTINI'S
CORPORATE DIARY

1991

MARCH

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

1998

MAY

Satang Jaya was awarded the contract to provide MRO services for RMAF's safety and survival equipment under MinDef's RMAF Contractorisation Programme.

2005

DECEMBER

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

2008

MAY

Due to financial woes, Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 (PN17) of the Main Market Listing Requirements of Bursa Securities.

2009

JULY

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

2011

SEPTEMBER

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

2012

FEBRUARY

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

AUGUST

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

DECEMBER

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

Destini's
Corporate Diary

2013

MARCH

Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd for RM80 million.

APRIL

Destini acquired the Techno Fibre Group to wholly-own Techno Fibre Australia Pty Ltd, Techno Fibre Middle East Marine Services FZE, Techno Fibre International Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.

After completing its regularisation plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

AUGUST

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

2014

AUGUST

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

2015

APRIL

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

JUNE

Destini acquired a 80% stake in Safeair Technical Sdn Bhd, a company that provides Line Maintenance services for civil airlines in local airports.

Destini Aviation Sdn Bhd entered into a joint venture agreement with UK-based Avia Techinique Limited to establish a ¬new joint venture company called Destini Avia Technique Sdn Bhd (DAT). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for civil air craft components.

SEPTEMBER

Destini acquired the remaining 49% stake it did not own in Vanguard to wholly-own the lifeboat maker.

DECEMBER

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

2016

MARCH

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

APRIL

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

JUNE

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

SEPTEMBER

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

OCTOBER

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

NOVEMBER

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

DECEMBER

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

2017

JANUARY

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

FEBRUARY

Destini acquired 70% stake in safety and security equipment company, Halaman Optima Sdn Bhd, for RM5.5 million to enable the Group to supply six reconnaissance helicopters worth RM321.9 million to the Ministry of Defence for the Malaysian Armed Forces.

JUNE

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

NOVEMBER

Destini Oil Services Sdn Bhd and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the South Asia and South-East Asia Region.

Destini Armada Pte Ltd acquired 70% stake in AMS Marine Pte. Ltd, a Singapore-based company that is in the business of design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks and non-destructive testing for the marine industry.

DESTINI'S
CORPORATE STRUCTURE
as at 30 March 2018

DESTINI

100% DESTINI PRIMA SDN BHD
- 100% DB PRECISION SDN BHD
- 70% HALAMAN OPTIMA SDN BHD
- 100% SATANG ENVIRONMENTAL SDN BHD
- 50.99% SATANG-ICS GLOBAL SDN BHD

100% DESTINI AVIATION SDN BHD
- 80% SAFEAIR TECHNICAL SDN BHD
- 50% DESTINI AVIA TECHNIQUE SDN BHD
- 50% INVATION AERO SDN BHD (Formerly known as URBAN FLEET SDN BHD)

100% DESTINI ENGINEERING TECHNOLOGIES SDN BHD

100% DESTINI OIL SERVICES SDN BHD
- 49% EMIRATES KEJURTERAAN SAMUDRA TIMUR BERHAD PETROLEUM SERVICES L.L.C
- 50% FEDERAL DESTINI (S) PTE. LTD.
- 100% DESTINI DOWNSTREAM SDN BHD (Formerly known as MASSIVE MAXIM SDN BHD)
- 100% DBD INTERNATIONAL PTE LTD

100% DESTINI ARMADA SDN BHD
- 100% TECHNO FIBRE INTERNATIONAL SDN BHD
- 100% DESTINI SHIPBUILDING & ENGINEERING SDN BHD
  - 51% THHE DESTINI SDN BHD

100% DESTINI INFO TECH SDN BHD

70% DETRAC SDN BHD

100% LAND AUTO TECHNOLOGY SDN BHD

100%
DESTINI HRTC SDN BHD

100%
DESTINI FIRE SAFETY SDN BHD

100%
DESTINI AUSTRALIA PTY BHD

100%
PRINSIP PERTIWI SDN BHD

100%
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN BHD

100%
DESTINI FIRST SDN BHD

100%
DESTINI AERO TEKNOLOGI SDN BHD

100%
DESTINI RAIL SDN BHD

100%
DESTINI ARMADA PTE LTD

100%
VANGUARDE PTE LTD

100%
TF CORP PTE LTD

70%
AMS MARINE PTE LTD

100%
VANGUARDE OFFSHORE PTE LTD

100%
VANGUARD (NANTONG) FRP CO LTD

100%
VANGUARD SAFETY TECHNOLOGIES SDN BHD

100%
TECHNO FIBRE AUSTRALIA PTY LTD

51%
TF CORP SAUDI ARABIA CO LTD

100%
TECHNO FIBRE (S) PTE LTD

100%
TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (SHARJAH)

49%
TF EMIRATES MARINE SERVICES L.L.C.

60%
DESTINI MARINE SAFETY SOLUTION LTD
(Formerly known as IMES SAFETY SYSTEMS LIMITED)

100%
SIERRALEAP SDN BHD

SUBSIDIARY AND SUB-SUBSIDIARIES

Destini Prima Sdn. Bhd. (223732-V)
Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs).

Halaman Optima Sdn. Bhd. (932855-V)
Manufacturers, importer and exporters of safety and security products and defence equipment.

System Enhancement Resources & Technologies Sdn. Bhd. (844241-K)
Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley.

Destini Armada Sdn. Bhd. (378597-W)
Investment holding .

Destini Shipbuilding and Engineering Sdn. Bhd. (1067389-K)
Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

THHE Destini Sdn. Bhd.(Formerly known as Gigih Integrasi Sdn.Bhd. (1188632-X)
Manufacturer of paramilitary vessels and provides ship repair and marine-related engineering services.

Destini Aviation Sdn. Bhd. (367847-D)
Maintenance, repairs and overhaul of aviation ground support safety and survival equipment.

Safeair Technical Sdn. Bhd. (878513-M)
Specialise in aircraft servicing and provide technical ground handling services for commercial airlines operating.

Destini Avia Technique Sdn. Bhd. (1153331-T)
Specialise in MRO for aircraft components and equipment catered to commercial aviation sector.

Invation Aero Sdn Bhd (Formerly known as Urban Fleet Sdn Bhd) (1224337-K)
Sale of rotary wing and fixed wing aircraft, supply overhaul services and other related services.

Destini Oil Services Sdn. Bhd. (905337-M)
Provider of tubular handling equipment and running services in the oil and gas industry.

Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C (Trade License No. CN-1000730)
Provides oil and gas production facilities operation and maintenance services. Engaged in onshore and offshore oil, gas field and facilities services.

Detrac Sdn. Bhd. (1101831-X)
Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development.

Destini Engineering Technologies Sdn. Bhd. (536657-H)
Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and general contractors, construction of telecommunication engineering and other related services

Destini Info Tech Sdn. Bhd. (561654-M)
Providing consultancy and solution services and implementing of high technology and computerised security systems and its related services.

Destini HRTC Sdn. Bhd. (967258-X)
Provides training and education consultancy.

DB Precision Sdn. Bhd. (1057950-U)
Supplying calibration and cylinder services.

Destini Armada Pte Ltd (201228769N)
Investment holding.

Vanguarde Pte. Ltd. (Formerly known as Vanguard Composite Engineering Pte Ltd) (198700526G)
Manufacture and offers service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

Vanguard Safety Technologies Sdn. Bhd. (1033613-X)
Supplying marine related lifesaving equipment, parts and accessories.

Vanguarde Offshore Pte. Ltd. (Formerly known as Vanguard Offshore Pte Ltd) (200923004Z)
Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances.

Vanguard (Nantong) F.R.P Co Ltd (3200775411024)
Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment.

TF Corp Pte Ltd (201310889H)
Investment holding.

Destini Marine Safety Solutions Ltd (Formerly known as IMES Marine Safety Systems Limited) (SC500305)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Techno Fibre Australia Pty Ltd (ACN 103 625 618)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Technofibre International Sdn. Bhd. (522271-P)
Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte Ltd (199300541H)
Repair and service of fibre composite life boats and davits and consultation engineering and servicing.

Techno Fibre Middle East Marine Services FZE (06585)
Repair and maintenance of lifeboats and davits and fire and gas protection system servicing.

TF Emirates Marine Services L.L.C. (TN-1794649)
Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance.

TF Corp Saudi Arabia Co. Ltd (SAGIA License No - 12219360655725)
Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products.

AMS Marine Pte. Ltd. (201000817H)
Building and repairing of ships, tankers and other ocean-going vessels.

Destini Fire Safety Sdn. Bhd. (523347-K)
Maintenance, repairs and overhaul ground support safety equipment and related accessories.

Land Auto Technology Sdn. Bhd. (1139580-K)
Engage in business of fabrication, manufacturing, supplying delivery and maintenance of vehicles.

Destini First Sdn. Bhd. (217774-M)
Supplying of defence and aviation equipment, parts and accessories.

Destini Downstream Sdn. Bhd. (Formerly known as Massive Maxim Sdn. Bhd.) (1215320-V)
Dormant.

DBD International Pte. Ltd. (201718529N)
Dormant.

Sierraleap Sdn. Bhd. (1251496-M)
Dormant.

Destini Rail Sdn. Bhd. (1253943-P)
Dormant.

Prinsip Pertiwi Sdn. Bhd. (1139310-V)
Dormant.

Destini Aero Teknologi Sdn. Bhd. (967257-T)
Dormant.

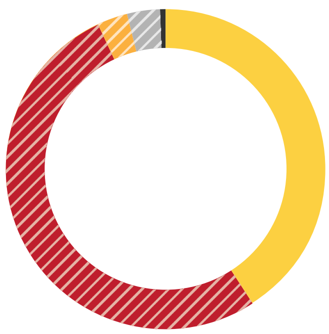
Destini Australia Pty Ltd (ACN 158 026 049)
Dormant.

Satang Environmental Sdn. Bhd. (546811-V)
Dormant.

Satang ICS-Global Sdn. Bhd. (741664-D)
Dormant.

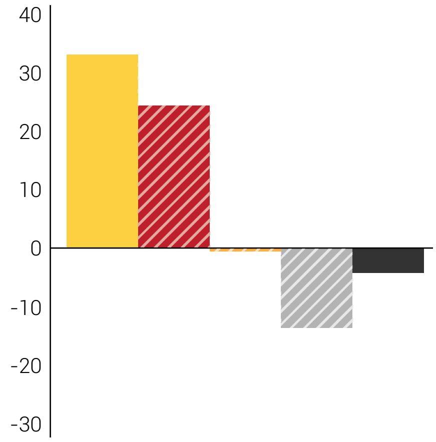
KEY
HIGHLIGHTS

REVENUE



Aviation	**RM282.29 million**
Marine	**RM359.62 million**
Land System	**RM20.25 million**
Oil & Gas	**RM24.34 million**
Others	**RM2.41 million**

PATNCI



Aviation	**RM30.13 million**
Marine	**RM22.76 million**
Land System	**-RM0.35 million**
Oil & Gas	**-RM15.04 million**
Others	**-RM7.50 million**

REVENUE

RM688.9 MILLION

PATNCI

RM30.01 MILLION

EPS

2.6 SEN

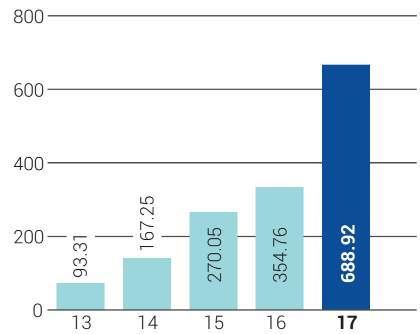
OUR PERFORMANCE

	'17 RM'000	'16 RM'000	'15 RM'000	'14 RM'000	'13 RM'000
Revenue	**688.92**	354.76	270.05	167.25	93.31
Profit Before Tax	**45.09**	46.23	25.41	21.22	14
Profit After Tax	**28.59**	31.09	17.32	14.52	10.87
Total Assets	**848.16**	681.56	500.48	343.59	167.15
Basic Earnings Per Share (sen)	**2.60**	3.27	2.61	2.28	2.09
Net Assets Per Share (sen)	**44**	42	38	31	21

REVENUE

RM688.92

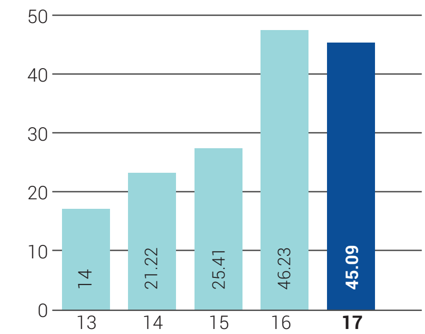
(RM'000)



PROFIT BEFORE TAX

RM45.09

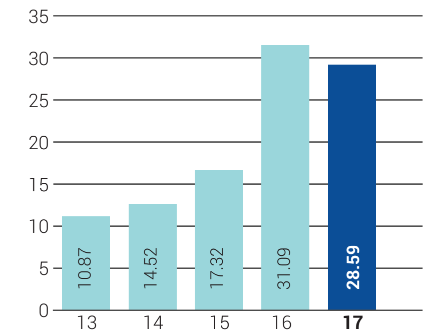
(RM'000)



PROFIT AFTER TAX

RM28.59

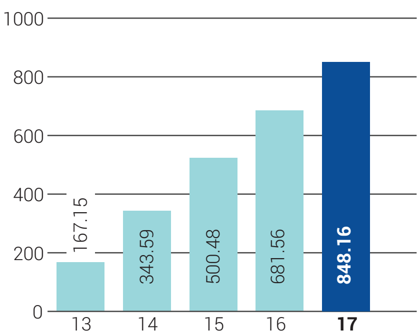
(RM'000)



TOTAL ASSETS

RM848.16

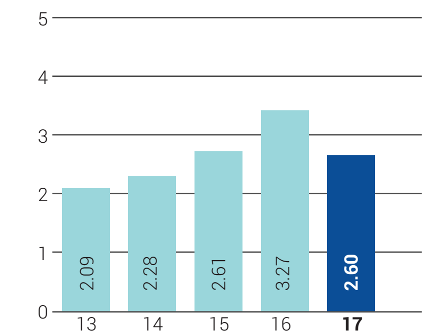
(RM'000)



EARNINGS PER SHARE (EPS)

2.60

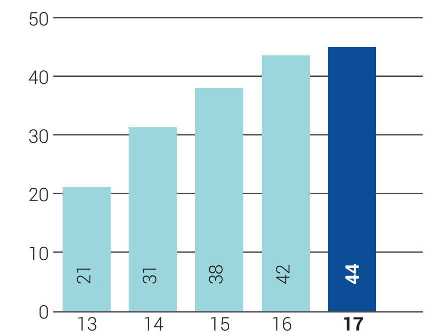
(sen)



NET ASSETS PER SHARE

44 SEN

(sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Rodzali Daud / Independent & Non-Executive Chairman
Dato' Rozabil @ Rozamujib Abdul Rahman / President and Group Chief Executive Officer
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid / Senior Independent & Non-Executive Director
Dato' Sri Dr Mohmad Isa Hussain / Non-Independent & Non-Executive Director
Dato' Abd Aziz Haji Sheikh Fadzir / Independent & Non-Executive Director
Dato' Che Sulaiman Shapie / Independent & Non-Executive Director
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman / Independent & Non-Executive Director
Abdul Rahman Mohamed Rejab / Executive Director
Ismail Mustaffa / Executive Director

AUDIT COMMITTEE

Chairman
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid

Members
Dato' Che Sulaiman Shapie

Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Tan Sri Dato' Sri Rodzali Daud

Members
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid

Dato' Che Sulaiman Shapie

OPTION COMMITTEE

Chairman
Dato' Rozabil @ Rozamujib Abdul Rahman

Members
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid

Dato' Che Sulaiman 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
Tel : 03-2279 3088
Fax : 03-2279 3099

PRINCIPAL BANKER

AmIslamic Bank Berhad (8515-D)
Malayan Banking Berhad (3813-K)
Export-Import Bank of Malaysia Berhad (357198-K)
Affin Hwang Investment Bank Berhad (14389-K)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : DESTINI
Stock Code : 7212

REGISTERED OFFICE

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233

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

INVESTOR RELATIONS

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

ENHANCED **CAPABILITIES** IN **AIRCRAFT** AND **HELICOPTER** SERVICES

BOARD OF DIRECTORS

Dato' Sri Dr Mohmad Isa Hussain
Non-Independent and Non-Executive Director

Dato' Rozabil @ Rozamujib Abdul Rahman
President and Group Chief Executive Officer

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

Tan Sri Dato' Sri Rodzali Daud
Independent and Non-Executive Chairman

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

Dato' Che Sulaiman Shapie
Independent and Non-Executive Director

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

Ismail Mustaffa
Executive Director

Abdul Rahman Mohamed Rejab
Executive Director

DIRECTOR'S PROFILE

TAN SRI DATO' SRI RODZALI DAUD

Position
Independent & Non-Executive Chairman

Board Committee
Chairman of the Nomination and Remuneration Committee

Nationality / Gender / Age
Malaysian / Male / 63

Date of Appointment
May 15, 2015

Areas of expertise
Defence

Tenure as Director
2 years

Qualifications

- Masters in Defence Studies from Universiti Kebangsaan Malaysia
- Masters in Strategic Studies from Quaid-i-Azam University, Pakistan

Working Experience
Tan Sri Dato' Sri Rodzali has had an illustrious and exemplary career in the Royal Malaysian Air Force (RMAF), starting off as an Officer in the RMAF in 1973 until his retirement as the Chief of the Royal Malaysian Air Force in March 2015.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN

Position
President and Group Chief Executive Officer

Board Committee
Chairman of the Option Committee

Nationality / Gender / Age
Malaysian / Male / 46

Date of Appointment
January 7, 2014

Areas of expertise
Construction, Investment Trading

Tenure as Director
7 years

Qualifications:

- Executive Diploma in Plantation Management from UMCCeD, Kuala Lumpur

Working Experience
Dato' Rozabil has been on the Board as Group Managing Director since January 7, 2014. On April 19, 2018, he was re-designated as Destini's President and Group Chief Executive Officer. Dato' Rozabil entered Destini's Board on November 11, 2010 and was re-designated as the Group's Managing Director on January 3, 2011.

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 and owner of Benar Prima Holdings Sdn Bhd, a holding company that has businesses in engineering, property development and investments.

His vision and strategies have led to the Group's successful track record of growth and financial strength and is also instrumental in leading the executive team in implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

Dato' Rozabil was appointed as Executive Deputy Chairman for Iris Corporation Berhad (Iris) on August 1, 2017. Prior to that he was a non-independent and non-executive director for the company since July 7, 2017. Aside from Iris, he does not hold any other directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DATO' MEGAT FAIROUZ JUNAIDI TAN SRI MEGAT JUNID

Position
Senior Independent & Non-Executive Director

Board Committee
Chairman of the Audit Committee

Member of the Nomination and Remuneration Committee

Member of the Option Committee

Nationality / Gender / Age
Malaysian / Male / 52

Date of Appointment
August 17, 2010

Areas of expertise
Information Technology (IT)

Tenure as Director
7 years

Qualifications

- Bachelor of Science in Finance from Arkansas State University
- Master in Business Administration from Arkansas State University

Working Experience
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 five years other than traffic offences, if any.

DATO' SRI DR MOHMAD ISA HUSSAIN

Position
Non-Independent & Non-Executive Director

Nationality / Gender / Age
Malaysian / Male / 60

Date of Appointment
December 1, 2015

Areas of expertise
Finance, Investment

Tenure as Director
2 years

Qualifications

- Philosophy Doctorate (PhD) in Finance from the Universiti Putra Malaysia (UPM)
- Master of Business Administration (MBA) in Finance from the Universiti Kebangsaan Malaysia (UKM)
- Bachelor of Economics (Honours) degree in Applied Statistics from the Universiti Malaya (UM)
- Post-graduate Diploma in Public Management from the National Institute of Public Administration (INTAN)

Working Experience

Dato' Sri Dr Mohmad Isa began his career in 1983 as Assistant Director in the Prime Ministers Department and subsequently appointed as Assistant Director at the Pahang State Economic Planning Unit of Pahang in 1985. He then joined the Ministry of Finance (MOF), holding various positions, including Assistant Secretary in the Government Procurement Division from 1990 to 1995 and as Senior Assistant Director of the Budget Management Division until 2000. In 2004, he assumed the position of Deputy Under Secretary of Investment, Minister of Finance (Inc.) and Privatisation Division. Dato' Sri Dr Mohmad Isa then moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) and was subsequently appointed as Interim Head of the Public Land Transportation Commission (SPAD) from 2009 to 2010.

He returned to MOF to serve as Deputy Under Secretary in Government Investment Companies (GIC) Division from 2010 to January 2015 and thereafter as Under Secretary of GIC Division. Dato' Sri Dr Mohmad Isa is currently the Deputy Secretary General, Treasury (Investment), Ministry of Finance.

Dato' Sri Dr Mohmad Isa also sits on the Board of several companies owned by MOF Incorporated, amongst others are EXIM Bank Berhad, FELCRA Berhad, Permodalan FELCRA Sdn. Bhd., Malaysia Airports Holdings Berhad, Telekom Malaysia Bhd, Pos Malaysia Bhd, Syarikat Jaminan Kredit Perniagaan and Syarikat Jaminan Pinjaman Perumahan.

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 five years other than traffic offences, if any.

Director's Profile

DATO' ABD AZIZ HAJI SHEIKH FADZIR

Position
Independent & Non-Executive Director

Nationality / Gender / Age
Malaysian / Male / 55

Date of Appointment
August 30, 2017

Areas of expertise
Property, Construction, Plantation, Tourism

Tenure as Director
7 months

Qualifications
- Bachelor of Science (Accounting) Degree from Purdue - Indiana University, Indiana, United States of America

Working Experience
Dato' Aziz began his corporate career in 1986 as a Project Coordinator for Pembangunan Kulim Sdn Bhd where he was actively involved in numerous projects. Dato' Aziz sits on the board of several other public listed companies. He has been on the board of Gold Bridge Engineering & Construction Berhad since 1989 and he is also Kretam Holdings Berhad's Executive Chairman since 2000. Dato' Aziz also sat on the board of Safeguard Corporation Berhad from 1989 to 2009.

Prior to Dato' Aziz's reappointment as Destini Berhad's independent & non-executive director, he was appointed as an independent & non-executive director in 2010, subsequently he was re-designated as a non-independent & non-executive director in 2012, a position he held until 2015.

Dato' Aziz also sits on the board of several government agencies. Dato' Aziz is a director of Perbadanan Kemajuan Negeri Kedah and Tourism Malaysia since 2013. He is a director of University Utara Malaysia since 2013 and also the Chairman for Rangkaian Hotel Seri Malaysia Sdn Bhd.

Apart from that, Dato' Aziz is a Member of Parliament for the Kulim - Bandar Baharu constituency in Kedah. He started his political career in 1996 when he joined the UMNO Youth Exco. Subsequently, he became the UMNO Kedah Youth Chief and UMNO Youth Deputy Leader from 2000 to 2004. Dato' Aziz later then became Kuala Ketil's State Assembly Men from 2004 to 2008 and was appointed Kulim-Bandar Baharu UMNO Chief Division and a Supreme Council Member of UMNO since 2008.

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 five years other than traffic offences, if any.

DATO' CHE SULAIMAN SHAPIE

Position
Independent & Non-Executive Director

Board Committee
Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Member of the Option Committee

Nationality / Gender / Age
Malaysian / Male / 60

Date of Appointment
January 8, 2013

Areas of expertise
Finance, Agriculture

Tenure as Director
5 years

Qualifications

- Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia

Working Experience
Dato' Sulaiman 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 does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Director's
Profile

PROFESSOR DATIN DR SUZANA SULAIMAN @ MOHD SULEIMAN

Position
Independent & Non-Executive Director

Board Committee
Member of the Audit Committee

Nationality / Gender / Age
Malaysian / Female / 52

Date of Appointment
January 8, 2013

Areas of expertise
Management Accounting

Tenure as Director
5 years

Qualifications

- Master of Accounting (Distinction) from Curtin University of Technology, Australia
- Doctorate with a PhD in Management Accounting, from University of Edinburgh, Scotland, United Kingdom
- Fellow of the Chartered Institute of Management Accountants (CIMA) UK
- Chartered Global Management Accountant (CGMA) Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Working Experience
Professor Datin Dr Suzana is Professor in Management Accounting at Faculty of Accounting, Universiti Teknologi MARA (UiTM). She has about 12 years of administrative posts at UiTM. She was appointed as UiTM's Assistant Vice Chancellor at the Institute of Leadership & Quality Management (iLQAM), Head of Asian Management Accounting Research Centre (AMARC), Accounting Research Institute (ARI) and Deputy Dean (Academic). She has over 25 years of experience in the Education Field with UiTM from 1991 until now. She is also actively involved with Chartered Institute of Management Accountants (CIMA) (UK) activities and CIMA Malaysia Country Branch.

She does not hold any directorships in any other public listed companies. 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 five years other than traffic offences, if any.

ABDUL RAHMAN MOHAMED REJAB

Position
Executive Director

Nationality / Gender / Age
Malaysian / Male / 52

Date of Appointment
October 15, 2012

Areas of expertise
Finance, Construction

Tenure as Director
5 years

Qualifications

- Bachelor Degree in Finance from St. Louis University, Missouri, United States of America.

Working Experience

En Abdul Rahman has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Director's Profile

ISMAIL MUSTAFFA

Position
Executive Director

Nationality / Gender / Age
Singaporean / Male / 55

Date of Appointment
May 30, 2017

Areas of expertise
Accounting, Finance

Tenure as Director
11 months

Qualifications

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

Working Experience

En. Ismail started his career as a Senior Audit with Foo, Kon & Tan Grant Thornton in Singapore in 1990 and became a financial analyst for United Parcel Service Inc in 1992 before becoming a finance and administration manager for Singapore's Ministry of Community Development in 1994.

Prior to joining the Board, Ismail was Destini's Director of Strategic Planning and International Operations.

En Ismail has over 27 years of experience in the auditing, asset management and financial services. His last attachment being the CEO of Al-Hidayah Investment Bank (Labuan) Ltd for 6 years since 2005. Prior to that, he was the Chief Financial Officer for i-Read International Pte Ltd from 2003 to 2004. He was also the Assistant Director for Mendaki Foundation and Amanah Saham Mendaki, Mendaki Holdings Pte Ltd from 1999 to 2002.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

MANAGEMENT COMMITTEE

DATO' ROZABIL ABDUL RAHMAN
Destini Berhad, President and Group Chief Executive Officer
Please refer to profile on page 21

ABDUL RAHMAN MOHAMED REJAB
Destini Berhad, Executive Director
Please refer to profile on page 27

ISMAIL MUSTAFFA
Destini Berhad, Executive Director
Please refer to profile on page 28

ARIS KEFLI MOHAMAD YUSOF
Destini Berhad, Group Chief Finance Officer

Date of Appointment

April 2012

Areas of expertise

Accounting

Qualifications

- Chartered Institute of Management Accountant, UK
- Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, UK
- Advance Diploma in Accountancy, ITM
- Malaysian Institute of Accountants (MIA)

Working Experience

[2000 – 2012]
Chief Financial Officer, Imatex Berhad

[1996 – 2000]
Accountant, U-Wood Holdings Berhad

[1993 – 1996]
Senior Accounts Executive, Propel Berhad

SHIRAD ANUAR
Destini Berhad, Senior Vice President of Legal and Corporate Affairs

Date of Appointment

March 2017

Areas of expertise

Law and Corporate Secretarial

Qualifications

- Master in Business Administration in Islamic Banking and Finance from International Islamic University Malaysia
- LLB (Hons) Degree from Wolverhampton Polytechnic
- Certificate of Legal Practice
- Licensed Company Secretary

Working Experience

[2013 – 2017]
Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad

[2011 – 2013]
Legal Advisor, Naza Ttdi Sdn Bhd

[2009 – 2011]
Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd

[2007 – 2009]
Legal Advisor, Pantai Holdings Berhad

[2001 – 2007]
Legal Advisor, Landmarks Berhad

[1997 – 2001]
Legal Manager, DRB-Hicom Berhad

[1995 – 1997]
Assistant Legal Manager, Faber Group Berhad

[1991 – 1995]
Magistrate

Management Committee

ALEX LAM VUN CHIANG
Destini Berhad, Senior Vice President of Strategic Planning

Date of Appointment

August 2016

Areas of expertise

Finance

Qualifications

- Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology University

Working Experience

[2015 – 2016]
Executive Director - Investments, Gabungan Aqrs Berhad

[2010 – 2015]
Deputy Director, Head - Malaysia Priority Financial Services 1, Corporate Investment Banking Services, RHB Investment Bank Berhad

[2005 – 2010]
General Manager, Head - Priority Broking, Hong Leong Investment Bank Berhad

KHAIRUL RIZAL OSMAN
Destini Berhad, Group Internal Audit Manager

Date of Appointment

November 2015

Areas of expertise

Audit and Islamic Finance

Qualifications

- Diploma in Banking Studies from Mara University of Technologies
- Bachelor in Business Administration from Mara University of Technology
- Certified in Internal Auditing for Financial Institutions (CIAFIN)
- Associate Qualification in Islamic Finance (AQIF)

Working Experience

[2007 – 2015]
Assistant Manager, Malaysian Industrial Development Finance

[2005 – 2007]
Head, Fraud & Authorisation Department, Cards Business, Affinbank Berhad

[2000 – 2005]
Assistant Vice President, Group Internal Audit, Affinbank Berhad

[1997 – 2000]
Senior Executive, Group Internal Audit, Bank Islam (M) Berhad

[1993 – 1996]
Credit Officer, Bank Islam (M) Berhad

KABOL SURAT
Destini Prima Sdn Bhd, Executive Director and CEO

Date of Appointment

March 2013

Areas of expertise

Business Management and Logistics

Qualifications

- Master in Business Administration from Charles Sturt University, Australia
- Advance Diploma in Business and Management, Swansea College, UK
- Diploma Strategic and Defense Studies, University Malaya
- Malaysian Armed Forces Staff College, Haigate, KL

Working Experience

[2011 – 2013]
Chief Executive Officer, Destini Prima Sdn Bhd

[2008 – 2011]
Executive Vice President and Chief Executive Officer, Satang Jaya Sdn Bhd

[2008 – 2008]
Executive Vice President, Business Sector 2 Satang Holdings

[2007 – 2007]
Senior Vice President, Group Business Development, Satang Holdings

[2006 – 2007]
General Manager, Executive Chairman's Office, Satang Holdings

[2005 – 2006]
Senior Manager, Executive Chairman's office, Satang Holdings

[1981 – 2005]
Various Positions, Royal Malaysian Air Force

SURENDRAN PILLAY KUMARASAMY
Safeair Technical Sdn Bhd, Executive Director

Date of Appointment

March 2013

Areas of expertise

Business Management and Logistics

Qualifications

- Licensed Aircraft Engineer - DCAM, CAAS, EASA
- Malaysia Airlines Aircraft Maintenance Engineering Graduate

Working Experience

[2010 – 2014]
Maintenance Manager, Safeair Technical Sdn Bhd

[2010]
Duty Engineer, Singapore Haeco Pte Ltd

[2005 – 2010]
Maintenance Controller, AirAsia Berhad

[2004 – 2005]
Acting Maintenance Manager, Thai AirAsia, AirAsiaBerhad

[2003 – 2004]
Licensed Engineer, AirAsia Berhad

[1999 – 2003]
Licensed Engineer, Malaysia Airlines Systems Berhad

MOHD FAIZAL ALLAUDIN
Detrac Sdn Bhd, Executive Director

Date of Appointment

August 2014

Areas of expertise

Aerospace Engineer

Qualifications

- Degree in Aerospace Engineering, University Science Malaysia
- Master of Space Studies, International Space University, France

Working Experience

[2010 – 2014]
General Manager, FAAS Engineering

[2003 – 2010]
Lecturer, School of Aerospace Engineering, USM

ALASTAIR JOHN BISSET
Destini Armada Sdn Bhd, Chief Executive Officer

Date of Appointment

September 2014

Areas of expertise

General Management and Shipbuilding

Qualifications

- Bachelor of Science in Naval Architecture and Ocean Engineering from Glasgow University, Scotland
- Master of Science in Manufacturing Systems Engineering from Warwick University, England
- Doctorate (Hon) In International Defence Studies from The University of The Philippines

Working Experience

[2013 – 2014]
Business Development Director, BAE Systems Plc

[2002 – 2012]
Commercial & International Director, QinetiQ Plc UK and Philippines

[April 2011]
Group Managing Director, A&P Group Ltd, UK

[April 2000]
President, Irving Shipbuilding Inc, Canada

[December 1998]
Chief Executive Officer, Ailsa-Troon Ltd, UK

[October 1994]
Sales Director, A&P Group Ltd, UK

[January 1986]
Production, Strategy & Sales, Vickers Shipbuilding & Engineering PLC, UK (now part of BAE Systems PLC)

[September 1982]
Naval Architect, British Shipbuilders Ltd, UK

Management
Committee

ZAINAL ABDULLAH
System Enhancement Resources and Technologies Sdn Bhd, Chief Executive Officer

Date of Appointment

December 2012

Areas of expertise

Marketing, Business Development and Engineering

Qualifications

- Diploma in Strategic and Defence Studies from University Malaya
- Diploma from Malaysia Armed Forces Command and Staff College

Working Experience

[2005 – 2007]
Marketing Manager, DRB-Hicom-Deftech

[2004]
Project Manager, Syarikat Malaysia Explosive Ordnans

SHAHRIL SUFIAN HAMDAN
Destini Oil Sdn Bhd, Chief Executive Officer

Date of Appointment

May 2014

Areas of expertise

Management

Qualifications

- Bachelor of Arts in Economics and Politics from The University of Manchester
- Master in Race, Ethnicity and Postcolonial Studies from the London School of Economics and Political Science

Working Experience

[2011 – 2014]
Associate, McKinsey and Company

[2011]
Senior Manager, Teach for Malaysia

[2010]
Policy Aide to Rembau's Member of Parliament

MOHD JAMIL ZULKIFLI
Destini Avia Technique Sdn Bhd, General Manager

Date of Appointment

January 2016

Areas of expertise

Engineering

Qualifications

- BA (Hons) Engineering, University of Cambridge, UK

Working Experience

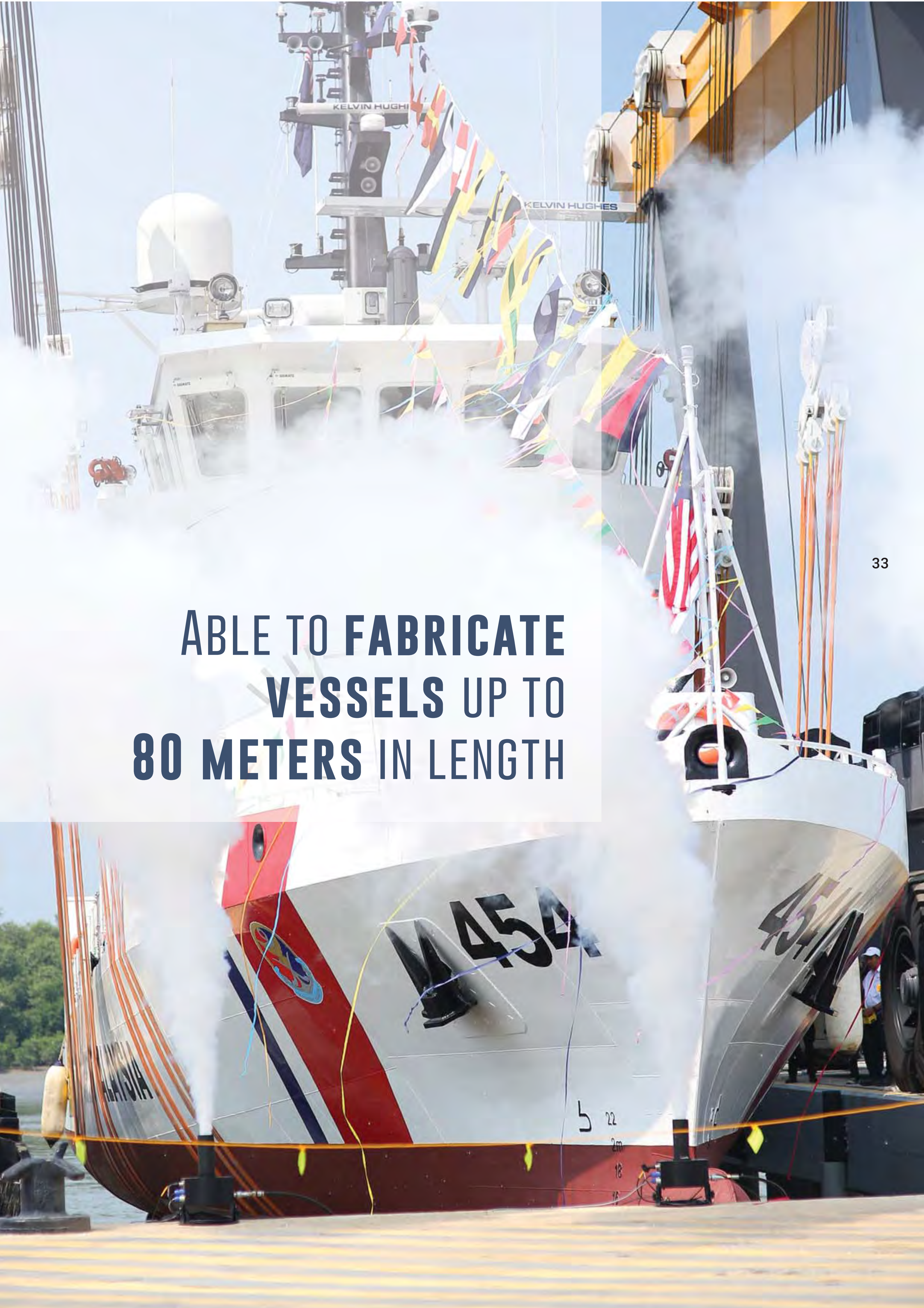
[2011 – 2015]
Head of Engineering, DRB-HICOM Defence Technology

[2010 – 2011]
Principal Specialist, UNIKL - MIAT

[2006 – 2010]
Principal Engineer, Aircraft Design Centre Sdn Bhd

[2000 – 2006]
Program Manager, CTRM Sdn Bhd

[1991 – 2000]
Engineer, AIROD Sdn Bhd



Able to **fabricate vessels** up to **80 meters** in length

CHAIRMAN'S LETTER
TO SHAREHOLDERS

DEAR SHAREHOLDERS,
Malaysian economy has grown at a rate of 5.8% in 2017 as confirmed by the International Monetary Fund (IMF). This has surpassed the earlier estimates of 4.4%. In tandem with the growth in the local economy, I am pleased to report that Destini has continued to perform well for its financial year ended December 31, 2017 (FY2017) and the Group remains on track for sustainable growth.

TAN SRI DATO' SRI RODZALI DAUD
Independent & Non-Executive Chairman

During the year in review, the growth of the local economy came in tandem with the robust growth of emerging economies and a revival of commodity prices. Towards the end of the year, oil prices improved from a low of US$44 per barrel in June to just shy of US$70 per barrel in late December from the agreement of oil production cuts from the Organization of the Petroleum Exporting Countries (OPEC).

The growth of the local economy was against the background of weaker US Dollar which augured well for the local currency. The Malaysian Ringgit was stronger against the greenback at USD/MYR of 4.02 in December from USD/MYR of 4.42 in March 2017, appreciating from the previous year.

Corporate Developments

In 2017, Destini was awarded three major contracts that were instrumental to the Group's growth.

In defence aviation, Destini continues to do well with an expansion of its capabilities into the supply and MRO of helicopters through a 70% acquisition of safety and security equipment company, Halaman Optima Sdn Bhd (Halaman Optima). The acquisition enabled the Group to secure the supply of six reconnaissance helicopters worth RM321.90 million for the Malaysian Army Airwing.

In addition to that, the Group entered into a joint venture agreement (JVA) that saw the incorporation of Invation Aero Sdn Bhd (formerly known as Urban Fleet Sdn Bhd) (Invation Aero), a company that is in the business of supplying rotary wing and fixed wing aircraft as well as the supply and MRO of aircraft and helicopters. Invation Aero is also in the provision of aircraft wet and dry leasing. With this, it has enabled the Group to expand its scope of defence aviation services.

With these two developments in defence aviation, will progress to see Halaman Optima as a unit of the company that will procure contracts while Invation Aero prepares a platform for the Group's extended maintenance, repair and overhaul (MRO) capabilities.

On its marine business, the Group entered into a JV with TH Heavy Engineering Berhad to tap into the market to fabricate bigger vessels for the maritime sector. The JV saw the Group securing its biggest contract worth RM738.90 million for the supply, delivery, testing and commissioning of three offshore patrol vessels (OPV) for the Malaysian Maritime Enforcement Agency (MMEA).

In view of complimenting the Group's current capabilities in the marine industry, Destini acquired 70% stake in a Singapore-based company, AMS Marine Pte Ltd (AMS), to expand its proficiencies in the fabrication of marine safety products.

For its land systems business, the Group continues to do well with a contract to supply a dozen heavy vehicles for National Disaster Management Agency (NADMA). This adds on to the Group's deliveries in past years that amounted to more than 300 defence and security vehicles for Government Agencies.

The Group had also entered into a Joint Venture with Singapore-listed company, Federal International (2000) Ltd to collectively bid for oil and gas projects in the South Asia and South-East Asia region. The partnership is able to increase the chances for the Group to secure prominent oil and gas projects in the regions through each of the Group's existing skillsets.

Meanwhile, during the year, Destini completed and launched the first New Generation Patrol Craft for the MMEA in March. The launch was officiated by Prime Minister Dato' Sri Mohammad Najib Tun Abdul Razak and Datin Sri Rosmah Mansor at our shipyard in Port Klang. Subsequently, the handover of the first vessel to MMEA was held in July 2017.

In corresponding to the Group's win for the fabrication of three OPV's, Destini held a keel laying ceremony for the first vessel in December the same year. The ceremony was held at THHE's fabrication yard in Pulau Indah and was witnessed by MMEA's newly appointed Director General Dato' Sri Zulkifili Bakar.

Financial performance

The Group's revenue jumped 94.19% to RM688.92 million from an increase in defence aviation and marine activities. However, due to lower profit margin and losses from our oil and gas operations during the year, we recorded lower profit after tax and non-controlling interest (PATNCI) of RM30.01 million from RM33.03 million the year before.

Share performance

Destini's share price performance was relatively encouraging during the first half of 2017. The Group saw its share price highest at 82 sen in March 2017. However, Destini's share price was unable to hold through and slid about 50% to 42.5 sen in November 2017, before closing with a market cap of RM600 million at the end of the year.

With an improved revenue base, Destini's net assets per share rose to 44 sen in FY2017 as compared to 42 sen reported in the previous year. Basic earnings per share however dipped to 2.60 sen from 3.27 sen in financial year ended December 31, 2016 (FY2016).

Moving forward

In the introduction to my statement, it was mentioned that the local economy took a surprising turn for the better. In this coming year, the IMF is expecting Malaysia's GDP to grow 5.3%, marginally less than what was achieved last year.

We take note of the local and international uncertainties. However, we at Destini remain cautiously optimistic on the Group's performance and expect to maintain the Group's current growth rate operationally and financially.

Recently, Destini announced its new corporate identity which saw the unveiling of its new corporate logo. This new image for the Group is poise as a repositioning tool for the future growth of the Group to be internationally recognisable. We hope the new identity would be able to reinvigorate the Group's value proposition and identity for stakeholders, clients and employees.

Appreciation

Finally, on behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our shareholders, customers and all other stakeholders and government agencies who have been instrumental to our achievements during the year.

A special note of appreciation goes to my colleagues on the Board for their time and counsel, which have been critical to building the Group's core competencies which are attributable to Destini's journey.

I would like to welcome Dato' Abdul Aziz Haji Sheikh Fadzir back on the Board of Destini as an independent and non-executive director. Dato' Aziz was previously Destini's non-independent & non-executive director from 2012 to 2015.

I would also like to welcome En. Ismail Mustaffa as the Group's Executive Director. En. Ismail joined the Group in 2011 as Destini's Director of Strategic Planning and International Operations and was part of the core team established by President and Group Chief Executive Officer, Dato' Rozabil Abdul Rahman that successfully turned around the Group then.

Most importantly I would like to thank Destini's management and its employees who have demonstrated great support and commitment to the growth of the Group. Moving forward into 2018, I hope that we will all persevere and progress together as an entity towards OUR DESTINI!

Tan Sri Dato' Sri Rodzali Daud
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS
BY PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

THE YEAR IN REVIEW

Destini's performance in the financial year ended December 31, 2017 (FY2017) was supported by the foundation that had been laid in the past 5 years. The Group saw positive contributions from most of its businesses that translated to its revenue nearly doubling during the financial year under review. The Group was able to successfully overcome the challenges in 2017 caused by the aftereffects of the economic downturn and geopolitical complications in 2016 as well as uncertainties in the industries it operates in.

DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN
President and Group Chief Executive Officer

In aviation, the Group seized the opportunity to expand its services from servicing aircrafts to the supply of six reconnaissance helicopters worth RM321.90 million to the Ministry of Defence for the Royal Malaysian Army's Air Wing. With the supply of the helicopters, Destini has the opportunity to expand its MRO services beyond its current scope of mainly safety and survival systems of the aircraft.

The wider option to cater for the needs of aircraft and helicopter servicing, is expected to enhance the Group's recurring income stream as aircraft and helicopter maintenance are needed by the RMAF to keep its assets in mission readiness at all times.

To achieve this, Destini and Sapura Aero Sdn Bhd incorporated a joint venture company that provides MRO services for defence and commercial aircraft and helicopters. The company was also established to explore the supply and provision of rotary wing and fixed aircraft sale, wet and dry leasing to government and private agencies in this region.

Destini has been able to strengthen its portfolio in the shipbuilding and continue our success story by securing a contract worth RM738.90 million to build three Offshore Patrol Vessels (OPV) for the Malaysian Maritime Enforcement Agency (MMEA) through a joint venture with TH Heavy Engineering Berhad.

Destini also acquired a 70% stake in AMS Marine Pte Ltd. to complement the Group's existing oil and gas and marine businesses. This acquisition will not only expand our marine services but also develop in-house capabilities in fabrication and piping.

In the Land Systems sector, Destini received an order to supply a dozen heavy vehicles for National Disaster Management Agency (NADMA) worth RM9.20 million. This adds on to the Group's deliveries in past years to more than 300 defence and security vehicles for various Government agencies.

The positive momentum in the economy has supported many industries despite headwinds from operating environments. The oil and gas industry however remained lacklustre during the year with the volatility in oil prices. However, towards the end of the year, oil prices slowly gained after OPEC and non-OPEC members agreed to oil production cuts.

With this positive aptitude, the oil and gas industry gained confidence which opened doors to new possibilities. Coinciding with this encouraging industry turn, Destini formed a joint venture with Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange. The joint venture company will collectively bid for exploration, development and production related services for oil and gas fields in the South Asia and South-East Asia regions.

Management Discussion and Analysis
by President and Group Chief Executive Officer

Strategic Planning

In mitigating uncertainties in the diversified markets the Group operates in, Destini has laid out several survival and growth strategies across all of its business segment to remain resilient as early as 2011. This includes diversifying its range of products and services within its core expertise. Destini operates with a niche portfolio of products and services in high entry barriers businesses and there are many more possibilities for Destini to explore and expand its capabilities.

Destini also is en route to strengthen its current business with the Government sector particularly in the aviation, transport, marine and oil and gas sectors. These sectors will continue to be the main drivers of the domestic economy.

Moving away from local shores, Destini is also constantly looking to extend its products and services to the wider market, internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore and United Kingdom, Destini will expand its business network to the American region.

Besides that, Destini has rationalised its operations to focus on growing its core business. This could be seen through the disposal of its loss making subsidiary, Green Pluslink Sdn Bhd (GPL), for RM4.40 million. GPL is principally involved in the business of extrusion and recycling of waste tyres for the production of carbon black, diesel fuel and scrap metal.

Group's financial performance

The result of these strategies enables Destini to show commendable performance from its defence aviation, marine manufacturing and land systems businesses in FY2017 which contributed to the jump in the Group's revenue by 94.19% to RM688.92 million. The rise in revenue was mainly contributed by the helicopter project, NGPC and OPV projects and also motor trolley supply for Keretapi Tanah Melayu Berhad (KTMB). These successful deliveries certified the Government's confidence in Destini's capabilities in delivering quality products and services over the past two decades and their trust in Destini's future commitments.

Despite higher revenue, Destini saw lower profit after tax and non-controlling interest (PATNCI) of RM30.01 million in FY2017 from RM33.03 million the year before. Its lower earnings were due to joint venture arrangements and lower margins from its major projects such as the OPV and helicopters projects. Destini's lower overall margin was also due to the infancy of several of its subsidiaries that are still in the development of new capabilities for future business which requires substantial financial resources. However, we believe that those are necessary to ensure continued growth of the Group.

BUSINESS PERFORMANCE REVIEW

AVIATION

Defence

- PATNCI was reported at RM33.15 million in FY2017 against RM6.26 million the year before. This was on the back of an increase in revenue to the sum of RM277.58 million from RM103.16 million in FY2016.
- The increase in earnings came from recurring maintenance, repair and overhaul (MRO) and supply of safety and survival related equipment for the Royal Malaysian Airforce.
- During the year, Destini expanded its defence aviation capabilities into the supply of helicopters. Previously the Group only performed these services on military aircrafts.
- With the expansion into the supply of helicopters, Destini will also be able to extend its existing MRO capabilities from aircrafts onto helicopters.
- Destini intends to utilise its expertise in this sector to expand its geographical footprint to other foreign agencies.

RM30.13 mil
PATNCI

RM282.29 mil
REVENUE

Commercial

- The Group's commercial aviation reported a loss after tax and non-controlling (LATCNI) of RM3.02 million on with revenue of RM4.71 million in FY2017. The year before, the Group saw LATCNI of RM3.66 million on revenue of RM2.58 million.
- This business segment saw high operational cost from the recruitment of qualified service engineers, equipment and certifications.
- Destini grew its technical line maintenance capabilities and increased its line of services which came from after acquiring additional commercial aviation certifications.
- The Group had also obtained additional license for servicing slide rafts for commercial aircrafts from the Civil Aviation Authority of Malaysia. With a newly equipped servicing facility, Destini is set to expand its customer base in the industry.
- From technical line maintenance, Destini has strengthened its position to enter into ground handling services to various airports across the country.
- With the expansion of its service range, the performance of this business segment is expected to outperform our defence aviation business, backed by the projection of a stronger commercial aviation market in the Asian region from an increase in population, an increase in mobility and the growth of low-cost airlines.

Manufacturing

- PATNCI was recorded at RM25.72 million against a turnover of RM337.35 million in FY2017. In the previous year, the Group saw a PATNCI of RM24.34 million on a turnover of RM172.87 million.
- As at 31 December 2017, Destini has delivered three out of six New Generation Patrol Vessels to the MMEA.
- Adding to this, the Group plans to utilise its existing shipyard to become more proactive in local ship repair jobs to provide more recurring income from this business.
- With a specialty in fabricating patrol vessels for coastal security, the Group intends to expand its reach to international shores with its existing capabilities.
- Destini's commercial marine manufacturing is suffering from the effects of the downturn from both the oil and gas and shipping industries.
- Destini has developed new products, the Self-Propelled Hyperbaric Lifeboat and new sizes of totally enclosed lifeboats, which meets new customer requirements in a low price environment.

Services

- Marine services reported LATNCI of RM2.96 million in FY2017 from a PATNCI of RM1.56 million a year before. Revenue stood at RM22.27 million from RM21.82 million in financial year ended December 31, 2016 (FY2016).
- This business segment continues its lacklustre streak from a lower demand in services which is due to the downturn in the oil and gas as well as shipping industries.
- However, with oil prices seen improving towards the end of the year, this business segment is expected to perform better in the coming year with new orders of lifeboats and its associated services.
- In its geographical expansion, Destini has opened three more marine service stations in Dubai, Abu Dhabi and Dammam. These were necessary to complete Techno Fibre's network of service stations covering from Malaysia, Singapore, Australia, Middle East and Europe. Aside to that we are also looking to penetrate the American market, Houston in particular, to complete our marine services global network. This will enable Destini to offer fleet management services to shipowners, ship managers and related parties.

PATNCI

RM22.76 mil
2017

REVENUE

RM359.62 mil
2017

MARINE

LAND SYSTEMS

RM0.35 mil
LATNCI

RM20.25 mil
REVENUE

- This business segment saw a LATNCI of RM0.35 million while revenue stood at RM20.25 million in FY2017. Comparatively, the year before this division saw a PATNCI of RM1.70 million on a revenue of RM16.30 million.
- Losses were seen from higher operating expenditure on new supply contracts for defence and security vehicles as well as from the completion and handover of motor trolleys to Keretapi Tanah Melayu Berhad (KTMB).
- Destini is expected to complete the delivery of 35 units motor trollies to KTMB in the third quarter of 2018.
- The Group is expecting to see significant growth in this business segment, especially from the development of the Light Rail Transit (LRT), Mass Rapid Transit (MRT), East Coast Rail Line (ECRL) and High Speed Rail (HSR) lines. Destini is also exploring partnerships and strategic alliances with various local and international companies to supply and perform MRO of rail systems within Malaysia.
- With its current rail capabilities, Destini has set its sights to expand its business in the Middle East region.
- Additionally, the Group intends to increase its land systems MRO orders from Government agencies to increase recurring income from this business segment.

Management Discussion and Analysis
by President and Group Chief Executive Officer

- Oil and gas slipped into the red as LATNCI was recorded at RM15.04 million on a turnover of RM24.34 million in FY2017. The year before, the Group saw PATNCI of RM4.95 million on turnover of RM37.35 million.
- The Group's oil and gas losses were from a continued dampened industry that was unable to provide lucrative contracts for the Group to maintain its oil and gas profitability.
- Destini has renewed hopes seeing optimism in the industry. With that, it has partnered with an international counterpart to explore new opportunities in floating production systems for greenfield developments.
- Simultaneously the partnership enables the Group to tap into existing brownfields with its transportation and installation services and downhole and well workover services.
- Destini has developed new capabilities in the decommissioning, well intervention and other related activities and has ventured into new growth areas such as Vietnam, India, Myanmar, UAE and Pakistan. These developments are expected to yield positive results in the coming years.

RM15.04 mil
LATNCI

RM24.34 mil
REVENUE

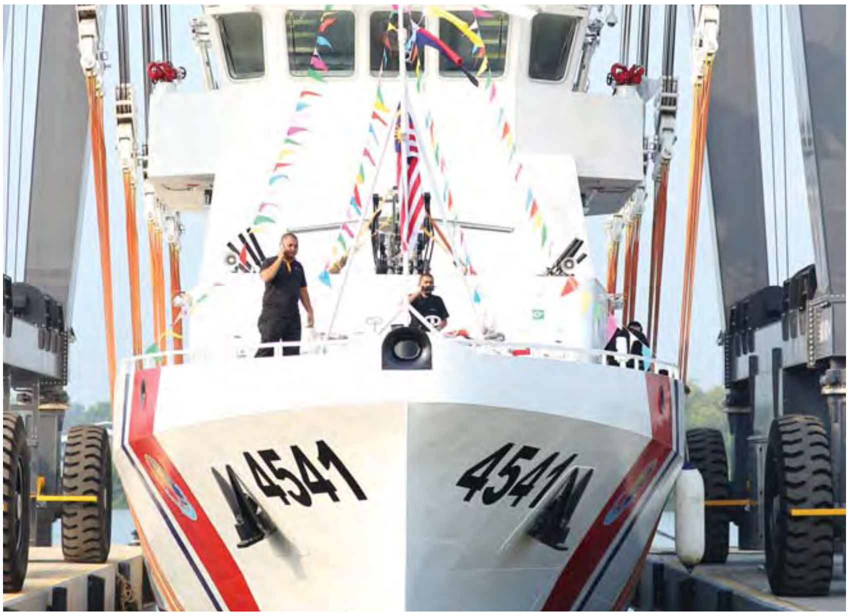
OIL & GAS

DIVIDEND POLICY

Destini is committed to creating long-term value for its shareholders and has adopted a dividend policy to pay an annual dividend of 30% to 40% of its full year profits.

The declaration and payment of the dividend of the Group shall be subject to the cash generated from its operations after setting aside necessary funds for its working capital and business expansion needs. Barring unforeseen circumstances, investors are to note that the Group's future dividends is subject to changes based on Destini's capital base, capital market regulations and the Board's discretion.

Management Discussion and Analysis
by President and Group Chief Executive Officer



PROSPECTS

On the back of a positive economic outlook in the years to come, Destini remains prudent in the Group's growth as certain macroeconomic challenges may persist in both the immediate and medium term. However, despite a cautious outlook, Destini is optimistic that the Group is on a firm footing to reap further growth in the years to come.

As mentioned in our business performance review, we will continue to develop the capabilities of our subsidiaries in terms of technology and human capital. These measures are important for the future growth and sustainability of Destini.

With a footprint in a diversified range of industries, Destini aims to adopt international best practices to increase its various competencies to tap into the global market. Prospects from all the industries that the Group has a traction in look very promising and we hope to tap into a lucrative year ahead.

In all, with a much solid platform that the Group is based on from past corporate developments, Destini has positioned itself for greater opportunities in the years to come. With foresight and prudent management supported by continued upgrading of our human capital skills and knowledge coupled with the adoption of latest technologies, we are confident to realise our 'Destini'.

Dato' Rozabil Abdul Rahman
President and Group Chief Executive Officer

INVESTOR RELATIONS

Creating Shareholder Value

After reporting positive growth in the past few years, Destini Berhad wishes to enhance shareholders value by adopting a dividend policy after its financial year ended 31 December 2017.

Setting aside profits generated during the year and funding for capital needs, the Group has commit itself to pay an annual dividend of between 30% to 40% of its full year profits of any calendar year beginning from the financial year ending 31 December 2018, subject to confirmation of the Board.

With a dividend policy intact, Destini aims to provide consistent cash returns through the declaration of dividends, Destini will manage the strength of its capital based on the profitability of its businesses while complying with regulations.

Although Destini has committed to this new dividend policy, this only describes the Group's intention and should not be constituted as a legally binding statement in respect of future dividends which are subject to modifications at the Board's discretion.

It is also worth noting that Destini is a holding company and its income and ability to pay dividends, is dependent upon income and dividends receives from its subsidiaries,

Communicating with Shareholders

Destini engages with its shareholders through dialogues and a planned investor relations programme which includes roadshows, meetings with institutional investors and regular analyst briefings.

These sessions are typically hosted by the Senior Vice President of Strategic Planning and an Executive Director. Discussions that are brought forward are from the likes of Destini's business performance and strategies.

Apart from that, Destini further supplements its shareholder engagement initiative with a dedicated investor relations page on its website which lists down the Group's corporate information, financial data, shares information and corporate announcements on Bursa Malaysia Securities Berhad such as quarterly results and annual reports, amongst others. Our investor relations website is available at: http://destinigroup.com/investor-relations/.

Queries about and requests for publicly available information, comments and suggestions to the Group can be directed to info@destinigroup.com. We look forward to continued and effective engagements with our shareholders.

Another venue for shareholder engagement is typically done through our Annual General Meetings and other general meetings that usually provides a comprehensive review of the Group's performance. With the meeting attended by Destini's Board of Directors and management team, shareholders present can query the Board and management during the meeting.

STATEMENT OF
CORPORATE SUSTAINABILITY

Destini is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Sustainability (CS). This means managing our business responsibly to ensure long-term success for the Company. We understand how our social and ethical conduct could have an impact on our image, pride and reputation. We therefore take CS very seriously and will not neglect the aspects of CS which are pertinent to the business operations of the Destini Group of Companies (the Group).

Our CS efforts are mainly channelled through Yayasan Destini (Yayasan), which was set up in December 2013. The objectives for which the Yayasan is established are:

a) **Charity-Welfare Programmes**
To fund and promote charitable events and causes that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.

b) **Religious Support**
To provide support for New Muslims (converts) and their families by giving guidance on Islam through awareness programmes, structured classes and one off seminars.

c) **Environmental Activities**
To educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

At the same time, mindful of the need to be a corporately responsible organisation, Destini undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates.

Within this context, we have defined our commitment to CS as follows:

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' confidence and respect, apart from infusing good values within our workforce. Yayasan supported many social activities that involves education and social programmes such as blood donations and community services.

In addition, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army is not neglected. It is a commitment by Destini as a practise of good CS to provide employment to ex-servicemen, ever since we initiated our business operations. We acknowledge that the ex-servicemen could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. We are proud to remain 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 Workplace

To ensure that the Group sustains its stand as an employer of choice, we will continue to send our employees to various training and 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 employees' healthcare, security and safety. Employees are constantly encouraged to be good corporate citizens and 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.

The Group is also looking into improving the overall Occupational Safety and Health (OSH) Performance. The Management has taken steps to improve the safety and health performance as well as promote a safety and health culture amongst its employer via various programs, campaign and training conducted all year round.

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 new corporate website with an interactive Investor Relations (IR) section. The IR section provides immediate information on the Group's activities, financials and operations and acts as a communication point for both our local and international contacts.

For the Environment

In doing our bit for the environment, we make every effort to optimise the option of recycling and the reduction of energy used in our operations. To reduce paper usage, our employees are urged to adopt a paperless system whenever possible. We make every effort to instill a sense of personal responsibility in our employees and encourage them to play their role in protecting the environment in order 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 CS practises meet with the interests of our customers, suppliers, shareholders, financiers, bankers, business associates, the Government, and the public at large.

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 (MCCG) to enhance business prosperity and maximise shareholders' value. In 2017, the MCCG, which supercedes its earlier edition, takes on a new approach to promote greater internalisation of corporate governance culture. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

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 MCCG throughout the financial year ended 31 December 2017 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements).

BOARD OF DIRECTORS

Board Balance

Our Board consists of nine (9) members, which comprises of an Independent & Non-Executive Chairman, a President and Group Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent & Non-Executive Director and four (4) Independent & Non-Executive Directors. The profiles of these Board members are laid out in pages 20 to 28 of this Annual Report.

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

On 21 November 2016, the Board has appointed Dato' Megat Fairouz Junaidi Tan Sri Megat Junid as the Senior Independent & Non-Executive Director of the Company to share the concerns of Directors to the President and Group Chief Executive Officer on sensitive issues of the Company and perform as the alternative contact person for shareholder communication.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group. The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors of the Company in the future.

Currently, our Board members comprise of one (1) female director. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective.

Board Responsibilities

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist them 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 of 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 for 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 and recognises 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 systems in place that effectively monitor and manage these risks view of the long term viability of the Group.

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

- <u>Review and adopt strategic plan of the Group</u>

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

- <u>Implementation of internal compliance controls and justify measure to address principle risks</u>

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

- <u>To formulate and have in place an appropriate succession plan</u>

  The Board is responsibility to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

- <u>Developing and implementing an investor relations program or shareholder communications policy for the Group</u>

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

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at www.destinigroup.com/investor-relations/

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

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

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

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

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

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

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

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive 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 three (3) Board Committees namely the Audit Committee, Nomination and Remuneration Committee and Option Committee. All the Board Committees have their own terms of reference and have 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. The Board will periodically review the Board Charter and make any changes whenever necessary. A copy of the Board Charter is available at the Company's website at www.destinigroup.com/investor-relations/.

Code of Conduct and Ethics

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

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.destinigroup.com/investor-relations/.

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business, which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under "Statement of Corporate Sustainability" of this Annual Report.

Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

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

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.destinigroup.com/investor-relations/.

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

Attention	:	Dato' Megat Fairouz Junaidi Tan Sri Megat Junid
Designation	:	Audit Committee Chairman / Senior Independent & Non-Executive Director
Email	:	megatfj@gmail.com

Board Meetings

The Board held seven (7) meetings during the financial year ended 31 December 2017. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Tan Sri Dato' Sri Rodzali Daud	7/7
Dato' Rozabil @ Rozamujib Abdul Rahman	7/7
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	7/7
Dato' Sri Dr Mohmad Isa Hussain	5/7
Dato' Abd Aziz Sheikh Fadzir *(appointed on 30 August 2017)*	0/2
Dato' Che Sulaiman Shapie	7/7
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	7/7
Abdul Rahman Mohamed Rejab	7/7
Ismail Mustaffa *(appointed on 31 May 2017)*	2/3

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.

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

Time Commitment and Directorship in Other Public Listed Companies

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

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

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

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

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

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

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

Qualified and Competent Company Secretaries

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

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

Continuing Education Programs

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

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

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

Name of Director	Seminars/Conferences/Training Attended
Tan Sri Dato' Sri Rodzali Daud	Release of The Malaysian Code on Corporate Governance
Dato' Abd Aziz Sheikh Fadzir	The Asia HRD Congress 2017 ; Shaping Employees For The Future : Creating Value For Organizations On 9 August 2017 At Le Meredien Hotel, Putrajaya, Malaysia
Professor Datin Dr Suzana Sulaiman @Mohd Suleiman	Bengkel DPAS Strategic Direction Revisit - Siri I – 4 – 5 DEC 2107 – UiTM Shah Alam
	Bengkel Pembentangan Dan Penilaian Geran Penyelidikan Mitra Perdana 2017 – 15 Nov 2017 – UiTM
	Taklimat Pemilihan Dekan - Pilihanraya Fakulti Perakaunan – 9 Oct 2017 – UiTM
	Bengkel Train For Trainer – 13 Sept 2017 – UiTM, Puncak Alam
	Bengkel Semakan Kurikulum Sarjana Perakaunan (AC700) Dan Sarjana Perakaunan Forensik Dan Kriminologi Kewangan (AC703) Bersama Profesor Fakulti Dan Pakar Bidang – 21 Aug 2017 - UiTM, Puncak Alam
	Bengkel Pakar Bidang (FAR,MAF & AIS) Bersama Pensyarah Sumber, Ketua Penilai Kursus & Pensyarah Bagi Semakan Kurikulum AC220 – 18 Aug 2017 - UiTM, Puncak Alam
	Bengkel Pemurnian Pensejajaran Konstruktif ICGPA – 3 -4 May 2017 - UiTM, Puncak Alam
	Majlis Profesor Negara (MPN): Taklimat QS Rankings – 27 Mac 2017 – UiTM

Name of Director	Seminars/Conferences/Training Attended
Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman (Cont)	Bengkel Pengukuhan Majlis Profesor Negara Chapter Uitm – 14 Mac – UiTM
	Majlis Amanat Timbalan Naib Canselor (Akademik & Antarabangsa) Dan Konferensi Akademik UiTM 2017 – 9 Mac 2017 – UiTM
Abdul Rahman Mohamed Rejab	Kursus Integriti Kontraktor Industri Pembinaan CIDB Bil. 7/2017 - 6 Julai 2017 – Sani Hotel Kuala Lumpur
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	Companies Act 2016 and Malaysian Code On Corporate Governance By Samantha Tai – 19 February 2017 – EDC Hotels & Resorts, Malaysia
Dato' Che Sulaiman Shapie	Companies Act 2016 and Malaysian Code On Corporate Governance By Samantha Tai – 19 February 2017 – EDC Hotels & Resorts, Malaysia

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to 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, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

NOMINATION AND REMUNERATION COMMITTEE

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

The present members of the NRC are:

Chairman	Tan Sri Dato' Sri Rodzali Daud
Members	Dato' Megat Fairouz Junaidi Tan Sri Megat Junid
	Dato' Che Sulaiman 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.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com/investor-relations/.

The NRC shall meet at least once a year unless otherwise determine by the NRC. The quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

The summary of activities undertaken by the NRC during the financial year included the following :

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;

ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association; and

iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors.

Criteria for Recruitment

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

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NRC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

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

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

(i) The NRC reviews the Board's composition through Board assessment/evaluation;

(ii) The NRC determines skills matrix;

(iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

(iv) The NRC recommends to the Board for appointment; and

(v) The Board approves the appointment of the candidates.

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

(i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;

(ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and

(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

Criteria for Board Assessment

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

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2017, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent & Non-Executive Directors.

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.

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2018 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

Annual assessments will be conducted by NRC on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 December 2017, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Tenure of Independent Directors

The tenure of an independent director should not exceed a cumulative terms of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the directors' re-designation as a non-independent director. For the Board to justify and seek shareholders' approval for retaining a person who has served in that capacity for more than nine (9) years, as an independent director, the NRC/Board must conduct a rigorous review to determine whether the Director is independent in character and judgment, taking into account the need for progressive refreshing of the Board.

However, as recommended by the MCCG, upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

Separation of Positions of Chairman and The President and Group Chief Executive Officer

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the President and Group Chief Executive Officer are held by different individuals, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the President and Group Chief Executive Officer are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman are not related to the President and Group Chief Executive Officer and are responsible in leading the Board in the oversight and supervision of the Group's management; whilst the President and Group Chief Executive Officer is responsible for the day-to-day operations of the Group, making strategic business decision and implementing the Board's policies and decisions.

Independent Chairman

During the financial year under review, the Board is chaired by an Independent & Non-Executive Director and more than one-third (1/3) of the Board consists of Independent & Non-Executive Directors.

The Chairman being an Independent & Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

DIRECTORS' REMUNERATION

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

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

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2017 are as follows:

Directors	Group Fees (RM)	Group Salaries and * other emoluments (RM)	Company Fees (RM)	Company Salaries and * other emoluments (RM)
Tan Sri Dato' Sri Rodzali Daud	105,000	42,000	105,000	132,000
Dato' Rozabil @ Rozamujib Abdul Rahman	Nil	1,174,741	Nil	1,174,741
Dato' Sri Dr. Mohmad Isa Hussain	35,000	12,000	35,000	12,000
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	35,000	26,000	35,000	26,000
Dato' Abd Aziz Sheikh Fadzir	Nil	Nil	Nil	Nil
Dato' Che Sulaiman Shapie	35,000	56,500	35,000	106,500
Prof Datin Dr Suzana Sulaiman @ Mohd Suleiman	35,000	20,500	35,000	20,500
Abdul Rahman Mohamed Rejab	Nil	308,029	Nil	308,029
Ismail Mustaffa	Nil	514,427	Nil	514,427
Total	**245,000**	**2,154,197**	**245,000**	**2,294,197**

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

The aggregate remuneration paid to the Senior Management of the Group during the financial year analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	1
RM150,001 to RM200,000	2
RM200,001 to RM250,000	2
RM250,001 to RM300,000	3
RM300,001 to RM350,000	1
RM350,001 to RM400,000	-
RM400,001 to RM450,000	2

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

OPTION COMMITTEE

The Option Committee was established on 27 February 2014 comprising the following members:

Chairman	Dato' Rozabil @ Rozamujib Abdul Rahman
Members	Dato' Megat Fairouz Junaidi Tan Sri Megat Junid
	Dato' Che Sulaiman Shapie

The functions of the Option Committee is to administer the implementation of the Employee Share Option Scheme (ESOS) in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The ESOS approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 10 February 2014, is the only share scheme in existence during the financial year.

Corporate disclosure policies and procedures

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

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

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

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

Beside the above, the Company's Annual Report, circulars and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests.

Leverage on Information Technology for Effective Dissemination of Information

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

The quarterly financial results are announced via Bursa link after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to info@destinigroup.com.

Dialogue with Shareholders

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

During general meetings, the Chairman or the President and Group Chief Executive Officer of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

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

Annual General Meeting ("AGM")

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

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Attendance of Directors at General Meetings

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

At the Thirteenth (13th) AGM of the Company held on 30 May 2017, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

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

Effective Communication and Proactive Engagement

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

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

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

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent & Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

UPHOLD INTEGRITY OF FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2017 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

Risk Management and Internal Control

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

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

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

The information on the Group's risk management and internal control is further elaborated in pages 68 to 70 on the Statement on Risk Management and Internal Control of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

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

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following :

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

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

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2017.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2017, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

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

ADDITIONAL
COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Exercise

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

Audit and Non Audit Fees Paid to External Auditors

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2017 were as follows :

	Company (RM)	Group (RM)
Audit Services Rendered	RM90,000	RM526,335
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	RM5,000	RM5,000

Material Contracts

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

Contracts Relating to Loans

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

Recurrent Related Party Transactions of a Revenue Nature

Save for such disclosure made in note 38 to the audited consolidated financial statements on pages 157 to 158 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2017.

AUDIT
COMMITTEE REPORT

Audit Committee Members and Meeting Attendances

The present members of the Audit Committee comprise the following:

Chairman	Dato' Megat Fairouz Junaidi Tan Sri Megat Junid
Members	Professor Datin Dr Suzana Sulaiman @ Mohd. Suleiman
	Dato' Che Sulaiman Shapie

The Audit Committee held five (5) meetings during the financial year ended 31 December 2017. The details of attendance of the Audit Committee members are as follows:

Name of Directors	No. of meetings attended
Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	5/5
Dato' Che Sulaiman Shapie	5/5
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	5/5

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

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profiles on pages 20 to 28 of this Annual Report. During the financial year ended 31 December 2017, all members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2017 included the following:

1. Reviewed the quarterly and year–to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditor's scope of work and audit plan for the year;
3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
5. Evaluated the performance of the external auditors for the financial year ended 31 December 2017 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
8. Reviewed the effectiveness of the Group's system of internal control;
9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
12. Reported to the Board on its activities and significant findings and results;
13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.destinigroup.com/investor-relations/

Internal Audit Function

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

The Internal Audit Department of the Group has a total of 3 professionals staffs and it is led by Mr. Khairul Rizal Osman as the Head of Internal Audit. Mr Khairul Rizal holds a Diploma in Banking Studies and Bachelor of Business Administration from Universiti Teknologi Mara (UiTM) and is certified in Internal Auditing for Financial Institutions (CIAFIN) and has Associate Qualification in Islamic Finance (AQIF). The Internal Audit Department of the Group performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.

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

The cost incurred for the internal audit function in respect of the financial year is approximately RM200,630.50.

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

Summary of Activities of the Internal Audit Function

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;

2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;

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

4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

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

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 and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has in place a plan to establish and implement 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 assist the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensures that there is adequate risk reporting of core business activities.

Internal Control

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

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

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

Corrective Actions

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

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

Board Responsibility

The Board is responsible 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 Responsibility

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

Internal Audit Responsibility

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

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the Company. Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

Internal Audit Responsibility (Cont'd)

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

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

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2017 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Management's Assurance

The Board has received assurance from the President and Group Chief Executive 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.

Conclusion

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

financial statements

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 2017.

Principal Activities

The principal activities of the Company are that of investment holding and provision of management services. 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	28,590,064	10,959,056
Attributable to:		
- Owners of the Parent	30,009,255	10,959,056
- Non-controlling interests	(1,419,191)	-
	28,590,064	10,959,056

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

There was no issuance of shares and 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 apart from the issue of options pursuant to Employees' Share Option Scheme ("ESOS").

Employees' Share Option Scheme ("ESOS")

The Company has established an ESOS of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders as an Extraordinary General Meeting held on 10 February 2014.

The ESOS became effective for a period of five (5) years from 17 April 2014 to 16 April 2019.

The salient features and terms of the ESOS, details of share options exercised or lapsed during the financial year and outstanding at the end of the financial year are disclosed in Note 23 to the financial statements.

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Rozabil @ Rozamujib Bin Abdul Rahman *
Tan Sri Dato' Sri Rodzali Bin Daud *
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
Dato' Sri Dr Mohmad Isa Bin Hussain
Ismail Bin Mustaffa * (appointed on 30.5.2017)
Dato' Abd Aziz Bin Haji Sheikh Fadzir * (appointed on 30.8.2017)

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

Othman Bin Ahmad ^
Hasbullah Bin Hassin ^
Dato' Rosli Bin Rashid ^
Kabol Bin Surat
Mohd Faizal Bin Allaudin
Fahredza Bin Muhamad
Zainuri Bin Zainal
Mohamad Najib Bin Saad
Surendran Pillay A/L Kumarasami
Suhaimi Badrul Jamil
Dato' Harrison Bin Hassan
Shahril Sufian Bin Hamdan ^
Chua Seng Chye
Kevin Nah Kwang Sinn
Azhar Bin Azizan @ Harun #
Michael John Van Rens #
Joseph Michael Rapattoni #

* Director of the Company and its subsidiaries
^ Appointed during the financial year
\# Resigned during the financial year

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

Directors' Interests

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

	No. of ordinary shares			
	At 1.1.2017/ Date of appointment	Bought	Sold	At 31.12.2017
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	18,668,500	13,330,000	-	31,998,500
Ismail Bin Mustaffa	640,000	-	-	640,000
Indirect interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (^)	257,481,612	16,689,000	(12,744,500)	261,426,112

(^) Deemed interests under Section 8 of the Companies Act, 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd. and R Capital Sdn. Bhd.

By virtue of his interests in the shares of the Company, Dato' Rozabil @ Rozamujib Bin Abdul Rahman is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

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.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 33 and 36 to 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 whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM13,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which current assets 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(d) In the opinion of the Directors:

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

(ii) the results of the 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 except as disclosed in the notes to the financial statements; and

(iii) 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 Group and of the Company for the financial year in which this report is made.

Subsidiaries

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

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 33 to the financial statements.

Subsequent Event

The details of subsequent event are disclosed in Note 43 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 19 April 2018.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

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 84 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2018.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

STATUTORY
DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, Aris Kefli Bin Mohamad Yusof (MIA Membership No: 12516), being the Officer primarily responsible for the financial management of Destini Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 84 to 175 are 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 19 April 2018.)
)

ARIS KEFLI BIN MOHAMAD YUSOF

Before me,

No. W710
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

INDEPENDENT
AUDITORS' REPORT
to the Members of Destini Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Impairment assessment on goodwill

The Group has goodwill amounting to RM192,132,962 as at 31 December 2017.

The management is required to perform impairment test on the goodwill annually. There is significant judgment involved in forecasting and discounting of future cash flows, which is the basis of assessment of the recoverability of the goodwill.

How we addressed the key audit matters

Our procedures in relation to management's impairment assessment included:

- Examined management's cash flows forecast that support the impairment assessment;
- Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results;
- Assessed the key assumptions on which the cash flows projections are based, by amongst others, comparing them against business plans, historical results and market data;
- Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; and
- Performed sensitivity analysis on the key inputs to impairment models, to understand the impact that reasonably possible changes to key assumption would have on the overall carrying value of the goodwill at the end of the reporting period; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Key Audit Matters (Cont'd)

Key Audit Matters

Recognition of revenue and cost of long term contract

The Group's revenue and profits are derived from long term contract which span more than one accounting period. As at 31 December 2017, the revenue arising from the long term contracts represents 74% of the total Group's revenue.

The Group uses the percentage of completion method in accounting for these long term contracts. The stage of completion is measured by reference to the physical completion of the contracts.

We focused on this area because management applies significant judgment and estimates in determining the stage of physical completion in respect of projects and in estimating total estimated project costs.

How we addressed the key audit matters

Our procedures included:

- Obtain an understanding of the relevant internal controls over the accuracy and timing of revenue and cost recognised in the financial statements, including controls performed by the management in estimating total project costs, profit margin and percentage of completion of projects.
- Read all key contracts to obtain an understanding of the specific terms and conditions;
- Agreed contract revenue to the original signed customer contracts and/or approved change order;
- Reviewed management meeting minutes to obtain an understanding of the performance and status for the projects above our testing threshold;
- Assessed the reasonableness of assumptions applied in the determination of percentage-of- completion in light of supporting evidence such as engineers' reports in relation to projects; and
- Considered the historical accuracy of management's budgeted project margins in assessing the reasonableness of estimated margins of similar projects.

Key Audit Matters

Impairment of loans and receivables

As at 31 December 2017, the Group has trade and other receivables of RM452,375,193.

The assessment of recoverability of receivables involved judgments and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.

How we addressed the key audit matters

Our procedures included:

- Obtain an understanding of:
  - the Group's control over the receivables collection process;
  - how the Group identifies and assesses the impairment of receivable.
- Reviewing the ageing analysis of receivables and testing the reliability thereof.
- Reviewing subsequent cash collections for major receivables and overdue amount.
- Making inquiries of management regarding the action plans to recover overdue amounts.
- Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019 (J)
Chartered Accountant

KUALA LUMPUR

19 April 2018

STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	106,939,615	107,471,186	26,404,214	24,958,460
Investment in subsidiaries	5	-	-	99,722,217	99,865,917
Investment in associates	6	-	-	-	-
Investment in joint venture	7	-	-	-	-
Investment in securities	8	1,923,981	1,819,982	1,923,981	1,819,982
Intangible assets	9	205,831,178	197,182,469	-	-
Land use rights	10	1,684,218	1,790,928	-	-
Other receivables	11	12,321,101	-	12,321,101	-
Other investment	12	320,000	320,000	150,000	150,000
		329,020,093	308,584,565	140,521,513	126,794,359
Current Assets					
Inventories	13	13,012,520	12,505,146	-	-
Amount due from contract customers	14	10,683,825	9,805,133	-	-
Trade receivables	15	349,497,512	165,201,063	-	-
Other receivables	11	89,862,628	105,661,899	4,555,260	2,022,643
Amount due from subsidiaries	16	-	-	300,721,006	285,088,152
Amount due from joint venture	17	693,952	683,846	-	-
Tax recoverable		2,702,076	2,015,950	-	63,747
Fixed deposits with licensed banks	18	41,223,384	55,360,407	-	20,000,000
Cash and bank balances	19	11,468,292	21,747,990	337,653	971,801
		519,144,189	372,981,434	305,613,919	308,146,343
Total Assets		848,164,282	681,565,999	446,135,432	434,940,702

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Equity					
Share capital	20	382,806,871	115,523,020	382,806,871	115,523,020
Share premium	21	-	267,283,851	-	267,283,851
Foreign currency translation reserve	22	12,156,242	14,239,147	-	-
Retained profits/(Accumulated losses)		114,342,631	84,333,376	313,650	(10,645,406)
Equity attributable to owners of the parent		509,305,744	481,379,394	383,120,521	372,161,465
Non-controlling interests		(2,851,194)	(1,555,716)	-	-
Total		506,454,550	479,823,678	383,120,521	372,161,465
Non-Current Liabilities					
Finance lease liabilities	24	1,697,840	2,021,919	-	10,700
Bank borrowings	25	145,614,680	63,846,670	53,922,062	56,440,443
Deferred tax liabilities	26	4,044,795	5,328,524	52,552	-
Redeemable preference shares	27	1,363,558	1,377,287	-	-
		152,720,873	72,574,400	53,974,614	56,451,143
Current Liabilities					
Amount due to contract customers	14	18,109,779	13,337,241	-	-
Trade payables	28	71,513,562	56,572,643	-	-
Other payables	29	43,520,954	22,051,628	1,706,757	416,035
Amout due to a Director	30	1,500,000	-	-	-
Finance lease liabilities	24	767,010	652,565	10,700	13,333
Bank borrowings	25	30,898,806	18,480,669	4,025,600	5,898,726
Tax payable		22,678,748	18,073,175	3,297,240	-
		188,988,859	129,167,921	9,040,297	6,328,094
Total Liabilities		341,709,732	201,742,321	63,014,911	62,779,237
Total Equity and Liabilities		848,164,282	681,565,999	446,135,432	434,940,702

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	31	688,918,147	354,766,142	24,457,547	9,000,000
Cost of sales		(567,897,550)	(237,905,535)	-	-
Gross profit		121,020,597	116,860,607	24,457,547	9,000,000
Other income		10,942,747	4,648,090	7,457,541	610,363
Administrative expenses		(84,556,215)	(72,067,536)	(13,555,507)	(16,086,384)
Finance costs	32	(2,307,547)	(2,889,494)	(3,704,599)	(1,156,323)
Share of results of associate and joint venture		(1)	(318,560)	-	-
Profit/(Loss) before tax	33	45,099,581	46,233,107	14,654,982	(7,632,344)
Taxation	34	(16,509,517)	(15,136,019)	(3,695,926)	(218,553)
Net profit/(loss) for the financial year		28,590,064	31,097,088	10,959,056	(7,850,897)
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operations		(2,133,198)	2,243,162	-	-
Other comprehensive income for the financial year		(2,133,198)	2,243,162	-	-
Total comprehensive income/(loss) for the financial year		26,456,866	33,340,250	10,959,056	(7,850,897)
Net profit/(loss) for the financial year attributable to:					
Owners of the parent		30,009,255	33,031,210	10,959,056	(7,850,897)
Non-controlling interests		(1,419,191)	(1,934,122)	-	-
		28,590,064	31,097,088	10,959,056	(7,850,897)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		27,926,350	35,274,372	10,959,056	(7,850,897)
Non-controlling interests		(1,469,484)	(1,934,122)	-	-
		26,456,866	33,340,250	10,959,056	(7,850,897)
Earnings per share	35				
Basic earnings per share (sen)		2.60	3.27		
Diluted earnings per share (sen)		2.60	3.27		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2017

		Attributable to Owners of the Parent						
		Non-Distributable			Distributable			
Group	Note	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 2016		91,667,182	195,716,337	11,995,985	51,302,166	350,681,670	(251,929)	350,429,741
Net profit for the financial year		-	-	-	33,031,210	33,031,210	(1,934,122)	31,097,088
Exchange translation differences for foreign operations		-	-	2,243,162	-	2,243,162	-	2,243,162
Total comprehensive income for the financial year		-	-	2,243,162	33,031,210	35,274,372	(1,934,122)	33,340,250
Transactions with owners:								
Issue of ordinary shares:								
- pursuant to warrants exercised	20, 21	23,855,838	71,567,514	-	-	95,423,352	-	95,423,352
Acquisition of subsidiaries		-	-	-	-	-	630,335	630,335
Total transactions with owners		23,855,838	71,567,514	-	-	95,423,352	630,335	96,053,687
At 31 December 2016		115,523,020	267,283,851	14,239,147	84,333,376	481,379,394	(1,555,716)	479,823,678

Statements Of
Changes in Equity
for the Financial Year Ended 31 December 2017

Group	Note	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
		Attributable to Owners of the Parent						
		Non-Distributable			Distributable			
At 1 January 2017		115,523,020	267,283,851	14,239,147	84,333,376	481,379,394	(1,555,716)	479,823,678
Net profit for the financial year		-	-	-	30,009,255	30,009,255	(1,419,191)	28,590,064
Exchange translation differences for foreign operations		-	-	(2,082,905)	-	(2,082,905)	(50,293)	(2,133,198)
Total comprehensive income for the financial year		-	-	(2,082,905)	30,009,255	27,926,350	(1,469,484)	26,456,866
Transactions with owners:								
Acquisition of subsidiaries		-	-	-	-	-	(2,711,755)	(2,711,755)
Disposal of a subsidiary		-	-	-	-	-	2,885,761	2,885,761
Total transactions with owners		-	-	-	-	-	174,006	174,006
Transition to no-par value regime on 31 January 2017	20, 21	267,283,851	(267,283,851)	-	-	-	-	-
At 31 December 2017		382,806,871	-	12,156,242	114,342,631	509,305,744	(2,851,194)	506,454,550

	Note	Share Capital RM	Share Premium RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
		Attributable to Owners of the Parent			
		Non-Distributable		Distributable	
Company					
At 1 January 2016		91,667,182	195,716,337	(2,794,509)	284,589,010
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(7,850,897)	(7,850,897)
Transaction with owners:					
Issue of ordinary shares:					
- pursuant to warrants exercised	20, 21	23,855,838	71,567,514	-	95,423,352
Total transactions with owners		23,855,838	71,567,514	-	95,423,352
At 31 December 2016		115,523,020	267,283,851	(10,645,406)	372,161,465
At 1 January 2017		115,523,020	267,283,851	(10,645,406)	372,161,465
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	10,959,056	10,959,056
Transition to no-par value regime on 31 January 2017	20, 21	267,283,851	(267,283,851)	-	-
At 31 December 2017		382,806,871	-	313,650	383,120,521

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

STATEMENTS OF
CASH FLOWS

for the Financial Year Ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	45,099,581	46,233,107	14,654,982	(7,632,344)
Adjustments for:				
Amortisation of intangible assets	1,480,299	602,862	-	-
Amortisation of land use right	40,359	39,620	-	-
Amount due from a subsidiary written off	-	-	-	2,000
Bad debts written off	430,693	-	-	-
Depreciation of property, plant and equipment	12,666,718	11,451,392	1,682,539	1,435,415
Fair value adjustment on investment in securities	(103,999)	904,099	(103,999)	904,099
Gain on disposal of a subsidiary	(7,211,655)	-	(4,099,999)	-
Gain on disposal of property, plant and equipment	-	(2,442)	-	-
Impairment loss on:				
- Trade receivables	1,449,131	721,115	-	-
- Other receivables	263,923	-	-	-
- Investment in subsidiaries	-	-	143,701	4,099,999
- Intangible assets	1,334,431	1,843,063	-	-
Interest expense	2,307,547	2,889,494	3,704,599	1,156,323
Interest income	(548,817)	(379,430)	(2,960,480)	(333,094)
Inventories written down	-	83,171	-	-
Property, plant and equipment written off	54,245	145,257	-	25,226
Reversal of impairment loss on trade receivables	-	(28,154)	-	-
Waiver of debts by trade payables	-	(250,052)	-	-
Waiver of debts by other payables	(5,627)	(880,594)	-	-
Share of results of associates and joint venture	1	318,560	-	-
Unrealised loss/(gain) on foreign exchange	180,615	(787,919)	-	-
Operating profit/(loss) before working capital changes	57,437,445	62,903,149	13,021,343	(342,376)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Changes in working capital:					
Inventories		(194,042)	1,386,526	-	-
Contract customers		3,893,847	(36,988,972)	-	-
Receivables		(180,821,999)	(128,311,085)	(15,153,719)	(1,665,078)
Payables		27,969,223	32,264,611	1,290,722	73,732
		(149,152,971)	(131,648,920)	(13,862,997)	(1,591,346)
Cash used in operations		(91,715,526)	(68,745,771)	(841,654)	(1,933,722)
Interest received		548,817	379,430	2,960,480	333,094
Interest paid		(2,307,547)	(2,889,494)	(3,704,599)	(1,156,323)
Tax refunded		28,133	-	-	-
Tax paid		(13,992,865)	(9,423,059)	(282,387)	(148,964)
		(15,723,462)	(11,933,123)	(1,026,506)	(972,193)
Net cash used in operating activities		(107,438,988)	(80,678,894)	(1,868,160)	(2,905,915)
Cash Flows From Investing Activities					
Advance to subsidiaries		-	-	(15,632,854)	(133,695,906)
Advance to associate and joint venture		(704,967)	(93,085)	-	-
Purchase of property, plant and equipment	4(b)	(17,200,243)	(23,908,563)	(3,128,293)	(1,258,808)
Purchase of quoted shares		-	(280,156)	-	(280,156)
Proceeds from disposal of a subsidiary, net of cash disposed	5(c)	4,176,760	-	4,400,000	-
Proceeds from disposal of property, plant and equipment		299,387	4,860	-	-
Investment in joint venture		(1)	-	-	-
Net cash inflows arising from acquisition of subsidiaries	5(b)	2,730,258	3,379,533	-	-
Acquisition of a subsidiary		-	-	(1)	-
Addition to intangible assets	9	(551,511)	(238,560)	-	-
Net cash used in investing activities		(11,250,317)	(21,135,971)	(14,361,148)	(135,234,870)

Statements of
Cash Flows
for the Financial Year Ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash Flows From Financing Activities				
Advance from a Director	1,500,000	-	-	-
Drawdown of term loans	88,328,324	52,258,322	-	50,000,000
Repayment of term loans	(11,805,332)	(11,077,853)	(4,391,507)	(841,626)
Repayment of finance lease liabilities	(727,028)	(651,099)	(13,333)	(3,167)
Changes in trust receipts	17,351,480	(1,870,174)	-	-
Proceeds from exercise of warrants	-	95,423,352	-	95,423,352
Proceeds from issue of preference shares	-	1,377,287	-	-
Increased in deposits pledged to licensed banks	(16,392,159)	(8,703,476)	-	-
Net cash from/(used in) financing activities	78,255,285	126,756,359	(4,404,840)	144,578,559
Net (decrease)/increase in cash and cash equivalents	(40,434,020)	24,941,494	(20,634,148)	6,437,774
Effect of exchange translation difference	(1,021,322)	(377,903)	-	-
Cash and cash equivalents at the beginning of the financial year	52,357,171	27,793,580	20,971,801	14,534,027
Cash and cash equivalents at the end of the financial year	10,901,829	52,357,171	337,653	20,971,801
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	11,468,292	21,747,990	337,653	971,801
Fixed deposits with licensed banks	41,223,384	55,360,407	-	20,000,000
Bank overdrafts	(930,690)	(284,228)	-	-
	51,760,986	76,824,169	337,653	20,971,801
Less: Fixed deposits pledged with licensed banks	(40,859,107)	(24,466,948)	-	-
Cash at bank pledged with licensed banks	(50)	(50)	-	-
	10,901,829	52,357,171	337,653	20,971,801

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. Corporate Information

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

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

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

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

Adoption of new and amended standards

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 37. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:
* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

<u>MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 9 replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to contract assets and financial assets measured at amortised cost or fair value through other comprehensive income, except for investment in equity instruments.

Under MFRS 9, loss allowances will be measured on either:

- 12 months ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that arise from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement is applied it at the reporting date, the credit risk of a financial asset has increased significantly since initial recognition while 12 month ECL measurement is applied if it has not. Any entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component and the Group has chosen to apply this policy.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively. The Group and the Company will apply the exemption of not restating comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 will be recognised in retained profits as at 1 January 2018.

Based on the preliminary assessment, the Group and the Company do not believe that the new classification requirements will have a material impact on its accounting for financial assets and financial liabilities. Furthermore, impairment losses arising from the new ECL model is estimated to not have a significant impact to the Group and to the Company.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111: *Construction Contracts*, MFRS 118: *Revenue*, IC Interpretation 13: *Customer Loyalty Programmes*, IC Interpretation 15: *Agreements for Construction of Real Estate*, IC Interpretation 18: *Transfers of Assets from Customers* and IC Interpretation 131: *Revenue - Barter Transactions involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Group and the Company decide to apply MFRS 15 retrospectively with cumulative effect on initially applying this standard as an adjustment to the opening balance of retained profits of the annual reporting period that includes the date of initial application. Under this transition method, the Group and the Company apply this standard retrospectively only to revenue contracts that are not completed at the date of initial application (i.e. 1 January 2017).

Based on the preliminary assessment, the Group and the Company do not expect that the application of MFRS 15 will have a significant impact on the financial instruments upon initial application except for the determination of transaction price of revenue contracts whereby variable consideration is deducted from the contract value as well as extensive new disclosures in the financial statements for the year ending 31 December 2018.

In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, revenue recognised is to be disaggregated into categories that depict the nature, timing and uncertainty of revenue and cash flows.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes noncancelable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

MFRS 17 *Insurance Contracts*

MFRS 17 which will supersede MFRS 4 Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as MFRS 9 and MFRS 15 are also applied. An entity identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. MFRS 17 requires to separate specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts, as well as to divide the contracts into groups that an entity will recognise and measure. MFRS 17 also include an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The impact of the new MFRSs to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting judgments, estimates and assumptions

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

Judgments

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgment is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 5.

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

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

Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cashgenerating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 13.

Impairment of loans and receivables

The Group and the Company assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable 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 for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 15, 16 and 17.

Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of physical completion based on technical milestone defined under the contract and take into account the nature of activities and its associated risks.

Significant judgment is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. The details of construction contracts are disclosed in Note 14.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 26.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group has tax recoverable of RM2,702,076 (2016: RM2,015,950) and tax payable of RM22,678,748 (2016: RM18,073,175) respectively. The Company has tax recoverable of Nil (2016: RM63,747) and tax payable of RM3,297,240 (2016: Nil) respectively.

Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 41(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, 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.

(iv) Goodwill on consolidation

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

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

3. Significant Accounting Policies (Cont'd)

(b) Investments in associate and joint venture

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

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

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

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

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

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

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

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

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

3. Significant Accounting Policies (Cont'd)

(d) 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(m)(i).

(i) Recognition and measurement

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

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

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 profit or loss as incurred.

(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. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

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

Buildings	33 - 50 years
Leasehold properties and industrial land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Yard infrastructure, machinery and equipment	1 - 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 reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

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

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 lease

Leases, where the Group 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 and measured using fair value model.

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 land use rights.

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internallygenerated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets for intangible assets.

3. Significant Accounting Policies (Cont'd)

(g) 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.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were 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 include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. 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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(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 included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified 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.

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.

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.

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of 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.

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

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables, amounts due to a Director and subsidiaries and loans and borrowings.

Trade and other payables, amounts due to a Director and subsidiaries are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) 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 original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Significant Accounting Policies (Cont'd)

(j) Inventories

Inventories which comprise raw materials, spare part and consumables, work-inprogress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-infirst- out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

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. The stage of completion method is determined by reference to the proportion of physical completion based on technical milestone defined under the contract and take into account the nature of activities and its associated risks.

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.

(l) 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.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cashgenerating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiaries, associates and joint ventures, 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.

<u>Financial assets carried at amortised cost</u>

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.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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.

(n) Share capital

(i) Ordinary shares

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 proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. 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 subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiaries, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits.

(q) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(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.

3. Significant Accounting Policies (Cont'd)

(q) Revenue (Cont'd)

(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 reporting period.

(iii) Construction contracts

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

(iv) 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.

(v) Interest income

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

(vi) Management fee

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

(r) 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.

(s) 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)

(s) 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. 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.

(t) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(w) Land use rights

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

4. **Property, Plant and Equipment**

Group	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
2017										
At cost										
At 1 January 2017	12,063,260	15,876,176	16,581,087	1,604,849	3,739,634	78,332,847	7,628,349	20,353,223	3,375,418	159,554,843
Additions	-	-	-	26,985	751,227	4,096,221	836,074	11,698,022	202,214	17,610,743
Acquisition through business combination	-	-	-	100,113	631,670	2,757,342	1,079,046	23,539	10,338	4,602,048
Disposals	-	-	-	-	-	(329,600)	-	-	-	(329,600)
Disposals of subsidiary	-	-	-	(60,626)	(530,369)	(12,387,806)	(405,290)	(3,258,699)	(58,176)	(16,700,966)
Written off	-	-	-	(4,234)	(45,791)	-	(132,883)	(209,887)	-	(392,795)
Exchange differences	-	-	(142,142)	17	804,100	(447,868)	(54,816)	(32,969)	(505,090)	(378,768)
At 31 December 2017	12,063,260	15,876,176	16,438,945	1,667,104	5,350,471	72,021,136	8,950,480	28,573,229	3,024,704	163,965,505
Accumulated depreciation										
At 1 January 2017	-	912,875	1,423,958	860,975	2,741,960	32,655,886	4,475,307	6,708,291	2,304,405	52,083,657
Charge for the financial year	-	444,775	331,821	46,828	659,922	7,099,860	1,053,010	2,713,112	317,390	12,666,718
Acquisition through business combination	-	-	-	69,981	444,168	2,107,754	868,843	6,436	5,652	3,502,834
Disposals	-	-	-	-	-	(30,213)	-	-	-	(30,213)
Disposals of subsidiary	-	-	-	(60,568)	(320,416)	(8,260,130)	(324,102)	(1,665,124)	(39,342)	(10,669,682)
Written off	-	-	-	(4,234)	(4,340)	(12,404)	(132,883)	(184,689)	-	(338,550)
Exchange differences	-	-	(42,904)	17	506,353	(103,926)	(42,657)	(666)	(505,091)	(188,874)
At 31 December 2017	-	1,357,650	1,712,875	912,999	4,027,647	33,456,827	5,897,518	7,577,360	2,083,014	57,025,890
Carrying amount										
At 31 December 2017	12,063,260	14,518,526	14,726,070	754,105	1,322,824	38,564,309	3,052,962	20,995,869	941,690	106,939,615

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

Group	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
2016										
At cost										
At 1 January 2016	12,063,260	15,432,170	16,541,704	1,728,942	3,355,030	63,732,739	7,303,289	13,566,207	3,273,377	136,996,718
Additions	-	444,006	132,405	113,855	622,960	15,274,571	376,942	6,896,576	367,488	24,228,803
Disposals	-	-	-	(28,036)	-	-	-	-	-	(28,036)
Written off	-	-	-	(169,693)	(210,594)	(350,016)	(29,296)	(4,081)	(257,928)	(1,021,608)
Exchange differences	-	-	(93,022)	(40,219)	(27,762)	(324,447)	(22,586)	(105,479)	(7,519)	(621,034)
At 31 December 2016	12,063,260	15,876,176	16,581,087	1,604,849	3,739,634	78,332,847	7,628,349	20,353,223	3,375,418	159,554,843
Accumulated depreciation										
At 1 January 2016	-	548,239	1,032,186	944,912	2,364,423	26,724,821	3,428,471	4,836,718	2,200,422	42,080,192
Charge for the financial year	-	364,636	408,304	91,159	591,950	6,515,088	1,089,909	2,034,110	356,236	11,451,392
Disposals	-	-	-	-	(25,618)	-	-	-	-	(25,618)
Written off	-	-	-	(134,877)	(153,254)	(307,749)	(25,873)	(4,081)	(250,517)	(876,351)
Exchange differences	-	-	(16,532)	(40,219)	(35,541)	(276,274)	(17,200)	(158,456)	(1,736)	(545,958)
At 31 December 2016	-	912,875	1,423,958	860,975	2,741,960	32,655,886	4,475,307	6,708,291	2,304,405	52,083,657
Carrying amount										
At 31 December 2016	12,063,260	14,963,301	15,157,129	743,874	997,674	45,676,961	3,153,042	13,644,932	1,071,013	107,471,186

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

Company	Freehold land RM	Buildings RM	Leasehold industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
2017									
At cost									
At 1 January 2017	11,713,260	9,402,170	842,459	91,032	160,045	6,017,751	702,541	36,040	28,965,298
Additions	-	-	-	12,560	128,828	2,949,092	37,813	-	3,128,293
At 31 December 2017	11,713,260	9,402,170	842,459	103,592	288,873	8,966,843	740,354	36,040	32,093,591
Accumulated depreciation									
At 1 January 2017	-	696,341	59,159	23,940	32,438	2,726,238	467,522	1,200	4,006,838
Charge for the financial year	-	253,133	8,510	9,923	22,467	1,243,934	137,364	7,208	1,682,539
At 31 December 2017	-	949,474	67,669	33,863	54,905	3,970,172	604,886	8,408	5,689,377
Carrying amount									
At 31 December 2017	11,713,260	8,452,696	774,790	69,729	233,968	4,996,671	135,468	27,632	26,404,214

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

Company	Freehold land RM	Buildings RM	Leasehold industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
2016									
At cost									
At 1 January 2016	11,713,260	9,402,170	842,459	95,050	123,598	4,965,675	651,596	-	27,793,808
Additions	-	-	-	17,605	36,447	1,052,076	143,840	36,040	1,286,008
Written off	-	-	-	(21,623)	-	-	(92,895)	-	(114,518)
At 31 December 2016	11,713,260	9,402,170	842,459	91,032	160,045	6,017,751	702,541	36,040	28,965,298
Accumulated depreciation									
At 1 January 2016	-	443,209	50,649	16,303	18,654	1,712,952	418,948	-	2,660,715
Charge for the financial year	-	253,132	8,510	10,570	13,784	1,013,286	134,933	1,200	1,435,415
Written off	-	-	-	(2,933)	-	-	(86,359)	-	(89,292)
At 31 December 2016	-	696,341	59,159	23,940	32,438	2,726,238	467,522	1,200	4,006,838
Carrying amount									
At 31 December 2016	11,713,260	8,705,829	783,300	67,092	127,607	3,291,513	235,019	34,840	24,958,460

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

(a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 24 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	14,518,526	14,963,301	8,452,696	8,705,829
Leasehold properties and industrial land	14,726,070	15,157,129	774,790	783,300
	41,307,856	42,183,690	20,940,746	21,202,389

The remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 56 (2016: 57) years and 88 (2016: 89) years, which are expired on 2073 and 2105 respectively.

(b) The aggregate costs for the property, plant and equipment of the Group and of the Company acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Aggregate costs	17,610,743	24,228,803	3,128,293	1,286,008
Less: Finance lease financing	(410,500)	(320,240)	-	(27,200)
Cash payments	17,200,243	23,908,563	3,128,293	1,258,808

(c) Included in the property, plant and equipment, the carrying amounts of leased assets are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Motor vehicles	2,007,092	2,487,095	-	-
Machinery and equipment	27,632	34,840	27,632	34,840
	2,034,724	2,521,935	27,632	34,840

5. Investments in Subsidiaries

	Company 2017 RM	Company 2016 RM
In Malaysia:		
At cost		
Unquoted shares	108,125,007	112,225,005
Less: Accumulated impairment losses	(18,449,996)	(22,406,294)
	89,675,011	89,818,711
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	99,722,217	99,865,917

Movement in the allowance for impairment loss are as follows:

	Company 2017 RM	Company 2016 RM
At 1 January	22,406,294	18,306,295
Impairment losses recognised	143,701	4,099,999
Amount written off	(4,099,999)	-
At 31 Decembert	18,449,996	22,406,294

During the financial year, due to declining business operations of certain subsidiaries, the Company carried out a review of the recoverable amounts based on value-in-use, determined by discounted future cash flows. The recoverable amount is estimated at Nil and an impairment loss of RM143,701 (2016: RM4,099,999) was recognised during the financial year.

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

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Investment holding
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 general contractors, construction of telecommunication engineering and other related services
Destini Info Tech Sdn. Bhd.	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and computerised security systems and its related services
Destini Australia Pty. Ltd.*	Australia	100	100	Dormant
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Investment holding
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling and running services in the oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Detrac Sdn. Bhd.	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development

5. Investments in Subsidiaries (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Green Pluslink Sdn. Bhd.	Malaysia	-	51.9	Provides extrusion and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Engage in business of fabrication, manufacturing, supplying delivery and maintenance of vehicles
Prinsip Pertiwi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Supplying of defence and aviation equipment, parts and accessories
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	-	Dormant
Held through Destini Prima Sdn. Bhd.:				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Dormant
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services
Halaman Optima Sdn. Bhd.	Malaysia	70	-	Manufacturers, importer and exporters of safety and security products and defence equipment
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Technofibre International Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment
Held through Destini Aviation Sdn. Bhd.:				
Safeair Technical Sdn. Bhd.	Malaysia	80	80	Specialise in aircraft servicing and provide technical ground handling services for commercial airlines

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

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

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Held through Destini Shipbuilding And Engineering Sdn. Bhd.:				
THHE Destini Sdn. Bhd.	Malaysia	51	51	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Held through Destini Oil Services Sdn. Bhd.				
Destini Downstream Sdn. Bhd. (formerly known as Massive Maxim Sdn. Bhd.)	Malaysia	100	-	Dormant
DBD International Pte. Ltd.	Singapore	100	-	Dormant
Held through Destini Armada Pte. Ltd.:				
Vanguarde Pte. Ltd. (formerly known as Vanguard Composite Engineering Pte. Ltd.)*	Singapore	100	100	Manufacture and offers maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
AMS Marine Pte. Ltd.*	Singapore	70	-	Building and repairing of ships, tankers and other ocean-going vessels
Held through Vanguarde Pte. Ltd. (formerly known as Vanguard Composite Engineering Pte. Ltd.):				
Vanguarde Offshore Pte. Ltd. (formerly known as Vanguard Offshore Pte. Ltd.)*	Singapore	100	100	Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances
Vanguard Nantong FRP Co. Ltd.*	People Republic of China	100	100	Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	Supplying marine related lifesaving equipment, parts and accessories

5. Investments in Subsidiaries (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Provide maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping
Techno Fibre Middle East Marine Services FZE*	United Arab Emirates	100	100	Repair and maintenance of lifeboats and davits and fire and gas protection system servicing
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Repair and service of fibre composite life boats and davits and consultation engineering and servicing
Destini Marine Safety Solutions Ltd. (formerly known as Imes Marine Safety Systems Ltd)*	Scotland	60	60	Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	51	Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products
Held through AMS Marine Pte. Ltd.:				
Sierraleap Sdn. Bhd.	Malaysia	100	-	Dormant

* *Subsidiaries not audited by UHY*

5. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests 2017 %	2016 %	Profit/(loss) allocated to non-controlling interests 2017 RM	2016 RM	Accumulated non-controlling interests 2017 RM	2016 RM
Detrac Sdn. Bhd.	30	30	164,953	14,527	482,251	317,298
Halaman Optima Sdn. Bhd.	30	-	865,601	-	384,206	-
Safeair Technical Sdn. Bhd.	20	20	(755,146)	(732,311)	(1,484,209)	(729,063)
AMS Marine Pte. Ltd.	30	-	-	-	(2,230,360)	-
Green Pluslink Sdn. Bhd.	-	48.1	(1,363,469)	(967,149)	-	(1,522,292)
					(2,848,111)	(1,934,057)
Individually immaterial subsidiaries with non-controlling interests					(3,083)	378,341
Total non-controlling interests					(2,851,194)	(1,555,716)

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

(a) Material partly-owned subsidiaries (Cont'd)

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

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.		Green Pluslink Sdn. Bhd.	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements of financial position										
Non-current assets	333,051	274,164	33,066	-	2,599,448	2,638,684	1,061,140	-	-	7,324,685
Current assets	3,505,166	2,000,899	122,237,073	-	5,715,668	4,438,050	3,819,706	-	-	430,006
Non-current liabilities	(37,542)	(23,025)	(86,157,439)	-	(77,653)	(92,760)	(136,106)	-	-	(67,271)
Current liabilities	(2,193,171)	(1,194,377)	(34,832,012)	-	(15,658,507)	(10,629,281)	(12,179,272)	-	-	(10,852,270)
Net assets/(liabilities)	1,607,504	1,057,661	1,280,688	-	(7,421,044)	(3,645,307)	(7,434,532)	-	-	(3,164,850)
Summarised statements of profit or loss and other comprehensive income										
Revenue	3,688,203	2,209,751	225,330,000	-	4,709,106	2,582,632	-	-	727,428	558,735
Net profit/(loss) for the financial year	549,843	48,424	2,885,338	-	(3,775,737)	(3,661,554)	-	-	(2,834,652)	(2,010,706)
Total comprehensive income/(loss)for the financial year	549,843	48,424	2,885,338	-	(3,775,737)	(3,661,554)	-	-	(2,834,652)	(2,010,706)

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

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations. (Cont'd)

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.		Green Pluslink Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Summarised statements of cash flows										
Net cash from/(used in) operating activities	502,706	(120,187)	(119,026,799)	-	(4,620,560)	715,798	302,639	-	-	2,869,301
Net cash used in investing activities	(1,499,446)	(88,294)	-	-	(275,102)	(1,896,272)	(127,046)	-	-	(23,550)
Net cash from/(used in) financing activities	563,854	-	112,158,587	-	5,139,786	(7,607)	(18,988)	-	-	(2,828,174)
Net (decrease)/increase in cash and cash equivalents	(432,886)	(208,481)	(6,868,212)	-	244,124	(1,188,081)	156,605	-	-	17,577

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

During the financial year

(i) On 16 February 2017, Destini Prima Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with third parties for proposed acquisition of 700,000 ordinary shares, representing 70% equity interest in Halaman Optima Sdn. Bhd. ("HOSB") for a total cash consideration of RM5,500,000. The condition precedent for the SSA has been compiled and acquisition has been duly completed on 29 March 2017.

(ii) On 28 February 2017, Destini Oil Services Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 2 ordinary shares, representing entire shareholding in Destini Downstream Sdn Bhd ("DDSB") (formerly known as Massive Maxim Sdn. Bhd.) for cash consideration of RM2.

(iii) On 3 July 2017, Destini Oil Services Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new wholly-owned subsidiary company at Singapore with the name DBD International Pte. Ltd ("DBD") with the registered capital of RM6 (SGD 2).

(iv) On 27 November 2017, Destini Armada Pte. Ltd., a wholly-owned subsidiary of the Company, entered into a share subscription and shareholders agreement ("SSA") with third parties for subscription of 4,200,000 new ordinary shares in AMS Marine Pte. Ltd ("AMS"), representing 70% of the enlarged issued and paid up capital of AMS for a total cash consideration of RM3 (SGD 1). The condition precedent for the SSA has been compiled and the acquisition has been duly completed on 4 December 2017.

(v) On 15 December 2017, the Company acquired 1 ordinary share in Destini Rail Sdn. Bhd. ("DRSB") representing the 100% of the issued and paid-up share capital of DRSB for a cash consideration of RM1.

In previous financial year

(i) On 28 June 2016, Destini Prima Sdn. Bhd., a wholly-owned subsidiary of the Company, transferred its entire shareholdings in Technofibre International Sdn. Bhd. to Destini Armada Sdn. Bhd. at total cash consideration of RM1.

(ii) On 4 January 2016, TF Corp Pte. Ltd., a wholly-owned subsidiary of the Company, subscribed for 1,020,000 ordinary shares of SAR 1 each, representing the 51% shareholding in TF Corp Saudi Arabia Co. Ltd. ("TFC") at a subscription price of SAR1 each share for a total cash consideration of RM1,126,839 (SAR1,020,000).

(iii) On 5 September 2016, TFC subscribed for 1,500 ordinary shares of GBP 1 each, representing the 60% shareholding in Destini Marine Safety Solutions Ltd ("DMSS") (formerly known as Imes Marine Safety Systems Ltd) at a subscription price of GBP 50 each share for a total cash consideration of RM401,708 (GBP75,000).

(iv) On 8 December 2016, Destini Shipbuilding And Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 382,500 ordinary shares of RM1 each, representing 51% shareholding in THHE Destini Sdn. Bhd. ("THHE") for a total cash consideration of RM382,500.

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

In previous financial year (Cont'd)

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 consideration transferred

	2017 RM	2016 RM
Cash consideration paid	5,500,012	1,911,048

Fair value of identifiable assets acquired and liabilities assumed

	2017 RM	2016 RM
Property, plant and equipment	1,099,214	-
Inventories	649,364	124,449
Trade and other receivables	3,097,844	353,391
Cash and bank balances	8,230,270	5,290,581
Trade and other payables	(21,914,237)	(1,193,270)
Finance lease liabilities	(201,630)	-
Bank borrowings	-	(3,749,275)
Total identifiable net (liabilities)/assets	(9,039,175)	825,876

Net cash inflows arising from acquisition of subsidiaries

	2017 RM	2016 RM
Purchase consideration settled in cash	(5,500,012)	(1,911,048)
Cash and cash equivalents of subsidiaries acquired	8,230,270	5,290,581
	2,730,258	3,379,533

Goodwill arising from business combination

	2017 RM	2016 RM
Fair value of consideration transferred via cash	5,500,012	1,911,048
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(2,711,755)	630,335
Fair value of identifiable assets acquired and liabilities assumed	9,039,174	(825,876)
Goodwill	11,827,431	1,715,507

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

Goodwill arising from business combination (Cont'd)

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiaries into the Group's existing business.

Acquisition-related costs

The Group incurred acquisition-related costs of RM101,000 (2016: RM86,000) related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in the profit or loss.

(c) Disposal of a subsidiary

On 29 December 2017, the Company entered into a share sale agreement ("SSA") with a third party for disposal of its entire 51.92% equity interest in its subsidiary, Green Pluslink Sdn Bhd ("GPSB"), comprising of 2,700,000 ordinary shares in GPSB for a total cash consideration of RM4,400,000.

	RM
Property, plant and equipment	6,031,284
Inventories	149,621
Trade and other receivables	433,240
Cash and bank balances	223,240
Trade and other payables	(119,167)
Amount due to holding company	(10,571,041)
Amount due to related companies	(1,749,857)
Finance lease liabilities	(94,736)
Net liabilities	(5,697,416)
Add: Non-controlling interests	2,885,761
Total net liabilities disposed	(2,811,655)
Gain on disposal	7,211,655
Proceeds from disposal	4,400,000
Less: Cash and bank balances disposed	(223,240)
Net cash inflows from disposal	4,176,760

There was no disposal in the previous financial year.

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.

6. Investment in Associates

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Outside Malaysia				
At cost				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance

* *Associates not audited by UHY*

Summarised financial information of the Group's associates, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") and TF Emirates Marine Services L.L.C. ("TFEMS"), are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

6. Investment in Associates (Cont'd)

	EKSTB		TFEMS	
	2017 RM	2016 RM	2017 RM	2016 RM
Summarised statements of financial position				
Non-current assets	-	-	41,628	25,407
Current assets	577,390	640,005	329,359	423,310
Current liabilities	(7,357,514)	(7,333,129)	(687,965)	(472,468)
Net liabilities	(6,780,124)	(6,693,124)	(316,978)	(23,751)
Interest in associate	49%	49%	49%	49%
Group's share of net assets/(liabilities)	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-
Summarised statements of profit or loss and other comprehensive income				
Revenue	-	-	27,539	19,244
Net loss for the financial financial year	(788,124)	(629,518)	(313,999)	(149,026)
Total comprehensive loss for the financial year	(788,124)	(629,518)	(313,999)	(149,026)

The Group has not recognised losses related to EKSTB and TFEMS totaling RM3,513,998 (2016: RM3,127,817) and RM264,278 (2016: RM110,418) respectively, since the Group has no obligation in respect of their losses.

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

7. Investment in Joint Venture

	Group	
	2017 RM	2016 RM
In Malaysia:		
At Cost		
Unquoted shares	500,001	500,000
Less: Share of post acquisition reserve	(500,001)	(500,000)
	-	-

7. Investment in Joint Venture (Cont'd)

Details of the joint venture are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	50	50	Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector
Invation Aero Sdn Bhd. ("IASB") (formerly known as Urban Fleet Sdn. Bhd.)*	Malaysia	50	-	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services

* *Joint venture not audited by UHY*

On 20 June 2017, Destini Aviation Sdn. Bhd. ("DASB"), a wholly-owned subsidiary of the Company, has entered into a Joint Venture and Shareholders Agreement with a joint venture partner to form a jointly controlled entity, Invation Aero Sdn. Bhd. ("IASB") (formerly known as Urban Fleet Sdn. Bhd.) at equal basis of equity interest in IASB held by both parties. DASB subscribed 1 ordinary share, representing 50% equity interest in IASB for cash consideration of RM1.

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

Summarised financial information of the Group's joint venture is set out below. The summarised financial information represents the amounts in the MFRS financial statements of joint venture and not the Group's share of those amounts.

	DATSB 2017 RM	DATSB 2016 RM	IASB 2017 RM	IASB 2016 RM
Summarised statements of financial position				
Non-current assets	1,136,315	926,107	6,777	-
Current assets	2,069,325	293,580	1,002	-
Current liabilities	(5,154,790)	(1,939,023)	(174,635)	-
Net liabilities	(1,949,150)	(719,336)	(166,856)	-
Interest in joint venture	50%	50%	50%	-
Group's share of net liabilities	(974,575)	(359,668)	(83,428)	-
Carrying value of the Group's interest in joint venture	(974,575)	(359,668)	(83,428)	-

7. Investment in Joint Venture (Cont'd)

	DATSB		IASB	
	2017 RM	2016 RM	2017 RM	2016 RM
Summarised statements of profit or loss and other comprehensive income				
Revenue	684,424	97,864	-	-
Net loss for the financial year, representing total comprehensive loss during the financial year	(1,228,555)	(1,368,438)	(166,858)	-
Unrecognised share of losses of joint ventures:				
The unrecognised share of losses of joint ventures	(614,278)	(359,668)	(83,427)	-
Cumulative unrecognised share of losses of joint ventures	(973,946)	(359,668)	(83,427)	-

8. Investment in Securities

	Group and Company	
	2017 RM	2016 RM
Financial assets at fair value through profit or loss - held for trading		
Quoted securities at fair value		
- Quoted shares in Malaysia	1,923,981	1,819,982

The quoted securities measured at fair value recurring basis and classified as level 1 of the fair value hierarchy.

9. Intangible Assets

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2017					
At cost					
At 1 January 2017	1,617,000	184,248,933	6,746,994	10,046,117	202,659,044
Additions	-	-	-	551,511	551,511
Acquisition through business combination	-	11,827,431	-	-	11,827,431
Disposal of subsidiary	-	(1,843,063)	-	(642,530)	(2,485,593)
Exchange differences	-	(765,908)	-	(276,838)	(1,042,746)
At 31 December 2017	1,617,000	193,467,393	6,746,994	9,678,260	211,509,647
Accumulated amortisation					
At 1 January 2017	215,600	-	-	3,417,912	3,633,512
Recognised in profit or loss	107,800	-	963,856	408,643	1,480,299
Disposal of subsidiary	-	-	-	(642,530)	(642,530)
Exchange differences	-	-	-	(127,243)	(127,243)
At 31 December 2017	323,400	-	963,856	3,056,782	4,344,038
Accumulated impairment losses					
At 1 January 2017	-	1,843,063	-	-	1,843,063
Recognised in profit or loss	-	1,334,431	-	-	1,334,431
Disposal of subsidiary	-	(1,843,063)	-	-	(1,843,063)
At 31 December 2017	-	1,334,431	-	-	1,334,431
Carrying amount					
At 31 December 2017	1,293,600	192,132,962	5,783,138	6,621,478	205,831,178

9. Intangible Assets (Cont'd)

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2016					
At cost					
At 1 January 2016	1,617,000	181,831,886	6,746,994	9,615,838	199,811,718
Additions	-	-	-	238,560	238,560
Acquisition through business combination	-	1,715,507	-	-	1,715,507
Exchange differences	-	701,540	-	191,719	893,259
At 31 December 2016	1,617,000	184,248,933	6,746,994	10,046,117	202,659,044
Accumulated amortisation					
At 1 January 2016	107,800	-	-	2,948,029	3,055,829
Recognised in profit or loss	107,800	-	-	495,062	602,862
Exchange differences	-	-	-	(25,179)	(25,179)
At 31 December 2016	215,600	-	-	3,417,912	3,633,512
Accumulated impairment losses					
At 1 January 2016	-	-	-	-	-
Recognised in profit or loss	-	1,843,063	-	-	1,843,063
At 31 December 2016	-	1,843,063	-	-	1,843,063
Carrying amount					
At 31 December 2016	1,401,400	182,405,870	6,746,994	6,628,205	197,182,469

(a) Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. It has remaining amortisation period of 12 years (2016: 13 years).

9. Intangible Assets (Cont'd)

(a) Description of the intangible assets (Cont'd)

Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary 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"). It has remaining amortisation period of 6 years (2016: 7 years).

Development costs

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 of 4 years (2016: 5 years).

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

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes.

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

	Group	
	2017	**2016**
	RM	**RM**
Technofibre International Sdn. Bhd.	2,411,262	2,411,262
Techno Fibre (S) Pte. Ltd.	12,377,619	12,682,017
Techno Fibre Middle East Marine Services FZE	16,731,999	17,143,482
Techno Fibre Australia Pty. Ltd.	281,205	288,121
Destini Oil Services Sdn. Bhd.	67,158,888	67,158,888
Destini Shipbuilding And Engineering Sdn. Bhd.	77,391,604	77,391,604
System Enhancement Resources & Technologies Sdn. Bhd.	2,199,962	2,199,962
Safeair Technical Sdn. Bhd.	-	1,334,431
Destini Marine Safety Solutions Ltd. (formerly known as Imes Marine Safety Systems Ltd.)	1,752,992	1,796,103
Halaman Optima Sdn. Bhd.	6,623,255	-
AMS Marine Pte. Ltd.	5,204,176	-
	192,132,962	182,405,870

The recoverable amount of the Safeair Technical Sdn. Bhd. is determined based on a value-in-use, determined by discounted future cash flows. The recoverable amount is estimated at Nil and a full impairment loss of RM1,334,431 was recognised during the financial year.

The recoverable amount of the Green Pluslink Sdn. Bhd. is determined based on a value-in-use, determined by discounted future cash flows. The recoverable amount is estimated at Nil and a full impairment loss of RM1,843,063 was recognised in the previous financial year.

9. Intangible Assets (Cont'd)

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

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 13% to 40% per annum;

(iii) Expenses were projected at annual increase of approximately 5% to 10% per annum; and

(iv) A pre-tax discount rate of 7% to 8% was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU.

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.

10. Land Use Right

	Group	
	2017	**2016**
	RM	**RM**
At cost		
At 1 January	2,050,107	2,102,419
Exchange differences	(76,982)	(52,312)
At 31 December	1,973,125	2,050,107
Accumulated amortisation		
At 1 January	259,179	223,744
Charge for the financial year	40,359	39,620
Exchange differences	(10,631)	(4,185)
At 31 December	288,907	259,179
Carrying amount		
At 31 December	1,684,218	1,790,928

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 41 (2016: 42 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 25.

11. Other Receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-Current Assets				
Other receivable	12,321,101	-	12,321,101	-
Current Assets				
Other receivables	37,900,044	20,107,880	3,960,734	2,653
GST receivable	2,768,795	1,079,557	170,455	138,764
Deposits				
- Suppliers (Trade)	28,779,115	16,172,320	-	-
- Others (Non-trade)	3,663,045	3,832,817	247,364	404,021
	32,442,160	20,005,137	247,364	404,021
Prepayments	18,147,382	65,988,293	176,707	1,477,205
	91,258,381	107,180,867	4,555,260	2,022,643
Less: Accumulated impairment losses	(1,395,753)	(1,518,968)	-	-
	89,862,628	105,661,899	4,555,260	2,022,643
	102,183,729	105,661,899	16,876,361	2,022,643

Non-current assets

This represents unsecured, interest-bearing at rate of 6% (2016: Nil) per annum and repayable on or before 31 December 2020.

Current assets

Include in other receivables is amount due from an associate amounting to RM6,762,907 (2016: RM6,003,980). This represents unsecured, interest free advances and are repayable on demand.

Movements in allowance for impairment loss of other receivables during the financial year are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At 1 January	1,518,968	1,819,066	-	300,098
Impairment loss recognised	263,923	-	-	-
Written off	(387,138)	(300,098)	-	(300,098)
At 31 December	1,395,753	1,518,968	-	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

12. Other Investment

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Golf club membership	320,000	320,000	150,000	150,000

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

13. Inventories

	Group	
	2017 RM	2016 RM
At cost		
Spare parts and consumables	3,862,569	4,080,889
Raw materials	2,453,520	2,385,329
Work-in-progress	2,606,369	2,061,980
Finished goods	4,090,062	3,512,546
	13,012,520	12,040,744
At net realisable value		
Finished goods	-	464,402
	13,012,520	12,505,146
Recognised in profit or loss:		
Inventories recognised as cost of sales	12,316,672	14,553,369
Inventories written down	-	83,171

14. Amount Due from/(to) Contract Customers

	Group 2017 RM	Group 2016 RM
Contract costs incurred to date	877,397,698	213,836,533
Attributable profits	163,625,682	77,484,459
	1,041,023,380	291,320,992
Less: Progress billings	(1,048,449,334)	(294,853,100)
	(7,425,954)	(3,532,108)
Presented as:		
Amount due from contract customers	10,683,825	9,805,133
Amount due to contract customers	(18,109,779)	(13,337,241)

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group 2017 RM	Group 2016 RM
Hire of plant and machineries	840,116	331,992
Rental expenses	77,871	91,002

15. Trade Receivables

	Group 2017 RM	Group 2016 RM
Trade receivables	353,538,774	168,093,105
Less: Accumulated impairment losses	(4,041,262)	(2,892,042)
	349,497,512	165,201,063

The Group's normal trade credit terms range from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss of trade receivables during the financial year are as follows:

	Group 2017 RM	Group 2016 RM
At 1 January	2,892,042	2,199,081
Impairment loss recognised	1,449,131	721,115
Impairment loss reversed	-	(28,154)
Amount written off	(299,911)	-
At 31 December	4,041,262	2,892,042

15. Trade Receivables (Cont'd)

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

	Group 2017 RM	Group 2016 RM
Neither past due nor impaired	154,818,840	58,661,161
Past due not impaired:		
Less than 30 days	91,276,314	1,332,592
31 to 90 days	53,375,362	75,324,157
91 to 180 days	50,026,996	29,883,153
	194,678,672	106,539,902
	349,497,512	165,201,063
Impaired	4,041,262	2,892,042
	353,538,774	168,093,105

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2017, trade receivables of RM194,678,672 (2016: RM106,539,902) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM4,041,262 (2016: RM2,892,042), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

16. Amount Due from Subsidiaries

	Company 2017 RM	Company 2016 RM
Amount due from subsidiaries	316,192,595	300,559,741
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	300,721,006	285,088,152

These amounts represent unsecured, interest free advances and are repayable on demand except for an amount of RM44,292,469 (2016:RM50,000,000) which bears interest at 6.3% (2016: 6.3%) per annum.

17. Amount Due from Joint Venture

This amount represents unsecured, interest free advances and is repayable on demand.

18. Fixed Deposits with Licensed Banks

The fixed deposits of the Group at amount of RM40,859,107 (2016: RM24,466,948) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 25.

The interest rates of deposits during the financial year range from 2.30% to 3.60% (2016: 2.30% to 3.60%) per annum and the maturities of deposits are 5 to 365 days (2016: 5 to 365 days) respectively.

19. Cash and Bank Balances

Included in cash and bank balances of the Group is an amount of RM50 (2016: RM50) has been pledged to licensed banks as security for banking facilities granted to subsidiaries as disclosed in Note 25.

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Ordinary shares with no par value (2016: par value of RM0.10 each)				
Authorised:				
At 1 January/At 31 December	-	1,500,000,000	-	150,000,000
Issued and fully paid:				
At 1 January	1,155,230,199	916,671,818	115,523,020	91,667,182
Issuance of shares:				
- Conversion of warrants	-	238,558,381	-	23,855,838
Transition to no-par value regime on 31 January 2017	-	-	267,283,851	-
At 31 December	1,155,230,199	1,155,230,199	382,806,871	115,523,020

The new Companies Act, 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

In previous financial year, the Company increased its issued and paid up ordinary share capital from RM91,667,182 to RM115,523,020 by way of issuance of 238,558,381 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

The new ordinary shares issued during the financial year rank 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 the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

21. Share Premium

	Group and Company 2017 RM	2016 RM
At 1 January	267,283,851	195,716,337
Warrant exercised	-	71,567,514
Transition to no-par value regime on 31 January 2017	(267,283,851)	-
At 31 December	-	267,283,851

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Prior to 31 January 2017, the application of the share premium account was governed by Section 60 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account become part of the Company's share capital (Note 20). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM267,283,851 for purposes as set out in Section 618(3) of the Act.

22. Foreign Currency Translation Reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Employees Share Option Scheme ("ESOS")

At an extraordinary general meeting held on 10 February 2014, the Company's shareholders approved the establishment of an ESOS for eligible Directors and employees of the Group. The ESOS is administered by a committee ("ESOS Committee").

The ESOS became effective for a period of five (5) years from 17 April 2014 to 16 April 2019.

All ESOS have been fully exercised and no share option was granted during the financial year.

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiaries or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.

(ii) The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the total issued and paid-up ordinary share capital of the Company at the point in time during the tenure of the ESOS.

(iii) The new Company's shares of RM0.10 each ("new Shares") to be allotted and issued upon the exercise of the ESOS option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM0.10 each save and except that the new Shares will not be entitled to any distributions made or paid prior to the date of allotment of the new Shares. The ESOS option shall not carry any right to vote at a general meeting of the Company.

(iv) The Scheme shall be in force for a period of five (5) year commencing from the effective date. The Scheme may be extended by the Board of Director at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.

23. Employees Share Option Scheme ("ESOS") (Cont'd)

(v) The ESOS option is personal to the grantee and is non-assignable and nontransferable.

(vi) The Shares to be issued and allotted to a grantee pursuant to the exercise of an ESOS option under the Scheme will not be subject to any retention period or restriction on transfer except that a Non-Executive Director shall not sell, transfer or assign the Shares obtained through the exercise of the ESOS option within one (1) year from the grant date.

(vii) An option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date on which the ESOS option is granted and shall in no event be less than the par value of the shares of the Company of RM0.10.

(viii) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the Board of Director.

(ix) The option granted to eligible executives will lapse when they are no longer in employment of the Group.

24. Finance Lease Liabilities

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Minimum finance lease payments:				
Within one year	870,965	782,496	11,034	14,712
Between one to five years	1,615,821	2,015,523	-	11,034
More than five years	218,485	158,004	-	-
	2,705,271	2,956,023	11,034	25,746
Less : Future finance charges	(240,421)	(281,539)	(334)	(1,713)
Present value of finance lease liabilities	2,464,850	2,674,484	10,700	24,033
Present value of finance lease liabilities:				
Within one year	767,010	652,565	10,700	13,333
Between one to five years	1,546,600	1,872,065	-	10,700
More than five years	151,240	149,854	-	-
	2,464,850	2,674,484	10,700	24,033
Analysed as:				
Repayable within twelve months	767,010	652,565	10,700	13,333
Repayable after twelve months	1,697,840	2,021,919	-	10,700
	2,464,850	2,674,484	10,700	24,033

The finance lease liabilities interests are charged at rates ranging from 2.28% to 4.70% (2016: 2.28% to 4.09%) per annum.

The Group leases plant and machineries under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

25. Bank Borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Secured				
Bank overdrafts	930,690	284,228	-	-
Trust receipts	18,680,701	1,401,170	-	-
Term loan I	-	193,741	-	-
Term loan II	158,085	168,921	-	-
Term loan III	8,484,178	9,032,853	8,484,178	9,032,853
Term loan IV	2,579,617	5,104,000	-	-
Term loan V	2,913,484	3,306,316	2,913,484	3,306,316
Term loan VI	2,173,522	2,258,322	-	-
Term loan VII	807,421	1,600,000	-	-
Term loan VIII	7,080,988	8,977,788	-	-
Term loan IX	46,550,000	50,000,000	46,550,000	50,000,000
Term loan X	86,154,800	-	-	-
Total bank borrowings	176,513,486	82,327,339	57,947,662	62,339,169

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Analysed as: Repayable within twelve months				
Bank overdrafts	930,690	284,228	-	-
Trust receipts	18,680,701	1,401,170	-	-
Term loan I	-	193,741	-	-
Term loan II	10,906	10,347	-	-
Term loan III	586,826	505,894	586,826	505,894
Term loan IV	2,579,617	5,104,000	-	-
Term loan V	438,774	392,832	438,774	392,832
Term loan VI	2,173,522	2,258,322	-	-
Term loan VII	807,421	1,600,000	-	-
Term loan VIII	1,690,349	1,730,135	-	-
Term loan IX	3,000,000	5,000,000	3,000,000	5,000,000
	30,898,806	18,480,669	4,025,600	5,898,726
Repayable after twelve months				
Term loan II	147,179	158,574	-	-
Term loan III	7,897,352	8,526,959	7,897,352	8,526,959
Term loan V	2,474,710	2,913,484	2,474,710	2,913,484
Term loan VIII	5,390,639	7,247,653	-	-
Term loan IX	43,550,000	45,000,000	43,550,000	45,000,000
Term loan X	86,154,800	-	-	-
	145,614,680	63,846,670	53,922,062	56,440,443
Total	176,513,486	82,327,339	57,947,662	62,339,169

25. Bank Borrowings (Cont'd)

Term loan I
The term loans consist of the balances of Business Term loan of S$250,000 (RM775,150) obtained in July 2014 for working capital purposes. The term loan bears interest at a fixed rate of 6% per annum and repayable by 36 monthly instalments. The term loan is secured by corporate guarantee from the Company.

Term loan II
The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing September 2014.

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

Term loan III
The term loan is secured by way of a first legal charged on a freehold land and buildings of the Company at carrying amount of RM15,857,745. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV and VII
Term loan was denominated in RM, bore interest at 6.10% per annum. It was secured by the followings:

(a) Deed of assignment of contract proceeds.
(b) Debenture incorporating fixed and floating assets.
(c) Corporate guarantee by the Company.

Term loan V
The term loan is secured by way of a first legal charge on a freehold land and buildings of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

Term loan VI
The term loans consist of:

(a) RMB1,500,000 (RM968,550) with floating rate of 1.355% over benchmark interest rates of the loan prime rate ("LPR") and is reprised at interval of 1 month for period of 12 months from December 2016 to December 2017. The effective interest rate at the end of the reporting period is 5.66% per annum.
(b) RMB2,000,000 (RM1,291,400) with floating rate of 1.355% over benchmark interest rates of the loan prime rate ("LPR") and is repriced at interval of 1 month for period of 12 months from December 2016 to December 2017. The effective interest rate at the end of the reporting period is 5.66% per annum.

The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan VIII
The term loan amounted to S$3,500,000 (RM10,638,259) and bears interest at floating rate of 2.75% over prevailing rate per annum. The term loan is secured by ways of:

(a) Fixed deposit of S$100,000 and interest accrued (RM2,551,660) of a subsidiary.
(b) Corporate guarantee by the Company.

The term loan is repayable by monthly installments of S$62,464 over 5 years

25. Bank Borrowings (Cont'd)

Term loan IX
The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017.

Term loan X
The bank borrowing-Import financing bears interest at rate of cost of fund plus 2.58% per annum and repayable by milestone payment from contract proceeds. The maturity date of the bank borrowing is up to 22 months from the date of first disbursement, 3 April 2017.

The bank borrowing is secured by ways of:

(a) Deed of assignment of contract proceeds and project account.
(b) Debenture incorporating fixed and floating assets.
(c) Personal guarantee by a Director and a former Director of the Company.
(d) Corporate guarantee by the Company.
(e) Charge over shares and any future shares of the subsidiary Company.

Bank overdraft
Bank overdraft is secured by the following:

(a) Fixed deposit pledged to licensed banks.
(b) jointly and severally guarantee by certain Directors.

Trust receipts
Trust receipts are secured by the following:

(a) Fixed deposit pledged to licensed banks.
(b) Jointly and severally guarantee by certain Directors.
(c) Corporate guarantee by the Company.

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Bank overdrafts	4.90 - 7.96	4.90 - 7.88	-	-
Trust receipts	8.90 - 9.35	8.90 - 9.20	-	-
Term loans	6.80 - 12.9	6.80 - 13.20	6.95	6.85

Maturity of bank borrowing is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Within one year	30,898,806	18,480,669	4,025,600	5,898,726
Between one to two years	137,040,700	23,461,084	45,483,792	21,720,068
Between two to five years	8,476,349	39,946,908	8,438,270	34,720,375
More than five years	97,631	438,678		-
	176,513,486	82,327,339	57,947,662	62,339,169

26. Deferred Tax Liabilities

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	5,328,524	3,069,999	-	-
Recognised in profit or loss (Note 34)	(1,283,729)	2,258,525	52,552	-
At 31 December	4,044,795	5,328,524	52,552	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax liabilities	6,253,728	6,767,405	52,552	-
Deferred tax assets	(2,208,933)	(1,438,881)	-	-
	4,044,795	5,328,524	52,552	-

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Group	Provisions RM	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities				
At 1 January 2017	72,607	1,146,988	5,547,810	6,767,405
Recognised in profit or loss	(72,607)	(163,855)	(277,215)	(513,677)
At 31 December 2017	-	983,133	5,270,595	6,253,728
At 1 January 2016	-	1,146,988	4,573,353	5,720,341
Recognised in profit or loss	72,607	-	974,457	1,047,064
At 31 December 2016	72,607	1,146,988	5,547,810	6,767,405

26. Deferred Tax Liabilities (Cont'd)

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Deaccelerated capital allowances RM	Total RM
Deferred tax assets				
At 1 January 2017	(30,130)	(1,354,847)	(53,904)	(1,438,881)
Recognised in profit or loss	(802,327)	(19,289)	51,564	(770,052)
At 31 December 2017	(832,457)	(1,374,136)	(2,340)	(2,208,933)
At 1 January 2016	(36,200)	(2,607,142)	(7,000)	(2,650,342)
Recognised in profit or loss	6,070	1,252,295	(46,904)	1,211,461
At 31 December 2016	(30,130)	(1,354,847)	(53,904)	(1,438,881)

Company	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 January 2017	-
Recognised in profit or loss	52,552
At 31 December 2017	52,552

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised tax losses	34,615,900	25,410,100	-	-
Unabsorbed capital allowances	8,301,100	6,879,200	-	-
	42,917,000	32,289,300	-	-

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.

27. Redeemable Preference Shares

	Group			
	Number of shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Redeemable preference shares of GBP1.00 each				
Issued and fully paid:				
At 1 January	250,000	-	1,377,287	-
Issued during the financial year	-	250,000	-	1,377,287
Exchange difference	-	-	(13,729)	-
At 31 December	250,000	250,000	1,363,558	1,377,287

The main features of the preference shares are as follows:

(i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.
(ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.
(iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty-six (36) months from the date of issuance.
(iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

28. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

29. Other Payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	8,555,771	8,025,037	450,788	301,616
GST payable	24,035,232	8,723,708	1,133,550	-
Accruals	6,586,716	3,003,551	122,419	114,419
Deposits received	4,343,235	2,299,332	-	-
	43,520,954	22,051,628	1,706,757	416,035

30. Amount Due to a Director

This amount represents unsecured, interest free advances and is repayable on demand.

31. Revenue

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Sales of goods	76,099,673	40,035,645	-	-
Rendering of services	100,893,201	121,297,397	-	-
Contract revenue	511,925,273	193,433,100	-	-
Management fee	-	-	24,457,547	9,000,000
	688,918,147	354,766,142	24,457,547	9,000,000

32. Finance Costs

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest expense on:				
Bank overdrafts	22,603	32,236	-	-
Trust receipts	179,932	73,389	-	-
Finance lease liabilities	128,884	141,181	1,379	511
Term loans	1,696,625	2,491,481	3,703,220	1,155,812
Others	279,503	151,207	-	-
	2,307,547	2,889,494	3,704,599	1,156,323

33. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived after charging/(crediting):

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Amortisation of:				
- Intangible assets	1,480,299	602,862	-	-
- Land use right	40,359	39,620	-	-
Auditors' remuneration				
- Statutory audits	526,335	492,159	90,000	82,000
- Under provision in prior year	1,000	500	-	-
- Non-audit services	5,000	5,000	5,000	5,000
Amount due from a subsidiary written off	-	-	-	2,000
Bad debts written off	430,693	-	-	-
Depreciation of property, plant and equipment	12,666,718	11,451,392	1,682,539	1,435,415
Non-Executive Directors remuneration:				
- Fee	245,000	99,500	245,000	99,500
- Other emoluments	297,000	-	157,000	-

33. Profit/(Loss) Before Tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gain on disposal of property, plant and equipment	-	(2,442)	-	-
Fair value adjustment on investment in securities	(103,999)	904,099	(103,999)	904,099
Gain on disposal of a subsidiary	(7,211,655)	-	(4,099,999)	-
Loss/(Gain) on foreign exchange				
- realised	37,969	875,575	(135,755)	-
- unrealised	180,615	(787,919)	-	
Impairment loss on:				
- Trade receivables	1,449,131	721,115	-	-
- Other receivables	263,923	-	-	-
- Investment in subsidiaries	-	-	143,701	4,099,999
- Intangible assets	1,334,431	1,843,063	-	-
Inventories written down	-	83,171	-	-
Interest income from:				
- Licensed banks	(548,817)	(379,430)	(21,384)	(70,080)
- Advance to a subsidiary	-	-	(2,939,096)	(263,014)
Property, plant and equipment written off	54,245	145,257	-	25,226
Rental expense:				
- Workshop	133,200	744,968	-	-
- Equipment	188,607	211,163	-	-
- Motor vehicles	249,792	69,820	15,640	-
- Premises	3,335,813	2,654,629	-	21,000
Reversal of impairment loss on trade receivables	-	(28,154)	-	-
Waiver of debts by:				
- trade payables	-	(250,052)	-	-
- other payables	(5,627)	(880,594)	-	-
Rental income:				
- Equipment	(3,522)	(4,153)	-	-
- Motor vehicles	(216,000)	-	-	-
- Premises	(212,811)	(182,784)	(150,113)	(156,000)

34. Taxation

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	16,967,851	12,486,989	3,417,240	-
- Under provision in prior years	822,858	390,505	226,134	218,553
- Foreign tax	2,537	-	-	-
	17,793,246	12,877,494	3,643,374	218,553
Deferred tax (Note 26):				
Origination and reversal of temporary differences	(1,839,233)	2,068,509	27,970	-
Under provision in prior years	555,504	190,016	24,582	-
	(1,283,729)	2,258,525	52,552	-
Tax expense for the financial year	16,509,517	15,136,019	3,695,926	218,553

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before tax 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	45,099,581	46,233,107	14,654,982	(7,632,344)
Taxation at statutory tax rate of 24% (2016: 24%)	10,823,899	11,095,960	3,517,196	(1,831,763)
Effects of tax rates in other countries	562,048	196,143	-	-
Income not subject to tax	(2,505,469)	(177,801)	(1,714,343)	(19,653)
Expenses not deductible for tax purposes	3,746,895	2,480,922	1,642,357	1,796,181
Share of results of associates and joint venture	-	76,455	-	-
Utilisation of previously unrecognised deferred tax assets	(190,613)	(705,081)	-	-
Deferred tax assests not recognised	2,741,264	1,669,107	-	55,235
Under provision of deferred tax in prior years	555,504	190,016	24,582	-
Under provision of income tax expense in prior years	822,858	390,505	226,134	218,553
Tax incentive	(46,869)	(80,207)	-	-
Tax expense for the financial year	16,509,517	15,136,019	3,695,926	218,553

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

34. Taxation (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised tax losses	38,084,500	25,537,500	-	-
Unabsorbed capital allowances	14,026,700	12,524,400	-	-
	52,111,200	38,061,900	-	-

35. 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	
	2017 RM	2016 RM
Profit attributable to ordinary shareholders	30,009,255	33,031,210
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	1,155,230,199	916,671,818
Effect of ordinary shares issued during the financial year	-	92,393,953
Weighted average number of ordinary shares at 31 December	1,155,230,199	1,009,065,771
Basic earnings per ordinary shares (in sen)	2.60	3.27

Diluted earnings per share

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

36. Staff Costs

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, wages and other emoluments	38,720,866	35,917,051	3,834,008	3,733,129
Social security contribution	988,053	993,174	32,880	461,732
Defined contibution plan	2,278,376	2,545,970	460,654	31,844
Other benefits	3,565,304	5,643,091	355,847	621,007
	45,552,600	45,099,286	4,683,389	4,847,712

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Directors				
Company's Directors				
Salaries and other emoluments	1,785,620	1,250,643	1,785,620	1,250,643
Defined contribution plan	211,577	145,200	211,577	145,200
	1,997,197	1,395,843	1,997,197	1,395,843
Executive Directors				
Subsidiaries' Directors				
Salaries and other emoluments	804,129	720,393	-	-
Defined contribution plan	94,560	86,579	-	-
	898,689	806,972	-	-
Executive Directors				
Company's Directors	1,997,197	1,395,843	1,997,197	1,395,843
Subsidiaries' Directors	898,689	806,972	-	-
	2,895,886	2,202,815	1,997,197	1,395,843

37. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	At 1 January 2017 RM	Financing cash flows RM	Non-cash changes Acquisition of subsidiaries RM	Disposal of a subsidiary RM	Foreign exchange adjustments RM	New finance lease RM	At 31 December 2017 RM
Amount due to a Director	-	1,500,000	-	-	-	-	1,500,000
Term loans	80,641,941	76,522,992	-	-	(262,838)	-	156,902,095
Trust receipts	1,401,170	17,351,480	-	-	(71,949)	-	18,680,701
Finance lease liabilities	2,674,484	(727,028)	201,630	(94,736)	-	410,500	2,464,850
	84,717,595	94,647,444	201,630	(94,736)	(334,787)	410,500	179,547,646

Company	At 1 January 2017 RM	Financing cash flows RM	At 31 December 2017 RM
Term loans	62,339,169	(4,391,507)	57,947,662
Finance lease liabilities	24,033	(13,333)	10,700
	62,363,202	(4,404,840)	57,958,362

38. Related Party Disclosures

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiaries of the Group.

38. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2017	2016
	RM	RM
Transactions with subsidiaries		
Management fee received/receivables	24,457,547	9,000,000
Interest income	2,939,096	263,014

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short-term employees benefits				
- Salaries and other emoluments	2,886,749	1,971,036	1,942,620	1,250,643
- Fees	245,000	99,500	245,000	99,500
- Defined contribution plan	306,137	231,779	211,577	145,200
	3,437,886	2,302,315	2,399,197	1,495,343

39. Segment Information

The Group has three 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, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine construction	Shipbuilding, and restoration and maintenance of vessels
Recycling of waste	Extraction and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal

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.

39. Segment Information (Cont'd)

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.

2017	Maintenance, repair, overhaul and training RM	Marine construction RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue						
External customers	127,147,124	561,043,595	727,428	688,918,147	-	688,918,147
Inter-segment sales	246,895,948	245,213,000	-	492,108,948	(492,108,948)	-
Total revenue	374,043,072	806,256,595	727,428	1,181,027,095	(492,108,948)	688,918,147
Results						
Interest income	5,135,834	113,296	-	5,249,130	(4,700,313)	548,817
Finance costs	(6,827,407)	(172,925)	(7,528)	(7,007,860)	4,700,313	(2,307,547)
Depreciation of property, plant and equipment	(8,967,199)	(2,257,604)	(1,441,915)	(12,666,718)	-	(12,666,718)
Amortisation of intangible assets	(1,480,299)	-	-	(1,480,299)	-	(1,480,299)
Amortisation of land use right	(40,359)	-	-	(40,359)	-	(40,359)
Fair value adjustment on investment in securities	103,999	-	-	103,999	-	103,999
Other non-cash items	124,204	59,114	(90,820)	92,498	3,411,746	3,504,244
Share of results of joint venture	-	-	-	-	(1)	(1)
Segment profit/(loss)	27,585,164	32,596,465	(1,385,209)	58,796,420	2,249,267	61,045,687
Segment assets	1,128,375,643	258,630,210	6,537,385	1,393,543,238	(545,378,956)	848,164,282
Included in the measurement of segment assets are:						
Capital expenditure	7,755,169	10,258,572	148,513	18,162,254	11,827,431	29,989,685
Segment liabilities	668,512,577	205,451,202	12,534,801	886,498,580	(544,788,848)	341,709,732
Other non-cash expenses/(income)						
Waiver of debts by other payables	(5,627)	-	-	(5,627)	-	(5,627)
Impairment loss on:						
- Trade receivables	1,449,131	-	90,820	1,539,951	(90,820)	1,449,131
- Other receivables	263,923	-	-	263,923	-	263,923
- Investment in a subsidiary	1,543,701	-	-	1,543,701	(1,543,701)	-
- Goodwill	-	-	-	-	1,334,431	1,334,431
Bad debts written off	430,693	-	-	430,693	-	430,693
Property, plant and equipment written off	26,739	27,506	-	54,245	-	54,245
Gain on disposal of subsidiary	(4,099,999)	-	-	(4,099,999)	(3,111,656)	(7,211,655)
Unrealised loss/(gain) on foreign exchange	267,235	(86,620) -	-	180,615	-	180,615

39. Segment Information (Cont'd)

2016	Maintenance, repair, overhaul and training RM	Marine construction RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue						
External customers	206,716,262	147,491,145	558,735	354,766,142	-	354,766,142
Inter-segment sales	151,710,438	-	-	151,710,438	(151,710,438)	-
Total revenue	358,426,700	147,491,145	558,735	506,476,580	(151,710,438)	354,766,142
Results						
Interest income	287,992	91,438	-	379,430	-	379,430
Finance costs	(2,804,377)	(263,014)	(85,117)	(3,152,508)	263,014	(2,889,494)
Depreciation of property, plant and equipment	(9,185,420)	(777,722)	(1,488,250)	(11,451,392)	-	(11,451,392)
Amortisation of intangible assets	(602,862)	-	-	(602,862)	-	(602,862)
Amortisation of land use right	(39,620)	-	-	(39,620)	-	(39,620)
Fair value adjustment on investment in securities	(904,099)	-	-	(904,099)	-	(904,099)
Other non-cash items	(4,352,681)	290,475	961,825	(3,100,381)	2,256,936	(843,445)
Share of results of associates and joint venture	-	-	-	-	(318,560)	(318,560)
Segment profit/(loss)	29,800,085	25,388,589	(437,339)	54,751,335	6,085,710	60,837,045
Segment assets	950,868,225	115,221,423	7,756,601	1,073,846,249	(392,280,250)	681,565,999
Included in the measurement of segment assets are:						
Capital expenditure	6,600,148	17,812,625	54,590	24,467,363	1,715,507	26,182,870
Segment liabilities	486,542,789	84,844,007	10,919,365	582,306,161	(380,563,840)	201,742,321
Other non-cash expenses/(income)						
Waiver of debts by trade payables	(164,040)	-	(86,012)	(250,052)	-	(250,052)
Waiver of debts by other payables	(4,781)	-	(875,813)	(880,594)	-	(880,594)
Gain on disposal of property, plant and equipment	(2,442)	-	-	(2,442)	-	(2,442)
Inventories written down	83,171	-	-	83,171	-	83,171
Impairment loss on:						
- Trade receivables	721,115	-	-	721,115	-	721,115
- Investment in a subsidiary	4,099,999	-	-	4,099,999	(4,099,999)	-
- Goodwill	-	-	-	-	1,843,063	1,843,063
Property, plant and equipment written off	145,257	-	-	145,257	-	145,257
Reversal of impairment loss on trade receivables	(28,154)	-	-	(28,154)	-	(28,154)
Unrealised gain on foreign exchange	(497,444)	(290,475)	-	(787,919)	-	(787,919)

39. Segment Information (Cont'd)

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

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

	Revenue		Non-current assets	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Group				
Malaysia	650,067,635	323,252,466	259,396,733	251,131,775
Singapore	38,850,512	31,513,676	67,699,379	55,632,808
	688,918,147	354,766,142	327,096,112	306,764,583

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

	2017 RM	**2016 RM**
Group		
Property, plant and equipment	106,939,615	107,471,186
Intangible assets	205,831,178	197,182,469
Land use right	1,684,218	1,790,928
Other receivables	12,321,101	-
Other investment	320,000	320,000
	327,096,112	306,764,583

39. Segment Information (Cont'd)

(c) Major customer

The following is the major customer with revenue 10% equal or more than ten percent of Group revenue:

	Revenue 2017 RM	Revenue 2016 RM	Segment
Customer A	318,285,273	150,622,829	Marine construction
Customer B	225,330,000	-	Maintenance, repair, overhaul and training
	543,615,273	150,622,829	

40. Contingent Liabilities

	Group 2017 RM	Group 2016 RM
Unsecured		
Corporate guarantee		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	140,452,550	24,835,250

41. 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:

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2017				
Financial Assets				
Investment in securities	1,923,981	-	-	1,923,981
Amount due from contract customer	-	10,683,825	-	10,683,825
Trade receivables	-	349,497,512	-	349,497,512
Other receivables	-	81,267,552	-	81,267,552
Amount due from joint venture	-	693,952	-	693,952
Fixed deposits with licensed banks	-	41,223,384	-	41,223,384
Cash and bank balances	-	11,468,292	-	11,468,292
	1,923,981	494,834,517	-	496,758,498

41. Financial Instruments (Cont'd)

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

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Financial Liabilities				
Trade payables	-	-	71,513,562	71,513,562
Other payables	-	-	19,485,722	19,485,722
Amount due to a Director	-	-	1,500,000	1,500,000
Finance lease liabilities	-	-	2,464,850	2,464,850
Bank borrowings	-	-	176,513,486	176,513,486
Redeemable preference shares	-	-	1,363,558	1,363,558
	-	-	272,841,178	272,841,178

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2016				
Financial Assets				
Investment in securities	1,819,982	-	-	1,819,982
Amount due from contract customer	-	9,805,133	-	9,805,133
Trade receivables	-	165,201,063	-	165,201,063
Other receivables	-	38,594,049	-	38,594,049
Amount due from joint venture	-	683,846	-	683,846
Fixed deposits with licensed banks	-	55,360,407	-	55,360,407
Cash and bank balances	-	21,747,990	-	21,747,990
	1,819,982	281,587,355	-	293,212,470
Financial Liabilities				
Trade payables	-	-	56,572,643	56,572,643
Other payables	-	-	13,327,920	13,327,920
Finance lease liabilities	-	-	2,674,484	2,674,484
Bank borrowings	-	-	82,327,339	82,327,339
Redeemable preference shares	-	-	1,377,287	1,377,287
	-	-	156,279,673	156,279,673

41. Financial Instruments (Cont'd)

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

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Company				
2017				
Financial Assets				
Investment in securities	1,923,981	-	-	1,923,981
Other receivables	-	16,529,199	-	16,529,199
Amount due from subsidiaries	-	300,721,006	-	300,721,006
Cash and bank balances	-	337,653	-	337,653
	1,923,981	317,587,858	-	317,587,858
Financial Liabilities				
Other payables	-	-	573,207	573,207
Finance lease liabilities	-	-	10,700	10,700
Bank borrowings	-	-	57,947,662	57,947,662
	-	-	58,531,569	58,531,569
2016				
Financial Assets				
Investment in securities	1,819,982	-	-	1,819,982
Other receivables	-	406,674	-	406,674
Amount due from subsidiaries	-	285,088,152	-	285,088,152
Fixed deposits with licensed banks	-	20,000,000	-	20,000,000
Cash and bank balances	-	971,801	-	971,801
	1,819,982	306,466,627	-	306,466,627
Financial Liabilities				
Other payables	-	-	416,035	416,035
Finance lease liabilities	-	-	24,033	24,033
Bank borrowings	-	-	62,339,169	62,339,169
	-	-	62,779,237	62,779,237

41. Financial Instruments (Cont'd)

(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, liquidity, foreign currency, interest rate and market price risks. 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.

(i) Credit risk

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 its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM107,040,905 (2016: RM15,875,529), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Save as disclosed in Note 39(c), the Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM59,548,762 (2016: RM37,677,282). There was no indication that the guarantee will be called upon.

Intercompany loan advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

41. Financial Instruments (Cont'd)

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

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2017						
Non-derivative financial liabilities						
Trade payables	71,513,562	-	-	-	71,513,562	71,513,562
Other payables	19,485,722	-	-	-	19,485,722	19,485,722
Amount due to a Director	1,500,000	-	-	-	1,500,000	1,500,000
Finance lease liabilities	870,965	878,492	737,329	218,485	2,705,271	2,464,850
Bank borrowings	55,057,941	126,864,145	9,876,103	94,882	191,893,072	176,513,486
Redeemable preference shares	-	-	1,363,558	-	1,363,558	1,363,558
	148,428,190	127,742,637	11,976,990	313,367	288,461,184	272,841,178
2016						
Non-derivative financial liabilities						
Trade payables	56,572,643	-	-	-	56,572,643	56,572,643
Other payables	21,487,614	-	-	-	21,487,614	12,763,906
Finance lease liabilities	782,496	816,515	1,199,008	158,004	2,956,023	2,674,484
Bank borrowings	15,455,740	26,639,926	39,525,937	8,643,231	90,264,834	82,327,339
Redeemable preference shares	-	-	1,377,287	-	1,377,287	1,377,287
	94,298,493	27,456,441	42,102,232	8,801,235	172,658,401	156,279,673

41. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2017						
Non-derivative financial liabilities						
Other payables	573,207	-	-	-	573,207	573,207
Finance lease liabilities	11,034	-	-	-	11,034	10,700
Bank borrowings	22,614,573	33,491,120	9,820,231	-	65,925,924	57,947,662
	23,198,814	33,491,120	9,820,231	-	66,510,165	58,531,569
2016						
Non-derivative financial liabilities						
Other payables	416,035	-	-	-	416,035	416,035
Finance lease liabilities	14,712	11,034	-	-	25,746	24,033
Bank borrowings	6,718,753	24,891,167	34,279,660	8,183,152	74,072,732	62,339,169
	7,149,500	24,902,201	34,279,660	8,183,152	74,514,513	62,779,237

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Renminbi ("RMB").

41. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

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 RM	**EUR RM**	**RMB RM**	**SGD RM**
Group				
2017				
Trade receivables	9,658,014	-	-	-
Other receivables	239,426	-	-	-
Fixed deposits with licensed banks	-	2,118,825	-	-
Cash and bank balances	1,211,444	1,075	-	-
Trade payables	(15,875,812)	(1,607,576)	-	(360,291)
Other payables	(3,555,868)	(210,079)	-	-
Bank borrowings	-	(10,418,079)	(2,173,523)	(9,426,757)
	(8,322,796)	(10,115,834)	(2,173,523)	(9,787,048)
2016				
Trade receivables	11,767,883	-	-	-
Other receivables	146,947	-	-	-
Cash and bank balances	1,100,276	487	-	-
Trade payables	(1,766,833)	(226,883)	-	-
Other payables	(2,189,761)	(9,599)	-	-
Bank borrowings	-	-	(2,258,322)	(10,572,699)
	9,058,512	(235,995)	(2,258,322)	(10,572,699)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, SGD and RMB exchange rates against RM, with all other variables held constant.

A 5% (2016: 5%) 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.

41. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. 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 and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2017 RM	2016 RM
Group		
Fixed rate instruments		
Financial liabilities	2,464,850	2,674,484
Floating rate instruments		
Financial liabilities	176,513,486	82,327,339
Company		
Fixed rate instruments		
Financial liabilities	10,700	24,033
Floating rate instruments		
Financial liabilities	57,947,662	62,339,169

41. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's profit before tax by RM441,284 (2016: RM205,818) and RM144,869 (2016: RM155,848) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Market price risk

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

The Group is exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's profit before tax would have been RM192,398 (2016: RM181,998) higher/lower, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

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

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
Group										
2017										
Financial Asset										
Investment in securities	1,923,981	-	-	1,923,981	-	-	-	-	1,923,981	1,923,981
Financial Liability										
Finance lease liabilities	-	-	-	-	-	2,345,112	-	2,345,112	2,345,112	2,464,850
2016										
Financial Asset										
Investment in securities	1,819,982	-	-	1,819,982	-	-	-	-	1,819,982	1,819,982
Financial Liability										
Finance lease liabilities	-	-	-	-	-	2,571,204	-	2,571,204	2,571,204	2,674,484

41. Financial Instruments (Cont'd)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Company										
2017										
Financial Asset										
Investment in securities	1,923,981	-	-	1,923,981	-	-	-	-	1,923,981	1,923,981
Financial Liability										
Finance lease liabilities	-	-	-	-	-	10,184	-	10,184	10,184	10,700
2016										
Financial Asset										
Investment in securities	1,819,982	-	-	1,819,982	-	-	-	-	1,819,982	1,819,982
Financial Liability										
Finance lease liabilities	-	-	-	-	-	23,517	-	23,517	23,517	24,033

41. Financial Instruments (Cont'd)

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

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

<u>Non-derivative financial instruments</u>
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

42. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

42. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	2017 RM	2016 RM
Total loans and borrowings	180,341,894	86,943,124
Less: Deposits, bank and cash balances	(52,691,676)	(77,108,397)
Net debt	127,650,218	9,834,727
Total equity	509,305,744	481,379,394
Gearing ratio	25%	2%

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.

43. Subsequent Event

On 10 November 2017, Destini Oil Services Sdn. Bhd. ("DOS"), a wholly-owned subsidiary of the Company entered into a joint venture and shareholders agreement ("JV Agreement") with a joint venture partner, for the purpose of, amongst others, undertaking the business of oil and gas activities leading into drilling and related services, well intervention services, offshore greenfield development and decommissioning services in the South Asia and South-East Asia region, via a joint venture company ("JV Company"), to be incorporated in the Republic of Singapore. On 11 January 2018, the Company announced that all the Conditions Precedent of the JV Agreement have been duly fulfilled. On 15 January 2018, the Company announced that the JV Company by the name "Federal Destini (S) Pte Ltd" was incorporated in the Republic of Singapore, of which DOS owned 50% equity interest in the JV Company.

44. Comparative Information

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Company			
Statement of Cash Flows			
Cash flows from Operating Activities			
Subsidiaries	(133,695,906)	133,695,906	-
Cash flows from Investing Activities			
Advance to subsidiaries	-	(133,695,906)	(133,695,906)

45. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2018.

LIST OF
PROPERTIES OWNED
as at 31 December 2017

Location	Description	Current Use	Tenure	Age of Building	Audited Net Book Value as at 31.12.2017	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049 Square Meter	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM774,790	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam	4,180 Square Meter	Office and Workshop	Grant-in -perpetuity (commonly referred to as freehold)	16 years	RM15,495,917	04.06.2013
San Yu Town Nantong TongZhou City Industry Park, Jiangsu Province, China	11,608 Square Meter	Office and Factory	Leasehold expiring on 1st March 2059 (unexpired term of about 42 years)	7 years	RM4,159,344	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189 square meter	Office and Workshop	Freehold	7 years	RM623,933	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1797 Square Meter Built up: 311 square meter	Office and Workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062	-	RM853,508	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Build a yard on rented land)	14,520 Square meter	Office and Yard	Rent and renew yearly	3years	RM1,826,641	01.05.2013
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 square meter Built up: 663 square meter	Office and Workshop	Freehold	1 year	RM4,670,039	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Land area: 23,160 square meter Built up: 6,361 square meter	Office and Factory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM14,587,902	01.12.2016

STATISTIC OF SHAREHOLDINGS
as at 30 March 2018

A. Share Capital

Total Number of Issued Shares	:	1,155,230,299
Issued & Fully Paid-Up Capital	:	RM115,523,029.90
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	30	0.72	860	0.00
100 - 1,000	547	13.19	259,430	0.02
1,001 - 10,000	1,723	41.55	10,723,352	0.93
10,001 - 100,000	1,473	35.52	52,874,715	4.58
100,001 to less than 5% of issued shares	370	8.92	662,610,094	57.36
5% and above of issued shares	4	0.10	428,761,848	37.11
Total	**4,147**	**100**	**1,155,230,299**	**100**

C. Directors' Shareholdings as at 30 March 2018

		Direct Interest		Indirect Interest	
No.	Name of Director	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Rodzali Daud	-	-	-	-
2.	Dato' Rozabil @ Rozamujib Abdul Rahman	47,998,500	4.16	236,889,412 (1)	20.51
3.	Dato' Sri Dr Mohmad Isa Hussain	-	-	-	-
4.	Dato' Abd Aziz Haji Sheikh Fadzir	5,650,000	0.49	-	-
5.	Dato' Megat Fairouz Junaidi Tan Sri Megat Junid	-	-	-	-
6.	Dato' Che Sulaiman Shapie	-	-	-	-
7.	Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	-	-	-	-
8.	Abdul Rahman Mohamed Rejab	-	-	-	-
9.	Ismail Mustaffa	640,000	0.06	-	-

Notes:

(1) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd. and Mazer Sdn. Bhd.*

D. Substantial Shareholders as at 30 March 2018

		Direct Interest		Indirect Interest	
No.	Name of Shareholders	No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn. Bhd.	232,605,212	20.14	-	-
2.	Dato' Rozabil @ Rozamujib Abdul Rahman	47,998,500	4.16	236,889,412 (1)	20.51
3.	Aroma Teraju Sdn. Bhd.	200,000,000	17.31	-	-
4.	Utarasama Marine Sdn. Bhd.	96,000,333	8.31	-	-
5.	Destination Marine Services Sdn. Bhd.	107,142,857	9.27	-	-
6.	MTD Capital Sdn. Bhd.	64,000,000	5.54	-	-
7.	Lim Nyuk Sang @ Freddy Lim	65,136,866	5.64	2,500,000 (2)	0.22

Notes:

(1) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd and Mazer Sdn. Bhd.*

(2) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in Santraprise Sdn. Bhd.*

LIST OF 30 LARGEST
SECURITIES ACCOUNT HOLDERS
as at 30 March 2018

No.	Name of Shareholders	Shares held	%
1.	AROMA TERAJU SDN. BHD.	200,000,000	17.31
2.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	96,000,333	8.31
3.	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	75,000,000	6.49
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PBCL-0G0412)	57,761,515	5.00
5.	LEMBAGA TABUNG HAJI	46,200,000	4.00
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD. (MARGIN)	44,334,112	3.84
7.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN	34,568,500	2.99
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: EMPLOYEES PROVIDENT FUND BOARD	32,982,900	2.86
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	31,895,966	2.76
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DAYATAHAN SDN BHD	31,500,000	2.73
11.	CITIGROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY:EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	26,664,300	2.31
12.	HSBC NOMINEES (ASING) SDN. BHD. BENEFICIARY: EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	26,600,000	2.30
13.	YAYASAN POK DAN KASIM	19,760,000	1.71
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: EMPLOYYES PROVIDENT FUND BOARD (CIMB PRIN)	15,994,300	1.38
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM FEI NEE (8117227)	15,864,400	1.37
16.	KAMARUDIN MERANUN	14,200,000	1.23
17.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB ABDUL RAHMAN (MARGIN)	13,330,000	1.15
18.	LIM FEI NEE	11,627,000	1.01
19.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	11,200,000	0.97
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD. (8093424)	10,879,600	0.94
21.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR BRAHMAL A/L VASUDEVAN (PBCL-0G0115)	10,000,000	0.87
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENFICIARY: CIMB BANK FOR BATU BARA RESOURCES CORPORATION SDN. BHD. (MP0184)	8,000,000	0.69
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	7,870,000	0.68
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	6,896,600	0.60
25.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB BANK FOR MTD CAPITAL BHD (PB)	6,238,485	0.54
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR YAYASAN POK DAN KASSIM (MP0296)	5,800,000	0.50
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NG AUN HOOI	5,520,000	0.48
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT) (475391)	5,246,400	0.45
29.	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	5,000,000	0.43
30.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	4,725,300	0.41

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Bilik Cenderawasih 1, Glenmarie Golf & Country Club No. 3 Jalan Usahawan U1/8, 40150 Shah Alam, Selangor on Wednesday, 30 May 2018, at 10.00 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 2017 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following directors who shall retire pursuant to Article 93 of the Company's Articles of Association :

   i. Ismail Mustaffa (Ordinary Resolution 1)
   ii. Dato' Abd Aziz Haji Sheikh Fadzir (Ordinary Resolution 2)

3. To re-elect the following directors who shall retire pursuant to Article 86 of the Company's Articles of Association:

   i. Tan Sri Dato' Sri Rodzali Daud (Ordinary Resolution 3)
   ii. Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman (Ordinary Resolution 4)

4. To approve the payment of Directors' fees of up to RM645,000.00 for the financial year ending 31 December 2018 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM155,000.00 for the period commencing from 30 May 2018 up to the next Annual General Meeting of the Company. (Ordinary Resolution 5)

5. 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 6)

   As Special Business:

   To consider and, if thought fit, to pass the following resolutions:

6. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** (Ordinary Resolution 7)

   THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

7. **Proposed Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares ("Proposed Share Buy-back Authority")** (Ordinary Resolution 8)

THAT subject to the compliance with Section 127 of the Companies Act, 2016 ("the Act") and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 30 April 2018.

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.

8. 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: 30 April 2018

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.

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 Fourteenth (14th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 May 2018. Only members whose name appears on the Record of Depositors as at 23 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 31 December 2017

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 5 : To Approve the Payment of Directors' Fees and Other Benefits Payable

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from 30 May 2018 until the next Annual General Meeting of the Company.

3. Ordinary Resolution 7: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 7, 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 at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Thirteenth (13th) Annual General Meeting held on 30 May 2017 and which will lapse at the conclusion of the Fourteenth (14th) Annual General Meeting.

4. Ordinary Resolution 8: Proposed Share Buy-Back Authority for the Purchase of its Own Ordinary Shares

The Proposed Ordinary Resolution 8, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the total issued share capital of the Company for the time being by utilising the funds allocated out of the retained profits of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Fourteenth (14^{th}) Annual General Meeting of the Company are:

i) Ismail Mustaffa;
ii) Dato' Abd Aziz Haji Sheikh Fadzir;
iii) Tan Sri Dato' Sri Rodzali Daud; and
iv) Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman

The profile of the Directors standing for re-election under the Company's Articles of Association are set out on pages 20 to 28 of the Annual Report 2017. The shareholdings of the abovenamed Directors in the Company is disclosed on page 177 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Statement of Corporate Governance on page 53 of the Annual Report 2017.

DESTINI

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 ______________________________

NRIC No. / Passport No. ______________________________

of______________________________

or failing him/ her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Fourteenth(14th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Function Room, Glenmarie Golf & Country Club No. 3 Jalan Usahawan U1/8, 40150 Shah Alam, Selangor on Wednesday, 30 May 2018, at 10.00 a.m. and at any adjournment thereof. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To re-elect Ismail Mustaffa as Director.		
2.	To re-elect Dato' Abd Aziz Haji Sheikh Fadzir as Director.		
3.	To re-elect Tan Sri Dato' Sri Rodzali Daud as Director.		
4.	To re-elect Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman as Director.		
5.	To approve the payment of Directors' fees and other benefits payable.		
6.	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.		
7.	**As Special Business :** To approve the authority to allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
8.	To approve the Proposed Share Buy-Back Authority.		

(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 ____________________, 2018.

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 : ....%

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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

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DESTINI

DESTINI GROUP (633265-K)
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

www.destinigroup.com